



INFLUENCE OF BUSINESS PROCESS OUTSOURCING ON THE ORGANIZATIONAL PERFORMANCE IN SELECTED LOCAL AIRLINE INDUSTRIES IN KENYA

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ABSTRACT

The purpose of this study was to establish the influence of business process outsourcing on the organizational performance in selected local airline industries in Kenya. Specifically the study sought to establish the influence of supply chain management outsourcing, customer services outsourcing and technology adaptation outsourcing on the organizational performance in selected local airline industries in Kenya. In addition the study sought to examine the moderating effect of organization culture on the relationship between business processing outsourcing and the organizational performance in selected local airline industries in Kenya. The study was guided by transaction cost economic (tce) theory, core competency theory, resource based view theory and hertzberg's two factor theory. The study used descriptive research. The target population comprised of 140 respondents from the 14 local airline companies in Kenya. Random sampling was used to select the final respondents who were departmental managers based on their working experience. Primary data was used which was collected using structured questionnaire. Validity and reliability of the data instruments was ensured through pilot testing. Descriptive statistics like mean and standard deviation were used to summarize data. Inferential statistics such as correlation coefficients was used to test the non-causal relationship between variables while regression analysis was used to test the research hypotheses at 5% significance level with the aid of SPSS version 25. The research findings indicate respondents were in agreement that supply chain management outsourcing helps in minimizing overall cost. There was neutrality in opinion among respondents on whether with a call center, the organization has access to a team of trained, qualified professionals. There was agreement among respondents that communication has been improved in the organization due to reliable information system. Conclusion can be made that supply chain management outsourcing helps in minimizing overall cost. Conclusions were made that the call centers offer additional services, flexible schedules, and other capabilities well beyond what in-house customer service could likely handle. It was recommended that the local airline industries ensure that the service providers offer quality services as per the agreed contracts. It was recommended that local airlines should adopt customer service outsourcing in a bid to reduce time taken to deliver customer services.

Key Words: customer services, organizational performance, supply chain management, outsourcing

Background of the study

Through globalization, outsourcing has emerged as a top strategy in delivery of top class services to customers. Although there has been much adoption of outsourcing by firms, there is still unexhaustive corporate research on how business outsourcing influence performance of organizations (Kamanga & Ismaeli, 2016). The success of business outsourcing can be quantified in relation to how it influences performance of organizations. The performance could be measured in terms of customer satisfaction and enhanced service delivery. In the latest times, many organizations have embraced outsourcing of activities. Organizations have opted to concentrate on their core activities while outsourcing services which are not part of their core activities (Agburu, Anza, & Iyortsuun, 2017).

The production of clipper ship sails was sent to Scotland during the early years of America, and the raw material came from India. During the 1800s, India was also an outsourcing destination for the British textile industry, but the British gradually became more effective and outsourced employment returned to Britain. More recently, tech firms used to outsource their payroll processing during the 1970s. TV3 Ghana Limited is outsourcing its UCOM Ghana Limited internet services. The television giant does this to minimize the costs of producing and maintaining an internet service itself, as well as staying competitive (Bearden, 2007).

Initially, the idea of outsourcing was more common among the companies involved in the manufacturing sector. Smaller businesses in Bulgaria are supplied by companies such as Boeing, BMW, General Motors and Siemens, which are in the manufacturing sector. It has now, however, entered other sectors of the economy, including the government. Telephone answering systems, customer relations, technical assistance, and others, are also outsourced within the services. Information technology (IT) and human resources are the company functions that are usually outsourced

Some of their business operations, such as selling airtime and providing mobile cash services, have been outsourced by Uganda Telecommunication Limited as a way to increase their efficiency. However, the complete advantage of outsourcing has not been completely understood by them. According to Agburu et al., (2017), the emphasis today is less on ownership and more on forming strategic alliances to bring about enhanced performance. IT infrastructure, political stability and English language capabilities have now been enhanced in Kenya, which are important in Business Process Outsourcing (BPO) if a country hopes to become a major global BPO destination. Economic concerns have been raised in the recent past with regard to outsourcing in Kenya. In order to handle the high unemployment rate among residents, Kenya is currently implementing both long-term and medium-term strategies.

One strategy that has been considered is to place Kenya in the global and competitive ICT market, specifically targeting Kenya to become a regional ICT hub in the East African region (Wachira, Brookes, & Haines, 2016). Cost reduction by outsourcing influences organizational performance to a large degree, according to Kamanga et al., (2016), by creating space for internal resources to be diverted to core activities, decreasing overhead and fixed costs, reducing asset expenditure, and giving an incentive for capital funds to be used to improve core activities. Outsourcing reduces the expense of both overhead and fixed costs, according to Musangi (2013). Outsourcing provides greater short and long-term results for cost reduction. In comparison, businesses compare the cost of outsourcing with the cost of adding additional personnel to operate internally and produce the cash required when companies sell assets or move staff to suppliers. A major factor considered for success is cost reduction. By minimizing costs and risks

associated with in-house output, growing operating productivity, and thus increasing profitability and development, strategic outsourcing results in improved organizational performance. Well-managed outsourcing results in short-term cost savings, long-term effectiveness and sustainable efficiency (Musau, 2016).

Outsourcing, according to Achonjo, has been an important part of most global supply chain management (SCM) activities for decades (2014). In fact, the growth of third-party logistics firms, such as DHL and Bollore Logistic, in many companies has led to the elimination of in-house transport fleets. In addition, some or all of their production operations are also outsourced by the high technology and automotive industries, enabling them to focus on activities such as testing, product design and marketing. Smith's (2012) research analyzed the outsourcing and supply chain efficiency of cell phone services in Kenya. The study identified the relationship between outsourcing and the performance of the supply chain among providers of mobile phone services. From operating system responsiveness, logistic process responsiveness, supplier network responsiveness and competitive advantage, supply chain efficiency was assessed. Study findings show that the responsiveness of the supplier network has the greatest impact on outsourcing, while the responsiveness of the operating system has the greatest negative effect on outsourcing.

Focusing on the core skill of differentiating business outputs such that, through changes in external flexibility, functional flexibility, shift in product selection, flexibility in the workplace and internal flexibility, they can precisely balance the market segment and strategic flexibility (Achonjo, 2014).

Outsourcing for the airline industry is not a novel concept; it has been adopted by most carriers to different degrees. Airlines have traditionally outsourced a number of roles, from call centers to check-in, baggage handling, information technology and even flying itself. According to Asiamah (2013), when taking the decision to outsource, businesses often find the effect of outsourcing on their financial results a big priority. Conklin (2005) notes that, through rapid cost reduction, BPOs help investors ease economic pressures. Outsourcing decisions are also taken in order to minimize operating costs, redirect current employee energy to allow more focused attention to the core competencies of a specific organization, or enable more effective use of labor, capital and resources.

Jambo Jet, a subsidiary of Kenya Airways based in Nairobi, Kenya's low-cost airline that began operations in 2014, has also outsourced its cabin crew and customer service agent to a third party, Job directions, and also some of its functions such as contact center agents to Safaricom after its own facility was overwhelmed by customer requests (Owiti, 2015). Kenya's aviation market is highly competitive and is strongly dominated by international investors. Airlines are under unprecedented pressure to produce or die as fuel, labor and asset costs rise and demand falls to produce sustainable economic outcomes (Kamau, et al., 2015).

Statement of the Problem

Keynes(2009) claimed that airlines are subject to rapid change from consumer preferences, competitor trends, changes in suppliers, government regulations and dynamics of employees, unlike other industries. Local airlines, for example, Kenya Airways faces a challenge to return to the profit zone, for the second time since its listing on the Nairobi Stock Exchange, the airline made an operating loss, reporting a loss of Ksh2.7 billion (\$31 million) in 2014, which, while a major drop from the Ksh9 billion (\$103 million) it reported in 2013, illustrates the mountain the

company has to climb. Despite the lack of adequate data demonstrating the correlation between BPO and organizational performance, outsourcing has been adopted over time by both public and private sector organizations in Kenya.

BPO can be seen as mainly a cost cutting measure. In Kenya, those with unique telecommunication skills were asked to form firms through which Telkom Kenya would outsource some of its services (Gachunga, 2012). Safaricom (K) Limited provides a telephone service provider have also adopted outsource strategy by outsourcing their call centers and focus on their core business operations (Shaviya, 2013). A good outsourcing plan will help change towards improving organizational performance by reducing variability in the quality of service offered by the company (Ndungu, 2015). According to Agha (2015) outsourcing has been deployed by many companies due to its effective cost- cutting technique. Outsourcing has also emerged as one of the preferred ways of improving the performance of the supply chain in organizations.

Nding'ori (2015) carried out a study on the effect of customer service outsourcing on service delivery in the telecommunications sector in Kenya. The findings indicated that there was a relationship ship between customer service outsourcing and service delivery. According to the findings, outsourcing had led to increases in inefficiency within the organizations. This had led to a sharp increase in the lead time, which could comprise of the quality of services which the telecommunication firms were undertaking. The study recommended that training was much needed on customer service outsourcing for ensuring increased service delivery.

Mwando (2010) carried out a study on the outsourcing strategy at British Airways in Kenya. This recommended that the organization needed to train outsourced staff before they are engaged to work in order to enable them integrate with British Airways culture and systems instead of leaving them to outsourced agency.

The company had been outsourcing some significant activities for more than ten years, and had subsequently recorded a steady improvement in performance. The use of outsourcing for strategic reasons enables companies to strengthen their resources in order to reinforce their competitive advantage. Ensuring that an organization can compete effectively in the marketplace is one of the principal tasks of management and thus by adopting outsourcing strategy (Ogola, 2013). These studies therefore create a research gap in the airline industry, leading to this study on the influence of business process outsourcing on the organizational performance in selected local airline industries in Kenya.

General Objectives

The main objective of this study was to establish the influence of business process outsourcing on the organizational performance in selected local airline industries in Kenya.

Specific Objectives

The study was guided by the following specific objectives;

1. To establish the influence of supply chain management outsourcing on the organizational performance in selected local airline industries in Kenya.
2. To determine the influence of customer services outsourcing on the organizational performance in selected local airline industries in Kenya.

Theoretical Framework

A theory is a coherent group of tested general propositions, commonly regarded as correct, that can be used as principles of explanation and prediction for a class of phenomena (Greener, 2008). This study used four theories related to the independent and dependent variable of this study. These theories include transaction cost economic (tce) theory, core competency theory, resource based view (rbv) theory and Hertzberg's Two Factor Theory.

Transaction Cost Economic (TCE) Theory

The theory was developed by Ronald Coase in 1937. The theory was further advanced by Oliver Williamson in 1975. According to this theory, firms tend to outsource activities to minimize costs of exchanging resources. Companies are therefore weighing the costs of exchanging resources with the surroundings, against the bureaucratic expenses of carrying in-house. The theory sees establishments and marketplace as distinct viable types of organizing and coordinating economic transactions. When external transaction expenses are higher than the organisation's inner bureaucratic charges, the business enterprise will develop, due to the fact the corporation is capable of carry out its activities greater cheaply, than if the activities have were carried out inside the marketplace. However, if the bureaucratic expenses for coordinating the activities are higher than the external transaction charges, the company might be downsized. Ronald Coase (1937) opinions that every organization can make it bigger so long as the enterprise's activities may be achieved cheaply within the firm, than by e.g. outsourcing the activities to external parties in the market. Williamson (1981) asserts that a transaction cost occurs when a service is transferred throughout a technologically separable interface". Therefore, transaction costs arise on every occasion a product or service is being transferred from one level to any other, wherein new units of technological abilities are required to make the service.

The characteristic of a company's transactions positively linked to transaction costs includes the need to invest in a sustainable, unique asset, transaction inefficiency, complexity and ambiguity of the mission, difficulty in assessing the success of the task, and interdependence with other transactions. The theory of transaction cost economics (TCE) is based on a rational decision taken by businesses after evaluating factors relevant to transactions, such as asset specificity, environmental uncertainty and other forms of transaction cost. Activities carried out under highly unpredictable circumstances include unique assets that include human and physical resources. Therefore, if a business sees environmental uncertainty as low, they can opt to outsource the environment or swap resources. This hypothesis is linked to the target where the researcher aims to assess the effect on the organizational performance of operating costs. In order to maximize the efficiency of the business, businesses can look at where they can save costs.

Core competency theory

There is also debate surrounding the kinds of tasks that could be outsourced within the company. Most researchers are of the opinion that the core operations of the organization are not sufficient to be outsourced (Quinn and Hilmer, 1994; Arnold, 2000). As the outsourcing of core activities will decrease the incentives for company creativity, expose vital innovations and increase future rivals, the advantages of outsourcing can be offset. Decision-makers thus tend to retain the core operations and outsource the disposable and core-distinct activities to external suppliers (Arnold, 2000).

Simchi-Levi et al., (2004), described core competency as the organization's collective learning on how to coordinate diverse production abilities and incorporate multiple technology streams. This principle implies that either in-house or external service providers can conduct firm operations. It's focused on the choice to make or buy. For outsourcing to the best suited service providers who are experts in that area, non-core activities should be considered. However, certain non-core practices that have a significant effect on competitive advantage should be kept in the house. The core competencies apply, in particular, to the collective knowledge of the production system concerned, the knowledge of processes and how best to incorporate and maximize them. This theory expounds on the firms concentrating on the core activities and leaving the supply chain to other companies that have a specialized competence on those services. This theory links with the second objective where the aim of the study is to establish the influence of supply chain on the organizational performance.

Conceptual Framework

Conceptual framework represents the relationship between the dependent and independent variables in a schematic manner. The independent variables are, supply chain management outsourcing, customer service outsourcing and technology adaptation outsourcing. While organizational culture is the moderating variable. The dependent variable is the organizational performance.

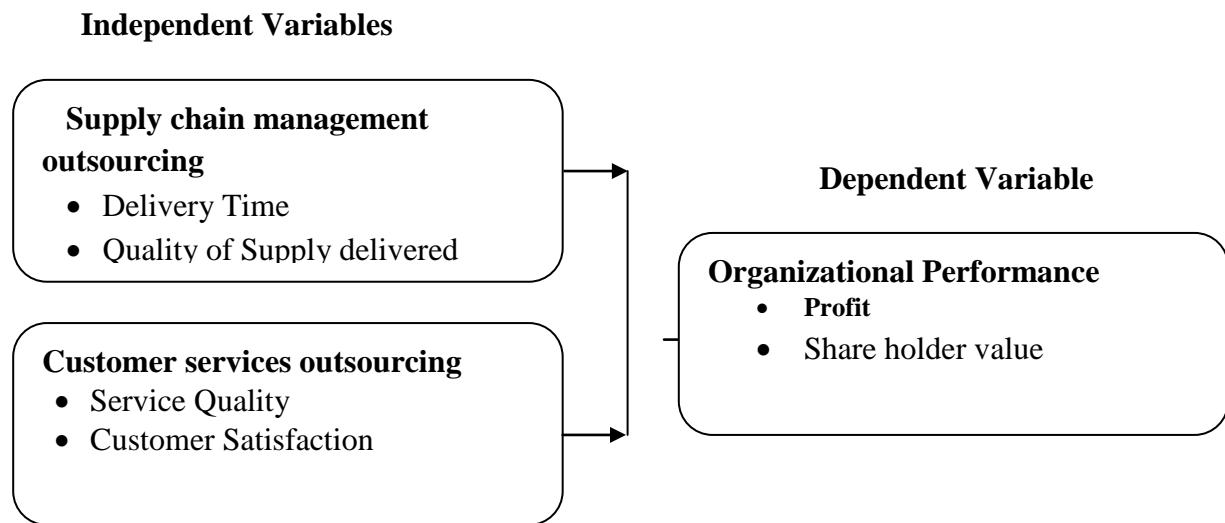


Figure 1.1: Conceptual Framework

Supply chain management outsourcing

Supply chain management outsourcing helps to minimize overall costs, concentrate on its core competencies, satisfy customer needs more efficiently and provide greater flexibility in managing and running its supply chain. Nyaoga (2011), who did a report on the effect of outsourcing in the retail industry on lead time and customer service, concluded that most of their operations are outsourced by the supermarket. They also noticed that there is a strong connection between outsourcing and lead time, but they found that supermarkets make errors during outsourcing in their research. Supply chains respond quickly to unexpected demand changes, warehouse capacities react quickly to demand changes, transport carriers differ rapidly, supply

chains often handle special or non-routine customer demands quickly, and shipment deliveries are easily carried out. Outsourcing has also emerged as one of the favored ways to boost the supply chain's efficiency in organizations.

The role of outsourcing in Supply Chain Performance can be considered from the strategic, tactical, and transformational perspectives. Strategically, outsourcing improves business processes; gains access to world class activities and share the risks of doing business. Tactically, outsourcing controls operating costs and makes capital funds available for other uses. The transformational roles of outsourcing include bringing faster and newer solutions to customers, responding to shorter product cycles and tackling competitors (ICMR, 2012). From the findings of a study by Muthoni and Nyakagwa (2014) the most important factor in improving the performance of a firm is the outsourcing of primary processes. The second most influential factor in influencing the performance of a supply chain is the outsourcing of steering processes followed by the outsourcing of secondary supply chain processes and communication processes respectively. The outsourcing of decision processes has the least effect on the improvement of supply chain processes.

Customer service outsourcing

In customer service, the mention of "outsourcing" brings up a picture of a giant call center in a foreign country, filled with individuals working in 12-hour shifts. Companies collaborate with these centers to give their end users affordable customer support. While these are the standard, a new model of outsourcing customer service is emerging. Customers outsource their own problems with customer service to third parties. Up until now, it has been time-consuming and painful to approach businesses with a concern or complaint. Customers have to negotiate confusing phone menus, sit on hold, and several times explain their dilemma to members. If an airline passenger wishes by email to settle a lost luggage claim, they need to draft emails and check the web for the correct contact details and procedure to follow (Nyaoga, 2011).

Nding'ori (2015) argues that the outsourcing of customer care in Kenya's telecommunication industry has impaired service delivery. Obviously, Kenya's telecommunications sector is a natural outsourcing sector since it involves non-core business functions or telecommunications services. Brand awareness, cost savings and the availability of expertise are main factors for many outsourcing decisions that also relate to Airtel Networks Kenya Limited's customer service outsourcing. Therefore, the outsourcing of customer service to inefficiency raises the lead time and thereby compromises the quality of service to customers of Airtel. In terms of customer loyalty, which becomes an expense to the business, as well as with service becoming perishable in need of constant innovation and service enhancement provided by sufficient training to provide customers with quality service.

The organization should create a service design that involves clients, a service model and a service delivery framework for efficient service delivery. The study by Kung'u (2016) sought to determine the influence of outsourcing Customer Interaction Service on profitability of manufacturing firms listed in the Nairobi Securities Exchange. The results show that outsourcing customer interaction services influenced firm profitability to a great extent. Customer interaction services outsourcing influenced firm profitability by encouraging the firm to provide quality services as customer who aren't satisfied with the current products or services can easily switch to others.

Khong and Richardson (2003) stated that as competition stiffens, customers are left with the option of relishing the choices other firms offer them. If they seem not to be satisfied with what they are provided with, they have an option of choosing others. Further, Khong and Nair (2004) warned that market research concerning the behaviour of consumers and anticipations, their databases and records, grievance and suggestion systems, managing of quality of service so as to come into terms expectations, any improvements, effective customer handling, and analysis of customers that are lost will improve Customer Service Management.

Empirical Review

Soita (2016) analyzed the factors that affect the practice of strategic outsourcing in the airline industry: Kenya Airways' case study. The study concludes that strategic planning is driven by Kenya Airways. It is its strategic planning that distinguishes Kenya Airways' core and non-core operations, so that the strategic plan has a direct influence on strategic outsourcing. To develop excellence, airlines need to concentrate on their core activities. Supportive operations that are not assisted by in-house expertise should be outsourced because the supplier is in a stronger position to deliver these specialty services. Airlines participate in both internal and external practices aimed at gaining customer autonomy, such as procurement and outsourcing, in order to please clients. Operating expenses affect the efficiency of the company. This is because outsourcing has been shown to result in low procurement costs, the desire to gain savings contributes to outsourcing, indirect cost savings by outsourcing, improved cost management in a company and outsourcing transfers fixed costs to variable costs.

The study by Alwanga (2015) concludes that contracting out was the most common form of outsourcing used in mobile telecommunication companies in Kenya. The study also concluded that there was general effectiveness of outsourcing in telecommunication companies. Outsourcing had a significant effect on operational cost resulting in operational cost reduction in telecommunication companies in Kenya. Cost reduction was mainly cost saving, better resource management and reduction in the number of employees thus promoting of telecommunication companies' overall cost efficiency. However, not all forms of outsourcing had a positive effect on outsourcing. Thus outsourcing does affect profitability through focus on market and sales, reduction in operational and recruitment costs, improvement of information sharing and the ability of the firm to use new technologies that save on resources, improvement in firms performance in terms of return per employee and also firm restructuring their activities towards profitability.

Kamah (2012) studied outsourcing and the performance of the supply chain among cell phone service providers in Kenya. The variables were found to have a substantial relationship and the independent variables clarified the difference in the dependent variable. This demonstrates that the variables were closely linked and that the outsourcing decisions were dependent on the factors described. An analysis of each of the variables showed that the supply chain system easily reacts to changes in customer demanded product volumes and changes in customer demanded product mixes. Supply chains also efficiently accelerate emergency customer orders, quickly reconfigure equipment to address changes in demand, rapidly alter manufacturing processes to address changes in demand, and quickly adjust capacity to address changes in demand.

In a study by Wahome (2017), at East Africa Breweries Limited, the researcher studied variables affecting business processing outsourcing (BPO). Most respondents accepted that they are conscious of organizational culture, that organizational culture consists of values, and that

organizational culture influences the outsourcing of business processes. There was uncertainty regarding the relationship of the company with its service provider influencing the implementation of BPO, the organization has a strong relationship with service providers, employees adopt well to change, the implementation of BPO is influenced by organizational culture, and employees believe change is unavoidable.

RESEARCH METHODOLOGY

Descriptive study requires surveys and fact-finding inquiries of various kinds, according to Kothari (2004). This study used both quantitative and qualitative design for analysis. The quantitative approach, according to Kothari (2009), requires the generation of quantitative data that can be subjected to rigorous quantitative analysis in a systematic and rigid fashion. The target population was therefore be 10 employees from each airline firm in the aviation industry. The study was therefore target a total of 140 respondents from the 14 local airline companies in Kenya. The research will target departmental managers as the respondents since they have critical information required for this research. The unit of analysis, also called the unit of statistical analysis, refers to those units that were initially described for the purpose of aggregating their characteristics in order to describe some larger group or abstract phenomenon, (Mugenda & Mugenda, 2003).

Mugenda & Mugenda (2003) proposes that 50% of the total population should be used. The researcher targeted 10 employees from each airline company distributed equally amongst the 14 companies. The 10 departmental managers were randomly selected. The choice of sample size is regulated by four parameters: the level of certainty of the collected data to be representative of the total population, the accuracy required as the basis for the estimates made for the sample, the type of analysis that was used as many statistical techniques have a minimum threshold of data cases for every variable and the size of the total population from which the sample will be drawn (Fox, 2007).

Primary data was collected using a structured questionnaire as the data collection instrument. This method of data collection is quite popular, particularly in case of big enquiries (Kothari, 2009). This was used because of the ease of responding to questions as respondents are provided with a list of answer options from which they can exercise choice. The questionnaires was structured questions which will be issued to the respondents and a followed up through a contact person in each organization.

Before the analysis, the researcher performed a pilot study to validate the reliability and validity of the collected data. A pilot test is useful in identifying the various vulnerabilities that are likely to occur, research insufficiencies, and the various issues that will most likely occur during the research process (Creswell, 2006). The results from the pilot test were used to determine whether the tool is stable and will help achieve the goals of the study.

Both qualitative and quantitative data were produced in the semi structured questionnaire, which was analyzed differently using various methods. Using thematic content analysis, qualitative data was analyzed and the findings were presented in prose form. Both inferential and descriptive statistics were used for quantitative data. After all primary data were obtained, the researcher classified them and sorted them. Inferential and descriptive statistics were developed using the SPSS program: mean, standard deviation, percentages of respondents to assess the relative value and weight for each of the variables. A multiple regression model will be used to test the theoretical relationship between performance and its causes

DATA ANALYSIS

Descriptive analysis

Descriptive analysis for supply chain management outsourcing

Respondents were asked to show their agreement on the following things concerning outsourcing of supply chain management. Table 41 summarizes the findings.

Table 1: Descriptive results for supply chain management outsourcing

Statements	N	Mean	Standard deviation
supply chain management outsourcing helps in minimizing overall cost	98	4.244	1.055
The lead time of supply of goods and services have reduced as compared to company sourcing	98	4.112	1.054
The service providers have been able to meet customer demands more effectively	98	4.183	1.018
Emergency requests for supply have been met	98	3.704	1.066
The service providers offer quality products and services as per the agreed contracts	98	3.836	1.265
There is greater flexibility in maintaining and operating the supply chain	98	3.887	1.082
Average Score		984.661	0.687

On supply chain management outsourcing, the results on table 4.4 indicate that majority of the respondents were in agreement that supply chain management outsourcing helps in minimizing overall cost (mean=4.244, SD=1.055). There was agreement among most respondents that the lead time of supply of goods and services have reduced as compared to company sourcing (mean=4.112, SD=1.054). Respondents agreed that the service providers have been able to meet customer demands more effectively (mean=4.183, SD=1.018). There was agreement among respondents that emergency requests for supply have been met (mean=3.704, SD=1.066). There was agreement among respondents that the service providers offer quality products and services as per the agreed contracts (mean=3.836, SD=1.265). Most respondents were in agreement that there is greater flexibility in maintaining and operating the supply chain (mean=3.887, SD=1.082). The role of outsourcing in Supply Chain Performance can be considered from the strategic, tactical, and transformational perspectives. Strategically, outsourcing improves business processes; gains access to world class activities and share the risks of doing business. Tactically, outsourcing controls operating costs and makes capital funds available for other uses. The transformational roles of outsourcing include bringing faster and newer solutions to customers, responding to shorter product cycles and tackling competitors (ICMR, 2012).

All the statements had responses had mean values with standard deviations greater than 1. This implies that there was disparity in the opinions among the respondents regarding those individual statements. The aggregate mean score (mean=4.661) indicates that most respondents were in agreement with supply chain management outsourcing statements. The average mean score reported a standard deviations less than 1 (SD=0.785). This indicates that on average, respondents had similar opinion regarding supply chain management outsourcing statements.

Descriptive analysis for customer services outsourcing

Respondents were asked to state their agreement on the following things related to the outsourcing of customer services. Table 2 summarizes the findings.

Table 2: Descriptive results for customer services outsourcing

Statements	N	Mean	Standard deviation
Customer service outsourcing has helped reduce time taken to deliver customer services	98	3.836	1.052
Using of the call center has cut down on costs	98	3.755	1.026
The customers are well satisfied with the services and products offered by the service providers	98	3.683	1.080
Customer complains on any service providers is handled and resolved by the management	98	3.714	0.873
Outsourcing customer service allows reallocation of time and expertise to where it is needed most, allowing the organization to focus on the core responsibilities	98	3.030	1.255
With a call center, the organization has access to a team of trained, qualified professionals	98	3.204	1.243
Call centers offer additional services, flexible schedules, and other capabilities well beyond what in-house customer service could likely handle	98	3.489	1.057
Average Score		983.530	0.688

On customer services outsourcing, the results on table 2 indicate that most respondents were in agreement that customer service outsourcing has helped reduce time taken to deliver customer services (mean=3.836, SD=1.052). Respondents agreed that using of the call center has cut down on costs (mean=3.755, SD=1.026). Respondents agreed that the customers are well satisfied with the services and products offered by the service providers (mean=3.683, SD=1.080). There was agreement among respondents that customer complains on any service providers is handled and resolved by the management (mean=3.714, SD=0.873). Respondents showed neutrality in opinion on whether outsourcing customer service allows reallocation of time and expertise to where it is needed most, allowing the organization to focus on the core responsibilities (mean=3.030, SD=1.255). There was neutrality in opinion among respondents on whether with a call center, the organization has access to a team of trained, qualified professionals (mean=3.204, SD=1.243). There was agreement among respondents that call centers offer additional services, flexible schedules, and other capabilities well beyond what in-house customer service could likely handle (mean=3.489, SD=1.057). Customers are outsourcing their own customer service issues to third parties. Up until now, contacting companies with an issue or complaint has been time-consuming and painful. Customers have to navigate complex phone menus, wait on hold, and explain their issue to representatives several times. If an airline passenger wants to resolve a lost baggage claim via email, they need to draft emails and search around the web for the right contact information and process to follow (Forbes, 2018).

Nearly all the statements had responses had mean values with standard deviations greater than 1. This implies that there was disparity in the opinions among the respondents regarding those individual statements. The aggregate mean score (mean=3.530) indicates that most respondents

were in agreement with customer services outsourcing statements. The average mean score reported a standard deviations less than 1 (SD=0. 0.688). This indicates that on average, respondents had similar opinion regarding customer services outsourcing statements.

Inferential Statistics

This section presents the methods used for inferential statistics, including the Pearson correlation coefficient and regression analysis.

Correlation analysis

Correlation coefficient was run to test correlation between cash management practices and financial sustainability. Correlation tests the non-causal relationship between variables. The correlation values between -1 and +1 where a value of -1 indicated that variable are negatively related linearly, +1 values indicate that two variables are positively related linearly while a value of 0 indicates that there is no linear relationship between variables (Ndung'u, 2016).

Table 3: Correlation Analysis

		supply chain management outsourcing	customer services outsourcing
supply chain management outsourcing	Pearson Correlation	1	.283**
	Sig. (2-tailed)		.005
	N	98	98
customer services outsourcing	Pearson Correlation	.283**	1
	Sig. (2-tailed)	.005	
	N	98	98

The correlation results in Table 3 show a statistically significant positive correlation between supply chain management outsourcing and organizational performance in selected local airline industries in Kenya ($r = 0.428$, $p < 0.05$). The positive correlation results indicate that when supply chain management outsourcing increases, organizational performance in selected local airline industries in Kenya increases. The results show a statistically significant positive correlation between customer services outsourcing and organizational performance in selected local airline industries in Kenya ($r = 0.454$, $p < 0.05$). The positive correlation results indicate that when customer services outsourcing, organizational performance in selected local airline industries in Kenya increases.

Multiple regression analyses

A multiple regression analysis was run to establish the joint influence of the predictor variables on the dependent variable. Further, a regression analysis was used to test the research hypotheses.

Joint influence of influence of business process outsourcing on the organizational performance

The study examined joint influence of business process outsourcing on the organizational performance in selected local airline industries in Kenya. Table 4 present the model summary for the joint regression analysis between the predictor variables and the dependent variable. The

multiple regression results on Table 4.vvv, shows that the overall R^2 of 0.517 indicated that 51.7 percent of the variance in organizational performance can be attributed to business process outsourcings that were included in the model, while the remaining percentage could be explained by other factors not included in this study denoted by (ϵ) in the model.

Table 4: Model Summary

Model	R		Std. Error		Change Statistics			Sig. F Change	
	R	Adjusted R Square	of the Estimate	R Square Change	F Change	df1	df2		
1	.663 ^a	.517	.496	.56247	.517	14.569	3	94	.000

a. Predictors: (Constant), supply chain management outsourcing , customer services outsourcing

The results of the ANOVA on Table 5 indicate that the regression line fits the actual data since the mean square of the residuals is very small (0.316) compared to mean square of the regression (4.609). The F-statistics of the regression result is $F_{(3, 94)} = 14.569$ while the reported p -value=0.000 which is less than the conventional probability value 0.05. The model applied can thus significantly predict the change of the dependent variable as result of the independent variables in the model. Thus, the coefficients of the model are not equal to zero, suggesting that the model fits the data significantly.

Table 5: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.828	3	4.609	14.569	.000 ^b
	Residual	29.739	94	.316		
	Total	43.568	97			

a. Dependent Variable: organizational performance

b. Predictors: (Constant), supply chain management outsourcing , customer services outsourcing

As presented on table 6, it was established that there exist a statistically significant positive relationship between supply chain management outsourcing and organizational performance in selected local airline industries in Kenya ($\beta = 0.434$, $p < 0.05$). The beta coefficient of 0.434 means that when supply chain management outsourcing increases by an additional unit, organizational performance in selected local airline industries in Kenya increases by 0.434. Thus, null hypothesis (H_{01}) was thus rejected implying supply chain management outsourcing has a significant influence on organizational performance of local airline industries in Kenya. The results are in consistent with those of Muthoni (2016) who asserts that supply chain management outsourcing is a most important factor in improving the performance of a firm is the outsourcing of primary processes.

Further, the results indicates that the relationship between customer services outsourcing and organizational performance in selected local airline industries in Kenya was positive and statistically significant ($\beta = 0.249$ $p < 0.05$). This means when customer services outsourcing increases by an additional unit, organizational performance in selected local airline industries in Kenya increases by 0.249. Thus, null hypothesis (H_{02}) was thus rejected implying that customer service outsourcing has a significant influence on organizational performance in selected local

airline industries in Kenya. The results are in consistent with those of Nding'ori (2015) who found that customer services outsourcing enhances performance in terms of service delivery in the telecommunication sector in Kenya. Further, the results are in agreement with those of Kung'u (2016) who found that outsourcing customer interaction services influence firm profitability to a great extent.

Table 6: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.513	.449		1.142	.256
supply chain management outsourcing	.434	.125	.311	3.474	.001
customer services outsourcing	.249	.115	.256	2.167	.033

a. Dependent Variable: organizational performance

The regression model before moderation was summarized as follows:

$$\text{OGP} = 0.513 + 0.434 \text{ SCM} + 0.249 \text{ CSO} + \varepsilon$$

Where;

OGP - organizational performance

SCM - supply chain management outsourcing

CSO - customer services outsourcing

Conclusions

Influence of supply chain management outsourcing on the organizational performance

It can be concluded that supply chain management outsourcing has a significant influence on organizational performance in selected local airline industries in Kenya. Conclusion can be made that supply chain management outsourcing helps in minimizing overall cost. Lead time of supply of goods and services has reduced as compared to company sourcing. It can be concluded that the service providers have been able to meet customer demands more. The service providers also offer quality products and services as per the agreed contracts. Conclusions can be made that there is greater flexibility in maintaining and operating the supply chain.

Influence of customer services outsourcing on the organizational performance

It can be concluded that customer services outsourcing has a significant influence on organizational performance in selected local airline industries in Kenya. Conclusions can be made that customer service outsourcing has helped reduce time taken to deliver customer services. Using of the call center has cut down on costs and customers are well satisfied with the services and products offered by the service providers. Outsourcing customer service somehow allows reallocation of time and expertise to where it is needed most, allowing the organization to focus on the core responsibilities. Conclusions were made that the call centers offer additional services, flexible schedules, and other capabilities well beyond what in-house customer service could likely handle.

Recommendations

Influence of supply chain management outsourcing on the organizational performance

It was recommended that local airline industries should embrace supply chain management outsourcing since it will help in costs minimization. Local airline industries should also ensure that the service providers offer quality services as per the agreed contracts. Continuous monitoring by the airlines will ensure that there is greater flexibility in the supply chain operations.

Influence of customer services outsourcing on the organizational performance

It was recommended that local airlines should adopt customer service outsourcing in a bid to reduce time taken to deliver customer services. By using the call centers the airlines will minimize operating costs. By adopting outsourcing customer service, the airlines will be able to reallocate time and expertise to where it is needed most, allowing the organization to focus on the core responsibilities.

Suggestion for further research

A study should also be carried to examine the influence of business processing outsourcing on strategy implementation in the selected local airline industries in Kenya. A study should also be carried out to establish other business processing outsourcings which can affect performance among local airlines since the predictor variables under study only explained 51.7 % variation in organization performance.

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