

Factors Affecting Outsourcing of Customer Service of Airtel Networks Kenya Limited

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A Research Project Submitted In Partial Fulfilment Of The Requirements Of The Degree Of Master Of Business Administration, School Of Business, Jomo Kenyatta University Of Agriculture And Technology

Abstract: *Outsourcing is a process where a company outsources its operations to a service provider, whose core competence is centered on those processes. Outsourcing has become an important business strategy because it enables businesses to reduce and control operating costs, to improve on company focus, to gain access to world class capability and to free internal resources for other purposes. The purpose of this study was to determine the factors affecting outsourcing of customer service in Bharti airtel. The research was conducted by collecting primary data using an interview guide to collect in-depth data from the staff and management across all the departments with a target population of about 250 Airtel employees and a sample size of about 78 personnel interpretation of the data identifying the factors affecting outsourcing in Bharti airtel. The study found that top level management was involved in the outsourcing decision making and it was considered as a long term strategy to reach certain objectives such as while cost reduction, improved quality of service, increased competitiveness and increased flexibility as opposed to a short term solution. Findings also revealed that despite of the many benefits of outsourcing, there are quite a number of issues such as there was no harmonization of all the stakeholders' views prior and during the outsourcing process. the level of service has gradually dropped since the outsourcing due to inefficient systems and peripheries leading to time delay in service delivery poses in meeting customers' needs which has been attributed to demoralized staff. It was also revealed that there are no measures to ensure the workforce is competitive with no training to get familiar with the outsourced service. Respondents also agreed on the fear of job loss, security risks were a challenge encountered in outsourcing. The study thus recommends, the management should ensure that there are clear roles and communication between the outsourcing partner companies, managers and supervisors must put out front the human face of their Organization and the Company should beef up its competitiveness in the market by ensuring that they focus on human resource practices. The staff should also be trained so as to cope up with the rapid changes in the customer service in this technological advancement era which is fundamental to the telecommunication industry in Kenya. The government should develop policies to govern the running of BPOs workmanship of its citizens*

I. Introduction Of The Study

1.1 Introduction

This is the first chapter of this study. It contains the background of the study, statement of the problem, objectives of the study, research questions, importance of the study, scope of the study, and limitations of the study.

1.1.1 Background of the Study

Outsourcing involves the hiring of services by an independent company to provide services on its behalf. This is mostly done to reduce the cost of running an organization that is cost cutting. The main objective in implementation of outsourcing is to cut cost, concentration on the core business, promoting of other related companies in an economy, Encourage of foreign knowledge and expertise imported by the independent outsourcing firms. Handfield (2012), Thompson (2012), and Hayes (2012) indicate that outsourcing involves the contracting out of a business process, which an organization may have previously performed internally, and encompasses both foreign and domestic contracting which include off-shoring in which a company taking a function out that also involves transferring of the employees and assets of their business and relocating it to another country (Baiye 2012). Outsourcing can also be used to increase the employee motivation and boost productivity. For example the focus can be that of improving quality and quantity of goods and services if there are any, reduce operational costs, reduce turnover and training costs. (Bergkvist & Fredriksson 2008).

Increasing employee's confidence in the outsourcing companies can be increased and achieved through job satisfaction. In these case two sets of factors satisfying and dissatisfying that affect an employee's self-esteem and opportunity for growth and self-actualization in the work place (Lysons 2006). In recent years

outsourcing activities have increased in organizations in attempt to be more competitive. It has been identified a good business strategy once the organization has identified the risks related to outsourcing as away achieving the strategic goals, reduce costs and improve customer satisfaction and also in providing other efficient and effectiveness improvement (Hayes 2012)

Desai (2012) indicates that outsourcing is becoming popular and refers to it as a business strategy in which a company acquires a product or service rather than producing it. Dana (2012) also confirms that outsourcing is a way of getting additional support to one's team or company by inviting external contractors to undertake works that have been done by in-house staff for which the vendor possess better competencies. Momme, (2001) argues that outsourcing establishes a contractual relationship with an external supplier for the provision of capacity that has previously been provided in-house. There are two types of outsourcing Integral and partial outsourcing. Integral outsourcing the execution and coordination of the entire function is the responsibility of external supplier activities, while Partial outsourcing only part of the integral function is outsourced. The outsourcing institute (2000) reports that outsourcing has grown at a tremendous rate, the trend has continued in Africa.

The telecommunication industry in Kenya dates back to the days of colonial error. According to Tyler et al. (1994), Kenya's earliest telecommunications connections to the outside world were the submarine cables linking Zanzibar, Mombasa, and Dar-es Salaam laid by the Eastern & South African Telegraph Company in 1888. Internally, in 1908, the public telephone network began service in Nairobi, and Mombasa. For a long time the industry operated as a monopoly dominated by public sector firm The Kenya Post and Telecommunication corporation that enjoyed protected markets. However, due to liberalization, the sector has opened up to competition with more firms coming in to take advantage of the government's divestiture away from business. Currently, there are four operators in the mobile telecommunication service sector in Kenya that include Bharti Airtel, operators of Airtel network; and Safaricom Ltd, operators of Safaricom network; Orange Kenya, operators of orange network; Essar Telecom, operators of YU network.

1.1.2 Airtel Group Limited

Airtel group limited is the world's third largest mobile telecommunications company by subscribers, with over 275 million subscribers with a commercial presence in 20 countries, of which 16 of the countries are in Africa. Airtel is credited with pioneering the business strategy of outsourcing all of its business operations except marketing, sales and finance and building the 'minutes factory' model of low cost and high volumes. With Its network-base stations, microwave links, maintained by Ericsson and Nokia Siemens Network whereas IT support is provided by IBM, and customer care service is handled by SPANCO RAPS BPO. Airtel (2010)

1.1.3 Airtel Kenya

The business was established in 2000 under the Brand name Kencell Limited the company that was owned by French Investors. It was the first Telecommunication Company to be established before the biggest competitor Safaricom. In 2003 the company was later resold to foreign investors and one local investor in Kenya, Merali who owned part of the shares, and was branded Celtel Kenya Limited with other opcos in the 15 African countries which were also branded to Celtel. In 2008 Celtel was bought by Zain a Kuwait bound company and was rebranded to zain Kenya. In March 2010 Bharti Airtel completed its \$9 billion acquisition of African operations from Kuwait's Zain, and the Kenyan subsidiary was renamed Airtel Kenya limited (CCK Report, 2011).

According to CCK (2012) Kenya has enjoyed part significance growth in the telecommunication industry after the launch of other Telecommunication companies like Orange and Yu Easer. This has seen the number of mobile phone subscribers hitting 25 million as at May 2012 representing a penetration of 60 percent. Airtel is the Kenya's second largest mobile phone subscriber in Kenya. It has 5million subscribers as at May 2012 (Communications commission of Kenya 2012)

1.2 Statement of the Problem

In the efforts to provide the efficient customer experience service Airtel Kenya adopted a low-cost model pursued by its Indian parent Bharti Airtel which was a great success so as to gain market share in Kenya by outsourcing its none-core businesses, hereby forcefully outsourcing the Airtel customer service to another foreign company and therefore reducing its liability as an employer (Jamie et al, 2010).

After the buyout In Africa, where Airtel become a major player, it transferred its entire customer care staff to Spanco Raps an Indian business processing outsourcing (BPO), while its network functions outsourced to Nokia Siemens Network and IT work IBM (Airtel 2010).The said independent co-operations will try to maximize their business at the expense of goodwill of the firm. This meant the department that used to do customer service became entwined with the contractors, handing over sensitive material and the contractors work alongside the Airtel staff.

According to report by PricewaterhouseCoopers ,UK (2008) several outsourcing deals collapse before the contract ends, due to rising costs and mistrust between service providers (the outsourcing firm) and customers (the outsourced firm), implying saving money is not a sound reason to outsource, leading into painful trade-offs: cost savings vs. growth, speed vs. quality, and organizational cohesion vs. innovation.

At airtel, the employees were given new contracts, despite assurances by Airtel that the employee rights, terms of employment and benefits would be protected by the firm to which the staff were transferred and that the staff could return to Airtel within two years if dissatisfied with the new company, in practice the employees were not permitted to return. In 2012, this was evidenced as the outsourced employees went on strike demanding for pay increment in line with the market rate, the right to belong to a union and improved working condition.

Also in the wake of a court case filed by 51 former Airtel employees suing Airtel against the transfer from one employer to another, Industrial Cause No. 1972 of 2012 in which on Tuesday, June 18, 2013. The court held that unfair termination as under section 45 of the Employment Act. Airtel Ltd was thereby liable for the unfair termination of the claimants (Aboka, 2013). Given the above background information the study sought to find out and identify the most underlying issues that are affecting the outsourcing of customer service of Airtel Kenya Limited.

1.3 Objectives of the Study

The general objective of the study was to determine the factors effecting of outsourcing of customer service of Airtel Networks Kenya Limited.

1.3.1 Objectives of the Study

- i) To find the effects of service delivery on outsourcing in customer service in Airtel Kenya.
- ii) To determine the extent at which communication affects outsourcing in customer service sector in Airtel Kenya.
- iii) To find out the effects of competition on outsourcing in customer service sector Airtel Kenya.
- iv) To determine the effect of employee motivation on the outsourced Airtel customer service.

1.4. Research Questions

- i) How does service delivery affect outsourcing customer service sector in Airtel Kenya?
- ii) How does communication affect outsourcing of customer service sector in Airtel Kenya?
- iii) How does competition affect outsourcing of customer service sector in Airtel Kenya?
- iv) How does employee motivation affect the outsourced Airtel customer service?

1.5 Significance of the Study

The results when implemented would assist the key beneficiaries as follows:

The management of Airtel Kenya will be in position to know the effects of outsourcing on employees. The employees are also able to know the skills, knowledge, and expertise required by the Organization. The head of various departments especially those related to employees remuneration, working conditions, and career development will also find this research invaluable to them. Through this project its employees would be able to know how to act professionally and equipping themselves with the knowledge and skills required determining their stay in the organization.

The management of Spanco Raps being a foreign based BPO company will be in a better situation in terms of engaging with the rich pool of the Kenyan manpower and as the firm also cements the employee management relationship with the former Airtel employees absorbed by Spanco when the two companies merged.

The government will be in a position to improve the total management operations of telecommunication companies in the country and its procedures in BPO industry and therefore come up with strategies to protect its citizens in making sure that employees enjoy working for the organizations with their concerns being addressed by the employers. The government will also be able to protect smaller telecommunication companies by addressing the issues of price control and issuance of licenses without favoritism.

Education seekers in the field of Human resource, Management, Research and Literature as well as those in accounting related courses may find this research being so helpful. In particular this research project would be beneficial to the students of Jomo Kenyatta University of Agriculture and Technology as a point of reference. The document will also be used by other researchers for further research study in the related fields or research in future. In addition the research may have an indirect effect of being transformed to another company because they are part of the stakeholders available in the satisfaction of their client and customers.

The study will be of significance to other telecommunication firms that would trade off some of the non-core products and services to service vendors so as to concentrate on the core services so as to remain relevant and more competitive.

1.6 The Scope of the Study

The main aim of the study was to determine the factors affecting outsourcing function in an organization. Bharti Airtel being the pioneers of outsourcing in the telecommunication and the strategy being a success back in India, the study was in this case Airtel Kenya Limited, the second largest telecommunication Company in Kenya. The study was carried out between the months of November 2014 and February 2015.

1.7 Limitations of the Study

The researcher faced difficulties in accessing the respondents due to the rules and regulations especially in the time schedule. The researcher therefore opted to administer questionnaires of which the researcher can always go back to collect after a while. The researcher also carried out an investigation into the background of the organization in order to have the necessary knowledge of what to ask and what not to.

The researcher encountered the problem of suspicion by Airtel Kenya management and employees. Some employees were reluctant to revealing some of the information regarding the organization. This is due to fear that it could be used to victimize them also fear their competitors could take advantage of this information, therefore researcher had an introduction letter from the University to assure and affirm that the information revealed was only for academic purposes.

Unavailability of some of the top management personnel was also another hindrance that the researcher encountered to answer some questions. However this problem was resolved by fit schedule and getting more personnel who were conversant with the customer service processes to answer the questions in the department. In accessing online resources, some sites required membership terms in order to log in. however, the researcher was able to access other free online sites.

II. Literature Review

2.1 Introduction

This chapter gives detailed information of what the previous authors have said about the variables of this research study. Most of this information is collected from various libraries' authoritative sources such as journals, magazines, websites, books, and previous research work and any other research work and any other publications relevant to the area of study. Towards the end of the chapter there is also a conceptual framework that shows how the dependent and the independent variable relate.

2.2 Review of Theoretical Literature

The literature review aims to look at what other researchers have proposed about the effect of outsourcing on customer service. It is also aimed at appreciating what other researchers have contributed towards this study and to assess what is missing and what needs to be researched further. In addition the literature review determines the already existing literature that has been done by other researchers and assists to avoid contradictions about what has been done before and what the current research is aimed at achieving.

The outsourcing process is an emerging complex strategy with numerous activities and sub activities, with various managerial dilemmas. Therefore quite a number of theories have been developed to aid scholars to understand the nature of those activities, and also the strategy implementers to successfully manage the process. To better understand this phenomenon several frameworks that are embedded in different theoretical approaches, where various authors identified significant number of theories that could explain the outsourcing phenomenon (Gottschalk and Solli-Saether, 2005).

2.2.1 Agency Theory

The application of agency theory provides a justification for the establishment of alliances between organizations and their service providers (Blancero and Ellram 1997; Stock 1997; Logan 2000). Need to note is that the resource profile of organizations has a tendency to determine the degree to which all or part of the process is outsourced, as Gilley and Rasheed (2000) discuss with respect to outsourcing of information technology from a manufacturer's perspective.

2.2.2 The Network Theory

The network theory of the firm primarily elaborates on the formation of external (i.e., outside the firm) relationships, organizational structures, and alliances required to support integration processes, however this becomes challenging in regards to understanding and managing both internal and external activities. Therefore, the network theory would explain "how" to aid the formation of external relationship structure necessary to improve system performance while the systems theory answers the "why" to view a relationship(s) as a system.

Strategic outsourcing is redefining the organization and organizational performance in freeing the management and staff to refocus on the core business functions thus enabling companies to strengthen their resources in order to reinforce their competitive advantage.(Thomas 2011).

2.2.3 Cost Reduction Theory

McIvor (2000) consider the concept of outsourcing to changing from a tactical approach seeking short-term results, most notably cost reduction, to a more strategic approach that aims to achieve and maintain competitive advantage. Linder, (2004) stated that (BTO) transformational outsourcing is collaborative, risk- and gain-sharing relationship among the organization and its service providers to drive enterprise transformation and achieve significant business process improvements. It enables an organization to retain leadership position, build sustainable competitive advantage and generate highest value for an organization.

2.2.4 The Adams' Equity

This theory model extends beyond the individual self, and incorporates influence and comparison of other people's situations - for example colleagues and friends - in forming a comparative view and awareness of Equity, which commonly manifests as a sense of what is fair. When people feel fairly or advantageously treated they are more likely to be motivated; when they feel unfairly treated they are highly prone to feelings of disaffection and demotivation. The way that people measure this sense of fairness is at the heart of Equity Theory.

Equity, and thereby the motivational situation we might seek to assess using the model, is not dependent on the extent to which a person believes reward exceeds effort, nor even necessarily on the belief that reward exceeds effort at all. Rather, Equity, and the sense of fairness which commonly underpins motivation, is dependent on the comparison a person makes between his or her reward/investment ratio with the ratio enjoyed (or suffered) by others considered to be in a similar situation.

2.3 Conceptual Framework

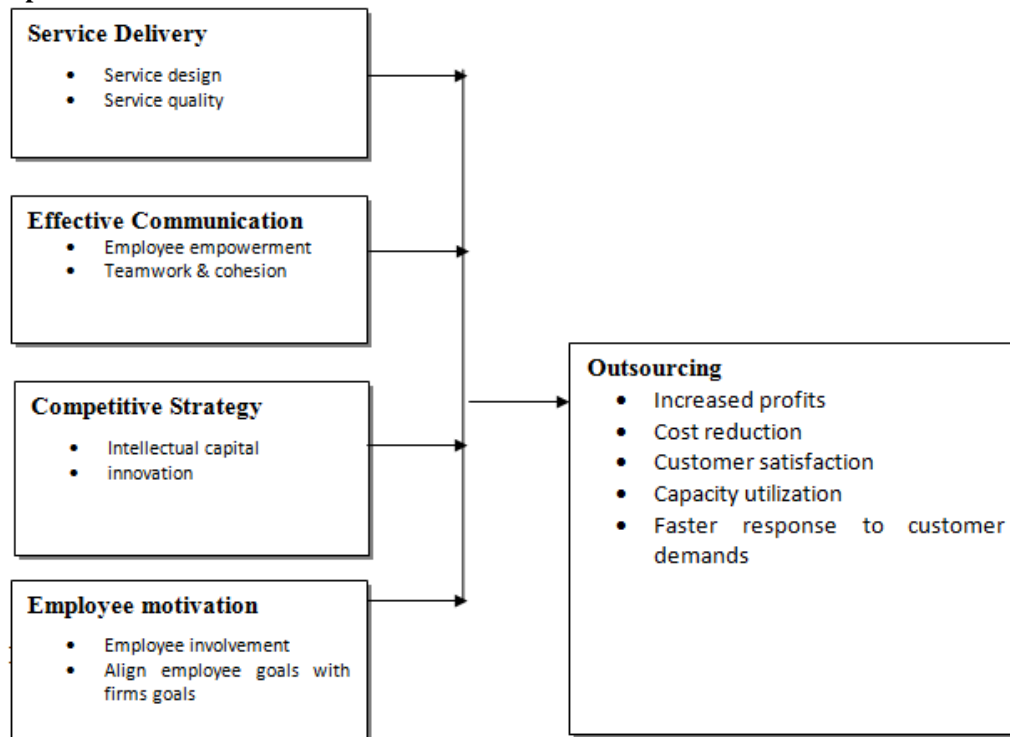


Figure 1.1: Conceptual Framework

2.3.1 Service Delivery

Over the past three decades scholars have devoted a great, to discuss and document the major aspects that define a service. According to Mohr & Bitner, (1995) a service can be seen as an outcome, “what a customer receives”. It has been well documented that service outcomes share four specific attributes that is: intangibility, heterogeneity (variability), perishability, and inseparability of production and consumption (Sasser et al., 1978; Zeithaml et al., 1985). Kellogg and Nie (1995) described it as the all-encompassing term ‘customer influence’ to acknowledge the fact that in services the customer takes part in the process of production and delivery.

Mayer et al., (2003), argues, since a service process leads to an outcome in which in the customer can be either satisfied or dissatisfied with the service experience, hence it is of great importance that service provider pay attention to designing the system that the service concepts are produced and delivered to customers (Brown et al., 1994). It is therefore the role of 'delivery' to ensure that the expected service outcome is received by the customer (Goldstein et al., 2002). A service delivery system is made up of multiple, interdependent service processes (Johnston & Clark, 2001). The entire set of interrelated service processes constitutes hierarchically-organized process. A service process involves a sequence of activities and steps, the flows and interactions between these activities, and the resources required for producing and delivering the service outcome (Slack et al., 2004). It involves defining the roles of people, technology, facilities, equipment, layout, and processes that generate the service outcome.

For an effective service delivery, the business ought to develop a service design which is inclusive of the customers, service concept, and service delivery system. For a success in service design its necessary to understand the needs and expectations of customers (Goldstein et al., 2002; Gouillart & Sturdivant, 1994; Roth & Menor, 2003). Effective design must therefore ensures that both the service outcome and the process of service delivery are perceived as being of good quality by customers (Mohr & Bitner, 1995) so as to generate customer satisfaction (Dabholkar & Overby, 2005). This will in turns ensure customer retention (Cronin & Taylor, 1992), and give the businesses leverage to gain, and maintain, a competitive edge in the marketplace (Shostack, 1984; Verma et al., 2002).

According to Kim & Kim, (2001) A service blueprint and service maps are paramount tools used for the service process design since they enhance flowchart that represents all the steps, flows, and the role of employees involved in the delivery of the service as well as all the interactions that occur between the customer and the organization in the process of service delivery (Zeithaml et al., 2006). It's therefore important to depict the service process in a holistic perspective and emphasis on the interrelationships between the various components of the entire process rather than on specific, individual elements in isolation (Shostack, 1987).

The customer contact theory (Chase, 1978; 1981; Chase & Tansik, 1983) in which the service process structure is based on customer influence consisting of a front-office segment, where the customer is, and a back-office segment, where processes are executed without the presence of the customer. McLaughlin et al., (1991), argues that the customer is the unique concern of service operations management of the delivery process. The theory focus on an operational process within a particular service facility as a strategy to minimize the complexity of service processes (Zomerdijk & Vries, 2007). Rather than the set integrated service delivery processes which is part the delivery system as a whole service

Service quality is unnecessary evil when it comes to service delivery, is a concept implying 'fitness for purpose', measuring up to specification as well as meeting particular customer needs. A distinction can therefore be made between quality as the intrinsic value associated with a service product and quality as meeting of customer or community needs and requirements. This is precisely so since the delivery of services is a process based on broadly accepted normative and ethical values and guidelines, emanating from the body politic, community and social values, as well as other prescribed guidelines (Cloete, 1998).

Service delivery quality essentially is a measure to the extent to which the service delivered meets service users' or customers' expectations (Ghobadian et al., 1993). Monitoring quality assurance is a popular tool used to track, evaluate and review service delivery performance. In service delivery reviews, the terms of reference for quality assurance often tend to reflect the service quality and customer satisfaction model and the commodity notion of service delivery. In this way, employees' roles and responsibilities should be clarified and monthly or quarterly workplace plans should relate to the goals and performance standards set for the individuals or teams in the department and the organization as a whole.

2.3.2 Effective Communication

Communication is what the organization is made of initially and is regarded as the gatekeeper to power; it is the blood stream of every organization, literally. Communication or information sharing about goals, strategies, success and failures' (Byham, 1997)' may seem common place; however its importance cannot be undervalued. Randolph reveals in his research that "people who have information about current performance levels will set challenging goals and when they achieve those goals they will reset the goals at a higher level". (Randolph, 1995)

Effective communication is essentially dependent on three key factors, the effectiveness with which information is encoded and then transmitted through communication systems, channels and network, the appropriateness of the communication medium used and how those receiving the communication decode, interpret and act on it. Communication forms and enabling factor for many aspects of strategic management function, Gardner et al (2000). It is also an important factor in motivating the workforce, since it is essential to keeping peoples feeling informed, happy, valued and involved. It is also essential to preventing simple misunderstanding, which are often the cause of industrial relations problems in many organizations. Good

practice in many areas such as occupational health and safety, equal opportunities, training and development relies on good management systems and communication between stakeholders. Sharing information about goals and effective communication about the organization's plans, success and failures may seem common however it is very important and cannot be undervalued (Byham, 1999).

To ensure that employee empowerment succeeds, not only is information about the work needed but must "give employees information about the business and demonstrate how their work fits in..." Everyone wants to feel they do something of value. When one demonstrates the value individuals bring to the business, people will want to grow with the business" "Empowerment must help employees understand that their work is directly aligned with strategic goals and individual accountability. Empowered employees will only understand these bottom line implications if organizational information is shared with them (Caudron, 1995).

Maxwell's (1997) case study of empowerment at the Glasgow Marriott it was discovered that employees had a positive approach to empowerment although empowerment advantages and disadvantages were also clearly stated. Advantages for the employees included higher levels of job satisfaction, better customer care, more rapid decision-making and personal development. Some of the deficits employees found in empowerment related to communication difficulties, unclear work practices, higher levels of pressure on staff and increased competition among employees. Equally important was the need to support the early stages of the empowerment process with training to clarify the extent and implications of its use.

Lassen (1996) has given a report on a study on action. Action is Danish heavily aids manufacturing company in his research, Hessen studied the change process and one of the variables was changed in communication system in the organization. The firm was perceived as being a fairly old, well established and reasonably profitable company by the mid 1980's the organization has all the strength and weakness of traditional hierarchical organization including formal procedures a conservative culture, employee's loyalty and consensus seeking behavior. The company had several problems including communication. The company was structured around three main functional areas, which had only limited in the action and communication. The problem escalated to the extent that this was need for proactive, open and powerful management style.

The first was the recruitment in 1988 of a new CEO, Lars kolind, who made several suggestion concerning the organization structure, job design, information technology, and physical layout of the company. To improve on communications, he saw the need of drastically reducing paper communication. Establishing electronic scanning of all incoming mail and introducing very comprehensive information technology system, necrosis and so on. He also tried to maximize physical flexibility by making available an open space office that made free movement of trolleys, and the office bars and café that created extensive opportunities for informal exchange of information and experiences. There also three floors, which are connected by a wide stair case where people unavoidably meet each other by chance.

2.3.3 Competitive Strategy

The essence of formulating competitive strategy is to relate a company to its environment. Although the relevant environment is very broad and encompasses social and economic forces, the key aspect of a business environment is industry or industries in which it competes; in business competition it can be over resources or clients. The goals of competing strategy for a business unit is to find a position in the industry, where the company can best defend it against the forces or influence them in its favor. (Porter, 2004) A company that limits itself to analyzing defection and complaints is backfilling – identifying problems that need to be corrected. But a good retention strategy must move beyond problem resolution.

It should identify barriers that will prevent a customer from switching to a competitor, even the one who is perceived as offering a better product at lower price (Steve, 1994). To identify switching barriers, an organization should look outside its own industry for the best demonstrated practice. If you borrow a practice that is farthest a field from your industry, your chances of surprising the competition are better. A borrowed practice will of course need to be modified to fit your employee's needs. The competition level has continuously increased as most firms are doing the same by targeting the same employees. This has led to intense competition of staff in various industries (Adrian et al 1995).

Every company should understand that people are their best commodity. Without qualified people who are good at what they do, any company would be in serious trouble. In the long run, the retention of existing employees saves companies money. Studies have found that the cost of replacing lost talent is 70 to 200 percent of that employee's annual salary. There are advertising and recruiting expenses, orientation and training of the new employee, decreased productivity until the new employee is up to speed, and loss of customers who were loyal to the departing employee. Finding, recruiting, and training the best employees represents a major investment. Once a company has captured talented people, the return-on-investment requires closing the back door to prevent them from walking out (Steve, 1994).

When an employee leaves a company for a direct competitor, there is always a chance that they will take important business strategies and secrets with them to be exploited by the competition; therefore retention

of employees becomes crucial to some businesses. While this practice seems a bit unscrupulous, it stills happens quite frequently. Because employers know that the best-qualified applicants will come directly from competitors, recruiting and hiring employees away from the competition becomes a necessity in an ultra-tight labor market. Recruiting and hiring from your competitors is probably as old as business itself. But what is new—and a hot topic among employers—is how to attract and retain qualified candidates in a highly competitive labor market while also preventing their own intellectual capital from winding up in the hands of competitors (Hampton, 2003).

One way for a company to prevent employees from giving valuable information to competitors is to make it a policy to enforce strict noncompeting and confidentiality agreements amongst its employees. The existence of such agreements could in fact deter a competitor from hiring a valuable employ because they might not want to risk possible legal entanglements with the other company. Of course, all this could possibly lead to animosity with the employee who could feel that his or her options are being limited. Many employees don't always remember signing such a document, so a copy of it should always be kept on file for the employee to refer to. This area could prove to be a highly sensitive one between employer and employee, so extreme caution is suggested in all instances (Gerald, 2009).

In today's aggressive business environment, the challenge of sustaining a competitive advantage preoccupies the minds of many business leaders. Corporate customers and individual consumers have more providers to choose from than ever before. Furthermore, they often perceive that what they are purchasing is, for all practical purposes, a commodity that can be easily obtained from other companies if need be. So how does a corporation distinguish itself in a highly commoditized and competitive market? Today's businesses are more dependent than ever before on their top performers to innovate and provide services that differentiate a company from its fierce competitors. In other words, corporations are reliant upon their human assets to survive and thrive (Burt 2006).

A rather obvious way for a company to better retain their employees is by offering competitive salaries and bonuses. Everyone likes to be recognized for a job well done, and nothing makes someone feel more appreciated than cold hard cash. It also shows the employee that the company has some degree of loyalty towards them, which could in turn influence them to repay their employers with some loyalty of their own. Increased benefits, stock options, more vacation time, company cars, child care, and other perks don't hurt either. Financial support for employees who wish to continue their education would also most likely be appreciated and rewarded with employee loyalty (Tevis, 2002).

In many instances, employee retention starts just as soon as an employee is hired. If a company sees an unusual amount of potential in a new hire, management could make them feel appreciated right off the bat. Interest free loans to help pay off their college bills or other debts is one way for an employer to do this. In order to keep the employee from jumping ship before the loan is paid off, the employer can do several things, including staggering payments or making the loan contingent on certain performance goals. In a way, this practice can be considered a combination of recruitment and retention tools. Similar programs could also be implemented for employees that already have tenure built up with the company (Charles, 2002).

The implementation of company policies like flextime, job-sharing, and part-time work may also prove useful in retaining an employee who wishes to leave their job for personal reasons. By doing so, a company could gain a reputation as a family-friendly environment and therefore make itself more attractive to future potential employees (Kenson, 2008).

2.3.4 Employee Motivation

Motivation to an organization has been defined in a variety of ways including as the inner force that drives individuals to accomplish personal and organizational goals. The term motivation often is used to explain decisions and behaviors that cannot be explained by ability alone. Motivation is concerned with the direction, arousal, amplitude, and persistence of an individual's behavior (Campbell & Pritchard, 1976). Kreitner, (1995) describes it as the psychological process that gives behavior purpose and direction. Understanding what motivates employees and how they are motivated was the focus of many scholars and researchers following the publication of the Hawthorne Study results (Terpstra, 1979).

According to Maslow, employees have five levels of needs (Maslow, 1943): physiological, safety, social, ego, and self-actualizing. Maslow argued that lower level needs had to be satisfied before the next higher level need would motivate employees. Maslow's need-hierarchy theory provides some interesting insight into employee motivation. The number one ranked motivator, interesting work, is a self-actualizing factor. The number two ranked motivator, good wages, is a physiological factor. The number three ranked motivator, full appreciation of work done, is an esteem factor. The number four ranked motivator, job security, is a safety factor.

Therefore, if managers need to address the most important motivational factor of Centers' employees, interesting work, physiological, safety, social, and esteem factors must first be satisfied. If managers wished to

address the second most important motivational factor of centers' employees, good pay, increased pay would suffice. Maslow's conclusions that lower level motivational factors must be met before ascending to the next level were not confirmed by this study.

Adams' theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs (Adams, 1965). The third highest ranked motivational factor (full appreciation of work done) to Adams's equity theory. If an employee at the centers feels that there is a lack of appreciation for work done, as being too low relative to another employee, an inequity may exist and the employee will be de-motivated. Further, if all the employees at the centers feel that there is a lack of appreciation for work done, inequity may exist.

Adams (1965) stated employees will attempt to restore equity through various means, some of which may be counter-productive to organizational goals and objectives. For instance, employees who feel their work is not being appreciated may work less or undervalue the work of other employees, while those who feel appreciated will have a tendency to work more and value any task accorded to employees.

Oakland (2004) each employee should be able to do what is needed and expected from him or her, but it is first necessary to decide what is really needed and expected. Training is very important and should relate to needs expectations, and process improvement. It must be planned and its effectiveness. If all employees are to participate in making the company successful then they must also be trained in the basics of disciplined management which is: Evaluate-the situation and define their objectives, Plan-to achieve those objectives fully, Do-implement the plans, Check-the objectives are being implemented, Amend-take the corrective action.

Besterfield (2003) employee involvement is one approach to improving quality and productivity, to better meet the organizational goals for quality and productivity at all levels of the organization. Employee wants is not only about pay but also involving employees through the use of teams in meaningful work and by providing the proper reward and recognition, managers can reap advantages of greater quality along with employee satisfaction. One should involve employees through empowerment where people have the ability, the confidence and commitment to take the responsibility and ownership to improve process and initiate the necessary steps to satisfy customer requirements within well-defined boundaries in order to achieve organizational values and goals.

Recognition is also a form of employee involvement if not employee motivation which the organization publicly acknowledges the success of the organization. Employees should be involved in the planning and implementation of the recognition and reward programme. Involving employees, empowering them and bringing them into the decision making process provides the opportunity for continuous process improvement. The untapped ideas, innovation and creative thoughts can make the difference between success and failure. Competitiveness is also fierce that it would be unwise to every available tool.

Valarie (2003) for all employees to remain motivated and interested in sticking the organization and supporting its goals, they need to an understanding of the organization vision. People who deliver service day in day out need to understand how their work fits in the big work. And they can't be committed to the vision if that vision is kept a secret from them. What this means is that the vision is communicated to employees frequently, and that it is communicated by top management, often by the C.E.O. if the employees feel valued and their needs are taken care of, they are more likely to stay within the organization. If a company wants the strongest service performers to stay with the organization, it must reward and promote them.

This may seem obvious, but often rewards systems in the organization are not set up to reward service excellence. Reward system may value productivity, sales or some other dimensions that potentially work against good service. Even those service workers who are intrinsically motivated to deliver high quality service will become discouraged at some point and start looking elsewhere if their efforts are not recognized and rewarded. Reward system need to be linked to organization mission and to outcomes that are truly important. For instance, if customer satisfaction and retention are viewed as critical outcomes, service behaviors that increase those outcomes need to be recognized and rewarded.

Robbins (2001) explains that not involving employees could have two negatives that are: employees are likely to resist change in which they have no voice. Employees often have valuable insights on how processes can be improved. By including them in the change process, management can both gain the value of their experience and increase the likelihood that employees will support the changes that are made. For employee involvement to be effective, management needs to provide proper training. One can't assume that workers have skills, knowledge or ability to take on the increased challenges and responsibilities inherent with empowerment. For instance, workers may need to learn statistical techniques to measure six-sigma quality or to perform benchmarking comparisons. Employee involvement typically includes a wide use of work teams which will perform tasks previously done by individuals and problem solving teams will be used to improve processes.

2.4 Empirical Review

According to Yankelovich (2003) two-third of companies' world-wide outsource at least one business process to an external third party. This is most common in the U.S., Canada, and Australia, where 72 percent of outsourcing is being sought. Smith (2012) argues that outsourcing has the greatest impact on Supply chain system responds leading to rapidly to charges in product volume demanded by customers and to changes in product mix demanded by customers and expedites emergency customer orders. According to the Outsourcing Institute Executive Survey (2006), the top ten reasons why companies would outsource are as follow; reduce and control operating cost, improve company focus, gain access to world class capability, free resources for other purposes, resources are not available internally, accelerate re-engineering benefits, non-core function that is too complex to manage, make capital funds available, share risks, and cash infusion.

Rapid changes in the business environment of modern companies require senior management to adopt strategies that focus on both current success and to invest in those activities that will promote a competitive advantage for future success. With the increasing globalization, outsourcing has become an important business approach, and a competitive advantage may be gained as products or services are produced more effectively and efficiently by outside suppliers (Yang et al, 2007).Lai, Lau and Cheng (2004) studied a Hong Kong logistics service provider and found that a successful implementation of a quality management system is the key to survival and long-term prosperity for a logistics company. Brah and Lim (2006) proved that the implementation of TQM in Singaporean logistics companies enabled them to achieve superior operational performance than their competitors.

There have been several studies conducted with regard to outsourcing in the Kenyan context. For instance, Gichuru (2012) did a study on critical success factors in business process outsourcing of logistics companies in Kenya. It established the factors to include investment of international companies in the local economy; internet connectivity; top management support; creation/expansion of a potential niche and necessary expertise. Muluma (2012) also did a study on logistics outsourcing but was comparing logistics outsourcing practices and performance of large manufacturing firms in Nairobi. He established that logistics outsourcing practices being adopted by the large manufacturing firms resulted to increased productivity, organizational effectiveness, increased profits, continuous improvement and improved quality.

Moreover, Mathenge (2013) carried out a study on the factors affecting outsourcing of accountancy services by Small and Medium Enterprises in Kenya. Using the top 100 SMEs in 2012 primary data from the purposively sampled SMEs was collected by use of semi-structured questionnaires filled by the senior managers, CEOs or Finance Managers of the SMES. The study found that SMEs outsource accountancy services. In addition, the study established that lack of in-house expertise is a factor in SMEs' outsourcing decision-making. External expertise gives SMEs competitive advantage and increases their chances of survival in the current market. SMEs take a broader view of accountancy outsourcing by isolating their core competencies. New technologies enhance SMEs' growth and maintain the standards provided under International certifications like ISO.

Ondura (2013) conducted a study on factors influencing information technology outsourcing in the insurance sector in Kenya. His study sought to establish how financial drivers, focus on core competencies, technological advancements and government policy influence adoption of information technology outsourcing by the insurance companies in Kenya. The study was quantitative and a survey where all the 49 registered insurance companies were targeted by the study and ICT managers were identified as the key respondents administered with the questionnaire. The study found out that the key factors that influence adoption of IT outsourcing among the insurance companies in Kenya are two namely financial drivers(P-value=0.001) and focus on core competencies (P-Value=0.028) whilst government policy has least if no influence at all. Out of the companies that successfully responded, it was established that 75% of them were engaging in Information Technology outsourcing where 50% of them were involved in outsourcing of cloud services.

In the telecommunication industry, the researcher identified two studies that have been conducted on outsourcing. Ochola (2013) in her study on outsourcing strategies adopted by telecommunication vendor companies in Kenya, selected five telecommunication equipment vendor companies to collect primary data using a self- administered questionnaire. The study found out that all the telecommunication vendor companies outsourced work. Outsourcing non-core activities was the major reason for outsourcing. Outsourcing partners were found to be both local companies and others out of the country. It was found that the choice for formulating the strategy for outsourcing and selection of outsourcing partner is a challenging task and needs to be molded to the situation of the company.

Finally, Matiti (2014) did a research on factors affecting performance of outsourcing strategies among mobile phone operators in Kenya. Her study adopted a cross sectional survey design where managers in all the four mobile phone companies operating in Kenya. The study found that the factors that affect performance of outsourcing practices were found to be trust among partners, training and communication, partner characteristic and top management commitment. The study found out that there is lack of comprehensive plan outlining

detailed expectations, lack of properly defined performance criteria for an outsourcing engagement, there has been a challenge to impart managers of the outsourced firm with necessary skills that will enable them to adapt to other cultures and work with other managers and lack of adequate training skills needed to manage outsourcing activities and to negotiate a sound contract leading to a lop sided contracts with one of the parties.

Outsourcing of customer service has become the most favoured avenue for cost cutting with the idea being to outsource non-core business functions leaving the company to concentrate on its core objectives. From the foregoing, there are various factors that affect the outsourcing practices in various contexts. It is evident that there has been no research carried out to investigate the factors effecting of outsourcing of customer service in Kenya Limited hence the research gap. This study, therefore was a modest attempt to determine the factors effecting of outsourcing of customer service of Airtel Networks Kenya Limited.

2.5 Summary of Existing Literature

The chapter has explored on the various writing on past literature on outsourcing the findings from the literature indicate that outsourcing is a comparative advantage tool that will not only reduce the cost of doing business but facilitate businesses to concentrate on their core businesses. The chapter reviewed literature on how outsourcing will affect the performance of customer care in terms of service delivery, cohesion and teamwork with the outsourced staff, in terms to making the business more competitive and how it affects the motivation of the staff.

2.6 Research Gaps

The concept of outsourcing of services has been expounded both in the literature as well as from the empirical studies done on the subject area, in which various scholars attempted to explain the various phenomena concerning outsourcing. Ochola (2013) carried out a research on outsourcing strategies adopted by telecommunication vendor companies in Kenya It was found that the choice for formulating the strategy for outsourcing and selection of outsourcing partner is a challenging task and needs to be molded to the situation of the company

Smith (2012) investigated outsourcing and supply chain performance among mobile telephone service providers in Kenya. This study established the relationship between outsourcing and supply chain performance among mobile phone service providers, but with no major theatrical studies how outsourcing affects the performance of the employees who have to change employers and work under new management. The research study will therefore seek to address the relationship between outsourcing and performance of the outsourced staff narrowing to the following gaps; service delivery of the staff; communication; competition; and how motivated are the employees

III. Research Design And Methodology

3.1 Introduction

This chapter presents the methodologies which were used to carry out study. It further describes the type and source of data, the target population, sampling methods and techniques used to collect sample size. It also describes how data was collected and analyzed. This chapter also acts as a framework for specifying the relationship among the variables in terms of sample size to be used.

3.2 Study of Design

Research design is an outline, plan or scheme used to generate answers to the research problem. It is basically the plan and the structure of the investigation. Descriptive research design was used in the study to investigate the factors affecting outsourcing in an organization. Descriptive research is a scientific method of investigation in which data is collected and analyzed in order to describe current conditions, terms or relationships concerning a problem. A descriptive research is most applicable since it includes surveys and fact findings inquiries of different kinds, as seeks to establish factors associated with certain occurrences, outcomes conditions and or types of behavior.

Mugenda and Mugenda (2003) have clearly indicated that two broad questionnaires can be used. Structured or closed ended and unstructured the questions are accompanied with a list of all possible alternatives answers for the respondent to select the best answer that described the situation in the question. On the other hand open ended questionnaire, questions allow respondents to answer the question in their own words and express what they think the answer to the question may be. The respondents were selected randomly from the different levels of the organization. The selected respondents represented all the levels involved in the research study.

3.3 Target Population

Target population was used in defining universal set of the study of which all members of real or hypothesis set of people, events or objects to which an investigator wants to generalize the result (burg and crall 1959).

Table 3.1 Target Population

Target Population	Frequency	Percentage
Customer service inbound	105	42
Customer service outbound	63	25
Walk in C.C executives	42	17
Human Resources	25	10
Finance	15	6
Total	250	100

3.4 Sampling Design

According to Kuul 1984 sampling is the process by which a relatively small number of individual object or event is selected and analyzed in order to find out something about the entire population from which will be selected. A sample is a small portion of targeted population selected using some systematic form.

3.5 Sample Size and Sampling Technique

Sampling technique is the process of selecting respondents, who are identified as representatives of the target population. The stratified random sampling procedure will be used as it ensures all the groups in the target population are selected and represented with equal chance while they remain representative of the population and that no group is overloaded, or locked out as there will be no bias. It also enables the generalization of larger population with a margin of error that is statistically determinable, (Mugenda and Mugenda 2003). The sample size was 31.2% of the target population. The sample size was as follows.

Table 3.2 Sample Size

Population category	Target population	Sample size	Percentage
Customer service inbound	105	34	32
Customer service outbound	63	18	28
Walk in C.C executives	42	13	17
Human Resources	25	9	14
Finance	15	4	7
TOTAL	250	78	100

3.6 Data Collection Instruments

The method of data collection instrument involved the use of primary data and secondary data. Primary source of data collection methods in the study involved the use of questionnaires that were used to source critical information from Authorities of Airtel Kenya. On the other hand the researcher relied on secondary data involving materials like use of written information such as Journals, articles and magazines on clarification of some issues which were very essential.

3.7 Data Collection Procedure

Data was collected from the employees and management of airtel which was sent via mail and resend back upon completion. Quantitative closed ended questionnaire will be used to collect the required information from the respondents. The researcher collected quantitative data using Questionnaires to collect information from the respondents. A total of 78 questionnaires were sent to the respondents.

3.7.1 Questionnaires

Questionnaires consisted of questions to be sent to respondents seeking information from the respondents and later to be tabulated and subjected to statistical manipulation under the study. Semi structured questions are to be administered since the method is much easier to compute and allow the respondents to give out their views. The questionnaire was pre-tested for accuracy before the actual data is sampled.

3.8 Pilot Test

The researcher carried out a pilot study to pretest the validity and reliability of the data to be collected using questionnaires. The researcher sought the validity of data collected using partial instruments which represented a specific content of the particulars under study. According to Shanghverzy (2003) reliability is the consistency of measure and the frequency assessed using the pre-testing reliability method, thus enhancing the validity and the reliability of the proposed research. The researcher selected 10 individuals from the target population, however the pilot data wasn't be inclusive of the actual study.

3.9 Data Process Analysis

The data was analyzed using quantitative and qualitative techniques. Data collected was first be edited to remove errors then coded before being entered into a computer software SPSS for quantitative analysis. data was presented in the form of frequency distribution table that will facilitate the researcher to reduce, summarize, organize, evaluate and interpret the numeric information and also in the explanation of the study findings. The study recorded the findings by use of table and figure under the quantitative technique.

On qualitative technique the data was analyzed using content analysis method. The findings were presented by use of tables, bar and chart figures, mean, frequencies and percentages because they are also easy to use, analyze and it to brings out clarity to the study finding. In addition the study applied the regression analysis to decide the facts. The factor of outsourcing is β (independent variable) and the dependent variable Y. The regression Equation is

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha$$

Where Y is the dependent variable (outsourcing) β_0 is the regression coefficient β_1 , β_2 , β_3 and β_4 are the slopes of the regression equation. X_1 is service delivery X_2 communication, X_3 is competition and X_4 is motivation. α is an error term of normal distribution with a mean of 0 the α is assumed to be 0. The equation was solved using the statistical mode where the SPSS is applied so as to generate quantitative report for the study.

IV. Data Analysis And Interpretation

4.1 Introduction

This chapter presents the analysis of data obtained on the factors effecting outsourcing of customer service of Airtel Kenya Limited. It presents analysis and findings of the study as set out in the research methodology on the factors effecting of outsourcing of customer service of Airtel Kenya Limited. Primary data was gathered exclusively from the questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, Likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point Likerts scale. The data obtained was fed into SPSS version 21.0 and used to compute the ratios used as proxies to measure the factors effecting outsourcing of customer service of Airtel Kenya Limited.

4.2 General Information

The study was conducted on the factors effecting outsourcing of customer service of Airtel Networks Kenya Limited. The customer service inbound, customer service outbound, walk in Customer Care executives, human resources and finance staffs working at Airtel Kenya Limited in Nairobi were involved where these staffs were sampled to participate in the study. This selection was justified since they are the ones conversant with the factors effecting outsourcing of customer service of Airtel Networks Kenya Limited. For clarity of the information, it was necessary for a review of the responses to ascertain that the information from the respondents was adequate and complete for purposes of the research.

4.2.1 Reliability Analysis

The reliability of an instrument refers to its ability to produce consistent and stable measurements. According to Cooper and Schindler (2003) reliability tests the stability, equivalence and internal consistency of an instrument. The reliability of an instrument refers to its ability to produce consistent and stable measurements. Bagozzi (1994) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The most common reliability coefficient is the Cronbach's alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test - internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test.

In this study to ensure the reliability of the instrument Cronbach's Alpha was used. Cronbach Alpha value is widely used to verify the reliability of the construct. Therefore, Cronbach Alpha was used to test the reliability of the proposed constructs. The findings indicated that service delivery had a coefficient of 0.814, employee motivation of 0.898, competition of 0.606 and communication of 0.734. All constructs depicted that the value of Cronbach's Alpha are above the suggested value of 0.6 thus the study was reliable (George, D., & Mallery, P. 2003).

On the basis of reliability test it was supposed that the scales used in this study is reliable to capture the constructs. The significant values of the factors under study were satisfying the required threshold where service delivery had a significant value of 0.0015, employee motivation showed a significant value of 0.0041, competition had a value of 0.0361 and communication had a value of 0.0435. Reliability of the constructs is shown below in table 4.1.

Table 4.1: Reliability Test of Constructs

Intellectual Capital (IC)	Reliability Cronbach's Alpha	P-Significant Values	Comments
Service delivery	0.814	.0015	Accepted
Employee motivation	0.898	.0041	Accepted
Competition	0.606	.0361	Accepted
Communication	0.734	.0435	Accepted

The significance was 5% (0.05)

4.2.2 Response Rate

Response rate involves the computation of the response rate from the questionnaire returned from the respondents. The study targeted 250 customer service inbound, customer service outbound, walk in C.C executives, human resources and finance staffs working in the Airtel Kenya Limited in Nairobi. From this population a sample of 78 respondents from the target population in collecting data with regard to the factors effecting outsourcing of customer service of Airtel Networks Kenya Limited. The questionnaire return rate results are shown in Table 4.2.

Table 4.2: Response Rate

Response	Frequency	Percentage
Responded	56	71.8
Not responded	22	28.2
Total	78	100.0

According to the results depicted in Table 4.2 and figure 4.1, 56 out of the 78 respondents from Airtel Kenya Limited respondents filled in and returned the questionnaire. The response rate achieved for the questionnaire was 71.8%. This response rate was quite commendable and was made a reality by the fact that the researcher administered the questionnaires by himself to the Airtel Kenya Limited. This was valid and reliable representation of the targeted population hence adequate for the study analysis. According to Mugenda and Mugenda (2003) 50% response rate is adequate for analysis in descriptive study. This is further supported by Creswell (2003) who provides guidance that a 40% response rate is adequate. The questionnaires that were not returned were due to reasons like, the respondents were not available to fill them in at that time and with persistent follow-ups there were no positive responses from them. The response rate demonstrates a willingness of the respondents to participate in the study.

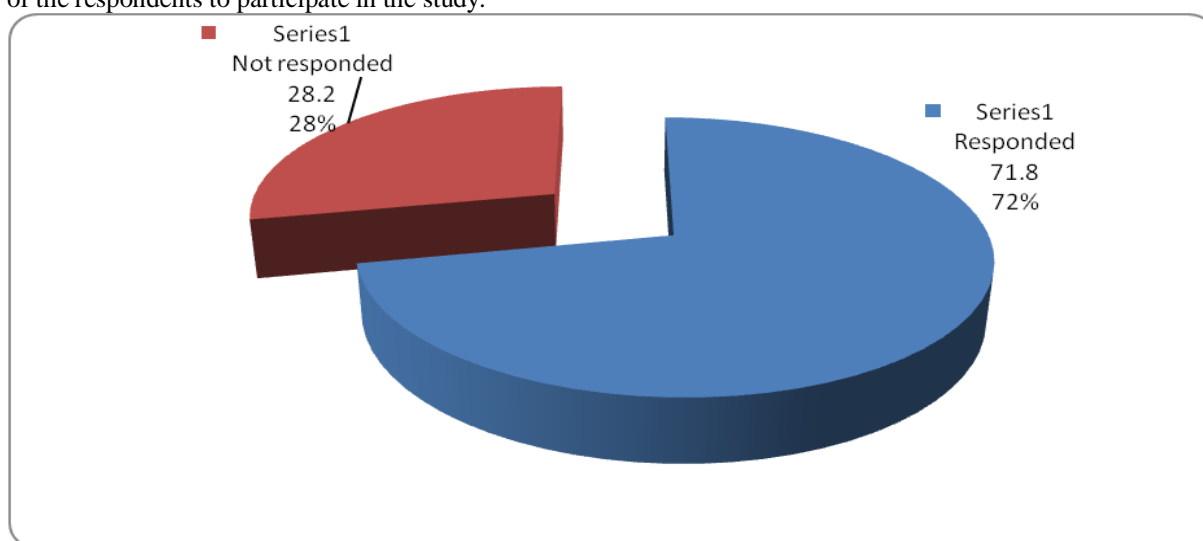


Figure 4.2: Response Rate

4.2.3 Designation of the Respondents

The study was further interested to investigate the various managerial positions held by the respondents in their departments. These findings show that the respondents that participated in the study were mainly those involved in the outsourcing of customer service of Airtel Networks Kenya Limited. From the study, the respondents indicated that they worked as managers, assistant managers, supervisors and general staffs all

spread in customer service inbound, customer service outbound, walk in C.C executives, human resources and finance.

4.2.4 Distribution of the Respondents by Gender

In this study the respondents sampled were expected to comprise both male and female staffs. As such, the study required the respondents to indicate their gender by ticking on the spaces provided in the questionnaire. Table 4.3 and figure 4.2 show the distribution of the respondents by gender.

Table 4.3: Gender of the Respondents

Gender	Frequency	Percent
Male	35	62
Female	21	38
Total	56	100

Accordingly, 62% of the respondents were males while 38% of them were females. The findings show that Airtel Kenya has both male and female staffs; however the majority of them are males. The findings imply that the views expressed in this findings are gender sensitive and can be taken as representative of the opinions of both genders as regards to the factors effecting outsourcing of customer service of Airtel Networks Kenya Limited.

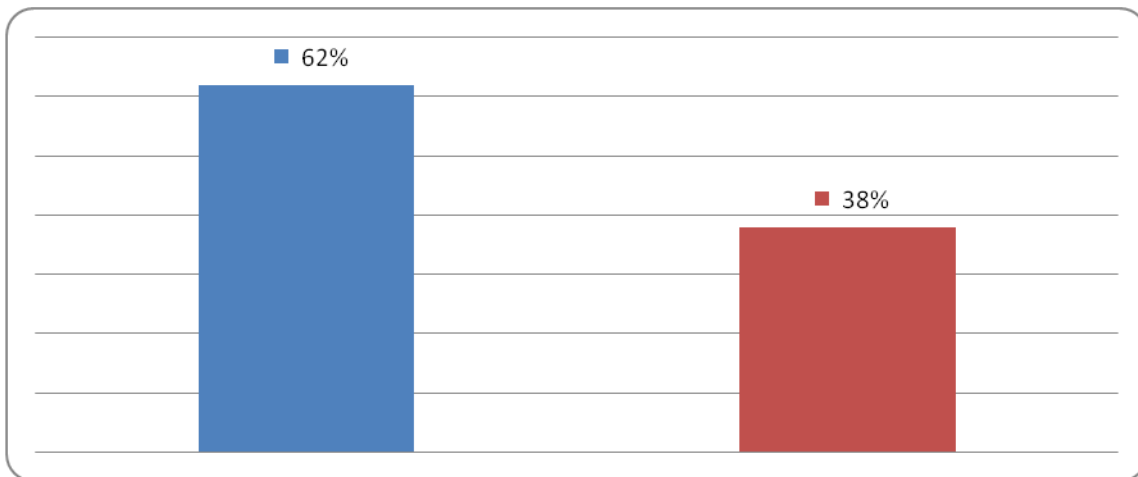


Figure 4.3: Gender of the Respondents

4.2.5 Age of the Respondents

This study sought to investigate the composition of the respondents in terms of age brackets to understand their familiarity with the factors effecting outsourcing of customer service of Airtel Networks Kenya Limited. The findings are presented in table 4.4 and figure 4.3.

Table 4.4: Age Brackets of the Respondents

Age bracket	Frequency	Percentage
Under 20 years	0	0
21 – 25 years	8	14
26– 30 years	36	64
Over 30 years	11	22
Total	56	100

As indicated in Table 4.4, majority (64%) of the respondents were aged between 26-30 years, 14% of them indicated that they were aged between 21-25 years, while 22% of the respondents indicated that they were aged between 30 years and above. From these results it is clear that the respondents were well distributed in terms of age, and that they are active in technological advancements, productivity and hence could contribute constructively in this study.

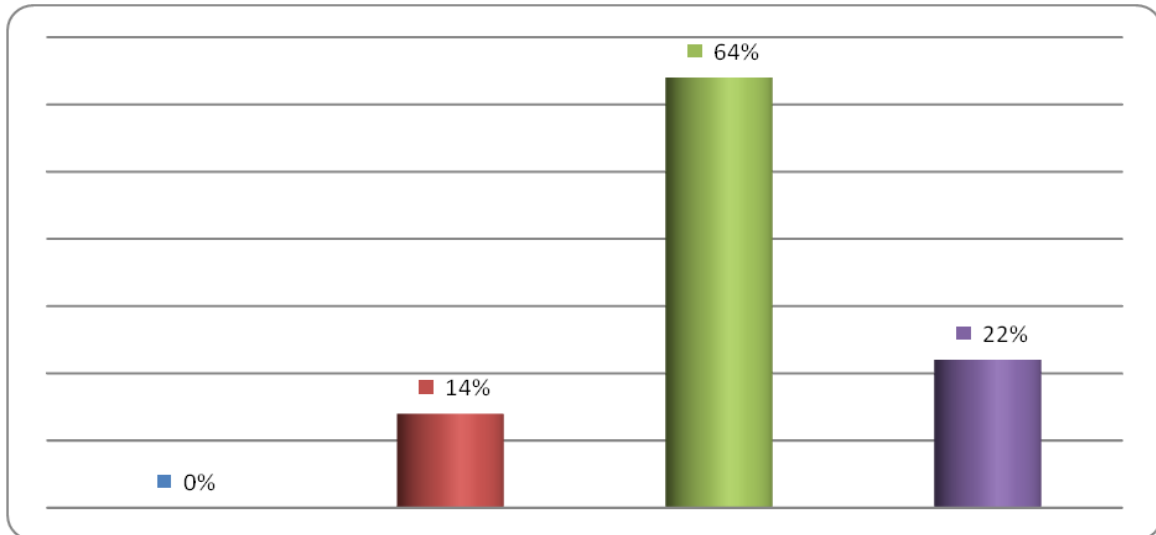


Figure 4.4: Age Brackets of the Respondents

4.2.6 Level of Education

The telecommunication companies in Kenya employ staffs in different work stations hence different academic qualifications. The study thus sought to establish the highest academic qualifications attained by the respondents. The responses on this question are depicted in table 4.5 and figure 4.4.

Table 4.5: Highest Formal Qualification

Academic Qualification	Frequency	Percent
Diploma	14	24.2
Graduate	34	60.6
Post graduate level	9	15.2
Total	56	100.0

The study results reveal that 60.6% of the respondents had acquired a Bachelor’s or graduate degrees level of education, 24.2% of the respondents indicated that they had acquired college diplomas, while 15.2% of them indicated that they had acquired post graduate level. These results imply that majority of the respondents had attained at least a graduate degree and hence understood the information sought by this study. These findings further imply that all the respondents were academically qualified and also familiar with their duties and could dispense them effectively in terms of professional work ability and performance.

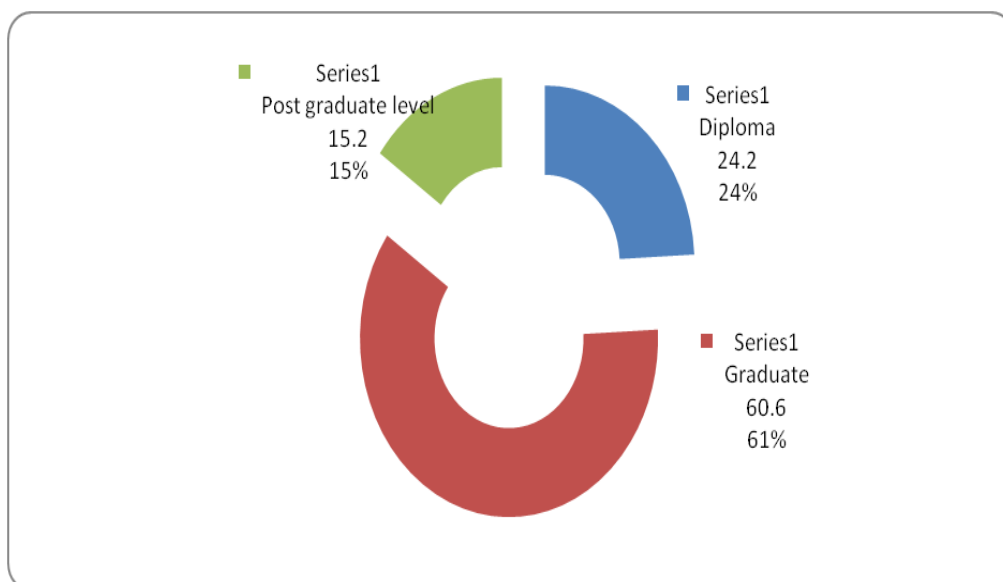


Figure 4.5: Highest Formal Qualification

4.2.7 Length of Continuous service with the Organization

The length of continuous service/working in an organization determines the extent to which one is aware of the issues sought by the study. The study therefore sought to establish the length of time that the respondents had been working in Airtel Kenya Limited. The results on this question are presented in Table 4.6 and figure 4.5.

Table 4.6: Duration Worked in the Company

Length of Service	Frequency	Percentage
Less than one year	8	15
1- 5 years	19	34
5-10 years	21	38
Over 10 years	7	13
Total	56	100

From the study, 38% of the respondents unanimously indicated that they had worked with Airtel Kenya Limited for a period of 5 - 10 years, 34% of them had been working in the Company for 1-2 years, 15% of them had been working at Airtel Kenya Limited for less than one year whereas 13% of them had worked in Airtel Kenya for a period of more than 10 years. This implies that most of the staffs participating in this study had been operating for an ample time thus they were conversant of the information that the study sought pertaining to the factors effecting outsourcing of customer service of Airtel Networks Kenya Limited.

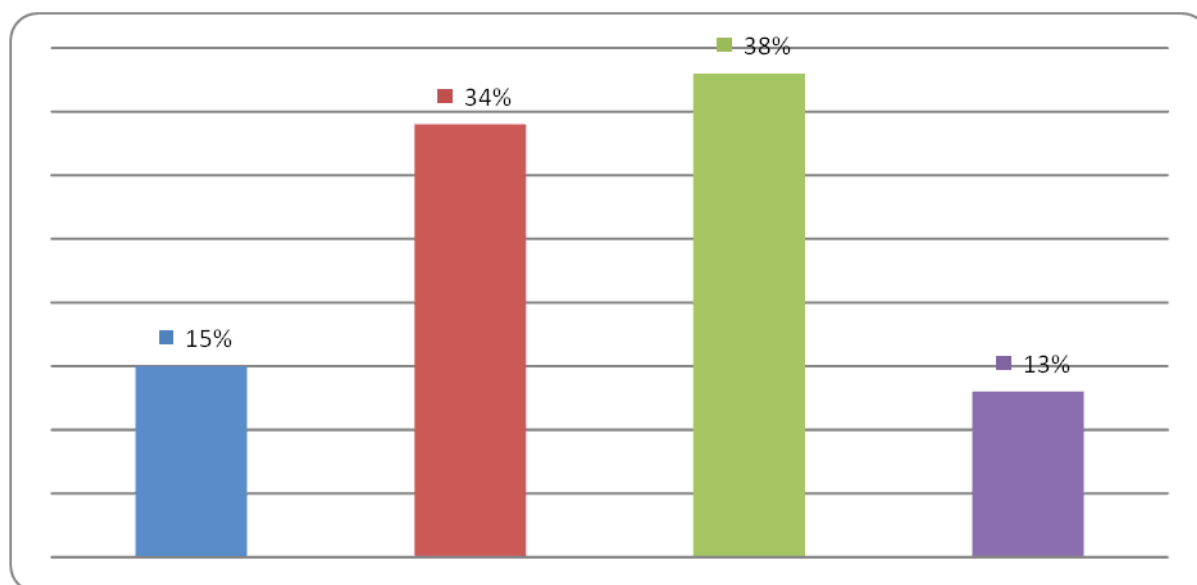


Figure 4.6: Duration Worked in the Company

The study further sought to ascertain the length of time that Airtel Kenya has been in operation in Kenya. From the study, all the respondents (100%) unanimously indicated that Airtel Kenya has been operating in the Country for a period of 15 years since it was established in year 200 as Kencel.

4.3 Service Delivery

In its first objective the study sought to find out the effects of outsourcing on service delivery in customer service in Airtel Kenya. In this regard the respondents were required to establish whether the service delivery has been affected by the outsourcing of customer service in the telecommunication sector. The results are as depicted in Table 4.7 and figure 4.6.

Table 4.7: Whether Service Delivery is affected by Outsourcing of Customer Service

Responses	Frequency	Percentage
Yes	53	94.3
No	3	5.7
Total	56	100

From the results shown in Table 4.7, an overwhelming majority (94.3%) of the respondents indicated that service delivery has been affected by the outsourcing of customer service in the telecommunication sector in Kenya, while 5.7% cited that service delivery has not been affected by the outsourcing of customer service in the telecommunication sector. The study further sought to establish the extent to which the respondents agreed with the various statements concerning their organizations performance in relation to the outsourcing of customer service.

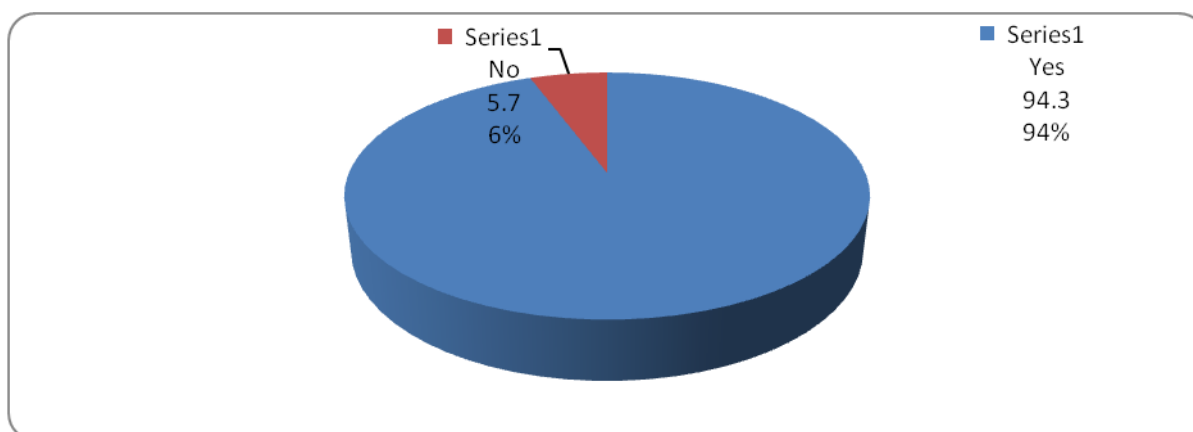


Figure 4.7: Whether Service Delivery is affected by Outsourcing of Customer Service

Table 4.8: Organization’s Performance in relation to Outsourcing of Customer Service

Service Delivery	No extent	small extent	Moderate Extent	Great extent	Very great extent	Mean	Std. Dev.
The outsourcing practice has led to a decrease in operating costs	4.1	16.1	41.3	38.5	0	1.6154	38.5
It has led to an increased productivity	15.4	46.2	38.5	0	0	1.6923	46.2
It has led to a reduction in lead time	30.8	23.1	46.2	0	0	2.1538	0.8987
It has made the organization achieve timely delivery of services to clients	23.1	38.5	30.8	0	7.7	2.3077	1.10940
The organization has as a result achieved use of modern technology in offering its services	7.7	30.8	46.2	15.4	0	1.5385	.96742
would you consider the C.C system as user friendly and efficient in capturing clients data	38.5	23.1	30.8	0	7.7	2.1538	1.21423
The practice has enabled the organization concentrate on its core business and therefore achieve improved customer satisfaction	23.1	7.7	38.5	30.8	0	2.4615	1.1982
It has enabled faster response time to customer demands/ complains	38.5	53.8	7.7	0	0	1.5385	0.6602
Social responsibility (companies level of fulfilling social responsibilities)	38.5	46.2	7.7	7.7	0	1.8462	0.8987

From the study, majority of the respondents reiterated that the practice has enabled the organization concentrate on its core business and therefore achieve improved customer satisfaction to a moderate extent as shown by a mean score of 2.4615, outsourcing has made the Organization achieve timely delivery of services to clients to a little extent as shown by a mean score of 2.3077, it has led to a reduction in lead time to a moderate extent as shown by a mean score of 2.1538, they consider the C.C system as user friendly and efficient in capturing clients data to a no extent as shown by a mean score of 2.1538, social responsibility (companies level of fulfilling social responsibilities) to a little extent as shown by a mean score of 1.8462, it has led to an increased productivity to no extent as shown by a mean score of 1.6923, the outsourcing practice has led to a decrease in operating costs to a moderate extent as shown by a mean score of 1.6154, the organization has as a result achieved use of modern technology in offering its services to a little extent as shown by a mean score of 1.5385 and it has enabled faster response time to customer demands/ complains to no extent as shown by a mean score of 1.5385

4.4 Effective Communication

The second objective of the study was to determine the extent at which communication affects outsourcing in customer service sector in Airtel Kenya. As such the study sought to establish whether there was an effective communication by the management prior to the outsourcing of customer service.

Table 4.9: Effective Communication before Outsourcing of Customer Service

Response	Frequency	Percent
Yes	16	28
No	40	72
Total	56	100

According to the results shown in Table 4.9 and figure 4.7, a majority of the respondents, comprising of 72%, unanimously indicated that there was an effective communication by the management prior to the outsourcing of customer service, while only 28% of them indicated otherwise.

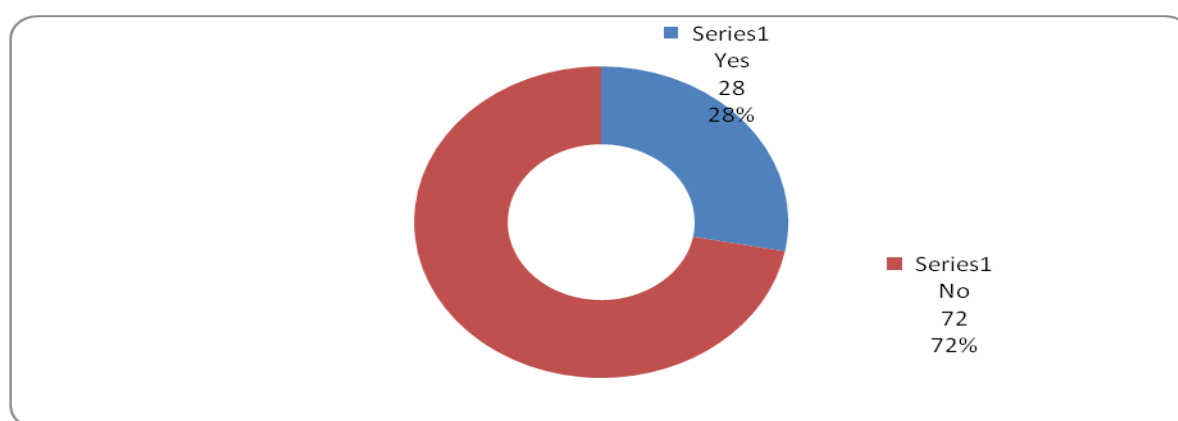


Figure 4.8: Effective Communication before Outsourcing of Customer Service

The study further required the respondents to state the extent to which they agreed with the various statements concerning communication in relation to the outsourcing of customer service. The results are as depicted in Table 4.10.

Table 4.10: Extent to which Communication affects Outsourcing of Customer Service

Communication	No extent	Small extent	Moderate Extent	Great extent	Very great extent	Mean	Std. Dev.
To what extent was the staff involved in the outsourcing process, prior and after?	34.3	31.6	24	5.7	3.5	1.5640	0.7412
Since the outsourcing of Airtel customer service, is the relationship between the management of Airtel and the outsourced staff mutual?	24.8	51.2	16.7	4.9	2.5	1.4412	0.3174
Does the management of Airtel have a direct role in the customer service operations	54.2	39.6	2.1	4.2	0	1.5625	0.74108
Is feedback given on time on issues raised to better serve the customers	45.8	22.9	12.5	12.5	6.3	2.1042	1.2922

According to the results depicted in Table 4.10, majority of the respondents indicated that feedback wasn't given on time on issues raised to better serve the customers to a little extent as shown by a mean score of 2.1042, the staff is involved in the outsourcing process, prior and after to no extent as shown by a mean score of 1.5640, the management of Airtel has a direct role in the customer service operations to a little extent as shown by a mean score of 1.5625 and since the outsourcing of Airtel customer service, the relationship between the management of Airtel and the outsourced staff is mutual to a little extent as shown by a mean score of 1.4412.

The study further required the respondents to indicate the type of communication policy in the Company. The results are as depicted in table 4.11 and figure 4.8.

Table 4.11: Type of Communication Policy in the Company

Type of communication policy	Frequency	Percentage
Verbal Communication	34	60.7
Non-Verbal Communication	38	67.9
Written Communication	52	92.9
Visual communication	18	32.1

From the study, an overwhelming majority of the respondents (shown by 92.9%) collectively indicated that written communication is the main communication policy used in Airtel Kenya, followed by non-verbal communication as indicated by 67.9% of the respondents, then verbal communication where there were 60.7% of the respondents and finally visual communication as indicated by 32.1% of the respondents.

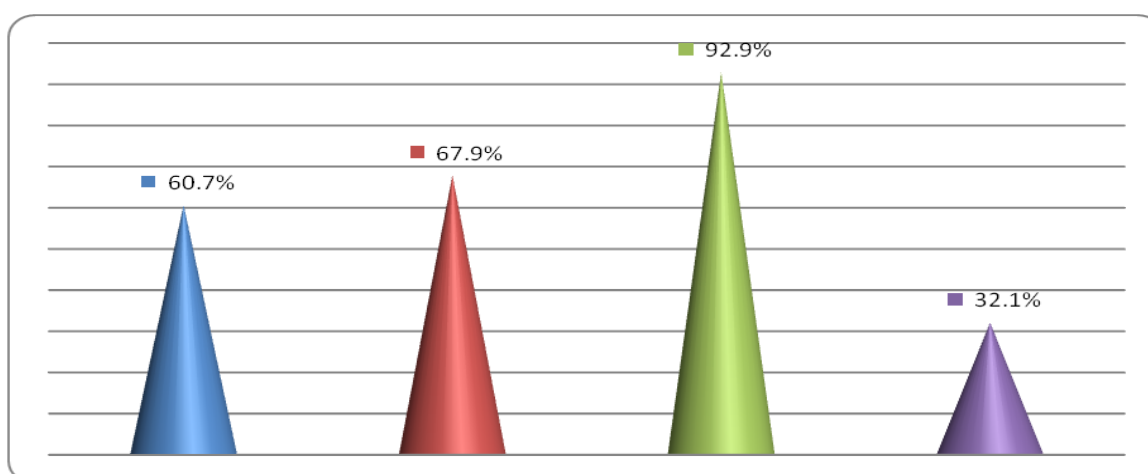


Figure 4.9: Type of Communication Policy in the Company

whether these types of communication style are appropriate and effective for the Organization, the respondents indicated that the verbal communication is usually more appropriate and effective for the Organization. They emphasized that this mode of communication is effective and plays a very important role in the organization because it assists the members of the organizations to better understand themselves, helps to understand the needs and the expectations of the others and is considered very important for the Organization to improve its internal environment and attainment of Organizational goals and objectives.

The study was inquisive of how the respondents would rate the relationship between the management of Airtel and the outsourced staff since the outsourcing of Airtel customer service. The respondents pointed that the relationship between the management and the outsourced staff took a downward slope. In particular, the respondents pointed that the outsourced staff feel aggrieved due to the promises given are yet to be delivered with little room to give their output in terms of use of technologies, innovation, industry experience and certifications in customer service. The relationship dynamics have changed in terms of vision and strategy, the cultural fit, relative size of contract in their portfolio and quality of relationship management.

4.5 Employee Motivation

The other objective of the study was focused on determining the effect of employee motivation on the outsourced Airtel customer service. As such the respondents were requested to indicate whether employee motivation affects the outsourcing of customer service in the Telecommunication sector.

Table 4.12: Whether Employee Motivation affects the Outsourcing of Customer Service

Response	Frequency	Percentage
Yes	41	73.2
No	15	26.8
Total	56	100

Majority of the respondents indicated that employee motivation affects the outsourcing of customer service in the Telecommunication sector as indicated by 73.2% of them, while 26.8% of the respondents indicated that employee motivation does not affect the outsourcing of customer service in the Telecommunication sector as presented in figure 4.9.

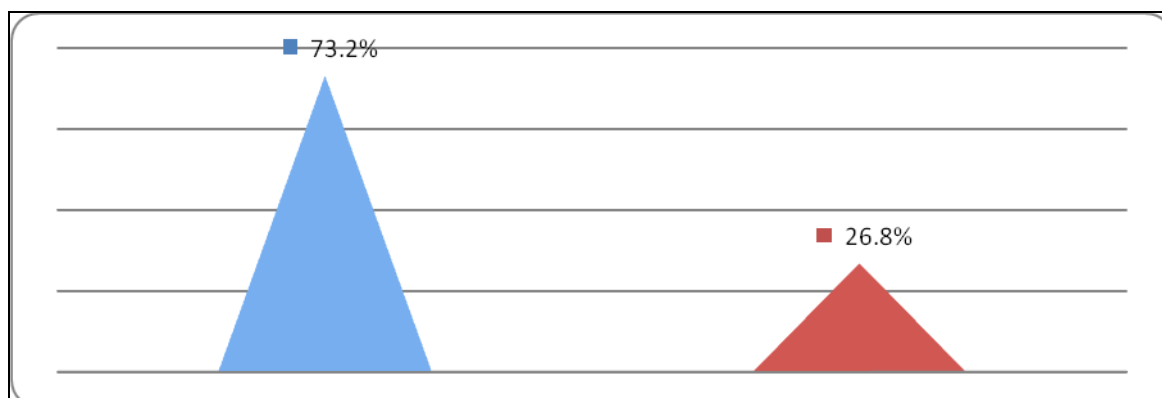


Figure 4.10: Whether Employee Motivation affects the Outsourcing of Customer Service

The respondents were further required to state their level of agreement with various statements concerning employee motivation policy in relation to the outsourcing of customer service. The results are as depicted in Table 4.13.

Table 4.13: Effects if Employee Motivation Policy on Outsourcing of Customer Service

Employee Motivation	No extent	Small Extent	Moderate Extent	Great Extent	Very Great Extent	Mean	Std. Dev.
Since the outsourcing do you consider yourself as part of the Airtel family	22.9	41.7	10.4	18.8	6.3	2.4375	1.2188
Is there a sense of job security							
does the firm provide recreation facility to ease of the stress that comes with the job	16.7	70.8	4.2	6.3	2.1	2.0625	.80968
would you consider the job as being monotonous and boring	0	2.10	14.6	20.6	62.5	2.1458	.98908
Has outsourcing practices results to continuous improvement (services being provided and innovations being performed during the service production process)	22	35.0	38	3	2	2.2837	0.1242
The quality of work life (motivational level of personnel) is affected by outsourcing practice	5	6.5	33.4	35	20	2.1421	0.3253
do you perceive any growth career wise as a customer service representative	40	25.0	20	10	5	2.3221	0.2233
Would you consider yourself as working with Airtel	35	30.0	30	3	2	2.1742	0.6428

According to the results shown in Table 4.13, majority of the respondents posited that since the outsourcing do you consider yourself as part of the Airtel family to a little extent as shown by a mean score of 2.4375, they perceive some growth career wise as customer service representatives to no extent as shown by a mean score of 2.3221, outsourcing practices results to continuous improvement (services being provided and innovations being performed during the service production process) to a little extent as shown by a mean score of 2.2837, they would consider themselves as working with Airtel to a little extent as shown by a mean score of 2.1742, they would consider the job as being monotonous and boring to a very great extent as shown by a mean score of 2.1458, the quality of work life (motivational level of personnel) is affected by outsourcing practice to a greater extent as shown by a mean score of 2.1421 and the firm provide recreation facility to ease of the stress that comes with the job to a little extent as shown by a mean score of 2.0625.

4.6 Competition

In its fourth specific objective the study sought to find out the effects of competition on outsourcing in customer service sector Airtel Kenya. The respondents were thus requested to indicate their views on whether they thought competition has affected the outsourcing of customer service in the telecommunication sector.

Table 4.14: Whether Competition affects Outsourcing of Customer Service in Sector

Response	Frequency	Percent
Yes	51	90.2
No	5	9.8
Total	56	100.0

From the study, an overwhelming majority (90.2%) of the respondents indicated that competition has affected the outsourcing of customer service in the telecommunication sector in Kenya, while only 9.8% of them indicated contrary. This is a clear indication that competition affects outsourcing of customer service in the sector. The respondents explained that the operators in the telecommunication sector in Kenya are aggressively striving to increase the revenue of their organizations. Telecommunications businesses today is faced with increased competition as a result of new technologies, reduced budget and customer needs. The operators in the telecommunication sector are turning to outsourcing not only to reduce their operating costs but also to transform business models to compete more effectively, a trend that continues growing. In order to stand out from the competition and to have above average earning, they are outsourcing customer service staffs to reduce their expenses. These results are also shown in Figure 4.10.

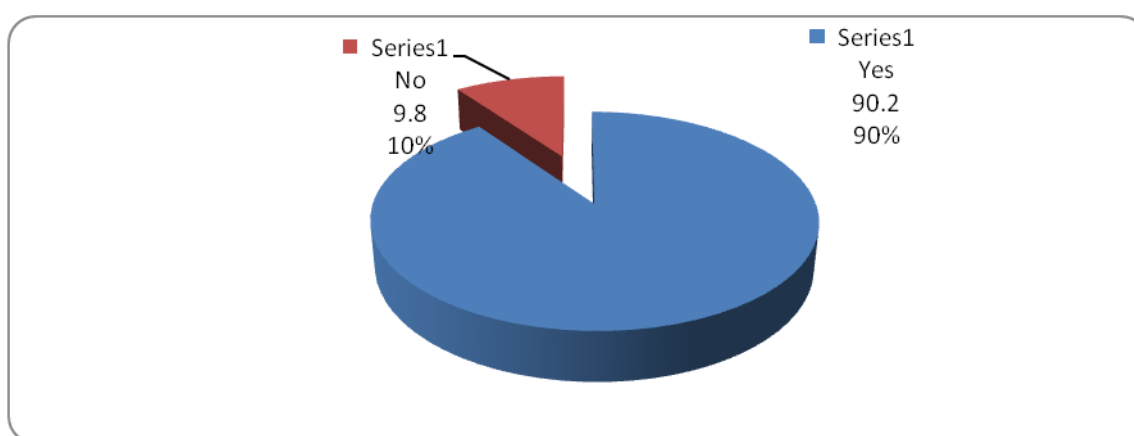


Figure 4.11: Whether Competition affects Outsourcing of Customer Service in Sector

The study further sought to establish how the respondents would rate the effects of competition in the outsourcing of customer service in the telecommunication sector. Table 4.15 and figure 4.11 show the results obtained from the study.

Table 4.15: Rating the Effects of Competition in Outsourcing of Customer Service

Extent	Frequency	Percent
To a very great extent	7	11.9
To a great extent	13	23.8
To a moderate extent	29	52.4
To a little extent	7	11.9
Total	56	100.0

Based on the results as tabulated in table 4.15, 52.4% of the respondents unanimously indicated that competition affects outsourcing of customer service in the telecommunication sector to a moderate extent, 23.8% indicated to a great extent, while 11.9% reiterated that competition affects outsourcing of customer service in the telecommunication sector to a very great extent. Another 11.9% of the population studied believed that competition affects outsourcing of customer service in the telecommunication sector to a little extent. From the data, it is clear that there has been a moderate effect of competition on outsourcing of customer service in the telecommunication sector in Kenya.

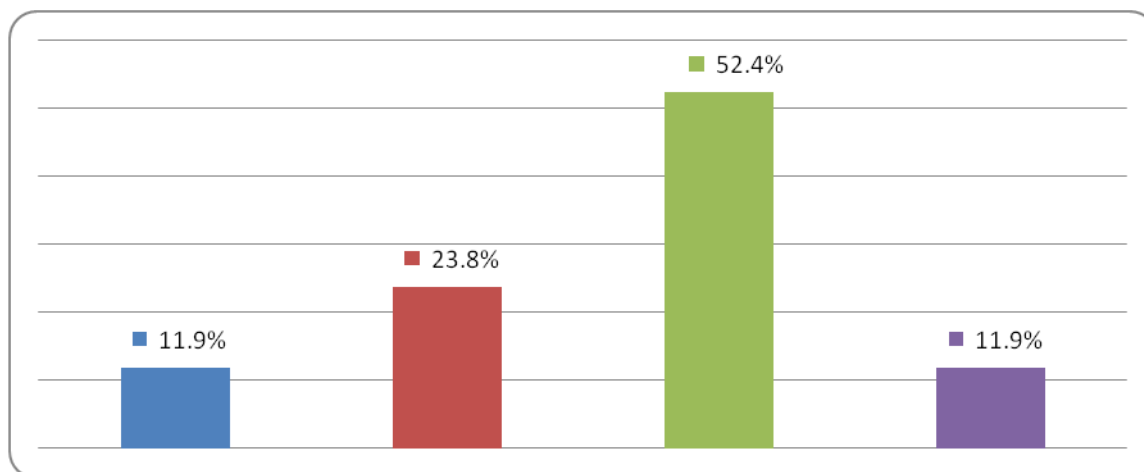


Figure 4.12: Rating the Effects of Competition in Outsourcing of Customer Service

The respondents were further required to rate the level of competition of the staff in Airtel Kenya. The results are shown in Table 4.16 and figure 4.12.

Table 4.16: Rating the Level of Competition of the Staff in Airtel Kenya

Level of Competition	Frequency	Percent
Excellent	11	19
Good	18	33
Fair	27	48
Poor	0	0
Total	56	100

From the study, 19% of the respondents rated the level of competition of the staff in Airtel Kenya as being excellent, 33% of the respondents indicated that the level of competition of the staff in Airtel Kenya is good while 48% of the respondents indicated that level of competition of the staff of Airtel Kenya is average. These results clearly imply that the staffs in Airtel Kenya are averagely competitive as compared to staffs in other telecommunication operators in Kenya.

The study also sought to establish the extent to which the respondents agreed with various statements concerning competition in relation to the outsourcing of customer service. Table 4.17 shows the results of the study.

Table 4.17: Extent to which competition affects the Outsourcing of Customer Service

Competition	No extent	Little extent	Moderate Extent	Great extent	Very great extent	Mean	Std. Dev.
Is Airtel competitive compared to other firms in the industry	52	38	5	3	2	1.6575	0.1324
Is Airtel doing enough to retain its rich workforce	25	40	20	10	5	2.332	0.4268
With technological advancement is there a policy to incubate new idea	35	38.5	20	5	1.6	2.142	0.6230
Are there measures in place to build on existing capacity	38	52	5	3	2	1.7943	0.2311
Has outsourcing practice results to continuous improvement (services being provided and innovations being performed during the service production process)	22	28	25	20	5	2.5836	0.1405

From the study, majority of the respondents indicated that outsourcing practice results to continuous improvement (services being provided and innovations being performed during the service production process) to a little extent as shown by a mean score of 2.5836, Airtel is doing enough to retain its rich work force to a little extent as shown by a mean score of 2.332, with technological advancement there is a policy to incubate new idea to a little extent as shown by a mean score of 2.142, there are measures in place to build on existing capacity to a little extent as shown by a mean score of 1.7943 and Airtel is competitive compared to other firms in the industry to a little extent as shown by a mean score of 1.6575.

4.7 Outsourcing

The general focus of the study was to investigate the outsourcing of customer service of Airtel Networks Kenya Limited. In this regard the respondents were required to indicate whether they thought Airtel has done enough to ensure a smooth transition of its staff to the outsourcing firm.

Table 4.18: Airtel has done enough for Smooth Transition of Staff to Outsourcing Firm

Response	Frequency	Percent
Yes	34	61.0
No	22	39.0
Total	56	100.0

From the results shown in Table 4.18, 61% of the respondents indicated that they thought Airtel has done enough to ensure a smooth transition of its staff to the outsourcing firm, while 39% of them indicated that they thought Airtel has not done enough to ensure a smooth transition of its staff to the outsourcing firm. According to the respondents some of the measures that management in the telecommunication failed to adhere to and ensure a smooth transition of outsourcing of customer service are putting in place mechanisms for continued review of the policies and frameworks to ensure transition into an ultimately more elegant and less expensive landscape for such staffs. In addition, the respondents recapped on the promises made that neither Airtel nor the outsourced firm failed to keep. Also that the outsourced firm being independent of airtel with different goals, objective and vision yet serving airtel clients leading to an differentiated outcome which is confusing to the staff. As such the technologies adopted address various aspects like customer security, competitive strength, efficient service delivery, convenient locations, partnerships with several organizations and product development.

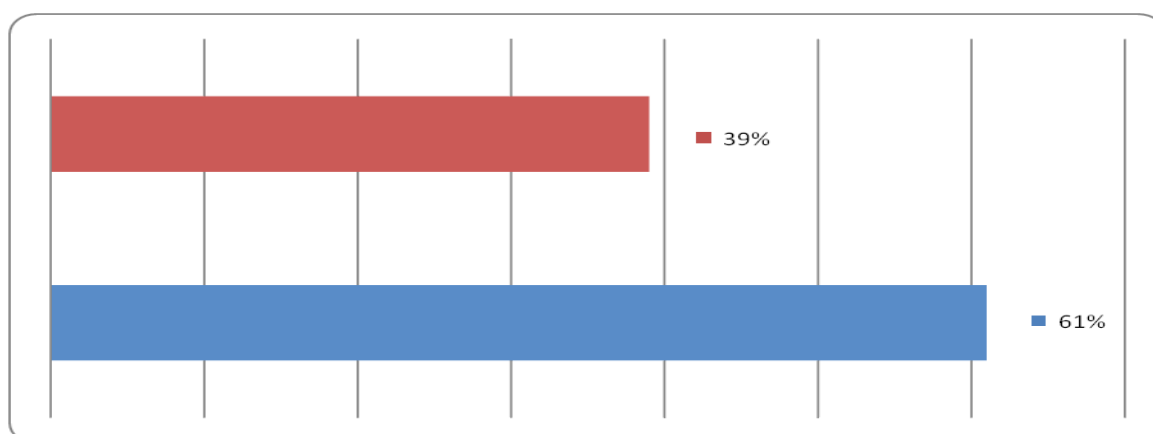


Figure 4.13: Airtel has enhanced Smooth Transition of Staff to Outsourcing Firm

The respondents were also required to indicate their level of agreement with the various statements provided on outsourcing of the Airtel customer service. A scale of 1 to 5 was provided where 1= strongly disagree and 5 = strongly agree.

Table 4.19: Agreement with Statements on Outsourcing of the Airtel Customer Service

Outsourcing	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std dev.
After outsourcing is the customer inquiry response time much faster?	50	40.0	5	3	2	1.6734	0.1223
Is the outsourcing firm able to met the all the calls inquiry channeled in by Airtel?	35	55.0	6	1	3	1.8245	0.3451
Is Airtel as the client able satisfied by the service rendered by the outsourcing firm?	20	30.0	40	5	5	2.0562	0.1470
Are Airtel subscribers satisfied by the services offered by the outsourcing firm?	25	40.0	20	10	5	2.344	0.6285
Has the operational cost gradually reduces since the outsourcing of customer service	0	11.4	51.4	25.7	11.4	3.3714	0.83703
Do you agree that since the outsourcing, Airtel is now able to concentrate on its core capabilities coupled with increased profitability	6	14	31	30	19	3.6954	1.2543

According to the results shown in Table 4.19, majority of the respondents disagreed that Airtel subscribers are satisfied by the services offered by the outsourcing firm as shown by a mean score of 2.344, Airtel as the client is able satisfied by the service rendered by the outsourcing firm the respondent were not certain on the position of airtel, as shown by a mean score of 2.0562, since the outsourcing, Airtel is now able to concentrate on its core capabilities coupled with increased profitability as shown by a mean score of 1.2543, the outsourcing firm is able to met the all the calls inquiry channeled in by Airtel as shown by a mean score of 1.8245, the operational cost has gradually reduces since the outsourcing of customer service as shown by a mean score of 0.83703 and that after outsourcing the customer inquiry response time is much faster as shown by a mean score of 1.6734.

4.8 Inferential Analysis

To establish the relationship between the independent variables and the dependent variable of the study the study conducted inferential analysis. The study sought to complement the descriptive analysis by carrying out a multiple regression analysis. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study. The model Summary for the regression is shown in table 4.20 below.

Table 4.20: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.908 ^a	.825	.789	.65323

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the Percentage of variation in the dependent variable (outsourcing of customer service) that is explained by all the four independent variables (service delivery, communication, competition and employee motivation). The four independent variables that were studied, explain 82.5% of the outsourcing of customer service as represented by the R². This therefore means that other factors not studied in this research contribute 17.5% of the outsourcing of customer service of Airtel Networks Kenya Limited.

Table 4.21: Coefficient of determination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.112	1.223		0.917	0.367
	Service delivery	0.210	0.104	0.157	1.081	.0198
	Communication	0.396	0.204	0.155	2.560	.0158
	Competition	0.220	0.096	0.215	1.922	.0182
	Motivation	0.260	0.056	0.453	1.967	.0167

The researcher conducted a multiple regression analysis so as to determine the relationship between the parameters and the outsourcing of customer service of Airtel Networks Kenya Limited and the four variables. As per the SPSS generated table, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes:
 $Y = 1.112 + 0.396X_1 + 0.210X_2 + 0.220X_3 + 0.260X_4$

According to the regression equation established, taking all factors (service delivery, effective communication, competitive strategy and employee motivation) constant at zero, outsourcing of customer service of Airtel Networks Kenya Limited will be 1.112. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in communication will lead to a 0.396 increase in outsourcing of customer service of Airtel Networks Kenya Limited; a unit increase in motivation will lead to a 0.260 increase in outsourcing of customer service of Airtel Networks Kenya Limited, a unit increase in competition will lead to a 0.220 increase in outsourcing of customer service of Airtel Networks Kenya Limited while a unit increase in service delivery will lead to a 0.210 increase in outsourcing of customer service of Airtel Networks Kenya Limited.

These results infer that effective communication contributes more to outsourcing of customer service of Airtel Networks Kenya Limited, followed by motivation, then competition, while service delivery contributes the least to outsourcing of customer service of Airtel Networks Kenya Limited. At 5% level of significance and 95% level of confidence, service delivery had a 0.0198 level of significance, competition had a 0.0182 level of significance and motivation had a 0.0167 level of significance, while communication had a 0.0158 level of significance hence the most significant factor in influencing outsourcing of customer service of Airtel Networks Kenya Limited.

V. Summary, Conclusion And Recommendations

5.1 Introduction

This is the final chapter in this study which gives the summary of the findings, conclusions, recommendations of the study based on the objective of the study and suggestions for further findings. It comes after identifying the background, problem at hand and the objectives in chapter one, literature review was done in chapter two, chapter three set out the methodology that the study used to collect data and chapter four analyzed the data obtained from the study. The chapter finally presents the suggestions for further studies. The study sought to find the effects of outsourcing on service delivery in customer service in Airtel Kenya, to determine the extent at which communication affects outsourcing in customer service sector in Airtel Kenya, to find out how competition was effected by outsourcing in customer service sector Airtel Kenya and to determine the effect of employee motivation on the outsourced Airtel customer service. The chapter finally presents the suggestions for further studies.

5.2 Summary of Findings

From the study it was established that service delivery has been affected by the outsourcing of customer service in the telecommunication sector in Kenya. The Organization has as a result of outsourcing saw the introduction of new systems we put in place by the outsourced firm, however the new system were deemed as not being user friendly in capturing the client data due to a narrow window to test the system and also the staff were not fully trained on how to interact with the system, this meant that the customer care agents were not in a position to cater to airtel subscribers on time leading to an increase in lead time in the delivery of service. In terms of productivity it is yet to be felt which is attributed to conflicting objectives of quality versus quantity between the outsourcing and the outsourced firm. Has the practice enabled the Organization to concentrate on its core business to moderate extents, and also to a moderate extent airtel was able to decrease in operating costs, with customer service no longer the responsibility of airtel cost such as salaries, maintenance of the call center scrapped off meaning that airtel could now concentrate on the core products and services.

The results are in agreement with the findings by Mayer et al., (2003) that service process leads to an outcome in which in the customer can be either satisfied or dissatisfied with the service experience. According to Zeithaml et al., (2006) and Kim & Kim, (2001) there is need for a service blueprint and service maps as paramount tools used for the service process design since they enhance flowchart that represents all the steps, flows, and the role of every stakeholder involved in the delivery of the service as well as all the interactions that occur between the customer, the employee, the management and the organization in the process of service delivery

The study further found that there were gaps in relation effective communication by the management prior to and after the outsourcing of customer service. In this regard the study found that feedback is paramount since it wasn't given on time on issues raised by customers, due to red tape tendencies. The management of Airtel has a direct role in the customer service operations and that the staffs were not involved in the outsourcing process, prior and after to great extents, while the outsourcing of Airtel customer service is the relationship between the management of Airtel and the outsourced staff was mutual to a lesser extent.

According to Gardner et al (2000) effective communication is essentially dependent on three key factors, the effectiveness with which information is encoded and then transmitted through communication systems, channels and network, the appropriateness of the communication medium used and how those receiving the communication decode, interpret and act on it. Communication forms and enabling factor for many aspects of strategic management function. On the communication policies applied in the Company, written communication was found to be the main communication policy used in Airtel Kenya, followed by non-verbal communication, then verbal communication and finally visual communication. These modes of communication are effective and play a very important role in the organization to better understand the needs and the expectations of the others and improve its internal environment.

These results also concur with the results of Gardner et al (2000) that communication forms and enabling factor for many aspects of strategic management function. They further emphasized that communication is also an important factor in motivating the workforce, since it is essential to keeping peoples feeling informed, happy, valued and involved. It is also essential to preventing simple misunderstanding, which are often the cause of industrial relations problems in many organizations. The study revealed that the outsourcing of customer service in airtel indeed did affect employee motivation. The study further established that there is a sense of job insecurity occasioned by the employees being on contract with few being employed on permanent basis, also the staff felt there was no room of growth career wise as a customer service representative with only few opportunities to grow.

In relation to the respondents view of their first employer, the staffs of Airtel consider themselves as working for Airtel rather than with Airtel, since after outsourcing the employees were now the responsibility of a new foreign company with different terms of service unlike what was there with airtel prior to outsourcing and also the promises they were given but never materialized. The quality of work life (motivational level of personnel) is affected by outsourcing practice; as considered the job as being monotonous to great extents, however cabled with the nature of industry that is customer service and the task being reactive and have to wait for airtel subscribers to call or walk in with various issues and attend to client needs

Furthermore in relation to recreation facility to ease of the stress that comes with the job it is still wanting and outsourcing practices resulting to unproductive service offered (services being provided and innovations being performed during the service production process) to moderate extents. According to Besterfield (2003) employee involvement is one approach to improving quality and productivity, to better meet the organizational goals quality and productivity at all levels of the organization. Oakland (2004) also reaffirmed that each employee should be able to do what is needed and expected from him or her, but it is first necessary to decide what is really needed and expected. In addition, Valarie (2003) confirmed that for all employees to remain motivated and interested in being part of the organization and supporting its goals, they need to have an understanding of the organization vision.

The study ascertained that operators in the telecommunication sector in Kenya are aggressively striving to increase the revenue of their organizations. Faced with increased competition as a result of new technologies, reduced budget and customer needs. The level of competition of the Airtel Kenya customer service has significantly dropped, Airtel is less competitive compared to other firms in the industry and outsourcing practice results to a downwards improvement (services being provided and innovations being performed during the service production process) to a great extents while. Despite the outsourcing by Airtel being a success in the information technology and network department in regards to customer service there are many teething problems. It was also revealed that there is a high turnover of customer care executives and the outsourcing firm is not doing enough to retain its rich workforce with very little measures in place to build on existing capacity to a moderate extent.

There is a general notion that the essence of formulating competitive strategy is to relate a company to its environment. From the reviewed literature, the goals of competing strategy for a business unit is to find a position in the industry, where the company can best defend it against the forces or influence them in its favor as indicated by Porter (2004). In today's competitive environment, businesses are more dependent than ever before on their top performers to innovate and provide services that differentiate a company from its fierce competitors. In the words of Burt (2006) corporations are reliant upon their human assets to survive and thrive.

From the results, some of the measures that management in the telecommunication has taken to ensure a smooth transition of outsourcing of customer service were under looked by putting not in place mechanisms for continued review of the policies and frameworks to sure transition into an ultimately more elegant and less expensive landscape for such staffs. In addition, the outsourcing firm being independent of airtel implied it had to meet its goals first then airtel came second leading to painful tradeoff between quality and quantity of service offered that were confusing to the outsourced employees. The study further found that since the outsourcing, Airtel is now able to concentrate on its core capabilities coupled with increased profitability, the operational cost has gradually reduces since the outsourcing of customer service, however the quality of service is debatable as Airtel subscribers are yet to be satisfied by the services offered by the outsourcing firm.

From the regression analysis communication contributes more to outsourcing of customer service of Airtel Networks Kenya Limited, followed by motivation, then competition, while service delivery contributes the least to outsourcing of customer service of Airtel Networks Kenya Limited.

5.3 Conclusions

The study concludes that service delivery has been affected by the outsourcing of customer service in the telecommunication sector in Kenya. The telecommunication sector in Kenya is obviously a natural sector for outsourcing as it contains non-core business functions or telecommunication services. Product knowledge, Cost reduction and skill availability are key drivers for many outsourcing decisions which equally apply to outsourcing of customer service of Airtel Networks Kenya Limited.

Since the outsourcing of the customer service to inefficiency therefore increasing the lead time and thus compromising the quality of service to Airtel customers which becomes a cost to the firm in terms of customer loyalty. Also with service being perishable there in need for continuous innovation and improvement of service offered through adequate training so as to offer quality service to the clients. According to Goldstein et al., (2002) for an effective service delivery, the business ought to develop a service design which is inclusive of the customers, service concept, and service delivery system. For a success in service design its necessary to understand the needs and expectations of customers (Roth & Menor, 2003).

The study also deduces that there was need for comprehensive and effective communication by the management prior to the outsourcing of customer service. The study established that Airtel did not involve the staff in the outsourcing process, prior and after but were given new contracts to sign with implied promises to be implemented at a later date. There is delayed feedback on issues raised to better serve the customers, the management. Byham (1999) and Caudron (1995) deduced that sharing information about goals and effective communication about the organization's plans, success and failures may seem common however it is very important and cannot be undervalued.

The study further concludes that that employee motivation is relatively low due to job insecurity, with fewer prospects for career growth as a customer service representative, with no recreation facility to ease of the stress that comes with the job. According to Oakland (2004) training is very important and should relate to needs expectations, and process improvement. It must be planned and its effectiveness. If all employees are to participate in making the company successful then they must also be trained in the basics of disciplined management which is: Evaluate-the situation and define their objectives, Plan-to achieve those objectives fully, Do-implement the plans, Check-the objectives are being implemented, Amend-take the corrective action.

In terms of competition the operators in the telecommunication sector in Kenya are aggressively competitive. Airtel Kenya was rated as being average, compared to other firms in the industry. In addition, Airtel has done little to retain the competitiveness of its staff during the transition of its staff to the outsourcing firm. According to Charles (2002), although the relevant environment is very broad and encompasses social and economic forces, the key aspect of a business environment is industry or industries in which it competes; in business competition it can be over resources or clients.

5.4 Recommendations of the Study

The foregoing results and deductions indicate that service delivery is affected by the outsourcing of customer service in the telecommunication sector. The Organization being service oriented ought to have done extensive research on how has as a result of outsourcing achieved use of modern technology in offering its service, it has led to an increased productivity and the practice has enabled the Organization to concentrate on its core business and therefore achieved improved customer satisfaction. The study thus recommends that the management at Airtel should also ensure that the customer service team is up to date on the current issues that are crucial for the success of the company in the telecommunication industry in Kenya. These coupled with personnel' knowledge in service delivery will ensure efficient service delivery and hence better performance of the Company.

Communication is the backbone of every organization where there should be free information flow from both the management the decision makers and the staff who implement the policies. The management prior to the outsourcing of customer service ought to have brought onboard the staff and resolved any arising issues prior to the outsourcing and also have periodic reviews. The study therefore recommends that the management of the Company should ensure that there are clear roles and communication between the outsourcing partner companies. As such, all the stakeholders involved need to understand their roles in the companies as well as the potential involvement and the factors that constitutes this. Knowing what aspects are specific to the domain or company can help the outsourcing partners to see what is possible to change and what demands to be managed.

The study further established that employee motivation was greatly affected the outsourcing of customer service in the Telecommunication sector. The human capital is the most important resource to any given organization, and when the labour not motivated, it implies the image of the organization is also affected. Therefore to drive the Organization to peak performance managers and supervisors must put out front the human face of their Organization. Paramount here is the human-to-human interaction through providing individualized support and encouragement to each and every employee.

As such outsourcing of customer service of Airtel Networks Kenya Limited needs to be a careful decision and execution process, backed by strong business objectives and strategy to carry it out. The organization should further discuss the available motivational strategies with its employees for them to their input, understand and hence customer service. There is also need to review on the promises made and establish a formula to implement on what was agreed upon as well as provide recreation facilities to relief the stress that comes with the job. This makes outsourcing a means of business delivery and not just a goal.

In any venture with a profit motive being competitive in the market is paramount, hence the organization must develop comprehensive revenue, cost and capital expense plan. The Company should beef up its competitiveness in the market by ensuring that they focus on human resource practices so as to retain and attract a rich, qualified and experienced human capital. The staff should also be trained so as to cope up with the rapid changes in the customer service in this technological advancement era which is fundamental to the telecommunication industry in Kenya.

In effort to meet the vision 2030 in which the information technology will play a key role and with the construction of the only silicon valley in Africa already underway that is the Konza city which will be the BPO

hub, the government ought to formulate policies to guide the business processing outsourcing sector so as to ensure that rich man power is not exploited by foreign and local employers.

5.5 Recommendation for Further Studies

This study has investigated the factors effecting outsourcing of customer service of Airtel Networks Kenya Limited and has identified service delivery, communication, competition and employee motivation as being the major factors effecting outsourcing of customer service of Airtel Networks Kenya Limited. There are many other telecommunication companies in Kenya which have been involved in outsourcing which differ in their way of management and have different settings all together. This warrants the need for another study which would ensure generalization of the study findings for all the telecommunication companies in Kenya and hence pave way for new policies. The study therefore recommends that another study be done with an aim to investigate the factors effecting outsourcing of customer service among the telecommunication companies in Kenya. This study would involve the other telecommunication companies like Safaricom (the key player in the market) as well as Orange (Telkom) and Yu in Kenya which are active telecommunication companies in Kenya.

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