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**DETERMINANTS OF OUTSOURCING: THE CASE OF
SELECTED JANITOR SERVICE JOBS IN ADDIS ABABA,
ETHIOPIA**

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GSE/8524/12

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ADDIS ABABA, ETHIOPIA

JUN: 2024

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SELECTED JANITOR SERVICE JOBS IN ADDIS ABABA,
ETHIOPIA**

**Thesis Submitted to the Department of Human Resource Management - School
of Commerce of Addis Ababa University in Fulfilment for the Requirement of
Master of Art Degree in Human Resource Management**

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Abstract

The purpose of this study was to examine factors affecting outsourcing in the case of Addis Ababa selected janitor service jobs. The study has used explanatory research design in order to examine the effect of Determinant factors affecting Outsourcing decisions. The study design used quantitative and qualitative approaches in order to organize the data desired for the research. Both primary and secondary methods of data collection were used and the questioner as well as interview is used as a source of data gathering. From the total population of 400, a sample of 135 questionnaires distributed and 119 respondents' response was used to analyze the data. Both descriptive and inferential statistics are used to find the mean score and to test proposed hypothesis and to examine research problems, objectives and questions. The findings of the regression analysis specify that easy access to the right manpower/service have the largest impact on Outsourcing Decisions. Based on the ANOVA analysis and coefficient tables, all the four dimensions used to examine outsourcing decisions (price of outsourcing, reliability of outsourcing service providers, benefits of focusing on core activities, easy access to the right manpower/service) have positive and statistically substantial effect on outsourcing decisions as the f -value = 43.623. In these regards, the four proposed (alternate) hypotheses were rejected by the result of the study. The result of regression analysis of the independent variables on the dependent variable outsourcing Decisions indicates there was a positive and statistically significant effect. The model summary table adjusted r -square value is 0.607 which dictates that 60.7% of Outsourcing Decisions was explained by the variation of the four independent variables and the other 39.3% is due to other independent variables not comprised in the model and the random error. Finally, the researcher recommended to the Addis Ababa Janitor service top management should focus on accessing manpower in order to improve outsourcing activities.

Key words: Outsourcing: Outsourcing, Human resource outsourcing (HRO), Benefits of focusing on core activities, Easy access to the right manpower/service, Reliability of outsourcing service providers, Price of outsourcing

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CHAPTER ONE: INTRODUCTION

1.1 Background of study

A service is said to be outsourced if the certain responsibilities and functions of a corporate entity are assigned to an outside party (Gilley et al., 2004). This is typically required when a particular company lacks the requisite abilities to carry out or concentrate on the primary role of the company inside the corporation. Furthermore, it can be carried out to reduce workload. Typically, issues pertaining to the daily management of that task will be expected to be investigated by the organization that rendered the outsourced service. To get the most out of outsourcing services, any business or organization must build lasting partnerships in order to reap the rewards of this business strategy. For many corporate operations, including marketing, janitorial, security, and more, outsourcing makes sense. Technology, hiring, etc. Today's business landscape has changed, and more businesses are searching for ways to increase their profitability and competitiveness. Wilcocks and Lacity (2006) define outsourcing as entrusting administration of operations, resources, people, or assets to a third party in order to achieve predetermined results. A job or assignment carried out for an organization by someone other than its full-time staff can be referred to as outsourcing. These days, outsourcing is quite complicated, and companies use outsourcing vendors for a range of purposes (Seth, 2011).

Although outsourcing dates back to the 1970s, it was hardly considered as part of a business strategy. Most organizations outsourced certain functions for which they had no internal competency and were not totally self-sufficient. In the 1990s, organizations started to outsource non-core business functions necessary to run a company by business activities (Handfield, 2006). Over time the reason for outsourcing shifted more of improving services delivered by the company (Diskstein and Flast, 2009).

At first, outsourcing was limited to IT-related tasks, but over time, more and more businesses came to understand that they could not become specialists in more than one or two disciplines. They were forced to abandon certain areas of their work and assign them to experts as a result of this finding. Over 90% of commercial organizations currently use external service providers, according to a Fortune magazine poll. In the European market alone, the value of these services was estimated to be US\$27 billion in 2001 and is increasing annually. Outsourcing was first limited to big

businesses, but with time, small businesses are starting to employ it more and more (Koszewska, 2004). According to Brown and Wilson (2005), outsourcing is effective for businesses of all sizes and in all sectors; there is no relationship between the program's effectiveness with a company's size or kind. Instead, careful planning, execution, choosing the right partner, and negotiating flexible service level agreements with the outsourced provider are key components of every successful outsourcing operation.

Ethiopia rarely uses outsourcing, while it is common in the international economy. In Ethiopia, outsourcing is still a relatively new practice. The number of companies providing a narrow range of outsourced services is limited. Although cleaning, security, and recruitment services are the primary areas of outsourcing in Ethiopia, Ethiopian enterprises have only been outsourcing these non-core operations up until now, even though those areas are the main outsourcing field in Ethiopia, they are not well supported by research and findings (Meresa Mulat, 2007).

Thus this research tries to show factors determining the demand of human resource outsourcing services in order to improve the firm's growth, survival, and operation, leading to the more effective and efficient use of human resources which is one of the most active resources in any economy.

1.2 Statement of the Problem

It should be recognized that companies have to decide what best meets their needs. In actuality, there are three choices: outsourcing every task, outsourcing none of it, or outsourcing only the most important ones. Any business that outsources everything would lose out because crucial processes would be controlled by third parties. Outsourcing only the most important work or nothing at all are the two solutions that make the most financial sense. Choosing whether or not to outsource requires serious thought. Unless the success rate is really low, many criteria need to be considered in order to determine what is best for a firm Endorf, C. (2004).

Furthermore, because some service providers just create one set of service delivery systems for all of their clients in an effort to save money on production, they might not be aware of the client's culture or personality, and the services they give might not mesh well with the client's values, so determining demand factor plays a key role in enhancing the overall functioning, and sustenance of the outsourcing understanding those areas can solve different problems related to outsourcing

(Siegel G.B. 2000). There isn't a single solution that works for every business; instead, each one determines what its needs are and makes a business decision based upon those needs. So understanding the determinants of outsourcing is the core point to overcoming such dilemmatic problems (Endorf, C. 2004).

While human resource Outsourcing is relatively a newly emerging market in Ethiopia. As an emerging market, it is mainly confined for non-professional or semiprofessional jobs specifically security and janitor services only (Meresa Mulat, 2007). Hence in human resource outsourcing services, there are several unknown factors which need to be studied and discovered if the market grows and expands further and if the economy benefits from such new economic activities. In this regard knowing the factors that determine the demand for human resource outsourcing services is among the key issues worth investigating. Brown and Cregan (2008) indicated that outsourcing becomes a major challenge to managers who were part of the process. If adequate attention is not paid to those factors which affect outsourcing.

According to the researcher's knowledge, there hasn't been any study encountered that has considered assessing the factors determining the demand of human resource outsourcing services. A better understanding of the demand determining factor plays a key role in enhancing the better functioning, growth and sustenance of the business, which in turn contributes to the better and efficient uses of human resources which are the most active resources of any economy.

1.3 . Significance of the study

Human Resource Outsourcing (HRO) is the practice of assigning specific human resource tasks to outside parties. Traditionally, internal work is outsourced to an outside provider, and workers of the aforementioned company may occasionally be transferred to the service provider. Numerous underlying hypotheses have been presented in previous research on outsourcing, especially when it comes to outsourcing of human resources. Prominent theories include the theories of transaction cost economics, core competencies, knowledge-based views, and resource-based views, among others. Additionally, a number of factors and advantages of outsourcing human resources have been examined by earlier academics. In general, this research will provide theoretical and practical insights.

Theoretically, the study anticipates contributing to the enrichment of the theories pertinent to outsourcing service markets by assessing and examining how the existing theories might apply to different market situations. It specifically attempts to assess and verify how far these theoretical understandings apply in the context of the emerging human resources outsourcing market in Ethiopia.

The service users are another beneficiary of such a study as they would be able to articulate and communicate clearly what factors are determining their decisions to make use of the services and maximize the benefit from the use of such services with higher value for their money. The enhanced knowledge at both the demand and supply side of the market brings improvement and sustenance of the human resource outsourcing business. The other beneficiaries are policy makers, regulators and enablers of the market ecosystem who might use some of the outputs of the study in their day-to-day practices. Last but not least, the study might also add to and enhance the existing body of knowledge in this particular market which will help trigger the subject matter experts to continue their research in deepening and widening the existing concepts, and theories and practices related to such markets.

1.4 Research Objective

1.4.1 General Objective

The general objective of this research was to examine factors affecting outsourcing in the case of Addis Ababa selected janitor service jobs.

1.4.2 Specific Objective

The specific objectives of the study among others include:

- To examine the effect of type of HR functions/ Job types on outsourcing decisions.
- To determine the effect of benefits of focusing on core activities on outsourcing decisions.
- To determine the effect of Easy access to the right manpower/service on outsourcing decisions.
- To evaluate the effect of Reliability of outsourcing service providers on Outsourcing decisions.
- To analyze the effect of Price of outsourcing-on-outsourcing decisions.

- To evaluate the perceived benefits and challenges of outsourcing janitorial services

1.5 Research Questions

Based on the overall general and specific objectives, the researcher will answer the following research questions.

- What is the effect of Benefits of focusing on core activities on outsourcing decisions?
- To what extent the Easy access to the right manpower/service affects outsourcing decisions?
- What is the effect of Reliability of outsourcing service providers on Outsourcing decisions?
- What is the effect of outsourcing prices on outsourcing decisions?
- What are the benefits and challenges of outsourcing janitorial services?

1.6 Scope of the Study

It is crucial to restrict the study's scope in order to manage it better and save time and resources. As a result, the study's scope can be regarded from several angles, including the geographic, conceptual, and methodological scopes. This study is restricted to the Simba Janitor service in Addis Ababa in terms of geography. Only a small number of businesses in various parts of Ethiopia offer this service; the bulk of them are based in Addis Ababa. Even though some of these service providers are based in Addis Abeba, the researcher chose one of the businesses that has been providing this service for more than 11 years for this study due to time and resource constraints. The conceptual scope of the study is limited to examining the determinant factors affecting outsourcing decisions (benefits of focusing on core activities, easy access to the right manpower/service, reliability of outsourcing service providers, price of outsourcing).

Finally, the study is cross sectional study in which the necessary data used in the study collected once, the sampling population were selected based on their performance, nature of the service they provide from Simba Janitor service as to give context to Janitor service in the Addis Ababa

1.7 Limitation of the Study

The research will follow a purposive sampling technique, which will serve its objectives but might cause some degree of bias affecting the representatives of the sample and hence the finding of the result of the analysis of study. This may be the limitation of the study. Given the time and resource

limitations it may not be easy to avoid these unwanted consequences. The study also limited in Addis Ababa and selected market which may not represent the wider market even in Addis Ababa fully and more so other markets in secondary and tertiary cities of in several regions of Ethiopia. The other limitation is the study focuses only on security and janitor HRO service market which is predominate in the business but not as comprehensive it should. From the desk research point of view there very little studies made in the HRO service market in Ethiopia. Besides in the literature survey conducted so far, there is no single study encountered in relation to determinate factors for demand of the HRO services. Also possible non-response to questioners and poor participation of KII and FGD is anticipated limiting the primary information gathering.

1.8 Definition of operational Terms

Outsourcing: Outsourcing is the practice of engaging an external company to take care of functions that were previously handled in-house.

Human resource outsourcing (HRO) allows an external provider to take up the responsibility of various HR functions. It is a cost-saving practice that lets organizations free up their HR professionals' time so they can concentrate on less mundane tasks.

1.9 Organization of the Study

It is envisaged that this study will be divided into five chapters. The first chapter serves as an introduction, providing background information, a problem statement, the study's objectives, its importance, and its limitations. The review of related literature was covered in the second chapter. The study's methodology and research strategy were covered in the third chapter. Additionally, data validity and dependability as well as data collection technologies will be discussed. The presentation of data, analysis, and interpretation will be the main topics of the fourth chapter. The study's summary, results, and suggestions are covered in the fifth chapter. Lastly, references and a collection of appendices, including the checklist for observations, the FGD guide, and the interview guide, will be utilized to gather primary and other supplementary documents of the study will be included.

CHAPTER TWO: REVIEW OF THE RELATED LITERATURE

In this chapter literature on theoretical and empirical aspects of outsourcing services are reviewed and discussed.

2.1 Theoretical Reviews on Outsourcing and Outsourcing process

The academic and practitioner communities have increasingly been giving more attention to the outsourcing phenomena. This led to the emergence of several research frameworks that illustrate the stages of the outsourcing process. They are widely acknowledged steps of the outsourcing process such as identify and assess vendor(s), selection, engagement, relationship management, and as deemed necessary transition to a new vendor. An outsourcing company's serious activities have divided each step into its component parts (Power et al., 2009).

2.2 The Outsourcing Process

A feasible strategic plan must be developed based on a mutually understood and well-defined understanding of the goals, objectives, and specifications between the customer and the external supplier being considered (Baily et al., 2005). They made it clear that, in addition to rigorous and thorough procedures, hiring an outside supplier requires a well-thought-out contract that both parties can agree upon, as well as an ongoing, open line of communication supported by senior management from both companies. The primary advantage of utilizing performance specifications is, naturally, that it is typically easy to determine whether the given outsourcing service contractor has rendered the stipulated services. This outsourcing process should consider a number of aspects when making a rational and strategic decision to outsource.

There are some criteria worth considering in the outsourcing engagement decisions (Alteka, 2006 and Baily et al. 2008). These included: Recognize the main business drivers and their justifications for your company: Identify internal key competencies, decide which skills should be retained in-house and which can be outsourced. Functions that are essential for the company's operations as well as the technologies that both support and sustain their competitiveness should be kept in-house, while necessary but non-essential duties may be outsourced.

2.2.1 Relational View

The relational view creates and justify how businesses acquire and maintain a competitive edge within inter-organizational connections (McIvor, 2005). Its central idea—the idea of relational

rents—has been investigated to clarify how businesses select their ideal kind of relationship and prospective outsourcing partners. It has also been applied to the study of the phases of reconsideration, management of relationships, and transition. As a result, the relational approach is the only theory that has been used in the analysis of every stage of the outsourcing process.

2.2.2 Resource-based View

Organizations' resources and capacities can differ greatly from one another and remain stable is the fundamental tenet of the resource-based view (Barney and Hesterly, 1996), A company can get a competitive edge if its capabilities and resources are properly combined and applied. The premise behind the resource-based concept in outsourcing is that an entity that lacks organized, rare, valuable, and unique resources and talents should look outside of the company to fill that gap. Because of this, the theory is most frequently used during the outsourcing process' preparation phase to define the framework for making decisions and during the vendor selection phase to choose a suitable vendor. The theory has been also used to clarify some of the key matters of the managing relation and reconsideration phases.

2.2.3 Agency Theory

Originally concerned with the interaction between managers and stakeholders, agency theory eventually expanded to explain the relationship between two inter-firm subjects (Jensen and Meckling, 1976). Within that framework, we link the agency theory to comprehending the vendor-outsourcer interaction. Monitoring and bonding should be used to address the root causes of the agency problem, moral hazards, and adverse selection (Arrow, 1985) (Barney and Hesterly, 1996). As a result, the theory was applied in the preparation phase of the outsourcing process research, while identifying potential suppliers and establishing the nature of the partnership. Of course, the Managing relationship phase and, to a lesser degree, the Reconsideration phase have also been studied.

2.2.4 Knowledge-based View

The knowledge-based view suggests on how people cooperate to create goods and services. Two methods of knowledge sharing between partners are distinguished by the knowledge-based approach. They are the creation and use of knowledge. The outsourcing research has employed the

knowledge-based view to demonstrate that the effectiveness of an outsourcing arrangement is favorably correlated with information sharing during the managing relationship phase.

2.2.5 Neoclassical Economic Theory

The neoclassical approach clarifies the original outsourcing motivations displayed by a few pioneering businesses such as Kodak. But the idea has drawn a lot of criticism for failing to account for modern corporate practices. The notions of rationality and the lack of a persistent information problem in particular have drawn criticism. Gottschalk and Solli-Saether (2005), however, demonstrated how the Reconsideration phase's crucial success determinants for outsourcing are explained by neoclassical economic theory.

2.2.6. Social Exchange Theory

According to the social exchange hypothesis, social involvement and trade are contingent upon the results of an economic cost-benefit analysis. This helps to explain interpersonal connections. According to the notion, a fundamental aspect of human connection is the exchange of resources, whether they be material or social. According to Gottschalk and Solli-Saether (2005), social exchange is a continuous, reciprocal process in which acts depend on receiving positive responses from other people. The idea has been applied to specify switching behavior during the reconsideration phase in conjunction with TCE.

2.3 Factors Influencing Outsourcing Decision

One well-established aspect of cost-effective business procedures is outsourcing. Two factors—the need for competitive advantage in the global market and successful businesses' concentration on their core competencies—have drastically enhanced the necessity to review what will be outsourced out to external suppliers and what will stay in-house over time (Sandra Ward, 2004). Due to the allure of large pay differences, internal manufacturing facilities have been moving—through outsourcing as well as offshoring—to lower wage economies. The outsourcing technique was starting to be observed in research, engineering design or development, manufacturing function, and many other areas, starting with initial IT and software development, financial services, and business process supports.

The following are the top ten reasons why businesses might outsource, according to the 2006 Outsourcing Institute executive survey: cut and manage operating expenses, improve

organizational focus, obtain access to top-notch capacity, free resources to be used for other objectives, Internally, resources are not available. Maximize the advantages of re-engineering, auxiliary function that is too difficult to oversee, Make capital resources accessible. Distribute risks, and Money Infusion Inadequate technological capabilities, a company's strategic advantage, a better service-quality vendor and solid contract, a lack of internal capacity to fulfill demand for production ramps, and maybe a lack of room for expansion are other reasons why businesses outsource.

2.4 Outsourcing Strategies

There are different types of outsourcing namely transformational, tactical and strategic, and selective and full outsourcing (Brown and Willson, 2005).

2.4.1 Selective and full outsourcing

An organization can focus on its core capabilities by using outsourcing, as was previously mentioned. Depending on the kind of job function and human capital involved, outsourcing can be divided into two groups. Selective outsourcing is the first kind of outsourcing and is categorized as a strategic decision to outsource internal services that an organization does not want to have its employees perform. Strategic-shift outsourcing, which is a more comprehensive form of outsourcing, concentrates on bringing in highly sought-after experts who are in short supply. While strategic shift outsourcing aims to achieve the same objectives as selective outsourcing, it also aims to establish a mutually beneficial relationship because it allows service provider businesses to save costs while allowing the institution to focus on other relationships because of the scope of the contract and what it means for each party. According to Bartem and Sherry (2001), outsourcing enables a company to concentrate on its core competencies instead of overseeing a secondary service that could potentially rival private-sector offerings and yield subpar returns on institutional investments.

2.4.2 Tactical and Strategic Outsourcing

Institutions employ tactical outsourcing to address particular issues that they are facing, such as a shortage of funds for capital projects, insufficient managerial expertise internally, a wish to reduce staff, etc. Traditional outsourcing can also take the form of tactical outsourcing, which is predicated on make-or-buy decisions and cost comparisons. Visible advantages include increased

cost savings, a reduction in the need for additional investments, and the resolution of workforce problems. It also entails carrying out a business procedure in accordance with the regulations in place. By collaborating with a selected vendor, tactical outsourcing can also include peripheral activity outsourcing, which enables management to obtain industry-specific competencies (Hussey and Jenster, 2003). Large, established companies frequently utilize this technique to manage repetitive, high-volume procedures, including payroll processing, HR administration, and procurement. The process of redefining the organization includes strategic outsourcing, which frees up management staff time to concentrate on core business operations. Working with fewer best-in-class integrated service providers results in the client working with fewer strategic outsourcing partners, which builds long-term value.

2.4.3 Transformational Outsourcing

Redefining the business is a common application of transformational outsourcing (Linder, 2004). It helps an organization to maintain its position as a leader, create a long-lasting competitive advantage, and produce the most value for the organization. Good governance, the level of maturity in business process expertise, and properly prepared and monitored service level agreements (SLAs) are some of the difficulties that transformational outsourcing addresses. Compared to tactical outsourcing, strategic and transformational outsourcing carries higher risk levels, which are typically shared with the outsourcing partner. Before moving forward with an agreement, tested risk mitigation plans, high security levels, developed project management abilities, and validated business continuity plans must be implemented.

2.5 Strategic Assessment for Outsourcing

Organizations that omit or shortchange the next crucial strategic evaluation are largely responsible for outsourcing failures, as they fail to establish a firm basis for making unbiased, data-driven outsourcing decisions. The objectives of a strategic assessment, according to Power et al. (2006), are to: Create a clear outsourcing vision; establish measurable goals and objectives; ascertain how outsourcing fits into the overall business strategy; choose and enlist executive sponsors for the outsourcing project; identify the critical functions and processes that are appropriate for outsourcing; and decide whether to determine the involvement should focus onshore, near-shore, or offshore.

Power et al. (2006) also mentioned that the objective of the strategic evaluation is to look at the organization's present and future strategic positions in order to determine how outsourcing fits in as a tactic. During this phase, the company must comprehend the benefits and drawbacks of outsourcing as a tactic. The cornerstone of the outsourcing plan will be an examination of the benefits and drawbacks, as well as whether outsourcing as a strategy fits the needs of the company. In the later phases of the outsourcing life cycle, dubious results will arise from failing to establish this strong foundation. For example, imagine the consequences of misevaluating a certain organizational function as a potential candidate for outsourcing. You proceed through the needs analysis, vendor selection, negotiation, and contracting stages using this false information, and finally you provide the vendor with this false information. You will have to pay a high price for the large amount of time you have just squandered due to an inaccurate upfront assessment. You'll eventually have to pay hefty fees for the error and bring this task back in-house. The business-value assessment, operational assessment, financial assessment, and risk assessment are the four main components of the strategic assessment phase.

2.5.1 Business-Value Assessment:

The business-value evaluation is divided into three phases: analyzing the organization's key competences, assembling an executive sponsor team to manage the project, and making sure the outsourcing strategy is in line with the company's long-term and short-term business goals.

2.5.2 Core competencies-

Organizations must analyze their operations to determine their core capabilities during the business-value evaluation. Many firms find it difficult to objectively identify this as the underlying emphasis of their business capacity. Core competencies are the conglomerations of specialized knowledge, information, proprietary technologies, and operating processes and procedures that are integrated into the company's goods and services and serve as distinctive differentiators for its clientele (Ibid, 2006, p. 41).

2.5.3 Executive sponsor team

Having the appropriate team in place to evaluate the executive sponsor team is a fundamental aspect of carrying out a business-value assessment. Organizations that sponsor their outsourcing program must have committed executive-level staff. Outsourcing efforts and other strategic goals

need to originate from the highest levels of an organization. Top management needs to make clear the aims and objectives of the outsourcing project and explain how the procedure will help the business. Yenus & Associates (2005). Furthermore, Power et al. (2006) states that executive-level teams can contribute significantly to a number of ways to the strategic evaluation process.

The objective is to gain a broad view from a variety of disciplines and pinpoint important successful elements and issue areas that will serve as the cornerstones for building an extensive business case for outsourcing. Power et al. (2006) stated that the following tasks will fall under the purview of the outsourcing team: defining and recording the organization's primary business objectives and outcomes; determining which goods and services are suitable for outsourcing; gaining insight into the external market, including the capabilities of the vendors and how they can be leveraged to support the organization's goals; elucidating roles and responsibilities; and spearheading and overseeing change. Because of this all-encompassing accountability, the outsourced team is essentially in charge of developing the outsourcing business case.

2.5.4 Alignment with the business strategy

Analyzing the organization's business plan is the final step in the business-value assessment process. This includes describing the company's present business plan and any potential future adjustments to it. The organization should describe its present and future strategies while deciding whether or not to outsource. The degree of alignment and common information regarding customers and fundamental business processes must also be considered by strategy. Gasvoda (year).

2.5.5 Operational Assessment

An operational evaluation must include establishing your organization's operational baseline and process capabilities. To enable the suggested outsourcing endeavors, it is imperative that you ascertain whether your company has developed process competencies. Likewise, you want to find out if benchmarking information and standard operating procedures are available for assessing the vendor's proposal's competitiveness as well as the expected performance of the outsourced project. During this phase, the business must be able to respond to questions regarding the ability of its operations to support them. For example, can the business understand all of the interdependent relationships both internal and external to its entire enterprise, as well as the impact both internally and externally associated with?

The company must be able to respond to inquiries about the supportability of its operations during this phase. Examples of these inquiries include: does the company comprehend all the relevant internal and external dependencies throughout its whole business enterprise, as well as the internal and external impact related to the proposed outsourcing initiative? The typical procedure of outsourcing is to assign one or more tasks to a third-party vendor. Therefore, before outsourcing any processes, it's critical to understand their nature. Power and Associates (2006)

2.5.6 Financial Assessment

Power et al. (2006) state that cost savings are arguably the most frequently mentioned justification for outsourcing. The outsourcing method has significant advantages in terms of cost effectiveness and improved profitability. Switching from a fixed-cost model to a variable-cost one allows for significant cost savings.

2.5.7 Risk Assessment

Managers wouldn't be necessary if there were no risks. The core concepts of management are risks and uncertainty. There wouldn't be anything to manage if everything was predictable and therefore certain. Every undertaking involves some level of risk. Risk assessment finds risk and related risk mitigation methods by taking a broad picture of the company and the planned outsourcing project. Any project has some risk, so you need to categorize the risk.

2.6 Levels of outsourcing decisions

Three distinct levels of outsourcing exist, according to Brown and Wilson (2005): transformational, strategic, and tactical outsourcing. Below are descriptions of every level:

2.6.1 Tactical outsourcing

The initial stage of outsourcing is tactical, or traditional. When confronted with a particular issue, a business decides to use tactical outsourcing. When a company is already having trouble, outsourcing is frequently thought of as a quick fix. One of these problems is not having enough money to make capital investments. Competition between internal corporate departments and outside service providers is brought about by tactical outsourcing. Many tactical alliances are made-up arrangements intended to generate immediate cost savings, do away with the need for additional investments, infuse funds through asset sales, and alleviate the burden of employment-

related concerns. Because effective tactical connections are necessary for successful tactical outsourcing, it makes sense to reward external providers.

According to Mazzawi (2002), conventional outsourcing concentrates on non-core business operations using best practices in uncomplicated environments. It involves switching from doing something internally to using outside vendors who are more qualified and efficient at doing the same work.

2.6.2 Strategic outsourcing

As organizations grow and the objectives of the provider and the company diverge with time, it becomes imperative to obtain greater value from outsourcing partnerships. Rather than relinquishing control over functions that are outsourced, managers subsequently strive to increase their influence over all accountable functions. For instance, they can concentrate more on infrastructure issues rather than staffing issues because of this degree of outsourcing. Developing enduring business partnerships is the main goal of strategic outsourcing. Instead of having a large number of suppliers to complete the task at hand, companies work with a smaller selection of the top providers. This kind of interaction frequently heralds the start of a long-term, mutually beneficial engagement.

2.6.3 Transformational outsourcing

"Transformational" outsourcing, which is the third degree of outsourcing, is utilized to completely reimagine a company. An advanced technique that enables an organization to adapt to a changing market is transformational outsourcing. This idea is used with business process outsourcing (BPO) to form business transformational outsourcing (BTO). Although transitional outsourcing is classified as a type of outsourcing in this study, Jones, Bebbington, and Blanch (1998) claim that transformational outsourcing is the opposite of transitional outsourcing, which involves hiring a third party to help a business upgrade to the newest machinery (Brown & Wilson 2005). "Transformational outsourcing potentially enables an enterprise to gain quick and sustained benefit from any new market opportunities," according to Mazzawi (2002, p.42).

Furthermore, Mazzawi (2002) and Brown and Wilson (2005) assert that traditional and transformational outsourcing are not the same. While transformational and traditional outsourcing may appear comparable, traditional outsourcing is a better, faster, and less expensive method. But the goal of transformational outsourcing is to create new business models and cutting-edge

management techniques in addition to moving toward a more current, intelligent, and adaptable standard. According to Mazzawi (2002, p. 43), transformational outsourcing involves contracting for competitive advantage in the face of uncertainty, whereas standard outsourcing focuses on contracting out for efficiencies. Transformational outsourcing incorporates ongoing unpredictability and change prior to focusing on long-term dependability. It also has to do with changing trade characteristics through coordinated efforts. According to Mazzawi (2002, p. 42), the nature of 'traditional outsourcing for increasing performance is operational'.

2.7 Reasons and benefits of Outsourcing

2.7.1 Reasons for Outsourcing

Outsourcing in and of itself is not a goal. A number of interested parties must decide on their business and the most effective way to provide their services to clients in order for it to be successfully adopted. Finding the main justifications for outsourcing is the first step, regardless of whether the company is outsourcing for the first time or as a renewal activity (Choi, 2008). A company may use an outside contractor for a variety of reasons, including lower costs, better-trained staff, a lack of certain employees or equipment, better technology, higher-quality services, the ability to learn new skills, better reputation of the contractor, improved relationships with other organizations, flexibility while the organization concentrates on other crucial tasks, etc. (Ashrefa, et al, 2010). Different Each organization can have their own specific reasons to outsource their functions to external suppliers. Scholars identified lists such reasons considered for outsourcing by most organizations. The main ones include the following.

A. Focus on strategy: Handling the day-to-day operations of their functional areas took up much of the company manager's time. This function can be outsourced, allowing the management team to focus more on strategic matters like product development and market positioning by giving the supplier the tactical portion of each manager's work (Bragg, 1998).

B. Focus on core functions: A company that outsources successfully can concentrate its internal resources on addressing top priorities. An organization can use its financial, human, and management resources more effectively and efficiently when it focuses on completing its priorities. Organizations can reroute and concentrate their resources on tasks vital to their goal by

outsourcing some non-core functions (Choi, 2008). The organization may occasionally outsource key services that are currently essential but are anticipated to become less crucial in the near future owing to changes in the business environment. This argument is further supported by Brown and Wilson (2005), who state that when staff members are more capable than suppliers, the corporation will only retain those essential operations in-house. Furthermore, if a business can locate a supplier who is more capable of carrying out the task, it may even choose to outsource a crucial survival function. To summarize, if a firm's functions are essential and no other supplier can perform them as well as the company, then the organization must continue to perform them internally.

C. Avoid major investment: A company's inefficiencies can be attributed to underinvestment in some functions. The organization will have to invest heavily in this function to update it if it chooses to maintain it in-house. The corporation can avoid making this expenditure indefinitely by outsourcing this kind of function (Bragg, 1998). According to Wilson and Brown (2005), there is little doubt about the benefits of working with outside vendors: superior service for less money and administrative effort.

D. Assist fast growth situation: The management team will be overworked trying to grow the firm and manage the volume of business if the company is gaining market share quickly. Under such circumstances, the management team will be in dire need of more assistance to focus on a limited number of core operations and operate the organization (Bragg, 1998).

E. Improve flexibility: The capacity to swiftly and cheaply modify the scope and size of production is known as flexibility, according to Domberger (1998). If a function handles a lot of work and its volume fluctuates a lot, it might be easier to shift the function to suppliers who will only be paid for the work that is completed rather than keeping internal staff with fixed costs. The price of the provider will directly fluctuate within the transaction volume it handles, converting the fixed cost into a variable cost (Bragg, 1998). Apart from the previously mentioned aspect, Choi (2008) provides an additional rationale for flexibility by pointing out that businesses may have underutilized resources if they continue to keep the appropriate inventory and personnel to handle peak demands.

Keeping the number of workers and equipment required to handle peak loads might leave firms with underutilized resources during off-peak times, which is another way that Choi (2008) justifies flexibility. Poorer customer service at peak periods results from firms' inability to sustain resources

at a level that merely satisfies typical demand. When this happens, outsourcing tasks that have fluctuating demand might allow the company the adaptability it needs to react quickly to shifting needs.

F. Reduce cost: Cutting expenses is not the only goal of outsourcing. Nonetheless, a business may highlight cost savings for a number of reasons, such as having a weak financial condition or wanting to boost profits. By purchasing input in bulk and consolidating the operations of multiple businesses into one location, a supplier can reduce expenses. Consequently, by assigning this type of provider to handle its function, the corporation can indirectly cut costs. Wilson and Brown (2005).

G. Access to skills: Organizations may have a staffing shortfall due to changes in the business environment, resignations, retirements, or issues in hiring new employees. It's possible that current employees lack the skills needed to stay up with the rapid changes and technological advancements. Outsourcing might make it easier for a company considering new service offerings to develop the capabilities and assets needed to support these new ventures. Sometimes the only feasible method to get the capabilities required to deliver services correctly is to outsource to an outside service provider. Additionally, these firms gain from having their employees collaborate with the experts of the service provider (Choi, 2008).

To acquire better management: A supplier that provides access to the most skilled and knowledgeable specialists in the relevant functional areas can be hired to handle an internal function that has become ineffective or inefficient as a result of bad management (Bragg, 1998).

I. Improving service quality: The vendor concentrates on process reengineering and efficiency, while the outsourcer considers noncore functions to be core. Given that it is a primary function for the vendor, it will endeavor to enhance the process that is outsourced and provide higher quality standards than what the organization does (Aran and Patel, 2005). Before opting to outsource for any of the aforementioned reasons, Bragg (1998) points out that the relevant decision-maker should consider the fact that it is not necessary to outsource a whole function; instead, they should keep all other tasks within the function that are obviously worthy of being outsourced in-house. Contracting out the supply of essential parts and components might cause a business to lose its fundamental competencies, as Domberger (1998) noted. Selective outsourcing lowers the risk to

the business in the event that the selected suppliers perform poorly or improperly (Brown and Wilson, 2005).

2.7.2 Benefits of Outsourcing

Cost Saving: This refers to lowering the overall services cost for the company. This includes the score that specifies the quality standards, as well as renegotiations, repulses, cost restructuring, and access to economies with lower costs by way of cold labor arbitrage.

Specialization: According to Lysons and Gillingham (2009), outsourcing enables a company to focus on parts of its operations that provide it with a competitive edge while contracting out non-core tasks to experts with superior knowledge and experience.

Access to Innovation: Rather than trying to recreate the capabilities of a supply network, there are chances to have access to suppliers' capabilities into the goods and services of the client business.

2.8 Outsourcing Drivers

Quality improvement, gaining access to new talent and technology, the ease of finding knowledgeable vendors, and economies of scale are among technical reasons for outsourcing. Financial reasons for outsourcing include cutting costs, increasing profits, and reducing cost of capital outlay or periodic payments in relation to acquisition of capital (Bhattacharya, 2003). Opportunities for cost reduction and a lack of trained labor are the two most notable tactical drivers. Reorienting towards innovation and core skills is one of the strategic factors. Reducing business cycles, strengthening feedback loops, and raising quality standards are characteristics of leading organizations (Brown and Wilson, 2005; Greaver II, 1999). Three categories—organizational, improvement, financial, and cost drivers—have been identified by Chamberland D. (2003) as the drivers of outsourcing. These are covered in more detail below.

2.9 Risks of outsourcing

Numerous advantages can come from outsourcing, and some managers even believe it to be risk-free (Lonsdale & Cox, 1997). But as they say, there's always a flip side, and outsourcing has a number of hazards. Markets would function efficiently in a perfect environment with no transaction costs or friction (Quinn & Hilmer, 1995). But most supply marketplaces in the actual world are unreliable and fraught with danger (Quinn & Hilmer, 1995).

The literature has identified a wide range of outsourcing hazards, which can result in anything from modest missteps to disastrous outcomes. According to Aron et al. (2005), the risks could originate from the outsourcing company itself, the supplier, or the business environment. The following subsections go into greater depth about these risks:

Hidden costs: Outsourcing may not always result in cost reductions for SMEs. Kakatsu and Iacovou (2009); Fan, Suo, and Feng (2012); Abdullah & Verner (2012); Kakatsu & Kakabadse, 2000; Bahli et al., 2002; Bahli and Rivard, 2005; Tafti M., 2005; Ngwenyama and Sullivan, 2007). Many firms underestimate the costs associated with setting up, adjusting to, and maintaining an outsourced environment, according to Barthélemy (2001). The anticipated advantages of outsourcing might be readily outweighed by these hidden expenses. For instance, cutting salaries following outsourcing does not always translate into lower overall costs for the firm. As a result, it's critical to understand that the transaction (subcontracting) involves additional charges. These could include contract costs, monitoring costs, or performance costs. When all of these expenses associated with outsourcing and insourcing are considered, outsourcing may wind up being more costly.

Loss of core competence: Losing core activities is arguably the biggest risk associated with outsourcing, according to numerous academics. (Kakabadse and Kakabadse, 2000; Abdullah & Verner, 2012; Roberts, P., 2001; Bahli et al., 2002; Ngwenyama and Sullivan, 2007; Bahli and Rivard, 2005) Lonsdale & Cox (1998) identified two methods for losing core activities. The first scenario involves management inadvertently outsourcing a fundamental function, such as when staff reduction or short-term cost-cutting are the main goals of outsourcing (Leavy, 2004). Moreover, suppliers could first present management with overly optimistic cost savings, which could lead to confusion (Lonsdale & Cox, 1998). The second scenario involves an activity that was outsourced that first did not appear to be a core function but later proved to be one (Lonsdale & Cox, 1998). Long-term competitive advantage is sacrificed for short-term benefit when managers fail to identify the future sources of competitiveness (Leavy, 2004). A business's core operations might shift over time; an activity that now seems noncore could eventually turn out to be one.

Less flexibility: One reason people outsource is to increase their flexibility, and this is often the case. However, increased flexibility isn't necessarily the result of outsourcing (Lonsdale & Cox,

1998). Rather, other scholars contend that outsourcing may occasionally result in a loss of strategic flexibility. Nakatsu and Iacovou (2009), Roberts, P., Tafti M. (2005), Fan, Suo, and Feng (2012) Furthermore, the presence of dependency does not alleviate the situation (Lonsdale & Cox, 1998).

Loss of knowledge: An organization will always lose some knowledge and skills when it outsources an activity (Kakabadse & Kakabadse, 2000; Roberts, P, 2001; Tafti M., 2005; Abdullah & Verner, 2012). This is an inherent consequence of the outsourcing process (Aron et al., 2005). Knowledge and abilities associated with an activity disappear when an organization stops doing it. But losing expertise does not happen suddenly. Rather, it could occur gradually over time (Chen, 2004). A corporation may become hollow if it outsources too much (Belcourt, 2006). A company may no longer have the necessary abilities to carry out an activity that was once small for the firm but has now become important (Aron et al, 2005; Belcourt, 2006; Leavy, 2004).

Supplier problems: One area of research concentrates on supplier issues as the primary hazards associated with outsourcing. Citations: Bahli et al. (2002), Roberts, P. (2001), Fan, Bahli, and Rivard (2005), Suo and Feng (2012), Kakabadse & Kakabadse (2000). Supplier issues can take many different forms. First, the supplier stops providing. The risk of supply disruptions is connected to the dependency issue (Lonsdale & Cox, 1998). The primary determinants of risk are supplier dependence and the absence of substitutes. Still, supply shortages can happen even in the absence of dependence. Second, the supply is of poor quality. Once more, the problem of dependency contributes to this risk (Lonsdale & Cox, 1998). In the case of high dependency, a supplier may take advantage of it and supply only at that level of quality, which only pleases the buyer.

Low morale: One of the main concerns associated with outsourcing is its impact on employee morale (Kakabadse & Kakabadse, 2000; Tafti M., 2005; Nakatsu and Iacovou, 2009).

Employees are always laid off as a result of outsourcing (Belcourt et al., 2006; Power et al., 2004). For the personnel who previously performed the outsourced activity, there are essentially three options: they can be laid off, transferred inside to another role, or transferred to the outsourcing company (Belcourt et al., 2006). Most likely, none of those solutions satisfy the majority of employees (Lonsdale & Cox, 1998). Additionally, low morale might influence the company's production and prompt skilled personnel to look for new employment. Changes are always a part of outsourcing. Change resistance is a normal inclination for most people (Kumar & Eichhoff,

2005). Managers in outsourcing will thus always run across a wall of opposition (Ibid). Thankfully, with appropriate management, the majority of these issues can be avoided (Lonsdale & Cox, 1998).

2.9.1 Assessing and Selecting Competent Service Providers

Selecting a vendor that can meet the needs of the business is one of the most important phases in developing a concrete outsourcing strategy, given that a company avoids joining the bandwagon and instead does due diligence. The Thoms (2004). Choosing a vendor is really just as crucial as deciding to outsource. While it is challenging to evaluate every facet of a vendor, the following list highlights the areas that a business ought to consider: business Stability, references/reputation, contract terms that are flexible, resources available, potential for additional value addition, cost, location, compatibility with the staff's culture, preexisting relationship, and staff Change of hands, While it's true that some of the previously mentioned factors—like contract management, quality, and price—are high on the list of priorities, what about others?

While it's true that certain parts of the previously mentioned list, like contract management, quality, and affordability, are highly valued, what about some of the other intangible factors, like a cultural fit? As stated by Kurat (2011) and cited by Borisova (2011), the organization must consider other factors while assessing the service providers. This will assist in doing at least a basic investigation to determine which business is involved (Kurat, 2011).

Quality commitment- The supplier ought to prioritize quality. This implies that the suppliers should be accountable by the business about their quality management system including procedures of quality assure and control system. Customers need to be able to pick outsourcing over in-house development while still saving money thanks to Cost-Provider's pricing strategy.

Additional resources and capabilities - Resources and abilities that the client cannot obtain internally or from other providers - should be possessed by the vendor. Consumers are savvy these days and seek supplementary features at competitive pricing from vendors. As a competitive advantage, more astute vendors can leverage it. Previous experience: It's important for the vendor to have worked with other companies. If the provider does not have any testimonials accessible, the organization should review the provider's portfolio and get in touch with some of its clients to find out about their experiences, both past and present, working with them.

Contract terms- The contract's terms should provide the client with the freedom to change the needs or quickly end the agreement if necessary. Agile-based development approaches are the most effective for quick and frequent modifications.

Confidentiality- At the vendor's location, how safe is the client data? Clear security policies ought to be in place at the vendor.

2.10 Types of Activities a company can be outsourced.

Companies all across the world have employed the idea of outsourcing non-core company tasks in one way or another. A corporation can focus on its core competency areas and divide a business process that is directly not related to its core business objectives. According to Ghodeswar and Vaidyanathan (2008:23–38), outsourcing allows companies to routinely complete more successfully the outsourced business process than any of their rivals. Finding the areas that require outsourcing depends on identifying non-core company tasks. Because most company operations are intimately related to one another, this is typically a challenging position. Each business has a unique set of functions that can be outsourced, depending on the nature of its operations.

Some of the most frequently business activities through outsourcing arrangement among other includes human resources functions, legal counseling, preparation of accounting reports, , companies payroll preparation, , Information and database management system, sales and marketing, communications and public relations, advertising services, translation services, project design implementation, transportation, logistics and supply chain management, part of production process such as assembly and testing, cleaning, janitorial and security services, , Repair and maintenance services (aircraft and ships, roads, railways), , and the likes.

2.11 The Need for Well-Formulated Contract

In addition to adhering to internal policies and procedures within a business, outsourcing must also aligned with laws and regulations applicable at all national, regional and local administrative levels. Although it is simple to enumerate the prohibitions on outsourcing in a single functional line, it is far more challenging to define them in contract terms. It should also be noted that without effective contract administration, outsourcing arrangements involves risks of becoming embroiled in a contentious legal dispute, even though legal action is considered as a last option, an organization must be aware of its multifaceted obligations notably organizational, environmental,

and governmental obligations, Contracts are often entered into by both parties before an outsourcing activity starts. The main purpose of the contract is to specify service level agreement (SLA) and key terms and conditions including structure and service price. These are essential to every outsourcing engagement and ensures outsourcing Quality Requirement is met.

2.12 Requirement for Successful Outsourcing

Randall (1993) asserts that determining a compelling need for outsourcing is necessary for successful outsourcing. Businesses that are experiencing fast change as a result of shifting external and internal environments stand to gain from using outsourcing as an operational tactic to cut expenses. He continues by saying that businesses with severe capital and labor shortages will probably gain from outsourcing costly equipment and human resources. Prior to outsourcing, businesses require solid proof that measurable gains will be realized. In order to measure the advantages, a thorough feasibility study that compares current procedures and pinpoints areas for development must be conducted. According to Randall (1993), the success of the outsourcing process depends heavily on the trust of the vendors. Credibility is based on the necessary experience in providing the necessary services, a track record of successfully implementing and managing contracts of a comparable nature, financial stability, and a multiyear commitment to the contract all contribute to the credibility of a proposal. Furthermore, there must be enough managerial commitment to get past the obstacles that always crop up. Finally, he suggests that in order for the outsourcing project to succeed, a senior manager who is dedicated to serving as the project's sponsor and guiding it from conception to completion is required.

2.12.1 Outsourcing and Quality

The degree to which a customer receives the quality of service they anticipate is a measure of service quality. As a result, a very straightforward yet powerful definition of service excellence is the alignment of client expectations and experiences. This discrepancy might be referred to as the "service quality gap." Keep in mind that from the customer's perspective, what happens is what the customer feels or thinks is happening, not necessarily what the provider thinks or feels he or she is offering. Customer perception of quality is always subjective; regardless of the supplier's opinion to the contrary, the customer's perception of reality always prevails! This provides an additional justification for the need for meticulous customer service measurement: the ability to show that predetermined benchmarks are being met (Baker, 2006).

2.12.2 Challenges of Outsourcing

Procurement managers and upper management must carefully consider the risks associated with outsourcing, as with any restructuring exercise and management decision-making in business (Procurement News, December 17, 2003). These risks include the potential for suppliers to depend on or leverage one another, making it prohibitively expensive to switch suppliers in the future. Long-term risks include a supplier of outsourced services becoming complacent or changing ownership, a decline in employee morale due to concerns about becoming redundant, confidentiality issues involving business problems, and occasionally losing intellectual property rights.

According to Eyaa (2006), rising outsourcing trends have resulted in a high demand for suppliers, which has driven up supplier rates. As a result, suppliers are being forced to charge exorbitant costs. Even while outsourcing is all about saving businesses money, this ultimately drives up costs. Overly high expectations from suppliers: Despite the fact that suppliers are experts in their field, occasionally issues arise, leading company personnel to hold excessive expectations of them in terms of delivery service. Such matters are not to be disregarded.

2.13 Empirical Literature Review

This section makes it possible for the conclusions of other researchers to clarify in light of the issues. The study aims to clarify why organizations and/or enterprises have thought about adopting services that they believe to be non-core functions of their business. This is a succinct summary of their research and conclusions. Ethiopian companies are open to outsourcing non-core company tasks like maintenance, cleaning services, security services, and information technology services, according to Meresa M.'s 2007 study on outsourcing in Ethiopia. On the other hand, in order to supply their services, accounting and administration outsourcing service providers will encounter significant obstacles from Ethiopian organizations. This is because the organization is afraid of losing control and sensitive data.

Furthermore, the companies believe that the outside service suppliers are not being loyal to them. In the example of particular financial institutions in Ghana, Kwansi A. (2012) carried out an empirical study on the impact of outsourcing on organizational performance. Because the majority of outsourcers lack performance assessment systems, the study found that performance of the service providers is not measured during the outsourcing period. Coordinating in-house services

with activities that are outsourced is not often standard practice. Service providers' or suppliers' operations are mostly overseen and controlled by the organizations. A well-organized and professional approach to handling tasks typically requires the establishment of an internal system. Preparation and planning are essential components of the institutions' outsourcing practices. Institutional outsourcing practices lack developed planning and preparedness for outsourcing activities. Furthermore, a market survey has not been carried out to evaluate the offerings of the market.

According to Charity N. (2014), although the implementation process shows some promising results, it also casts outsourcing in a bad light. The study examined the impact of strategic outsourcing on organizational performance using a case study of Bidco Africa Limited. Saving money on cleaning and security as well as reducing the administrative load were recorded as achievements. Concerning completion time, quality, customer happiness, integrity, and the derivation of service assets utilization related to subpar service level agreements, contract administration, and ethical issues of providers, there is a considerable volume of complaints. Sang (2010) evaluated the practices of outsourcing at public universities in Kenya in order to look into the benefits and problems that these activities brought.

Additionally, he noted that the two main services currently provided by public colleges are cleaning and security, with catering being the least outsourced activity. The study found that outsourcing is important since it lowers costs and boosts productivity. The main obstacles to outsourcing at public universities were staff members' unfavorable attitudes, inadequate oversight and assessment, students' unwillingness to collaborate with the contracted staff, and community involvement. The study confirmed that appropriate planning, performance monitoring, and assessment are necessary for the institution to successfully outsource its services. Despite listing the difficulties with business process outsourcing at public universities in Sang's (2010) study, the results cannot be applied to other organizations due to the unique and different nature of every organization.

2.14 Research Gap

Understanding the elements influencing the need for HR outsourcing services helps to improve market comprehension, which in turn boosts these markets' effectiveness and performance. The researcher's analysis of the literature indicates that no Ethiopian study has been conducted that

aims to determine the elements that determine the demand for human resources outsourcing services. The factors that determine the demand for human resources outsourcing services can differ from market to market. This study aims to evaluate these factors in order to provide a useful recommendation for how these factors should be considered when influencing the HRO service market.

2.15 Conceptual Framework of the study

The interrelationships between the phenomena under examination are explained by the conceptual framework. It displays similar ideas or abstractions put together in a logical and frequently clarifying pattern to highlight connections between them. Declaring the conceptual scope is a good idea, especially if the study employs an explanatory design. The conceptual framework is based on the conjecture of the possible relation between the decision for using HRO service by an organization is presumed to be determined by factors such as Cost of maintaining HRM internally, Benefits of focusing on core activities, better access to the right of Human Resource, Reliability of HRO providers, cost of outsourcing. The diagram below depicts the above explained conceptual framework of the research.

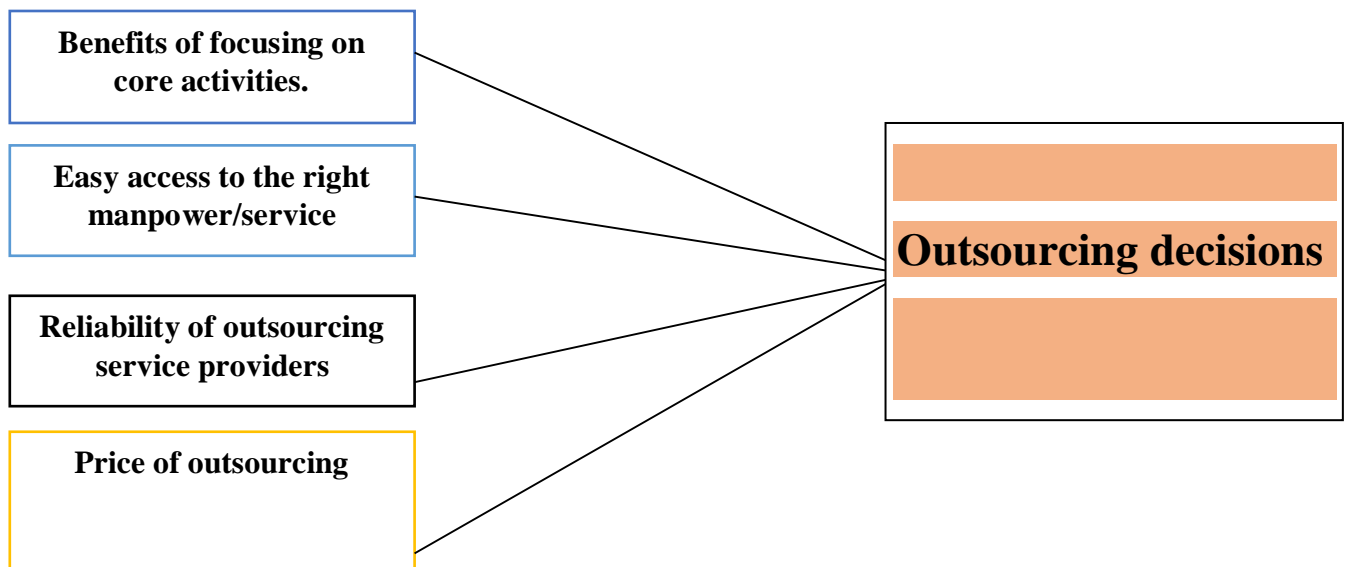


Figure2.1. Conceptual framework of the study

Source: Abdullahi & Sallau, (2019) and Gunawan & Rumainur (2022)

2.16 Research Hypothesis

Based on the above conceptual framework, the researcher develops the following research hypothesis.

H1. There is a positive and significant relationship between Benefits of focusing on core activities and outsourcing decisions.

H2. There is a positive and significant relationship between Reliability of outsourcing service providers and outsourcing decisions.

H3. There is a positive and significant relationship between Easy access to the right manpower/service and outsourcing decisions.

H4. There is a positive and significant relationship between price and outsourcing decisions.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

Research design, according to Saunders (2007), is the overall strategy for addressing the research questions. It is the theoretical framework through which research is carried out. It serves as a guide for gathering, calculating, and analyzing data. In addition, the study was also co relational design because there was intended to establish the relationship between the independent variable and dependent variable of the study. Co relational research aimed to ascertain if there is a significant correlation between two variables (Reid, 1987).

Explanatory research design was the kind used in this investigation. This study's design encourages correlation research, examining how determining factors impact outsourcing choices in the context of Addis Ababa Janitor Service. The study was also cross-sectional in that pertinent data were gathered at a certain period in time to evaluate a population's practices, attitudes, knowledge, and beliefs regarding a given topic.

3.2 Research Approach

There are two research methodologies available in the research process, namely qualitative and quantitative; none is superior to the other; it all relies on the researcher's preferences for doing their study (Ghauri and Kjell, 2005). The study uses a mixed research approach, with the use of a questionnaire that provides primarily descriptive and quantifiable data, in order to accomplish the aforementioned goals. A study using the quantitative method analyzes qualified and descriptive facts and information (Sekaran, 2003). Theoretical discussions and notions pertaining to the variables under investigation—employee turnover and motivation—were also conducted through qualitative research.

According to Creswell (2003), a quantitative approach is one in which the researcher primarily uses post positive claims, or the cause-and-effect relationship between known variables of interest, to develop knowledge. It also uses inquiry tools like surveys and experiments to gather information on predetermined instruments that produce statistical data.

Adequate data from both ways was used to answer the study's overall goal, and data was collected from both sources at the same time to gain exhaustive examination of the research problem and interpret the overall outcome.

3.3 Data Type and Sources

Primary and secondary data sources are used to get the information required for this investigation. Primary data are new data that are collected for the first time and are therefore unique in nature, according to Kothari (2004). According to Louis et al. (2007), primary data are those that are unique to the issue being studied. The majority of the study's data comes from primary sources. While completing a questionnaire, primary data was gathered from Addis Ababa Janitor Service staff.

The study used a combined methodology, utilizing both quantitative and qualitative data. While objective items from questionnaires are included in quantitative data, qualitative data are typically gathered through interviews. With reference to the data source, the study was used as the major source of data. The company's employees completed a closed-ended questionnaire to provide the primary source. Respondents get surveys via a 'drop and pick later' manner and a face-to-face interview. The interviews were applied to interview vital departments, and questionnaires assist in the finest understanding of the problem and achievement of the study goal.

3.4 Target Population and sample size

3.4.1 3.4.1. Target Population

A population is any finite or infinite collection of individual elements, according to Lavrakas (2008). to define a population as the whole of the objects that pique our interest. Zikmund (2010) and Khotari (2004) define a population as all objects in any subject of study; it is also referred to as the "universe." Population is defined by Poilt and Beck (2003) as the entirety of individuals who meet a given set of requirements. The best method for figuring out the study's sample size and sample unit is found to be a sample.

3.4.2 Sample Size

Since the researcher's conclusions were based on the sample, sample size determination is a crucial—though challenging—aspect of every research project. Statistical techniques like significance tests can be used to perform precise checks to determine whether the sample size is sufficient for the necessary analysis. The researcher utilized the following simplified formula to compute sample sizes in order to determine the study's sample size. Yamane (1967) states that the equation is considered to have a 0.05 sampling error and a 95% confidence level.

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{208}{1 + 208(0.05)^2}$$

$$= 136 \text{ samples}$$

Where n is the size, N is population size, and we are the percentage of allowance in accuracy for making sampling errors. The level of precision or sampling error in this study was assumed to be $\pm 5\%$.

3.4.3 Sampling Technique

Sampling technique is technique used to select sample from population by reducing the number. Using a manageable number of responders, the sampling procedure selects a sample from the population. There are two main categories of sampling techniques: probability and non-probability sampling approaches. For the investigation, the probability sampling technique was chosen. This method provides accurate estimations of the population's characteristics and empowers the researcher to choose which components to include in the sample (Malhotra, 2005). Furthermore, as part of probability sampling, the researcher employs a random technique. According to (Malhotra, 2005), the random sampling approach gives the sample an equal chance in selecting a sample of elements from the representative sample and overall sample. Respondents were drawn up based on their performance, nature of the service they provide and the researcher as they happened to be in the right place at the right time.

3.5 Data collection Instruments

The study area was sufficiently covered by primary sources, and questionnaires and interviews were utilized to gather primary data from the aforementioned samples. A questionnaire and interviews were conducted in order to gather the desired amount of data. Respondents can elaborate on topics in-depth by answering open-ended questions on the questionnaire. Along with the questionnaire, a semi-structured interview was used.

3.5.1 Procedure for Data Collection

A questionnaire with open-ended questions was created in accordance with the methods and instruments used for data collection. This made it possible for responders to answer indefinitely.

The research questions served as the basis for pre-writing the questions. After that, it is given out and gathered. The interview process was the same. The researcher conducted it face-to-face. Additionally, related materials were gathered.

3.6 Data analysis methods

The analysis of the gathered data is crucial to create insightful knowledge. The data analysis, process, and interpretation method are crucial to transform the information gathered and create meaningful insight and knowledge about the subject matter at hand. would be determined by its nature.

3.6.1 Descriptive Analysis

This will help summarize the main features of the data, providing simple summaries and visualizations, such as tables, frequency distributions, and percentages used to display descriptive results. This was accomplished by using summary statistics, which included calculating the mean and standard deviation values for each study variable to understand the overall trends and patterns.

3.6.2 Pearson correlation Analysis

In this study Pearson correlation analysis was employed to determine the relationships between the studying variables i.e. Effect of Determinants factors affecting outsourcing decision service, the Case of Addis Ababa janitor service.

3.6.3 Multiple Regressions Analysis

Multiple Regression Analysis: This method is utilized to assess the impact of multiple independent variables on a dependent variable, allowing us to evaluate the strength and nature of these relationships. The analysis was conducted using the Statistical Package for the Social Sciences (SPSS) software, which offers robust tools for managing and interpreting complex datasets. This approach facilitated clear and insightful interpretations of the findings, ultimately supporting the study's objectives.

Regress functions: The dependent and independent variable sets served as the foundation for the multiple regression equation used in this investigation. Regression equations are primarily used to help researchers describe, comprehend, predict, and regulate the variables that are being studied more effectively.

$$Y = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + e$$

Where Y is the dependent variable- Outsourcing Decisions

α is constant

X1 is Benefits of focusing on core activities., **x2** is Easy access to the right manpower/service **X3** is Reliability of outsourcing service providers, and **X4** is Price of outsourcing and **Beta** is the intercept term it refers to the coefficient of their respective independent variables which measures the change in the mean value of Y, per unit change.

3.7 Validity and Reliability Test

3.7.1 Validity

Validity defines the extent a given scale or index truly measures the idea being measured is referred to as validity. Kothari (2004) states that the goal of validity is to establish the outcomes that are connected to the condition. The degree to which the scale faithfully captures the relevant construct is what matters. The study will be conducted based on the literally accepted conceptual framework that clearly indicates theoretical construction associated with the measurements to ensure the validity of the measurement instrument. Accordingly, the validity of measurements of factors affecting outsourcing decision services of the Addis Ababa janitor service case were evaluated based on this approach. So that pre-questionnaire was disseminated to check the validity of questions to further data collection process.

3.7.2 Pilot Test

Before any data was collected, a pilot test was conducted. Pilot studies, according to Das M. (2009), are questionnaire tests conducted on a small sample of respondents in order to find and rule out potential issues. The questionnaire's suitability was evaluated in terms of its content, phrasing, order, structure, and layout. The reliability of the questionnaire was assessed during the 30-respondent pilot research using the Cronbach Alpha and confidence interval tests.

3.7.3 Reliability

To assess the consistency of each item in measuring the variable or the same underlying construct, reliability test was carried out. This was conducted whenever there were two or more items assigned to measure the same variable. Cronbach's alpha, which is a psychometric test score for

sample examines, measures reliability as a coefficient and is commonly used as a measure of internal consistency or reliability. Such coefficient normally ranges between 0 and 1.

Table 1 Rule of Thumb of Cronbach’s Alpha

NO	Cronbach’s Alpha	Description
1	\geq to 0.9	Excellent
2	\geq 0.8 but less than 0.9	Good
3	\geq 0.7 but less than 0.8	Acceptable
4	\geq 0.6 but less than 0.7	Questionable
5	\geq 0.5 but less than 0.6	Poor
6	\leq 0.5	Unacceptable

Source: (Zikmund, 2010)

3.8 Ethical considerations

There are certain considerations which are made in this study. Primarily, study subjects were included upon their consent. Once this is done, the information they provide through the data collection instruments will be kept confidential. Furthermore, their identity was kept confidential and only the aggregated results obtained from the data they provided were made public where required. In other words, before stating the actual data collection for the purpose of the study, the right of customers to give or deny the required information was explained. In addition to this, the researcher tried to avoid leading questions. Confidentiality of the information was also guaranteed by informing respondents not to write their names or whatever that makes them identified by others. Finally, the researcher provided the research output to decision makers ethically with relevant recommendations.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 . INTRODUCTION

This chapter presents the data analysis and discussion of the research findings found from data collected from the survey questionnaire. Responses for the measures on the questionnaire are abridged and presented using tables and charts to facilitate easy understanding. The demographic profiles of the study sample labelled using descriptive statistics and also different inferential statistics were deployed in order to analyze data obtained from the survey. Accordingly, standard multiple regressions were used to measure the effect of Determinants factors affecting outsourcing decision service, the Case of Addis Ababa janitor service. Additionally, Pearson correlation coefficient and Cronbach’s Alpha coefficient were used to test goodness and internal consistency of the measure.

4.2 Survey Response Rate

136 questionnaires in total were distributed, and 123 were collected, of which 5 were incomplete. As a result, 118 surveys—or 86.7% of the total—were included in the analysis. A minimum of 50% is required for a statistically meaningful response rate for analysis, as stated by Mugenda & Mugenda (2003).

Table 2 Response Rate of Respondents

	Number of questionnaires	Percent
Completed	118	86.7%
Not completed	18	13.3%
Total	136	100%

Source: own survey result, 2024

The questionnaire was established in five measures ranging from five to one; where 1 represents strongly disagreement, 2 agree, 3 neutral (no opinion), 4 agree, and 5 strongly agree. To make informal interpretation, the following assortments of values were recast to each scale: mean scored value less than 3 considered as “Disagree”, mean scored value greater than 3 considered as “Agree” and the mean scored value equal to 3 considered as “Neutral” (cited in Yonas, 2013).

Descriptive statistics were used and also correlation and regression analysis were conducted for scale typed questionnaires. The first study carried out was to verify the reliability of the scales employed in the data collection instrument after the data had been coded and entered into SPSS version 25. Reliability, according to Malhotra & Birks (2007), is the degree to which a measurement yields consistent results if the measurement procedure is repeated. Using SPSS version 25, the popular internal consistency metric Cronbach-alpha was calculated. All of the scales employed in this study were judged to be reliable because their respective alpha values were greater than 0.7, and for the majority closer to 1. The following table displays each scale's Cronbach's alpha.

Table 3 Reliability statistics

Studying Variables	Cronbach's Alpha
Price of Outsourcing	.866
Reliability of outsourcing service providers	.866
Benefits of focusing on core activities	.882
Easy access to the right manpower/service	.890
Outsourcing Decisions	.838
Total	.865

Source: Own Survey Result, 2024

4.3 4.3. Demographic Profile of Respondents

The demographic features of the sample, such as the respondent's age, gender, degree of education, and work experience, are outlined in this section. In order to make the research more interesting for readers, the demographic analysis in this study aims to characterize the sample's attributes, such as the ratio of men to women, the sample's age range, and their educational attainment.

4.3.1 4.3.1. Gender

The gender of the respondents was more of male, while female is very few in number as compared to male (female 26.3%, male 63.7%). This shows that females are less in number in the company. Therefore, there is no fair distribution in terms of gender.

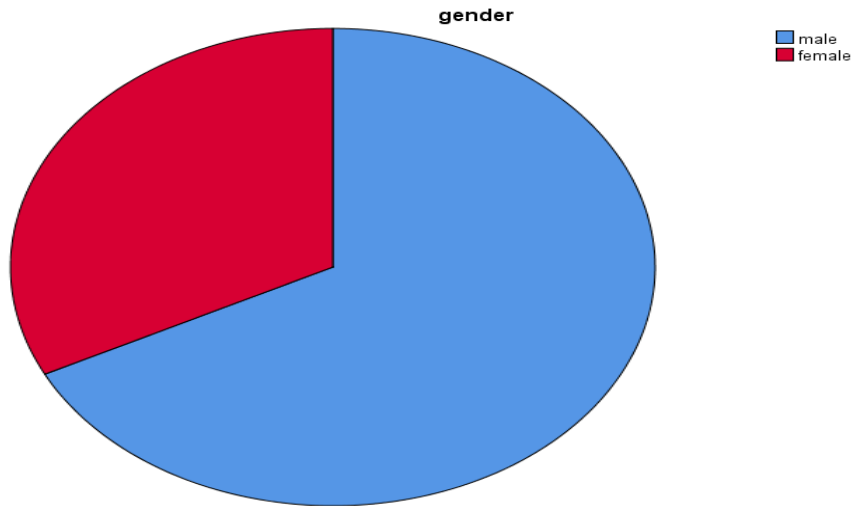


Figure 2 Gender

Source: own survey result, 2021

4.3.2 Age

When we see the age of respondents, the sample population is largely dominated by the age group of 30-39 years (59.3%) followed by the group comprise age of 40-49 years (15.3%). The remaining 13.6% and 11.9% were dominated by those whose age is between 50 years and above 50 years and 20-29 years. This indicates adults that can understand the provided question were targeted for the study.

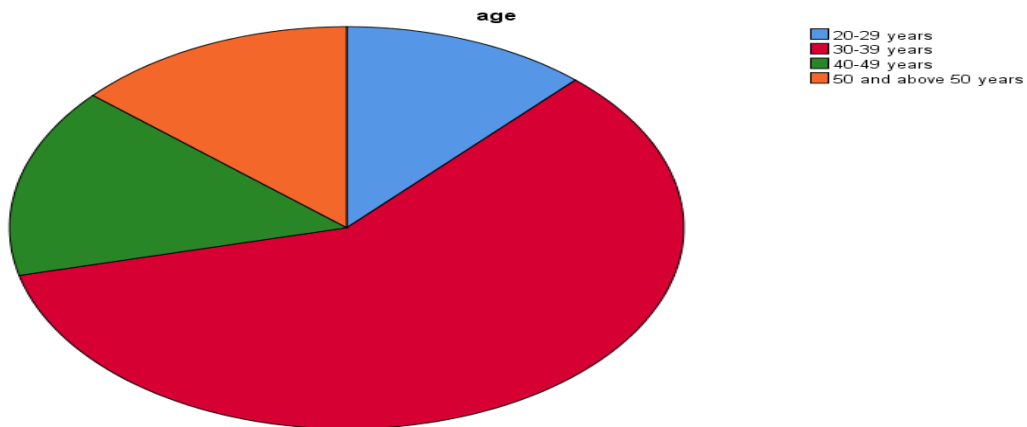


Figure 3: Age

Source: own survey result, 2024

4.3.3 Education level

In terms of education, the dissemination is not very equally distributed. 63.6% of respondents have attained their high school certificate, 8.5% of respondents TEVT/ Diploma, 22% of respondents have first degree, and the remaining 5.9 % of respondent's attained their master's degree. So it is possible to conclude that the company has a low educated workforce, and this can have a negative effect on its performance, but their education level showed that they can understand the question provided.

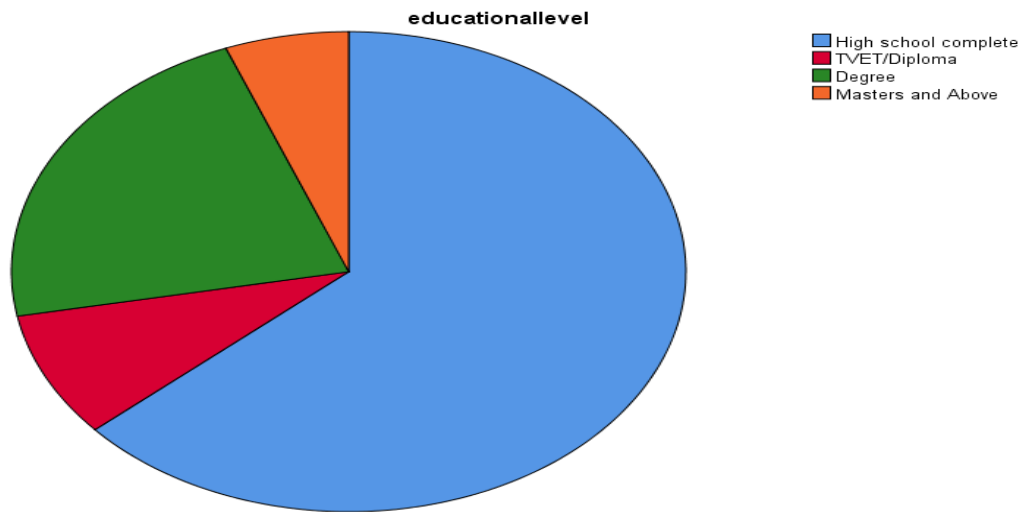


Figure 4 Education level

Source: own survey result, 2024

4.3.4 Work experience

In terms of work experience, the distribution is not very equally distributed. 69.5% of respondents worked in the company between 5 and 10 years, 12.7% of respondents worked more than 15 years, 10.2% of respondents worked between 10 and 15 years and the remaining 7.6% of respondents worked less than 5 years. This implies that the majority of the respondents had worked for a considerable period of time and therefore they were in a spot where they were to give trustworthy information relating to this study.

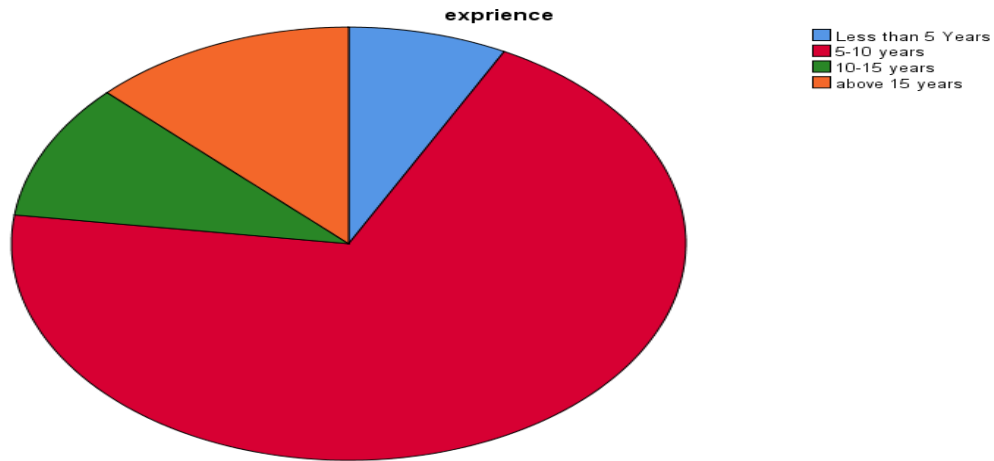


Figure 5 Work experience

Source: own survey result, 2024

4.3.5 Employees position

In terms of employee's position, the distribution is not equally scattered. 74.6% of respondents were ordinary employees, 19.5% of respondents were middle management staff members and the remaining 5.9% were the members of top management level. As a result, we can wind up that the research touched all the employees' position.

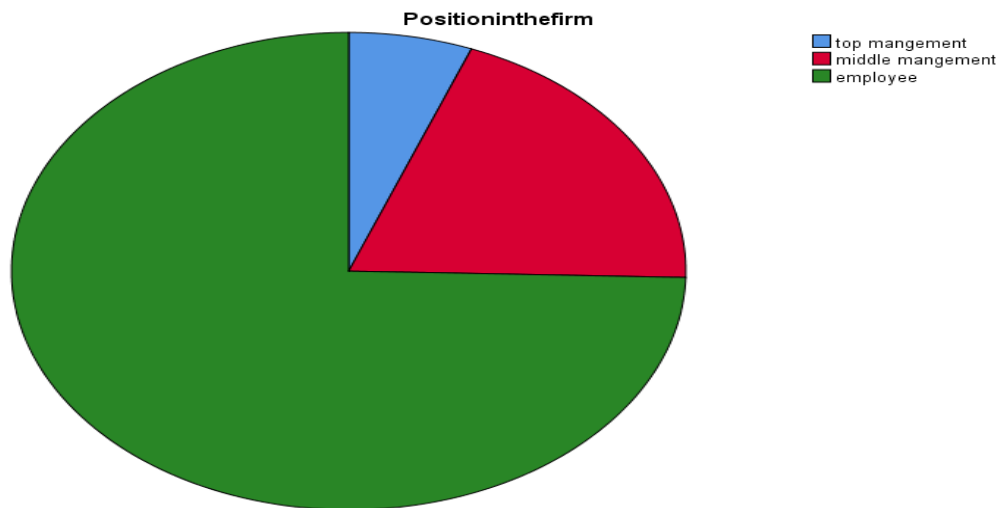


Figure 6 Employees position

Source: own survey result, 2024

4.4 Descriptive Analysis

This section provides an overview of the demographic traits of the Measures of Central Tendency that are used in descriptive statistics to characterize data. The best way to summarize the features of big data sets is to use descriptive statistics. An analyst performing a statically analysis computes one or more numbers that provide insight into the properties of big data sets. Emory and Cooper (1995). The frequency, meaning, and standard deviations were the descriptive statistics employed in this investigation.

Aaker et al. (2004) states that a frequency is an account of how many answers a question has gotten. The total of the values in the data group divided by the total number of values is the arithmetic mean, or the mean. The variance is based on the difference between each value in the data set and the group meaning; it is comparable to the average deviation in this regard (Kaizmier, 1988). The variance's square root is known as the standard deviation. The degree to which scores depart from the meaning is shown by the standard deviation.

Table 4 Descriptive Statistics of Price of Outsourcing

	N	Mean	Std. Deviation
The price of outsourcing security and janitorial services in Addis Ababa influences my decision to outsource.	118	4.58	.495
I consider the cost-effectiveness of outsourcing security and janitorial services when making outsourcing decisions.	118	4.53	.518
The price of outsourcing security and janitorial services is a significant factor in determining whether to outsource or keep services in-house.	118	4.35	.545
The affordability of outsourcing security and janitorial services influences my decision-making process.	118	4.38	.569
I compare the costs of outsourcing security and janitorial services with the costs of maintaining in-house staff before deciding.	118	4.46	.517
Valid N (listwise)	118		
Grand Mean		4.46	

Source: own survey result, 2024

The mean value and standard deviation for this study question result shows 4.58 and 0.495 respectively. This implies that the perception of respondents for this study is strongly agreed. We can conclude from this finding that the price of outsourcing security and janitorial services in Addis Ababa influences my decision to outsource.

I consider the cost-effectiveness of outsourcing security and janitorial services when making outsourcing decisions. The mean value and standard deviation for this study question result shows 4.53 and 0.518 respectively. This implies that the perception of respondents for this study is agreed. We can conclude from this finding that I consider the cost-effectiveness of outsourcing security and janitorial services when making outsourcing decisions.

The price of outsourcing security and janitorial services is a significant factor in determining whether to outsource or keep services in-house. The mean value and standard deviation for this study question result show 4.35 and 0.545 respectively. This reveals that the perception of respondents for this study is agree. We can conclude from this finding that the price of outsourcing security and janitorial services is a significant factor in determining whether to outsource or keep services in-house.

The affordability of outsourcing security and janitorial services influences my decision-making process. The mean value and standard deviation for this study question result shows 4.38 and 0.569 respectively. This reveals that the perception of respondents for this study is agree. We can conclude from this finding that the affordability of outsourcing security and janitorial services influences my decision-making process.

I compare the costs of outsourcing security and janitorial services with the costs of maintaining in-house staff before making a decision. The mean value and standard deviation for this study question result shows 4.46 and 0.517 respectively. This reveals that the perception of respondents for this study is agree. We can conclude from this finding that I compare the costs of outsourcing security and janitorial services with the costs of maintaining in-house staff before making a decision. The graph means showing that 4.46 concluding that the respondent agrees with the question provided.

Similarly, the qualitative data showed that participants in the interview stated that one of the drivers/reasons for outsourcing the janitor service is by analyzing the cost effectiveness of maintaining in-house or outsourcing the service. In support of this idea, participant (2) had to say the following:

Cost Saving is one of the biggest advantages of outsourcing your janitorial services. You can save money by outsourcing your cleaning needs in a number of ways.

First, it is not necessary to hire, train and educate internal cleaning personnel, which can entail substantial costs.

Second, because most cleaning companies offer competitive pricing based on the size of your facility and your cleaning needs, outsourcing might give you a more inexpensive option.

Table 5 Descriptive Statistics of Reliability of Outsourcing

	N	Mean	Std. Deviation
The reliability of outsourced security and janitorial services in Addis Ababa is important for my decision to outsource.	118	4.58	.495
I consider the track record and reputation of service providers in terms of reliability when deciding to outsource security and janitorial services.	118	4.35	.545
I prioritize reliable performance and consistent service delivery when outsourcing security and janitorial services.	118	4.38	.569
I assess the reliability of outsourced security and janitorial services based on factors such as service level agreements and past client experiences.	118	4.46	.517
The potential benefits gained by focusing on core activities instead of managing security and janitorial services motivate my decision to Outsource	118	4.58	.495
Valid N (listwise)	118		
Grand mean		4.47	

Source: Own Survey result, 2024

The reliability of outsourced security and janitorial services in Addis Ababa is important for my decision to outsource. The mean value and standard deviation for this study question result shows 4.58 and 0.495 respectively. This implies that the perception of respondents for this study is strongly agreed. We can conclude from this finding that the reliability of outsourced security and janitorial services in Addis Ababa is important for my decision to outsource

I consider the track record and reputation of service providers in terms of reliability when deciding to outsource security and janitorial services. The mean value and standard deviation for this study question result shows 4.35 and 0.545 respectively. This implies that the perception of respondents for this study is agreed. We can conclude from this finding that I consider the track record and reputation of service providers in terms of reliability when deciding to outsource security and janitorial services.

I prioritize reliable performance and consistent service delivery when outsourcing security and janitorial services. The mean value and standard deviation for this study question result show 4.38 and 0.569 respectively. This reveals that the perception of respondents for this study is agree. We can conclude from this finding that I prioritize reliable performance and consistent service delivery when outsourcing security and janitorial services.

I assess the reliability of outsourced security and janitorial services based on factors such as service level agreements and past client experiences. The mean value and standard deviation for this study question result shows 4.46 and 0.517 respectively. This reveals that the perception of respondents for this study is agree. We can conclude from this finding that I assess the reliability of outsourced security and janitorial services based on factors such as service level agreements and past client experiences.

The potential benefits gained by focusing on core activities instead of managing security and janitorial services motivate my decision to Outsourcing. The mean value and standard deviation for this study question result shows 4.58 and 0.495 respectively. This reveals that the perception of respondents for this study is strongly agree. The grand mean shows 4.47 result that we can conclude that the perception of respondents for this study is strongly agree. We can conclude from this finding that the potential benefits gained by focusing on core activities instead of managing security and janitorial services motivate my decision to Outsourcing.

Coming to the qualitative result, respondents were transparent to disclose what drove them to select their service providers stating that reliability is the core to the selection. In line with this participant (6) has shared his view as follows:

We invest in the certainty that our spaces will be maintained with unwavering quality and dependability when we hire specialists to handle our cleaning needs. A professional cleaning service's dedication to consistency is its core value. This indicates that the most crucial aspect of the selection process is choosing a dependable and reliable service provider.

Table 6 Descriptive Statistics Benefits of focusing on core activities

	N	Mean	Std. Deviation
I believe that outsourcing security and janitorial services allows my organization to allocate more resources to strategic initiatives and core business functions.	118	4.55	.500
The ability to concentrate on core competencies and key business areas is a significant advantage of outsourcing security and janitorial services.	118	4.49	.502
I consider the potential gains in efficiency, productivity, and competitiveness when deciding to outsource security and janitorial services.	118	4.58	.496
The opportunity to leverage external expertise and resources by focusing on core activities influences my outsourcing decisions.	118	4.37	.486
Valid N (listwise)	118		
Grand mean		4.49	

Source: own survey result, 2024

I believe that outsourcing security and janitorial services allows my organization to allocate more resources to strategic initiatives and core business functions. The mean value and standard deviation for this study question results show 4.55 and 0.500 respectively. This implies that the perception of respondents for this study is agreed. We can conclude from this finding that outsourcing security and janitorial services allows the organization to allocate more resources to strategic initiatives and core business functions.

The ability to concentrate on core competencies and key business areas is a significant advantage of outsourcing security and janitorial services. The mean value and standard deviation for this study question result shows 4.49 and 0.502 respectively. This implies that the perception of respondents for this study is agreed. We can conclude from this finding that the ability to concentrate on core competencies and key business areas is a significant advantage of outsourcing security and janitorial services.

I consider the potential gains in efficiency, productivity, and competitiveness when deciding to outsource security and janitorial services. The mean value and standard deviation for this study question result shows 4.58 and 0.49 respectively. This reveals that the perception of respondents for this study is agree. We can conclude from this finding that I consider the potential gains in efficiency, productivity, and competitiveness when deciding to outsource security and janitorial services.

The opportunity to leverage external expertise and resources by focusing on core activities influences my outsourcing decisions. The mean value and standard deviation for this study question result shows 4.37 and 0.486 respectively. This reveals that the perception of respondents for this study is agree. We can conclude from this finding that the opportunity to leverage external expertise and resources by focusing on core activities influences my outsourcing decisions. The grand mean value result shows 4.49 implying that the perception of respondents for those question on benefits of focusing on core activities is agreed.

In the qualitative data we got comparable response to quantitative response, Participant (5), elucidated the potential benefits gained by focusing on core activities instead of managing security and janitorial services in the following way:

Because such service provider assumes full responsibility for handling such functions due to their high level of expertise in the industry, outsourcing gives up our employees to focus on their core responsibilities for greater gains in efficiency, productivity, and competitiveness.

In addition, a participant (9) has said the following.

Long-term competitive advantage is sacrificed for short-term benefits when managers fail to identify the future sources of competitiveness. What to maintain is the basis for one company's success, assessing core competency and maintaining it while outsourcing the

noncore function helps us to gain competitive advantage over our competitors while not losing our noncore function of the company.

Table 7 Descriptive Statistics of Easy access to the right manpower/service

	N	Mean	Std. Deviation
The process of finding qualified manpower through outsourcing is convenient	118	4.44	.499
Outsourcing effectively meets the demand of our organization for specialized labor	118	4.55	.500
Outsourcing reduces the time and effort required to recruit and train new employees	118	4.49	.502
The availability of outsourcing options makes it easier to find the talent for specific tasks	118	4.58	.496
Valid N (listwise)	118		
Grand mean		4.51	

Source: own survey result, 2024

The process of finding qualified manpower through outsourcing is convenient. The mean value and standard deviation for this study question result shows 4.44 and 0.499 respectively. This reveals that the perception of respondents for this study is agree. We can conclude from this finding that the process of finding qualified manpower through outsourcing is convenient.

Outsourcing effectively meets the demand of our organization for specialized labor. The mean value and standard deviation for this study question results show 4.55 and 0.500 respectively. This reveals that the perception of respondents for this study is agree. We can conclude from this finding that Outsourcing effectively meets the demand of our organization for specialized labor.

Outsourcing reduces the time and effort required to recruit and train new employees. The mean value and standard deviation for this study question result shows 4.49 and 0.502 respectively. This implies that the perception of respondents for this study is agreed. We can conclude from this finding that Outsourcing reduces the time and effort required to recruit and train new employees.

The availability of outsourcing options makes it easier to find talent for specific tasks. The mean value and standard deviation for this study question result shows 4.58 and 0.496 respectively. This

implies that the perception of respondents for this study is strongly agreed. The grand mean shows that 4.51 so we can conclude from this finding that the availability of outsourcing options makes it easier to find the talent for specific tasks.

Table 8 Descriptive Statistics on outsourcing Decisions

	N	Mean	Std. Deviation
The importance of outsourcing security and janitorial services for organizations in Addis Ababa.	118	4.44	.499
Please rate your intention to outsource security and janitorial services in the future	118	4.57	.497
Outsourcing security and janitorial services can provide several benefits, such as cost savings and access to specialized expertise.	118	4.36	.501
There are significant risks associated with outsourcing security and janitorial services, such as potential loss of control and confidentiality.	118	4.44	.499
Please rate your level of awareness and understanding of the outsourcing options available for security and janitorial services in Addis Ababa.	118	4.23	.518
Valid N (listwise)	118		
Grand mean		4.40	

Source: own survey result, 2024

The importance of outsourcing security and janitorial services for organizations in Addis Ababa. The mean value and standard deviation for this study question result shows 4.44 and 0.499 respectively. This reveals that the perception of respondents for this study strongly disagrees. We can conclude from this finding that outsourcing security and janitorial services is important for organizations in Addis Ababa.

Please appreciate your intention to outsource security and janitorial services in the future. The mean value and standard deviation for this study question result shows 4.57 and 0.497 respectively. This reveals that the perception of respondents for this study is strongly agree. We can conclude

from this finding that employees believed that to outsource security and janitorial services in the future.

Outsourcing security and janitorial services can provide several benefits, such as cost savings and access to specialized expertise. The mean value and standard deviation for this study result shows 4.36 and 0.501 respectively. This implies that the perception of respondents for this study is agreed. We can conclude from this finding that Outsourcing security and janitorial services can provide several benefits, such as cost savings and access to specialized expertise.

There are significant risks associated with outsourcing security and janitorial services, such as potential loss of control and confidentiality. The mean value and standard deviation for this study question result shows 4.44 and 0.499 respectively. This implies that the perception of respondents for this study is agreed. We can conclude from this finding that there are significant risks associated with outsourcing security and janitorial services, such as potential loss of control and confidentiality.

Please rate your level of awareness and understanding of the outsourcing options available for security and janitorial services in Addis Ababa. The mean value and standard deviation for this study question result shows 4.13 and 0.518 respectively. This implies that the perception of respondents for this study is agreed. We can conclude from this finding and the graph shows that level of awareness and understanding of the outsourcing options available for security and janitorial services in Addis Ababa is high. The qualitative findings were consistent with the quantitative results. The respondents identifies key challenges and benefits of outsourcing janitorial service are stated in detail on 4.9 of the articles. In this regard, the participants (2,4,6) stated the following:

The respondents stated several benefits of outsourcing janitorial services from the response the following benefits have given more emphasis, such as cost savings and access to specialized expertise, focusing on core activities.

Participant (1) also said the following:

There are significant risks associated with outsourcing such services, such as potential loss of control and confidentiality, which is one of them so overseeing the process and the system may be one of the challenging perspectives of outsourcing.

4.5 Inferential Analysis

4.5.1 Correlation Analysis

Measuring the linear relationship between the variables is done through correlations. The range of values for a correlation coefficient is -1 and 1. There is a significant correlation between the variables being correlated when the values are closer to the absolute value of 1, and little to no linear relationship when the values are closer to 0. According to Andy (2006), ± 0.1 denotes a minor influence, ± 0.3 the medium effect, and ± 0.5 the large effect. Correlation is a widely used metric for determining effect size. In order to address the study questions provided, the researcher has conducted the following correlation analysis since correlation analysis does demonstrate a relationship between the variables of interest

Table 9 Correlations Table

		Correlations				
		POT	ROT	BFCT	EAT	ODT
POT	Pearson Correlation	1	1.000*	.305**	.271**	.729**
	Sig. (2-tailed)		.000	.001	.003	.000
	N		118	118	118	118
ROT	Pearson Correlation		1	.305**	.271**	.729**
	Sig. (2-tailed)			.001	.003	.000
	N			118	118	118
BFCT	Pearson Correlation			1	.874**	.578**
	Sig. (2-tailed)				.000	.000
	N				118	118
EAT	Pearson Correlation				1	.750**
	Sig. (2-tailed)					.000
	N					118
ODT	Pearson Correlation					1
	Sig. (2-tailed)					
	N					

** . Correlation is significant at the 0.01 level (2-tailed).

Source: own survey result, 2024

4.6 The Relationship between studying variables

As table 9 depicts, the Correlation coefficient found between price of outsourcing and outsourcing decisions ($r = 0.729$, $p < 0.001$) shows that a positive and significant correlation. There is also a positive and significant correlation coefficient was found between reliability of outsourcing and outsourcing decisions ($r = 0.729$, $p < 0.05$) was found. The coefficient value between Benefits of focusing on core activities and outsourcing decisions indicated positive and significant relationship between the variables ($r = 0.578$, $p < 0.05$). Finally, the researcher found that the relationship between outsourcing decisions was positive and significant ($r = 0.750$, $p < 0.05$)

4.6.1 Tests of Assumptions of Regression Analysis

Field (2009) states that in order to perform a linear regression, it is necessary to verify important assumptions and to make conclusions about the population being studied. In this sense, the residuals' normality, homoscedasticity, and multicollinearity between variables were examined, with the following findings shown.

4.6.2 Multicollinearity Test

A multicollinearity test has been conducted using the variance inflation factor (VIF). VIF quantifies the severity of multicollinearity in regression analysis. Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model. The VIF is ideally close to one but can be as high as 10 but should not exceed 10. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The finding in the table below depicted that VIF factor did not exceed 10 and the tolerance is above 0.1 which confirms the absence of multicollinearity or no multi- Collinearity problem in accordance with Collinearity Statistics.

Table 40 Coefficients Table

Model		Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.	Collinearity Statistics	
		B	Std. Error				Tolerance	VIF
1	(Constant)	2.349	2.083		1.128	.262		
	POT	.281	.074	.243	3.806	.000	.853	1.172

Model	Unstandardized Coefficients		Coefficients ^a		T	Sig.	Collinearity Statistics	
	B	Std. Error	Standardized Coefficients Beta				Tolerance	VIF
ROT	.299	.086	.267		3.490	.001	.595	1.682
BFCT	.308	.090	.222		3.429	.001	.833	1.201
EAT	.706	.098	.527		7.197	.000	.649	1.540

a. Dependent Variable: ODT

Source: own survey result, 2024

The result shows that the tolerance value for each independent variable is (1.128,3.806,3.490,3.429 and 7.179) respectively. Which is above 0.10; therefore, multicollinearity assumption is not violated. This is also supported by the VIF value, which is 1.172, 1.682, 1.201 and 1.540 which is well below the cut-off 10 as shown in the coefficient table.

4.6.3 Auto-correlation Test

The Durbin-Watson test was employed to ascertain the autocorrelation between the observations. The value of the Durbin-Watson statistics is between 0 and 4. There is no autocorrelation when the number is close to 2, positive autocorrelation when it is close to 0, and negative autocorrelation when it is close to 4. Given that the Durbin Watson value is 2.621, which is quite near to 2, it is obvious that the independent error assumption has most likely been satisfied.

Table 5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.779 ^a	.607	.593	.812	.607	43.623	4	113	.000	2.050

a. Predictors: (Constant), EAT, ROT, BFCT, TJT

b. Dependent Variable: ODT

Source: own survey result, 2024

4.6.4 Normality Test

While using regression and helpful to generalize the results of the analysis beyond the sample collected, the assumption of normality is important in research (Field, 2009). To determine a distribution is normal through a P–P plot (probability–probability plot), checking for the normality assumptions for linear regression analysis is advisable. The study used both methods of assessing normality; graphically using Normal Probability Plot (P-P) graph and numerically using Skewness and Kurtosis. In a perfectly normally distributed data set, all points will lie on the line (Field, 2009).

Accordingly, normality for the residuals with bivariate through P-P plot was checked to establish the validity of these assumptions. As depicted in the below figure, the straight line represents a normal distribution, and the points represent the observed residuals. It is possible to assume that the model is accurate and can probably generalize to the population. Therefore, the assumptions of simple linear regression have been met.

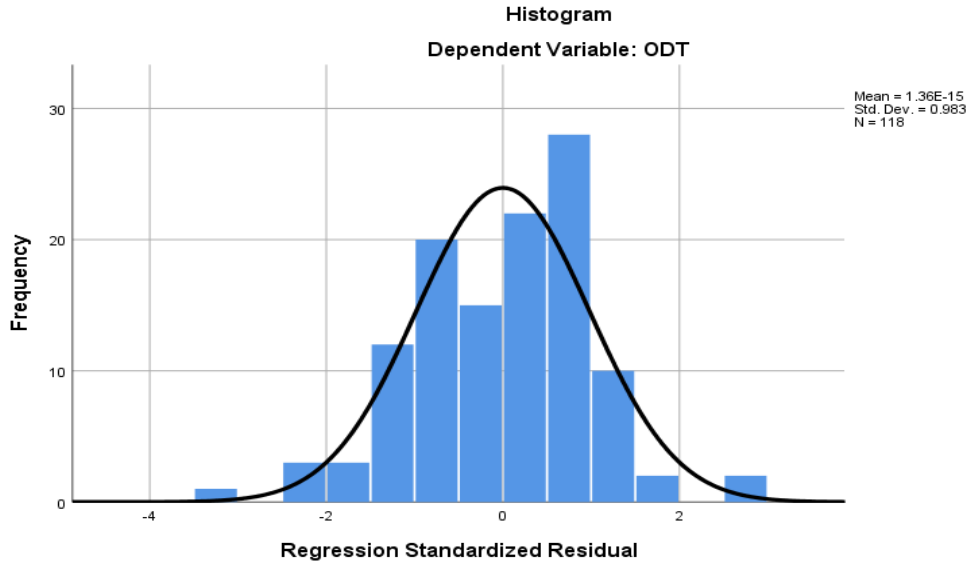


Figure 7 Histogram, Normality test

Source: -Own survey result, 2024

The frequency distribution is a normal curve, as seen in the above image, indicating that the data supports the normalcy assumption. Additionally, the bell-shaped histogram suggests that the residuals, or mistakes or disturbances, are normally distributed. Therefore, there are no assumptions about the normally distributed error term. As seen on the normal p-plot picture, the normality assumption was also tested using the normal probability plots. It demonstrates that the residuals were regularly dispersed around their zero mean, proving that the data were regularly distributed and in line with the assumption of a normal distribution. The normality assumption was validated by the p-plot figures.

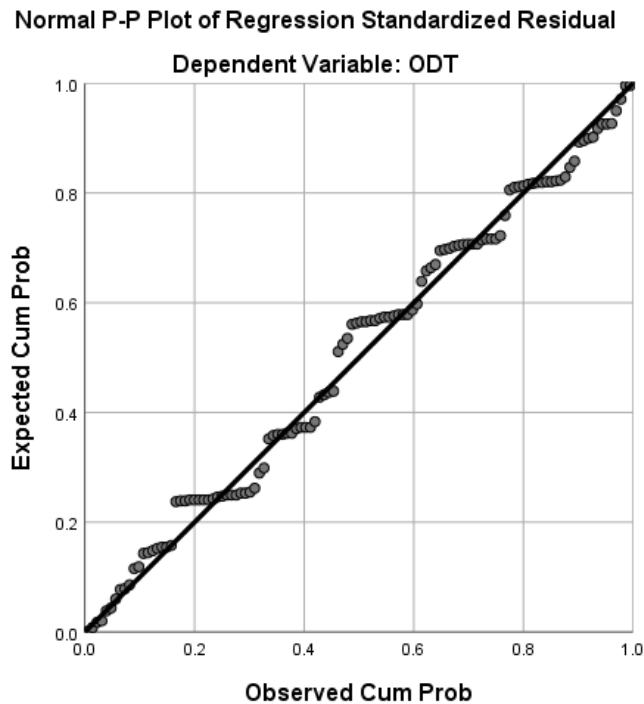


Figure 8Normality P-P plot

Source: - Own survey result, 2024

4.6.5. Homoscedasticity

According to Field (2009), homoscedasticity is the degree to which the variances of the data values for the independent and dependent variables are equal. The variance of the residual terms needs to be constant at every level of the predictor variables. Simply put, this indicates that the residuals at every predictor level should have the same variance. As a result, it is beneficial to verify this

assumption in order to assess the regression model's fitness. According to Field (2009), the researcher should plot the standardized residuals, or errors (ZRESID) on the Y axis and the standardized predicted values of the dependent variable based on the model (ZPRED) on the X axis in order to plot the homoscedasticity analysis. The outcome is then displayed as follows. In this sense, if the requirement of homoscedasticity is satisfied, the graph of *ZRESID and *ZPRED should resemble a random assortment of dots uniformly distributed around zero, as Field (2009) explains. Similarly, as we can see in the image below, the dots are uniformly and randomly distributed throughout the plot, and the cloud of dots, which is centered on zero, lacks any noticeable outliers.

Homoscedasticity, according to Garson (2012), is helpful in ensuring that the relationship under study is the same over the dependent variable's entire range. Lack of homoscedasticity is shown by larger errors (residuals) for specific range segments, which are visible on the scatter plot. At every value of the dependent variable, the variability in the scores for the independent variables ought to be comparable. A somewhat equal rectangular shape should be visible along the whole length of the scatter plot. Scores below and above zero must be displayed on the plot that means both positive and negative values. Prior to doing a multiple regression analysis, homoscedasticity (i.e., a normally distributed difference between the values of the observed and predicted dependent variable) and constant variance in the residuals are required (Burns & Burns, 2008). In the event that heteroscedasticity—a violation of the homoscedasticity assumption—occurs. The graph has

shown the homoscedasticity of the study because the mistakes (the dots) are near the line.

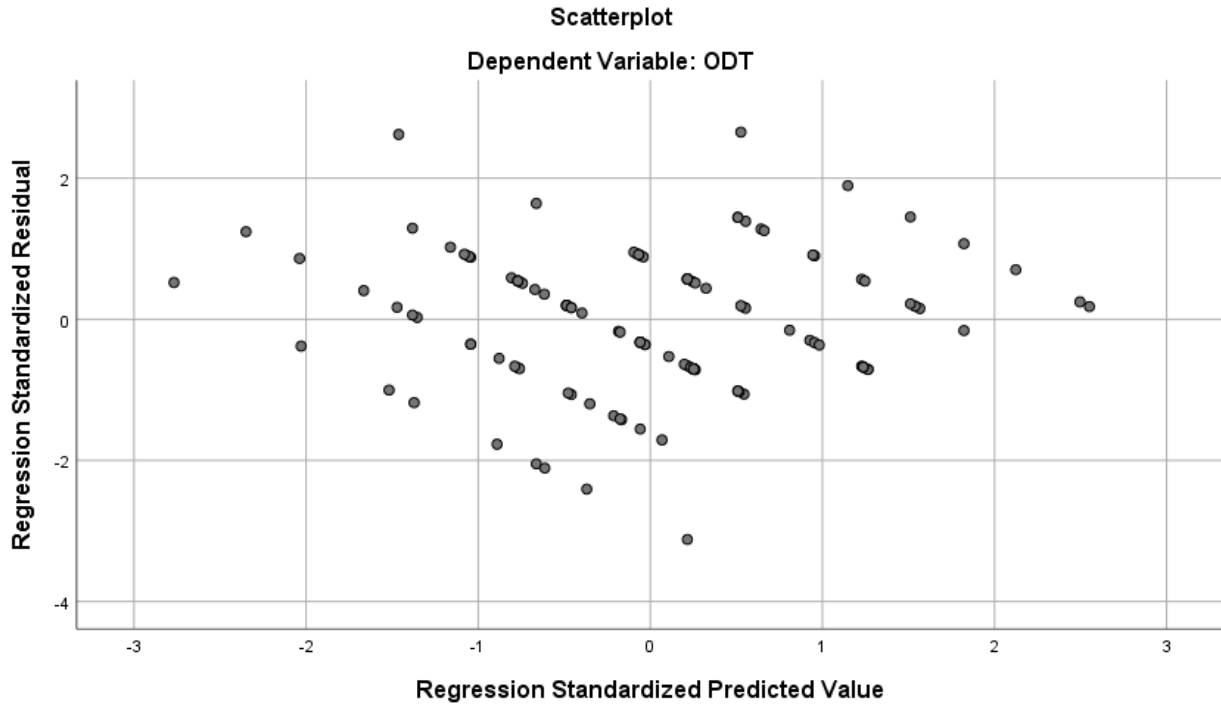


Figure 9: P-Plot Tests

Source: own survey result, 2024

4.7 Multiple Regressions

After the study met the regression assumptions, next the researcher examined the effect of Determinants factors affecting outsourcing decision service; the Case of Addis Ababa janitor service. The researcher tested the five-hypothesis set out to be tested at the beginning based on the regression analysis.

Table 6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.779 ^a	.607	.593	.812	.607	43.623	4	113	.000	2.050

a. Predictors: (Constant), EAT, ROT, BFCT, TJT

b. Dependent Variable: ODT

Source: own survey result, 2024

Table 7 ANOVAa

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	115.175	4	28.794	43.623	.000 ^b
	Residual	74.587	113	.660		
	Total	189.763	117			
a. Dependent Variable: ODT						
b. Predictors: (Constant), EAT, BFCT, POT, ROT						

Source: own survey result, 2024

Regression study of the independent variables on the dependent variable, outsourcing decisions, shows that there is a statistically significant and beneficial influence. The sample summary table the adjusted R-square value is 0.607, meaning that the variance of the four independent variables accounts for 60.7% of the explanation of outsourcing decisions, while random error and additional independent factors not included in the model accounting for the remaining 39.3%. Consequently, there is a strong correlation between the independent and dependent variables. The beta values of the independent variables are displayed in the reward dimensions coefficient table. The regression equation is obtained as follows from this:

$$Y = \alpha + \beta x_1 + \beta x_2 + \beta x_3 + \beta x_4$$

$$Y = \alpha + \beta ROT + \beta BFCT + \beta POT + \beta EAT + e$$

$$Y = 2.349 + 0.2996ROT + 0.308BFCT + 0.281POT + 0.706EAT$$

4.8 Multiple Linear Regression Equation Interpretation

The regression result of the effect of Determinants factors affecting outsourcing decision service; the case of Addis Ababa janitor services showed in regression equation is the predictor variable that gives the highest to variation of the dependent variable was easy access to the right manpower/service (0.706) is the highest compared to other predictor variables. Coefficient of 0.706 indicates that one unit improvement in easy access to the right manpower/service by 0.706 or by 70.6% results in the improvement outsourcing service by 70.6% holding other factors constant. Hence easy access to the right manpower/service the most significant factor that affects outsourcing service decisions as given above.

The benefits of focusing on core activities was the predictor variable that gives the second uppermost value to variation of the dependent variable because coefficient (0.308) is the second highest compared to other predictor variables. Coefficient of 0.308 indicates that, benefits of focusing on core activities affect outsourcing decisions by 0.308 units. Hence, the benefits of focusing on core activities were the second significant factor that affects outsource decisions.

Reliability of outsourcing service providers was the predictor variable that gives the third uppermost to variation of the dependent variable because coefficient (0.299) is the third highest compared to other predictor variables. Coefficient of 0.299 indicates that one unit improvement in the reliability of outsourcing service providers by 0.299 units, or 29.9 % resulted in the improvement of outsourcing decisions by 0.299 unit or 29.9% holding other factors constant. Hence, Reliability of outsourcing service providers was the third significant that affect outsourcing decisions.

Price of Outsourcing was the predictor variable that gives the fourth uppermost value to variation of the dependent variable because coefficient (0.281) is the fourth compared to other predictor variables. Coefficient of 0.281 indicates that one unit improvement in price of outsourcing, improves outsourcing decisions by 0.281 units, or by 28.1% holding other factors constant. Hence, Price of Outsourcing was the fourth significant that affects outsourcing decisions.

4.9 Hypothesis Testing

Regression analysis of the independent variables' outcome on A statistical hypothesis refers to a claim or assumption regarding one or more populations. We would require perfect information to be able to definitively demonstrate whether a hypothesis is true or not. That is, we would need to look at every member of the population. Rather, hypothesis testing focuses on determining whether or not to accept the hypothesis based on a random sample.

Hypothesis 1. There is a positive and significant relationship between Benefits of focusing on core activities and outsourcing decisions

According to the coefficient table, as presented in table 10 above, it indicated that **Benefits of focusing** have a positive and significant relation with outsource decisions ($\beta = 0.308$), at 95% confidence level ($p < 0.05$). Hence, the researcher rejected the hypothesis that stated there is a

positive and significant relationship between Benefits of focusing on core activities and outsourcing decisions.

Hypothesis 2. There is a positive and significant relationship between reliability of outsourcing service providers and outsourcing decisions.

The outcome of coefficient table, as presented in table 10 above, showed that reliability of outsourcing service provider has a positive and significant relation with outsourcing decisions ($\beta = 0.299$), at 95% confidence interval level ($p < 0.01$). Therefore, the research accepted the hypothesis stated that there is a positive and significant relationship between Reliability of outsourcing service providers and outsourcing decisions

Hypothesis 3. There is a positive and significant relationship between easy access to the right manpower/service and outsourcing decisions.

The outcome of correlation coefficient, as presented in table 4.9 above, showed that Easy access to the right manpower/service has a strong, positive and significant relation with outsourcing decisions ($\beta = 0.706$), at 95% confidence level ($p < 0.01$). Therefore, the research accepted the hypothesis that stated Easy access to the right manpower/service and outsourcing decisions

Hypothesis 4. There is a positive and significant relationship between price and outsourcing decisions.

The outcome of correlation coefficient, as presented in table 4.9 above, showed that **the price of Outsourcing** has a positive and significant relation with outsourcing decisions ($\beta = 0.281$), at 95% confidence level ($p < 0.01$). Therefore, the research accepted the hypothesis that stated there is a positive and significant relationship between price of Outsourcing and outsourcing decisions.

4.10 Key challenges and benefits of outsourcing janitorial service

The interviews conducted with deputy managers and department heads revealed several key challenges and benefits in outsourcing janitorial service, along with potential determinants/drivers that lead them to outsource these services and gain a competitive advantage.

From the interview we understand that outsourcing janitorial services offers several perceived benefits and challenges that organizations must consider when deciding whether to contract out

these services. Here are the key perceived benefits and challenges raised by respondents when outsourcing the janitor service:

One significant issue acknowledged by the respondent was “**Loss of Control**” which is inability to manage and monitor the outsourced services effectively”. Respondents stated that their company may find it difficult to successfully manage and oversee the outsourced services, leading to a perceived or actual loss of control over the quality and timing of the services.

Another challenge highlighted by the respondent was “**Dependence on Third-Party Providers**”. Relying on an external provider for vital services can create dependency, and any issues with the provider (e.g., financial instability or deprived performance) can directly impact on the organization at different points.

The other point raised was “**Quality Assurance and Consistency**” they elucidate that Ensuring constant quality can be difficult, especially if the provider has a high employee turnover rate or inadequate supervision and quality control systems, which impacts the business operations as a whole. “**Confidentiality and Security Concerns**” were identified as another critical challenge. Concerns over the protection of confidential information and areas within the company may arise from outsourcing cleaning services. Monitoring and tight supervision are eventually necessary due to the possibility of unauthorized access and information breaches.

The respondents also noted that there may be “**Service Disruptions**”. In case of any deviations in the janitor service provider's business (e.g., bankruptcy, acquisition) or labor issues (e.g., strikes due to different reasons) can unsettle services leading to affecting the organization's operations.

Regarding the benefit of outsourcing janitor service majority of the respondents believe outsourcing the janitor service can “**reduce cost**” like labor costs, which include salary, benefits, and expenditures for training. Because of their economies of scale, service providers are frequently able to provide their services for less money. Respondent 4 says “The frequent need to buy supplies might drive up the expense of cleaning. Unexpected costs are incurred when replacing damaged equipment. When deciding on outsourcing costs is important because it is one of the solutions to help reduce the spending.”

The other main point respondents raised regarding benefit of outsourcing janitor service is its importance to the company to focus on “**Core Activities**”: Respondent 1 says “By outsourcing non-core functions like janitorial services, it helps our organizations to concentrate on our resources and efforts on our primary business activities, improving efficiency and effectiveness.

The other significant issue raised was access to “**Expertise and Quality**”: the respondents believe that the quality of service can be improved by outsourcing such services because professional janitorial service providers provide exceptional cleaning and maintenance standards because they have specialized knowledge and experience. They also stay updated on industry standards and best practices. On the other hand, outsourcing can result in more reliable service quality because specialized providers have staff members who are trained in cleaning and maintenance duties and follow defined methods.

The other main point the respondent addressed was “**Flexibility and Scalability**” By scaling up or down during off-peak hours, janitor service outsourcing offers the flexibility to modify service levels in response to shifting demands. Respondent 3 says “By outsourcing such services we can maintain high standards and maintain flexibility during needy times”

Improved service consistency and access to advanced technology and equipment is the last aspect that the respondents emphasize. By investing in the newest cleaning technologies and equipment, service providers may increase productivity and effectiveness. These developments assist organizations without requiring them to incur the necessary capital expenditures.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1.Introduction

This chapter summarizes the major findings, conclusions and recommendations. The main purpose of the study was to assess the determinants factors affecting outsourcing decision service and examine their effect on in the Case of Addis Ababa janitor service. In order to address and achieve the research objectives, the study followed different methods and approaches. An extensive literature survey has been conducted to identify and review relevant literature in support of the study theme. Quantitative and qualitative data were assessed and collected through questionnaires and interview filled by schoolteachers currently working in the school. The data collected through questionnaire were compiled, presented, examined, interpreted and postulated using statistical package for social science (SPSS 25) version. The outcomes of the analysis were transcribed, conclusions drawn, and recommendations forwarded for concerned organizations and government practitioners.

5.2.Summary of Findings

- The results bring to the fore important findings on the effect of determinants factors affecting outsourcing decision service, the Case of Addis Ababa janitor service. The findings are likely to have great implications for Addis Ababa janitor and security serviceand for future researchers.
- A total of 108 respondents' responses provided usable data for analysis. Descriptive statistics, Pearson correlation analysis and regression analysis were considered to be reliable and valid measures of the study.
- The study sought to determine the effect of determinants factors affecting outsourcing decision service, the Case of Addis Ababa janitor service. The overall evaluation of outsourcing decisions was at a good stage. It means that most respondents had a positive response for each variable that determines outsourcing decisions. The researchers attested their response by rating the extent of agreement to which the respondents agree to the given statements.

- As far as Price of Outsourcing is concerned the overall mean showed that the respondents agreed that the price of outsourcing was fair and from the result, the researcher concludes that cost effectiveness and efficiency in price of outsourcing will contribute to the firm when it makes decisions regarding outsourcing of its services.
- According to the descriptive results, outsourcing service providers were reliable. The respondents agreed that reliability of outsourcing service provider is a good indicator of outsourcing decisions.
- Regarding the benefits of focusing on core activities and easy access to the right manpower/service, respondents were agreed that outsource decisions influenced by the benefits of core activities and easy access to the right manpower /service.
- The correlation result shows that there is positive and significant relationship between price of outsourcing, reliability of outsourcing service providers, benefits of focusing on core activities, easy access to the right manpower/service and outsourcing decisions. The finding also indicates that the highest relationship was found between Reliability of outsourcing service providers and outsourcing decisions, while the lowest relationship was found between salary and benefit packages and outsourcing decisions.
- Overall, the model summary results revealed that all independent variables accounted for 60.7% of the variance in outsourcing decisions ($R^2 = 0.593$). Thus, 59.3% of the variation in outsourcing decisions can be explained by the four factors and other unexplored factors may limit outsourcing decisions which account for about 60.7%.

5.3. Conclusion

The study sought to determine effect of Determinants factors affecting outsourcing decision service, the Case of Addis Ababa janitor service. Therefore, the following conclusions were drawn based on a summary of findings.

Looking into the findings of descriptive analysis from the responses of respondents in the study area was agreed by the four factors (price of Outsourcing, reliability of outsourcing service providers, benefits of focusing on core activities, easy access to the right manpower/service). Therefore, most respondents agreed that the factors included in the study were determinant factors that affect outsource decisions.

- The correlation analysis result shows that, all the four factors of outsourcing decisions are positively and significantly related with outsourcing decisions. With regard to the

correlation between the factors and outsourcing decisions, the finding also indicates that the highest relationship was found between easy access to the right manpower/service and outsourcing decisions and outsourcing decisions, while the lowest relationship was found benefits of focusing on core activities and outsourcing decisions.

5.4. Recommendation

Based on the above findings; to improve the outsourcing decisions, the researcher recommends the following.

- Among the other major findings of the study, one is that there is a strong relationship between easy access to the right manpower/service and outsourcing decisions and outsourcing decisions. Based on this Addis Ababa Janitor and security service top management should focus on accessing manpower in order to improve outsourcing activities.
- As it is stated on the discussion of the results, benefits of focusing on core activities, easy access to the right manpower/service have the major influence on outsourcing decisions. Hence, the researcher recommended Addis Ababa Janitor service to give due attention towards this variable.

5.5. Recommendation for future research

The following are areas to be accounted for future research. This research is conducted only in the Addis Ababa Janitor. Therefore, further studies may consider respondents from other service and business industries in Addis Ababa and out of Addis Ababa. The researcher considers only four variables among a number of factors that might affect outsourcings decisions.

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APPENDIX I



Dear respondents

I kindly request you participate in this survey questionnaire to examine **Determinants of Demand for Outsourcing for selected jobs in the case of Janitor service in Addis Ababa**. The information you will provide will be used as primary data for partial fulfilment of the requirements for the second degree in **MASTER OF ART IN HUMAN RESOURCE MANAGEMENT**. Your participation in this study is completely voluntary. Your genuine response and cooperation are vital for this study and will take approximately 10 minutes. All your responses are strictly confidential and data from this research will be reported only in the aggregate. Please don't write your name anywhere on this questionnaire. Please Tick (✓) where appropriate in the box. I would like to express my heartfelt gratitude in advance for your kind participation.

PART ONE: DEMOGRAPHIC DATA

1. Gender

Male Female

2. Age

20-29 30-39 40-49 Above 50

3. Educational level

High School Complete TVET/Diploma BA/BSC MA/MSc & Above

4. Position in your firm

Top management Middle-level management Employee

5. Work Experience

Less than 5 Years 5-10 years More than 15 Years

Part Two: Questionnaires on the studying variables

The following sets of statements aimed at helping to assess your feelings on **Determinants of Demand for Outsourcing for selected jobs in the case of Security and Janitor service in Addis Ababa**. Please place a tick (✓) or a mark (X) in the box (cell) with only one choice that represents your appropriate level of agreement. Please choose only one scale

SDA- Strongly disagree

DA- Disagree

N- Neutral

A- Agree

SA- Strongly agree

A. The effect of job types on Decision to Outsource

No	The type of job	SDA	DA	N	A	SA
1	The decision to outsource security and janitorial services varies depending on the specific job types involved.					
2	Certain job types within security and janitorial services are more suitable for outsourcing than others.					
3	I consider the nature and complexity of job types when deciding whether to outsource security and janitorial services.					
4	The decision to outsource security and janitorial services is influenced by the availability of specialized skills required for specific job types.					
5	I evaluate the cost-effectiveness and potential benefits of outsourcing for different job types within security and janitorial services.					

B. The effect of price of outsourcing on Decision to Outsource

No	Price of outsourcing	SDA	SD	N	A	SA
1	The price of outsourcing security and janitorial services in Addis Ababa influences my decision to outsource.					
2	I consider the cost-effectiveness of outsourcing security and janitorial services when making outsourcing decisions.					

3	The price of outsourcing security and janitorial services is a significant factor in determining whether to outsource or keep services in-house.					
4	The affordability of outsourcing security and janitorial services influences my decision-making process.					
5	I compare the costs of outsourcing security and janitorial services with the costs of maintaining in-house staff before making a decision.					

C. The effect of Reliability of Outsourced Services on Decision to Outsource

No	Reliability of outsourced services	SDA	DA	N	A	SA
1	The reliability of outsourced security and janitorial services in Addis Ababa is important for my decision to outsource.					
2	I consider the track record and reputation of service providers in terms of reliability when deciding to outsource security and janitorial services.					
3	I prioritize reliable performance and consistent service delivery when outsourcing security and janitorial services.					
4	I assess the reliability of outsourced security and janitorial services based on factors such as service level agreements and past client experiences.					
5	The potential benefits gained by focusing on core activities instead of managing security and janitorial services motivate my decision to Outsource					

D. The effect of Benefits of Focusing on Core Activities on Decision to Outsource

No	Benefits of Focusing on Core Activities	SDA	DA	N	A	SA
1	I believe that outsourcing security and janitorial services allows my organization to allocate more resources to strategic initiatives and core business functions.					
2	The ability to concentrate on core competencies and key business areas is a significant advantage of outsourcing security and janitorial services.					

3	I consider the potential gains in efficiency, productivity, and competitiveness when deciding to outsource security and janitorial services.					
4	The opportunity to leverage external expertise and resources by focusing on core activities influences my outsourcing decisions.					

E. The effect of Easy access to the right manpower/service on Decision to Outsource

No	Easy access to the right manpower/service	SDA	DA	N	A	SA
1	The process of finding qualified manpower through outsourcing is convenient					
2	Outsourcing effectively meets the demand of our organization for specialized labor					
3	Outsourcing reduces the time and effort required to recruit and train new employees					
4	The availability of outsourcing options makes it easier to find the talent for specific tasks					

F. Outsourcing decisions (Dependent Variable)

No	outsourcing decisions					
1	The importance of outsourcing security and janitorial services for organizations in Addis Ababa.	NI	SU	N	SI	VI
2	Please rate your intention to outsource security and janitorial services in the future	No Intention at All	Unlikely	Neutral	Likely	Very Likely
3	Outsourcing security and janitorial services can provide several benefits, such as cost savings and access to specialized expertise.	SDA	DA	N	A	SA
4	There are significant risks associated with outsourcing security and janitorial services,	SDA	DA	N	A	SA

	such as potential loss of control and confidentiality.					
5	Please rate your level of awareness and understanding of the outsourcing options available for security and janitorial services in Addis Ababa.	VU&UI	SU&UI	N	SA& I	VA& I

Thank you for Your Cooperation!

ANNEX-II Written consent form

Addis Ababa University

School of Commerce

Department of HUMAN RESOURCE MANAGEMENT.

I'm lelena tewodros, a postgraduate (MA) student at Addis Ababa University, School of Commerce, Department of human resource management. As a partial fulfillment for the degree in human resource management, I am conducting research entitled “**determinants of outsourcing: the case of selected janitor service jobs in addis ababa, Ethiopia** “, I am kindly request you to participate on this survey questionnaire to examine the **determinants of outsourcing in your companie**. The information you will provide will be used as primary data for partial fulfilment of the requirements for the second degree in Master of Art in human resource management. Your participation in this study is completely voluntary. Your genuine response and cooperation are vital for this study and will take approximately 10 minutes. All your responses are strictly confidential and data from this research will be reported only in the aggregate. The study aimed at identifying the challenges and finding possible solutions. There would be no direct individual benefits expected from participating in the study but rather that the findings from the study would help the improvement of the organization. Thank you.

Instruction: the following interview questions are intended to collect information from the study participants regarding the determinants of outsourcing: the case of selected janitor service jobs in addis ababa, Ethiopia

Code no: _____

1. Date of interview: _____

2. Place of interview: _____

The first section contains questions about the background information of participants and the second part consists of the main questions regarding the study

Part 1: Demographic characteristics of the participants

1. Gender A. Male B. Female
2. Age: _____ (in years)
3. Profession: _____
4. Academic qualification: _____
5. Job Position in the organization: _____
6. Work experience: _____ (in years)

Part 2: Interview Questions

1. What are the drivers/reasons that encourage your organization to outsource?
2. What benefits does your organization have achieved by outsourcing the non- core functions?
3. How do you compare the challenges and benefits before and after outsourcing?
4. What are the primary benefits and challenges your organization has experienced from outsourcing janitorial?
5. Do you think that the janitorial service qualities are improved after outsourcing? How?

“END OF INDEPTH INTERVIEW GUIDE”