

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
LOGISTICS AND SUPPLY CHAIN MANAGEMENT DEPARTMENT**



***THE EFFECT OF OUTSOURCING ON THE PERFORMANCE OF 40/60
PROGRAM CONDOMINIUM HOUSING CONSTRUCTION PROJECTS IN THE
CASE OF SAVING HOUSES DEVELOPMENT BUREAU-IN BOLE SUB CITY***

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of Commerce in Partial Fulfilment of the Requirements for Award of Degree of
Masters of Logistics and Supply Chain Management.***

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DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT**

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Declaration

I, Kidist Zinabu, declare that this thesis entitled ***“The Effect of Outsourcing on The Performance of 40/60 Program Condominium Housing Construction Projects in the case of Saving Houses Development Bureau-In Bole Sub City”*** is an outcome of my own work and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance, feedback and suggestion of the Research Advisor.

This study has not been submitted for any degree in this School or any other Universities. It is offered for the partial fulfillment of the requirements for the award of Degree of Masters in ***The Effect of Outsourcing on the Performance of 40/60 Program Condominium Housing Construction Projects in the case of Saving Houses Development Bureau-In Bole Sub City.***

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Certification

Herewith I state that Kidist Zinabu has carried out this thesis paper on the topic entitled The Effect of Outsourcing on the Performance of 40/60 Program Condominium Housing Construction Projects in the case of Saving Houses Development Bureau–In Bole Sub City under my supervision. This work is original in nature and has not been presented for a degree in any university and it is sufficient for submission for the partial fulfillment for the award of MA degree in Logistics and Supply Chain Management.

Fesseha Afework (Assist. Prof)

Signature _____

Date _____

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Dedication

***To my beloved husband Legesse Kussa,
To my Children Beakal Legesse &
Halleluya Legesse,***

List of acronyms

AACHDC	Addis Ababa City Housing Development Corporation
AAHDA	Addis Ababa Housing Development Agency
AACHDE	Addis Ababa City Housing Design Enterprise
CGAASHDB	City Government of Addis Ababa Saving Housing Development Bureau
CBE	Commercial Bank of Ethiopia
CARE	
CONCERN	
GMP or G-max	Guaranteed Maximum Price
GTZ	The German Technical Corporation
HDPO	Housing Development Project Office
IHA-UDP	Integrated Holistic Approach - Urban Development Project
IHDP	Integrated Housing Development Program
MHE	MH Engineering
MWUD	Ministry of Works and Urban Development
NEWA	Network of Ethiopian Women's Association
NGOs	Non-Governmental Organizations
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
TCE	Transaction Cost Economics
UN-HABITAT	United Nations Human Settlements Program

Abstract:

The major objective of this study is to investigate the effects of outsourcing on performance of 40/60 program condominium housing construction projects in the case of Saving Houses Development Bureau-in Bole sub city. The basic or principal research questions of this study includes, what are the factors influencing contractor's efficiency in 40/60 program housing construction works? what are the problems of the external contractors in related to preparation of plan, vendor selection, transition, management of relationship and reconsideration to provide successful services in 40/60 program housing construction projects? what is the effect of outsourcing on the performance of saving houses development? In order to meet the objectives of this study and answer the basic research questions the researcher employed the following approaches and methods consecutively:-the research approaches used was quantitative, the research methodology was descriptive survey method, the sampling design used in this study was stratified probability sampling, the nature and sources of data include primary and secondary data on which the primary data were gathered from two strata's whom were workers/staffs/ of the organization and professionals/external contractors and consultants/, and the secondary data were collected from various published and unpublished documents consisting of policies and strategic documents of the organization, data gathering tools include questionnaire and document review and the method of data analysis also was the numerical based method which is a quantitative data analysis method. As of the findings of this study the outsourcing practice held in this organization affects the overall performance of 40/60 condominium housing construction project. This is observed mainly by the improper planning, poor vendor selection practices, and weak management relationship, reconsideration, inefficiency, poor quality of the work done and inconsistent on time delivery through the observation of the key factors of outsourcing. In light of these all therefore, this study arrived at conclusions and made recommendations based on the findings in order to improve the current practices regarding outsourcing.

Key words: Effects of Outsourcing, Roles of External Contractors, Contractor's Efficiency, Successful services.

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CHAPTER ONE

INTRODUCTION

This study will consist of background of the study, statement of the problem, research question, research objectives, significance of the study, scope of the study, limitation of the study and definition of terms.

1.1. Background of the Study

The City Government of Addis Ababa Saving Houses Development bureau is led by the board of directors. There are three offices which are contained under the custody of this office. These are the Addis Ababa City Housing Development Corporation which constructs 40/60 condominium houses, the Addis Ababa Housing Design Agency which is in charge of construction of new houses, and the Addis Ababa City Housing Development Enterprise which is responsible for delivering finished homes to the beneficiaries.

In the past 15 years, the Addis Ababa city administration delivered 130,000 houses for the beneficiaries. But now though close to a million people are already placed more than ten billion birrs in to Commercial Bank of Ethiopia for the program, they still are on the waiting list to get the condominium houses.

Currently, 38,790 of 40/60 condominiums and 130,000 of 20/80 condominium units are under construction on different sites. However, due to poor capacity of external contractors, consultants and inadequate government supervision most of the projects are behind the schedule. Only 1291 housing units are now nearing completion, despite the fact that 164,000 people are registered and wait for this scheme. Therefore, it appears that the outsourcing practice held was not able to help the office to be competent in its effort to satisfy the needs of the society (40/60 Housing Development program technique committee study, Hamle 2008 E. C.)

This is revealed by the existence of the major factors affecting the outsourcing practice held in the organization which include lack of dependable planning, improper vendor selection, poor management of relationship in one hand and inefficiency, poor quality of work done in the organization and inconsistency of on time delivery are in the other hand.

The major focus area of this study is the effect of outsourcing in relation to the capacity of external contractors whom were unable to perform according to their obligations on the performance of the

external contractors in saving house development bureau. And this is the very area that the researcher wants to make a study on and try to fill the gap by the findings of the study and provide the necessary recommendations. The paper therefore, very specifically covers the effect of outsourcing practices in relation to the performance of the capacity of external contractors on the of the sub city. Since the findings of this study gives valuable insights and great support to the bureau administration in its effort it would make to develop better policies, procedures and strategies, it is worthwhile to make a study on such an area. For the purpose of this study therefore, data and information were collected from subjects using questionnaire, and document analysis that from written brochures, various policies and procedures, strategic plan documents, contract documents, plan documents, and monthly reports. Some statistical tools, mean and standard deviation, frequency counts and percentage scores are used. The study based on its findings will also help to fill the gap and provide some useful recommendations as well. Following this, the paper tries to show the profile of the sub-city on the map of bole sub-city. The effort also proceeded by showing the powers and authorities of the sub-city by entailing the detailed discussion of the overall background part at the end.

1.2. The profile of the sub-city

1.2.1. The pictorial representation of bole sub-city



Figure 1: The Pictorial representation of Bole Sub-City

Area: 122.08 sq.km

Population: 328,900

Male: 154,542

Female: 174,358

Population density per sq. m: 2,694.1

No. of Weredas: 14

Location: Megenagna area next to Kokeb Building

1.2.2. Powers and functions of the sub-city: -

1. Carry out municipal functions within the bounds of the physical space located for it in accordance with the principle of decentralization and in conjunction with the center of the city.
2. Administer the Weredas under its jurisdiction
3. Ensures the observance of law and order

1.2.3. The Sub-City Council Being accountable to the sub-city residents and the City Council: -

1. Endorse the sub-city's socio-economic development as well as municipal services plans.
2. Elect the Speaker, Deputy Speaker and Secretary of the Council from council members of the sub city.
3. Elect the Chief Executive and Deputy Chief Executive of the sub-city from council members appointed by the political party with the majority of seats.
4. Endorse the appointment of the sub-city's standing committee members nominated by the Chief Executive of the sub-city.
5. Reallocates budget which has been allocated to it by the City Council.
6. Establishes committees of the sub-city council.
7. Receives from the Chief Executive of the sub-city and endorse annual and periodic reports.
8. Issues directive by which the activities of the sub-city council would be led.

1.2.4. Prominent Institutions in the sub-city: -

Bole International Airport

Renown Hotels are: -Imperial Hotel, Hotel de Leo pol, Dreamliner Hotel, Damu Hotel, Harmony Hotel, Panorama Hotel, Kaleb Hotel, KZ Hotel and etc.

1.2.5. Educational Institutions in the Sub-City: -

	KG	Primary School	Secondary School	Preparatory	TVET	College	University
Governmental	8	13	4	1	1	---	---
Private	107	65	17	9	45	2	2
NGO	2	2	2	1	---	---	---
Public	3	3	2	---	---	---	---
	KG	Primary School	Secondary School	Preparatory	TVET	College	University

Table 1: Educational Institution in Bole Sub-City

1.2.6. Health Institutions in the Sub-City

	Health Center	Higher Clinic	Junior Clinic	Medium Clinic	Hospital
Governmental	3	---	---	---	---
Private	---	20	9	29	8
NGO	---	---	8	2	---
Public	---	---	---	---	---

Table 2: Health Institution in Bole Sub-City

Moreover, 26 Embassies, 57 Hotels, 64 Public Parks which are administered under religious authority and 63 religious institutions are found in this Sub-City.

1.2.7. The establishment of construction work of 40/60 condominium houses project

The government of Ethiopia has exerted a lot more efforts in order to make the low-income level societies to be the owners of the houses. This endeavor has been carried out by establishing the Addis Ababa housing development project office. As of the Addis Ababa Housing Development Project Office as Written by Administrator (Monday, 17 September 2007 13:20 - Last Updated Friday, 17 October 2008 12:06), This project office has been formed to enhance the living conditions of low-income citizens by providing adequate and inexpensive housing and establishing job possibilities.

It also is in relation to this that, the Head: Ms.Tsedale Mamo Based on the Addis Ababa City Government Houses Development Project Office Establishment Proclamation No. 15/2004 article 6, indicated that the office has given the following duties and responsibilities:-

1. Engage in the construction of standardized dwellings in the urban and expanding areas, utilizing cost-effective technology to address the housing need and strengthen the construction industry;
2. Ensure a reliable supply of land and infrastructure for housing building, jointly with concerned bodies;
3. Direct and supervise the construction of Government houses in every sub-city;
4. Implement efficient housing construction program which holds from design to construction and make it up to the standard;
5. Enhance the capacity of micro and small-scale enterprises by making them participant in the development of the program;
6. Establish a training framework for the building sector by working in coordination with educational establishments;
7. In collaboration with the relevant agencies, prepare land for housing development;
8. propose the appropriate design for home building in accordance with the city plan;
9. purchase the required products and construction supplies from local sources and, if required, from overseas, utilizing the money set up for the home building program;
10. As needed, develop other services-related structures;
11. Upon completion, turn over dwellings under construction to the Housing Agency.

As of the source (1/57 Addis Ababa Housing Development Project Office Written by Administrator Monday, 17 September 2007 13:20 - Last Updated Friday, 17 October 2008 12:06)

The Addis Ababa City Government Houses Development Project Office has also held the following Missions as well: -

1. Provision of affordable housing to low and middle income of the city inhabitants and ensuring tenure security,
2. Improve the living standard of the Addis Ababa City residents by expanding micro and small enterprise with a view of employment creation,
3. Strengthen the construction industry and improve TVET system,
4. Integrate TVET system with housing development program,
5. Improve the image of the city by redeveloping the slum areas.

Though, the sub-city has taken those lots of responsibilities and performs accordingly, the alarming rate of increase for the need of houses is still increased from time to time. This highest increase in the demand of the citizens for 40/60 condominium houses became a very reason for the mismatch of the ongoing construction work by the sub city.

Some major reasons among others were the inefficiency of consultants and the delayed transfer of the condominiums to the citizens, the unfairness of distribution of the condominium houses to the beneficiaries, the weakness of the entire outsourcing processes and initiative, the inefficiencies and ineffectiveness of the external contractors and other role players that need serious attention.

Moreover, though all role players worked a lot to discharge their obligations based on their agreement, as of the preliminary discussion made by the student researcher with some responsible staffs, the external contractors exceptionally do not seem discharge their obligations satisfactorily.

This means that these external contractors though signed the contract with the Housing Project of the sub-city to construct and deliver the specified number of constructed condominium houses with the specified quality and right time to the city government; that is the contractors do not perform their obligations as expected. Accordingly, therefore the outsourced construction work was not be up to the standard, the condominium houses built were less quality, the job done was delayed and sluggish. Thus, these listed problems influenced the performance of the bole sub-city to be less than expected.

In addition to this, the previous studies conducted on the area are limited and focused only on the other sides of the activities of the sub-city rather than this part. That is the focus of the previous

studies was on the amount of money to be deposited and the appropriateness of the registration formats which help the beneficiaries to get the condominium houses. Therefore, this shows that there should be a need to make a study on the outsourcing initiative related to external contractors whether they fulfill their obligations or not.

And this is one of the specific areas that inspired the researcher to make a study on. That is the negative impact of the external contractors on the performance of the Housing project of the sub-city on its outsourced construction work of condominium houses.

In relation to this it is known that some national work institutions or organizations outsource their jobs to outsiders. This is because of the inability of their organization to satisfactorily meet the requirements of the community in their compound by way of outsourcing some of none core activities rather than core functions.

To this end therefore it could be possible to state that, most businesses were not completely self-sufficient; they outsourced services for which they lacked internal expertise. In relation to this, though, the City Government of Addis Ababa Saving Houses Development Corporation practicing outsourcing of construction of 40/60 condominium houses among others to other companies as of the Urban Development and Construction Minister 40/60 Condominium housing program registration policy no. 21/2005 E.C., and The Ethiopian Federal Democratic Government 40/60 saving house strategic program 2005-2007, there still are some reasons that affect the performance of the construction work of 40/60 condominium houses.

These are: -

1. The complexity and ever-increasing number of the problems related to the housing requirement of the society in the regional states and Addis Ababa city that force the government to be unable to carry out this work by it alone. Though it was possible to the government to provide more than 200,000 houses for more than 60 percent of the beneficiaries on the year 2005, the government could no longer be able to tackle these problems by itself and want to work with others.
2. Because of the alarming rate of the increase in demand of the society for condominium houses, the government was forced to see some of its other strategies like that of outsourcing the construction of 40/60 condominiums.
3. The weak culture of the societies in saving experience.

4. The inability of the financial institutions to give loan for the construction of houses.
5. The similarity of the criteria for registration of condominium houses like 10/90 and 20/80 were almost identical and make the effort harder for 40/60.
6. The need for the implementation of the proclamation number of 691/2003.

In addition to this, the other problems are the shortage of resident houses, dilapidated of urban houses and villages taken as a basic constraint related to the development of urbans and good governance. It is in this regard that special attention was given to the construction of 40/60 condominium houses in urban development activities.

In the other hand the problems also include some of the followings: -

1. The weak implementation capacity of the construction industry role players that are consultants, contractors and small and micro finance enterprises. (The role of contractors in particular is the main focus area of the present study).
2. Scarcities of all rounded and able Human Resource personnel with the relevant number professionals were not available to lead the program efficiently.
3. Shortage and delay of financial provision for the enterprise.
4. Delay of the providers of infrastructure electricity, water, sewerage (very late to start their work).
5. Less participation of domestic suppliers both in number and provision of quality services and materials, less capacity of small Enterprises which force the sub city to import materials from foreign which lead the sub-city to face shortage of currency for procurement of materials.

Considering the above all, City Government of Addis Ababa Housing development and Administration Bureau has made new structural changes. This is because of the need to making improvements and effectively performs and to satisfy the ever-increasing need of the society for condominium houses. That is the point where the establishment of new corporation to administer 20/80, 40/60 condominiums was initiated.

1.3. Statement of the Problem

Outsourcing presents a variety of benefits to organizations including preparation of planning, proper vendor selection, good management of relationship, efficiency, quality of work done in the organization and consistency of on time delivery among others. However, from the preliminary investigation made by the student researcher the outsourcing practice held in the organization impacted negatively by the following factors. These were mainly lack of preparation of planning, improper vendor selection, poor management of relationship and also there is inefficiency, poor quality of work done in the organization and inconsistency of on time deliver.

Therefore, in order to get the appropriate and timely response for this burning issue is necessary to come up with study.

This study tries to identify the effects of outsourcing practice held in the organization. From the findings of the study the student researcher believed that the gaps mentioned above could be bridged. The findings of this study could also help the bureau in its endeavor to execute its outsourcing practice in a more effective manner and the research finding also add to the literature already existing and enhance others to make further study on this area as well.

1.4. Research Questions

To investigate the problem and deal with it the following research questions were raised to be answered by the study: -

1. What are the factors influencing on time delivery, quality of work and efficiency in the outsourcing practice of the organization?
2. What are the problems of the external contractors in related to preparation of plan, vendor selection, transition, management of relationship and reconsideration to provide successful services in 40/60 program housing construction projects?
3. What is the effect of outsourcing on the performance of external contractors in saving houses development?

1.5. Objective of the study

1.5.1. General objective

The overall goal of this research is to examine the effect of outsourcing on the performance of the external contractors in saving houses development project.

1.5.2. Specific objectives

1. To examine the factors that influence on-time delivery, quality of work and efficiency in the outsourcing practice of the organization
2. To assess the problems related to preparation of plan, vendor selection, transition, management of relationship and reconsideration.
3. To assess the effect of outsourcing on the performance of external contractors in saving house development.

1.6. Significance of the study

City Government of Addis Ababa Housing Development and Administration bureau is exerting a whole lot of effort to satisfy the ever-increasing demand of the society. One such effort is constructing of 40/60 condominium houses required by the society at large. The weak performance of the role players in the outsourced work very specifically the external contractors and related problems encountering the sub-city need to be studied so as to ensure a constant supply of quality condominiums and make the performance of the overall outsourced work to be more effective and efficient. To this end therefore, the sub-city to fill the gap has taken outsourcing as the main remedy by the authorities, though the effort undertaken couldn't be satisfactory. Thus, studies or researches focusing on areas like this have a lot to do with the effort made. As a study on the area of the impact of the external contractors in the outsourced work of 40/60 condominium houses on the performance of the sub-city the current study derives its significance from the following: -

1. Creation of awareness among the concerned authorities on the current situation surrounding the outsourcing implementation and problems encountered.
2. Assisting the Addis Ababa Housing Development office/bureau the effort it would make to develop and implement better policies and procedures.
3. Enrichment of the body of literature on the area of investigation.
4. Initiation of future researchers to conduct further and in-depth study on the area.

1.7. Scope of the Study

There are three major work units under the bureau and these are City Government of Addis Ababa City Housing Development Corporation, Addis Ababa City design agency and Addis Ababa City construction enterprise. The study focuses on assessing the roles of external contractors in Addis Ababa City Housing Development Corporation which carries out constructing of 40/60 condominium houses by outsourcing the jobs to outside companies. The four sites included within the scope are Bole Bulbula (Branch one), bole Ayat Tsebel (Branch two), Bole Beshale (Branch three) and Bole Ayat (branch four).

1.8. Limitation of the Study

The study dealt only on four housing construction sites regarding the role of external contractors on the outsourced work of 40/60 housing construction and their impact on the performance of the sub-city. Making generalization based on the findings of only the four sites may lack external validity. This means that the findings of this study alone may not apply to other condominium sites.

1.9. Definition of terms

Depending on the location and type of function outsourced, various academics describe outsourcing in various ways. Various scholars have defined and discussed some of the concepts and meanings of outsourcing.

Outsourcing is defined as "the act of getting services from a third party" (Brown and Wilson, 2005).

Outsourcing is defined as "the deliberate utilization of outside resources to carry out activities that were previously handled by internal employees and resources" (Handfield, 2006).

Performance the act of completing a building project on time and on budget.

Role – the function assumed or part played by a person or thing in a particular situation.

Contractor -is a person or firm that undertakes a contract to provide materials or labor to perform a service or do a job. (esub.com/resources/subcontractor-vs-contractor-understanding-the-difference/).

CHAPTER TWO

LITERATURE REVIEW

In this part of the study, attempts will be made to make a critical analysis of theories and practices related to the writings of scholars and previous researches conducted on areas surrounding the current study. The chapter covers theoretical literature review, empirical literature and conceptual framework. Thus, the efforts proceed by way of first reviewing the outsourcing process from the historical perspective and followed by examining literatures and researches in relation to the roles of the external contractors in Addis Ababa saving houses development bureau in particular the obligation of the contractors in the outsourced construction work of 40/60 condominiums; and describes conceptual framework as well in bole sub city.

2.1. Theoretical review,

2.1.1. Brief history of land and housing in Ethiopia

Since the late 1970s housing cooperatives have also provided an avenue for home ownership. This delivery method was established in 1978, through Proclamation No. 138 was issued in 1978. Citizens are encouraged to form small groups (between 10 and 20 individuals), register as a cooperative group for land allocation, establish savings capacity, make settlement plans, get land and secure tenure, and primarily construct their own houses. Over the previous 40 years, cooperatives have enjoyed different degrees of government assistance. Between 1986 and 1992, cooperative housing production increased thanks to a 60% subsidy on construction materials, free land allocation, and cheap mortgage interest rates, but this assistance was insufficient to satisfy the volume of housing demand. Cooperatives created just 40,539 housing units between 1975 and 1992. Cooperative housing is challenged not only by its small scale, but also by the undesirable peripheral location of land allocated, low quality of allocated land making construction costly and difficult, and the exclusion of the poorest sector of society who, more often than not, lack the savings capacity required by this relatively expensive approach. Although estimates of the size of urban informality vary greatly, informal unplanned housing provision accounts for a significant part of overall housing supply. In Addis Ababa, where 34.1 percent of the population lives in informal housing, it is extremely widespread. Although estimates of the size of urban informality vary greatly, informal unplanned housing provision accounts for a significant part of overall housing supply. Between 1996 and 2003, informal housing accounted for 34.1 percent of total home supply

in Addis Ababa, and it was the fastest increasing supply method. Non-Governmental Organizations (NGOs), both national and international, have had a limited role in the housing market. While Ethiopia has a large number of non-governmental organizations (NGOs), Informal housing is especially prevalent in Addis Ababa accounting for 34.1 percent of total housing supply between 1996 and 2003, and it is the fastest growing supply method. Involvement in the housing market by Non-Governmental Organizations (NGOs), both national and international, has been of small scale. While many NGOs operate in Ethiopia, but few of them were in regard to land and housing problems. The Integrated Holistic Approach - Urban Development Project (IHA-UDP), CARE, and CONCERN are the three most visible NGOs working with housing. They have been active in improving sanitation and infrastructure as well as enabling community participation in upgrading projects. They mostly work at the kebele and municipal levels. For decades, the German Technical Corporation (GTZ) has worked in Ethiopia, principally providing technical assistance and creating capacity in the construction industry.

2.1.2. Overview, origins and significance of the program

The program's overview, beginnings, and importance The Integrated Housing Development Initiative (IHDP) is an Ethiopian government-led and funded housing program for low- and middle-income families. State Minister Oqubay Arkebe, then the Mayor of Addis Ababa, began the initiative in 2004 (1996 in Ethiopian calendar). Specific projects are performed as part of the IHDP on brownfield lands or slum areas that are removed and inhabitants relocated. The kind of housing created in each project is the same: condominium housing, which consists of multi-story dwelling units for numerous homes with shared facilities that are collectively owned and maintained. The IHDP has some lofty goals. The IHDP has a five-year goal of reducing slum areas in the city by half and addressing and improving the unemployment rate in the capital by developing almost 400,000 new units across the country. The government had constructed 80,257 housing units in Addis Ababa as of mid-2010. Origins During his tenure as Mayor of Addis Ababa from 2003 to 2005, State Minister Oqubay Arkebe was the main force behind the initiative. His major objective in Addis Ababa was to construct low-cost homes. He presented a proposal to the German Technical Corporation (GTZ), and they reacted by opening an office in Addis Ababa and starting the design of the prototype condominium building project in the Bole Gerji. Neighborhood The prototype project included 750 residential apartments as well as commercial and office space. The project was handled by GTZ on behalf of the municipal administration, and it was a huge success in terms of

cost and time. When the government proposed that up to 40,000 dwellings be built per year, GTZ chose to maintain their active engagement in project design and implementation, opting instead for a consultative role. To meet such lofty goals, GTZ advised that the government establish a new agency dedicated to housing development, which it did in 2005 when the Addis Ababa Housing Development Project Office was established (HDPO). (UN-HABITAT (2010) The Integrated Housing Development Program in Ethiopia, a Condominium Housing Case Study. Nairobi is the headquarters of the United Nations Human Settlements Program.

2.1.3. The condominium housing program in Ethiopia

The mayor established a steering group, which included the Addis Ababa City Administration's Bureau Heads as well as members from GTZ and MH Engineering, an Ethiopian design and engineering consulting business, at the commencement of the initiative. Later, the Housing Development Project Office took over full management of the program, and a Board of Governors was formed, with the exception of the GTZ representative, to include all members of the old steering committee. The program's importance The Ethiopian Integrated Housing Development Program (Ethiopian Integrated Housing Development Program) is a large-scale initiative that directly targets the pressing low-income housing crisis. The software is noteworthy and deserving of documentation for four reasons: -

1. Large scale:

Large-scale strategy to solving the current housing shortage, the low condition of existing housing stock, and future housing demands as a result of increasing urbanization. Ethiopia is one of the few African countries to have lately launched such a large-scale program. The large-scale strategy contrasts with the current small-scale project-based slum rehabilitation and housing cooperative initiatives.

2. Pro-poor:

This initiative enables low- and middle-income families living in insecure housing conditions to have access to better housing. The program substantially improves their living conditions and security by constructing permanent, fully-serviced housing units. The initiative substantially improves their living circumstances, security of tenure, and access to essential services by constructing permanent, fully-serviced dwelling units. Importantly, the initiative has facilitated low-income households' access to credit through the Commercial

Bank of Ethiopia, where low-income households previously had extremely limited opportunities to acquire financing for improved housing.

3. Preventing slums and gaining access to homeownership:

This initiative represents a significant shift away from past government-owned rental housing models and toward private homeownership. The initiative emphasizes the commitment of the federal government and local governments to solve housing issues. This program marks a radical departure from previous government-owned rental housing approaches to that of private homeownership. The program highlights government and local authority commitment to addressing housing affordability for the low-income sector of the population and improving the living conditions of the low-income urban dwellers to meet the MDGs and reduce urban slum prevalence rates in Ethiopia. To achieve the MDGs and lower urban slum prevalence rates in Ethiopia, affordable housing for the low-income segment of the population and improved living circumstances for low-income urban inhabitants are needed.

2.1.4. Condominium housing: a broad definition of a housing typology

Condominium housing is a kind of housing tenure in which each resident household owns their own apartment but shares ownership and responsibility for the building's public areas and utilities, such as corridors, heating systems, and elevators. Individual parcels of land do not have individual ownership. Every homeowner on a condominium site owns all of the land on the property. Typically, a Condominium Association, which collectively represents ownership of the whole complex and employs rigorous management to secure financing from each homeowner, is responsible for the external upkeep of the roof and walls. Typically, a Condominium Association, which collectively represents ownership of the whole complex and employs rigorous management to secure financing from each homeowner, is responsible for the external upkeep of the roof and walls. This Association is made up of representatives from all condominium residents who govern the property through an elected Board of Directors. A Master Deed, which enables the Board of Directors to govern condominium affairs and assess owners on their performance of appropriate maintenance, often establishes a register of condominium units and common spaces on site, as well as any limitations on their usage. The rules of governance are usually outlined in a distinct set of Bylaws that regulate the condominium blocks' internal affairs. Bylaws usually spell out the Condominium Association's responsibilities, as well as the voting procedure to be followed at

meetings, the Board of Directors' qualifications, powers, and responsibilities, the officers' powers and responsibilities, and the owners' responsibilities for assessments, maintenance, and use of their unit and common areas. The Board establishes a collection of Rules and Regulations that provide precise specifics of limitations and conduct and are more easily amendable than the Declaration or Bylaws. Mandatory maintenance costs (typically collected on a monthly basis), pet and livestock limitations, and color/design choices visible from the common spaces of the buildings are also typical requirements. The care of the walls and features within a condominium unit is entirely the responsibility of the residents. This region is described as the space enclosed by the building's walls, allowing the homeowner to make internal changes without affecting the communal spaces. A formal statement made with the local governing authority defines these borders. Anything beyond this line is owned in an undivided ownership interest by a corporation formed when the condominium was built. Condominium unit owners may be allowed to rent out their homes to tenants, however leasing rights may be subject to terms or limits outlined in the initial declaration, such as a rental limitation on the total number of units a community can lease at any given time, or as authorized by local legislation. The initiative acknowledges the potential for housing to boost the economy, create jobs, and increase the construction and finance sectors' capabilities. The Integrated Approach, UN-HABITAT (2010) The Ethiopia Case of Condominium Housing: The Integrated Housing Development Program. United Nations Human Settlements Program: Nairobi.)

2.1.5. History of Addis Ababa City Government Houses Development Project Office

The Addis Ababa Housing Development Project Office has been formed to enhance the living conditions of low-income citizens by providing work opportunities and good and inexpensive housing. Duties and obligations are outlined in Article 6 of the Addis Ababa City Government Houses Development Project Office Establishment Proclamation No. 15/2004.

The following are the objectives of the Project Office: -

1. Assist in the construction of standardized houses in urban and growing regions, employing cost-effective technology to reduce housing shortages;
2. Organize and supervise the development of government homes in each sub-city, in collaboration with responsible organizations, to provide a reliable supply of land and infrastructure for housing development.
3. Implement a cost-effective house-building program from concept to completion;

4. Increase the capability of micro and small-scale companies by including them in program formulation;
5. Establish a training system for the building sector in collaboration with a training institution;
6. In collaboration with the relevant authorities, prepare land for home construction.
7. Propose the necessary design for the building of dwellings in accordance with the municipal plan;
8. Purchase the necessary products and building materials from domestic and international sources using the money allotted for the housing development program.
9. As needed, perform structures for various services.
10. Upon completion, hand over dwellings under construction to the Housing Agency.
(Administrator wrote this on Monday, September 17th, 2007 at 13:20 p.m., and it was last updated on Friday, October 17th, 2008 at 12:06 p.m.)

2.1.6. Establishment of the Addis Ababa Saving Houses Development Bureau/Office.

The Addis Ababa City Government Cabinet, in line with Article 23(1) of the Addis Ababa City Government Revised Charter Proclamation No. 361/2003, the Addis Ababa City Government Cabinet enacted regulation No. 58/2014 to create the Addis Ababa Saving Houses Development Enterprise (AASHDE). To take charge of constructing 40/60 condominium houses and to transfer to the society, the contractors do not utilize the skilled manpower as they signed as per the contract, they also do not use the proper machineries among others became a big problem. Therefore, the Addis Ababa Saving Houses Development Bureau considering such problems, planned and aim to achieve the objectives (Regulation No. 58/2014 a regulation to provide for the re-establishment and conditions under which the Addis Ababa City Government Saving Houses Development Enterprise Sixth Year No. 58, Addis Ababa, March, 2014)

The Main objectives of Addis Ababa Saving Houses Development Bureau are: -

1. Overcoming the scarcity of residential housing one step at a time and resolving the problem,
2. Improving society's saving culture in order to support the country's long-term national development,
3. Creating jobs for the unemployed in order to improve their income and lifestyle,

4. Strengthening the construction sector,
5. Having a fair distribution of wealth, and
6. Supporting the rehabilitation and repair of old houses and villages in order to change the city's image.

Focusing on these objectives, the City Government of Addis Ababa Saving Housing Development bureau has made new structural changes. This is to make improvements and effectively perform its job by satisfying the ever-increasing need of its society for condominium houses. That is the very point where the formation of new corporation to administer 20/80, 40/60 condominiums was began. The draft of this corporation is prepared by the university of Urban development and housing, which would combine the construction and administration of 20/80 and 40/60 condominiums under the roof of a single corporation.

40/60 condominiums are being constructed by Addis Ababa City Housing Development Bureau. The Addis Ababa Housing project office is in charge of construction of new houses. The Addis Ababa city Administration housing management agency which is responsible for delivering finished homes to the beneficiaries will also be part of the new corporation.

A recent study indicated that construction was sluggish. Currently, 38,790 units of 40/60 condominiums and 130,000 of 20/80 condominium units are under construction/ on different sites. However, due to **poor capacity of contractors** and consultants and inadequate government supervision most of the projects are behind schedule only 1291 housing units are now nearing completion, despite the fact that 164,000 people are registered for this scheme.

In the past 15 years the Addis Ababa city administration delivered 130,000 houses for beneficiaries but now close to a million people are on the waiting list for condominium houses and have placed more than 10billion birr in to Commercial Bank of Ethiopia for the program. Based on the Millennium Development Goals and the Growth and Transformation plan of the city, Addis Ababa City Housing Development Bureau Its work has been scheduled and is being carried out as anticipated. As a consequence, the company has around 39,229 housing plans under development in 13 distinct locations around Addis Ababa's inner city in the previous two and a half years. Housing units are expected to be delivered to the residents this year after few months and the rest will be transferred at the beginning of next year depending on the start and duration of the building contractual agreement of project (UN-HABITAT (2010) The Ethiopia Case of Condominium

Housing: The Integrated Housing Development Program. United Nations Human Settlements Program: Nairobi.)

2.1.7. The concept of outsourcing

Since the industrial revolution, companies have grappled (engage in a close fight or struggle without weapons) with how they can exploit their competitive advantage to increase their markets and profits the model for most of the 20th century was a large integrated company that can “own, manage, and directly control: its assets. In the 1950’s and 1960’s the rallying cry was diversification to broaden corporate bases and take advantage of economies of scales. By diversifying, companies expected to protect profits, even though expansion requires multiple layers of management. Subsequently organizations attempting to compete globally in the 1970ps and 1980s were handicapped by the lack Many major organizations established a new strategy of focusing on their core business to increase their flexibility and inventiveness, which involved identifying important activities and selecting which might be outsourced. (<https://www.mbakno1.com/management-concepts/the-concept-of-outsourcing>, October 8, 2013).

2.1.8. What is outsourcing?

Outsourcing is defined as the complete transfer of a business process that has been traditionally operated and managed internally to an independently owned external service provider (Benton, 2010).

A complete transfer means that the people, facilities, equipment, technology and other assets are no longer maintained internally once the business process is outsourced. Outsourcing as the commissioning of a third party or a number of third parties is to manage a client organisation’s IT assets, people and/or activities to required results (Fitzgerald and Willcocks 1994).

2.1.9. Outsourcing process

The process of establishing and managing a contractual relationship with an external provider for the provision of capacity formerly offered in-house is known as outsourcing (Momme, 2001). Despite an astonishing amount of study on the outsourcing process, there are only a few frameworks that illustrate the real steps and architecture of the complete outsourced process. The outsourcing process is taken from the paper written by (Zoran Perunović 007 - 0003 POMS 18th Annual Conference Dallas, Texas, Outsourcing Process and Theories, Texas, U.S.A. May 4 to May 7, 2007)

2.1.10. The objective of outsourcing

Some of the outsourcing objectives includes: - Cost Savings, Efficiency, Creativity and Expertise. (Althos, 2009 page 5),

Cost Savings:

The cost saving objective of outsourcing is mainly of to reduce costs. In most circumstances, outsourcing is done to save money, however this is not always the case. Most businesses outsource to locate a cheaper source of labor and get the same outcomes as they would if they employed correctly (mybackstation.com/the-objectives-of-outsourcing May 24, 2011).

Efficiency:

One of the most difficult goals to attain is efficiency. Efficient businesses concentrate on maximizing their resources in order to get the best results while lowering expenses (brendamarreropr.com/how-to-increase-a-companys-efficiency-through-outsourcing February 17, 2017 & July 02, 2020).

Creativity:

Creativity as a third objective of outsourcing relates to the upgrading or positioning of the firm. According to a book by the University of California, Berkeley, positioning should “be a differentiated, motivational and sustainable thought.” Basically, you want to position your business into something that stands out and that doesn’t necessarily mean to be unique – standing out and clear. Creativity and being unique are two quite different things. A creative team will be able to build a brand identity that tells the story of your business from A to Z. A creative team can also design a brand guideline to help the business and its employees with their messaging, social media engagement, channels, client experience and more. In short, positioning is how you want to present your business, not just your services. You want to send a message out and know people receive it loud and clear. (https://brand.berkeley.edu/wp-content/uploads/2016/10/ucb-brand-guidelines_final_Small.pdf Nov 12, 2009 & January 2013).

Expertise:

Imagine how much better your project will turn out if you hire someone with expertise to do it as opposed to trying to train someone on your team to do it. (<https://biz30.timedoctor.com/types-of-outsourcing>, January 14, 2003).

2.1.11. Outsourcing Theories

Outsourcing has a complex structure that encompasses a wide variety of activities and responsibilities, resulting in a flood of administrative and managerial problems. A number of theories have been suggested to help scientists better understand the nature of these operations and activities, as well as to help business and organization managers manage these processes more efficiently. Any phenomenon may be described utilizing a set of theoretical frameworks based on applicable approaches, it is commonly accepted. Outsourcing has, unsurprisingly, been approached from a number of perspectives, which may lead to confusion among academics (Busi & M). Outsourcing encompasses a wide range of operations and tasks, resulting in a slew of administrative and management issues. A variety of theories have been proposed to aid scientists in comprehending the nature of these operations and activities, as well as to assist managers of businesses and organizations in effectively managing these processes. It is widely recognized that any phenomena may be explained using a set of theoretical frameworks based on relevant methods. Outsourcing has, understandably, been handled using a variety of ideas, which may frequently lead to misunderstanding among academics (Busi & McIvor, 2008).

2.1.12. Transaction Cost Economics Theory

To begin, researchers looked at the phases of preparation, vendor selection, relationship management, and reconsideration from the perspective of the TCE theory in their research on IT outsourcing decision-making. In order to construct a model that describes the phases of Preparation and Relationship Management, Aubert, Rivard, and Patry created a model that integrates the TCE theory with the idea of imperfect Contracts. Eight years later, the same researchers (Aubert 2004) presented a new model that mixes the two ideas once again in order to understand only the outsourcing preparation phase. Ulset (1996) looked into the function of research and development. His methodology examines the planning, vendor selection, and relationship management stages. Brandes, Lilliecreutz, and Brege (1997) investigated the elements that impact the effectiveness of an outsourcing endeavor in another study. Their methodology evaluated the phases of preparation, relationship management, and reconsideration and was based on the TCE theory. The researchers came to the conclusion that when outsourcing decisions are based on the TCE theory, the outcome is better, as it is when a vendor has a strong manufacturing foundation (Lacity and Willcocks (1995), Aubert, Rivard and Patry (1996), Ulset (1996), (Aubert et al., 2004),

2.1.13. Core Competencies Theory

The Core Competencies Theory is based on the Theory of Resources and is an evolution thereof. Researchers Prahalad and Hamel (1990) defined Core Competencies as the collective knowledge of an organization, especially with regard to the ways of combining different productive skills and the integration methods of various different technologies. According to the Core Capabilities Theory, the major aspect that defines the success of an agreement is a study of the vendor's competencies. Relationship management and reconsideration have also been studied using the Core Competencies Theory. In academic study on outsourcing, the Core Competencies Theory is the second most prevalent methodology (Pinnington and Woolcock (1995)).

Researchers Baden-Fuller, Targett and Hunt (2000) proposed a decision-making model during the preparation phase based on the Core Competencies Theory, aiming to improve the competitiveness of the organization. The research of Arnold (2000), was published in the same year and is worth mentioning at this point, given that the second theoretical pillar of the research is the Core Competencies Theory. It must be noted that the research of Gottschalk & Solli-Sæther (2005), examining the phases of preparation, relationship maintenance, and reconsideration, the Core Competencies Theory was shown to be one of two models that better illustrates the success elements of the outsourcing process (Prahalad and Hamel (1990) (Pinnington and Woolcock (1995)), (Baden-Fuller, Targett and Hunt (2000), (Arnold (2000), (Gottschalk & Solli-Sæther (2005)).

2.1.14. Relational Theory

The Relational Theory explains how businesses may gain and keep a competitive edge through their interactions with other businesses (McIvor, 2005). Transition, relationship management, and reconsideration have all been studied using this approach. As a result, Relational Theory is the sole method that can be used to investigate all aspects of the outsourcing process. Willcocks and Choi (1995) looked into the possibility of creating the foundations for transforming the outsourcing process from a basic partnership to a strategic alliance by properly organizing it. Based on technology, Espino-Rodriguez and Rodriguez-Daz (2008) established a relational model to study the impact of an organization's capacity to create a connection with a vendor through the stages of vendor selection and relationship maintenance for the establishment of competitive advantage (Sakas, Vlachos, Nasiopoulos, 2014). Yahnghong (2011) proposed a Relational Theory-based outsourcing model to explain the steps of preparation, vendor selection, and relationship

maintenance. The study came to the conclusion that the advantages of outsourcing are decided by the quality of the connection at the outset and the attention provided to the relationship's growth by contracting parties (McIvor, 2005), (Willcocks and Choi (1995), (Espino-Rodríguez and Rodríguez-Díaz (2008), (Sakas, Vlachos, Nasiopoulos, 2014), Yahnghong (2011).

2.1.15. Resource-based Theory

the procedures that must be outsourced, as well as the Vendor Selection step, which allows the vendor with the greatest resources to be selected. The method has also been used to make choices within the business throughout the Relationship Management and Reconsideration phases (Kutsikos & Mentzas, 2011). Researchers presented a model that blends the Resource-based Theory with the TCE theory to examine outsourcing activities in IT operations in a 2010 study (Alvarez Suescun, 2010). The model focuses primarily on the Transition phase, implying that Resource-based theory is the most effective method of interpretation. In this study, the resourced-based theory was used. The Resourced-based theory was used in the research of (Roy & Aubert, 2001) to build a model that seeks to identify the factors that influence outsourcing success or failure during the preparatory phase. (Barthelemy & Quelin, 2006) proposed a model based mostly on Resource-based theory (Barney & Hesterly, 1996), (Kutsikos & Mentzas, 2011), (Alvarez-Suescun, 2010), and (Roy & Aubert, 2001) to explain the Preparation, Vendor Selection, Relationship Management, and Reconsideration stages (Barthelemy & Quelin, 2006).

2.1.16. Evolutionary Economics Theory

Theory of Evolutionary Economics Despite the fact that it was initially proposed in the nineteenth century, the Evolutionary Economics Theory has reawakened attention with the release of a study by Nelson and Winter in 1982. According to Andersen (1994), the backbone of these premises is a set of six essential assumptions. The primary premise is that individuals and organizations can never be completely informed, and that they must modify and improve their performance at the local rather than global level. Anthi Vaxevanou and Nikolaos Konstantopoulos / Procedia - Social and Behavioral Sciences 175 (2015) 572 – 578 The second premise is that individuals' decision-making processes are complex Organizations are governed by rules, conventions, and institutions. The third premise is that people and organizations may emulate the behavior and rules of their peers to some level in order to acquire self-awareness and generate innovation. The fourth assumption is that copying and invention are, to a large degree, stable, ongoing, and cumulative processes. They may, however, be disrupted from time to time owing to unforeseen situations. The final premise is

that the interaction between people and organizations is uneven. As a result, external variables, the people involved, and their techniques determine whether it succeeds or fails. Finally, change occurs inside a framework defined by the five assumptions outlined before. These assumptions provide a paradigm in which modifications have unpredictably negative consequences and are irreversible. The interaction between people and organizations is uneven Mahnke (2001) uses Evolutionary Economics in order to develop a broad model, which attempts to explain four out of the five phases of the outsourcing process, that is the phases of Preparation, Transition, Relationship Management and Reconsideration. Mirani (2006), proposes a theoretical model based on the theory of Evolutionary Mathematics, aiming to explain the Relationship Management phase. 2.6 Knowledge-based View. The Knowledge-based View provides an understanding of how individuals cooperate to produce goods and to provide services. The Knowledge-based View establishes two methods for knowledge-sharing among partners (Nasiopoulos, Sakas, Vlachos, 2014). These are knowledge generation and knowledge application. The Knowledge-based View applies to outsourcing in order to demonstrate that knowledge-sharing at the relationship management phase of the outsourcing process is positively related to the success of the outsourcing agreement (Sakas & Kutsikos, 2014) (Kutsikos & Mentzas, 2012). The Knowledge-based View is the foundation of the model proposed by (Lee, 2001), which attempts to explain the management of the relationship between the two contracting parties of the outsourcing process. The model, which also uses the Core Competences theory, reached the conclusion that knowledge-sharing is one of the key success factors of an outsourcing process.

2.1.17. Agency Theory

Initially, this theory focused on the relationship between an organization's management and all other stakeholders (agents) (Jensen & Meckling, 1976). However, this concept was later extended to explain the relationships between different organizations. This theory has been applied to outsourcing in order to interpret the relationship between the organization and the vendor. The theory suggests that the use of continuous monitoring and the reinforcement of the ties between two organizations (Barney & Hesterly, 1996) can address any problems which might arise (Arrow, 1985). In addition to relationship management, this theory has been used to explore the Preparation phase and, in particular, the stage where the organization considers all potential Vendors and decides on which type of relationship it wishes to develop with them, whereas it has been used, to a lesser extent, to analyze the Reconsideration phase.

2.1.18. Neoclassical Economic Theory

According to Hodgson (1994), the Neoclassical Economic Theory has three characteristics. The first character is, the assumption that people and organizations act rationally in order to maximize their benefits, always on the basis of their preferences.

The second character, emphasis is placed on striking a balance or moving constantly towards balance.

Finally, this theory does not recognize the issue of the absence of adequate information on behalf of individuals or organizations. This theory has been heavily criticized due to its inability to explain modern business operations. AnthiVaxevanou and Nikolaos Konstantopoulos / Procedia - Social and Behavioral Sciences 175 (2015) 572 – 578 In particular, the assumptions of rationalism and the absence of the chronic problem of lack of information, have been criticized as unrealistic and outdated. However, Gottschalk and Solli-Saether (2005) have demonstrated that the Neoclassical Economic Theory may be applied to explain critical success factors of the outsourcing process during the reconsideration phase.

2.1.19. Social Exchange Theory

The Social Exchange Theory interprets interpersonal transactional relationships by using the economic cost-benefit analysis as a requirement for social participation and social exchange. The theory assumes that the sharing of resources (material or social-intangible) is a fundamental form of human interaction. Therefore, Social Exchange is an ongoing reciprocal process in which the actions of individuals or organizations depend on the rewarding reactions they receive from others (Gottschalk and Solli-Saether, 2005). The research of Whitten and Wakefield (2006) has been based on the Social Exchange theory and, to a lesser extent, employ the Social Exchange method in their highly theoretical work (2005;2006).

2.1.20. Economy of Information Theory

In contrast to the assumptions of Classical Economic Theory, it is commonly understood and understood that information is never full or perfect in the real world. As a result, new economic models have evolved to try to make sense of circumstances in which the two parties have uneven or no knowledge. The creation of the Search Theory was one of the earliest such models (Stigler, 1961). The scope and relevance of information search in economics may be seen in the determination of vendors and the pricing they give. The scope and relevance of information search

in economic theory and practice may be seen in the determination of vendors and the prices they offer. Another fundamental notion in information economy theory is "signaling." Spence (1973) proposed this idea, which focuses on the impact of signals sent by whole markets or particular businesses on the decision-making process of others.

2.2. Empirical literature

2.2.1. Experience of Construction Management Project

From a broader viewpoint, the premise has merit in terms of the people who have been active in the development of project management. John Fondahl, Russ Archibald, and other names familiar to PMI have been active in the development of both project management tools, and now better project construction management techniques. In the past decade or so, the construction industry has come to use the term construction management with some regularity. A number of authorities in the field have written excellent treatises on the subject. Since most writings in the field have dealt heavily with the use of CPM and PERT in project management, it can be assumed that the development of so-called network planning techniques spawned the idea of construction project management. Although the construction management (CM) concept is widely used today, it is not so widely accepted as might be expected. The General Services Administration (GSA) is said to have "spearheaded national interest in CM." The U.S. Department of Health Education and Welfare (HEW) has given specific definition to the CM as it is to be used in HEW projects. Recently, the GSA caused to be published a pamphlet instructing and encouraging local governments to utilize the services of construction managers. Nevertheless, owners, architects, engineers, general contractors, almost anyone to whom you might mention CM are still asking, "Isn't that what the architect (or general contractor) is supposed to do?" Some even become accusative: "If only the architects (or GC's, depending on the side of the fence you are on) had been doing their job!" This, of course, is nothing more than a lack of understanding of construction management. It may, in some instances, be an indication of a lack of understanding of the construction contracting process as a whole. Before launching a discussion of CM, it might be worthwhile to look briefly at the "basics" of construction contracting as practiced in this country. (Simpkin, J. G.; Project Management Quarterly, Management of construction projects: 1976, 7(4), 26–29.

2.2.2. Review of Traditional Contracts

There are several forms in which contractual agreements for construction work have evolved over the years. Each form was developed to satisfy the needs of certain specific situations. No one form is “better” than another although each, in its place, has fulfilled the requirements of the situation. Without any effort to evaluate their relative merits of detail their use, the common forms of construction contracts may be considered to be the following:

1. The most familiar form is probably the Lump-Sum Bid Contract. A complete set of contract documents (drawings and specifications) are prepared by an architect/engineer for an owner. Qualified contractors are asked to submit a firm, lump-sum bid price for all the work as documented. This will include work which the contractor will perform with his own forces and that which is to be done by specialty contractors who become his sub-contractors.

In preparing the bid, the contractor (commonly referred to as the general contractor) will estimate the cost of labor and material, add a percentage of those costs to cover his overhead and profit and a fee for handling the sub-contracts. The total will become his firm lump-sum bid. The amount of the mark-up will depend on such variables as the completeness of the contract documents and the amount of risk involved. It must also be assumed that the GC will manage all the project elements, including all the trades not directly in his employ.

2. A variation of the lump-sum bid contract is the Lump-Sum Negotiated Contract. An owner requiring some highly specialized work may find it expedient to by-pass the competitive bidding process. He will deal with only one general contractor to obtain the cost proposal for the documented work rather than asking several to submit bids. An above-average sophistication on the part of the owner and his staff and a well-recognized and experienced GC would be needed for the negotiating involved. Once the lump-sum price is established, the project can proceed as any other general contract.

3. Another variation of this general contract is the Guaranteed Maximum Price (GMP or G-max) Contract. As the name implies, the maximum or “upset” cost will be determined for the project. That price can be arrived at by taking bids from several GC’s or negotiating with one. The owner is assured that his project costs will not exceed the G-max and the contractor is certain that his proposed price will adequately protect him from most contingencies and risks. Incentive clauses can also be introduced so that owner and contractor can share in any cost savings.

As we might expect, this type of contract is little used if a project can be well defined and contract documents completed in time to permit bidding. There are instances when there is insufficient time and/or the project cannot be totally defined. Large shopping centers have, in recent years, been prime examples. It is not the most economical arrangement, but some owners feel a greater sense of security knowing what the project will not cost!

4. An owner wanting to build a complex manufacturing plant of ill-defined scope and having many unquantifiable aspects will enter into a Cost-Plus-Fee Contract with an experienced, trusted contractor. Under these contract terms, the owner agrees to pay for all material, labor, overhead and incidental costs, plus a fee. That fee can be a predetermined fixed amount or a percentage of the job costs. The owner must be somewhat more sophisticated and have adequate staff to oversee project activities and to verify job costs. The G-max contract is essentially a cost-plus arrangement with limitations.

5. There are construction projects in which the type and quality of work are easily defined but not the quantity. Examples are highways, sewer and water mains, pipe lines and earthwork. In such cases, it is common to enter into a Unit-Price Contract. Through bids or negotiations, the price for the various component units of work is arrived at and payment is made for the actual measured quantities of work. Unit pricing can be combined with lump-sum bids in some types of work.

6. In industrial plant construction, the Design-Build Contract is often employed. An owner will enter into a contract for the architectural-engineering design and the construction with one firm. Many of the major contracting firms operate in this manner exclusively. Contract price can be arrived at through bidding or negotiating. Estimates of design and construction can be approximated from a performance specification. The contract can be in any one or several of the previously discussed forms. A “Turnkey” project is most often a design-build contract.

7. The last contract form is not a different form but a variation on the original theme. Some owners, mainly state governmental units, employ Multiple Prime Contracts. In some states, it is mandatory for public works. The owner signs a separate contract for each of the general construction, electrical, HVAC, plumbing, sprinkler and other areas of work on a single project. There will then be, in effect, at least four and maybe five or more prime contractors on the job. Since multi-primes are used mostly on government work, it can be assumed that the actual contract entered into with the contractor in each major trade will be the lump-sum bid variety. Whereas in the discussion of the lump-sum contract we expressed some doubt about responsibility for the management of the

overall project, in multi-prime contracts, there is no responsibility assumed unless the owner pays someone to do so.

2.2.3. Experience of construction project management of Contractors in Nigeria

The construction industry is often seen as a driver of economic growth especially in developing countries. The industry can mobilize and effectively utilize local, human and material resources in the development and maintenance of housing and infrastructure to promote local employment and improve economic efficiency (Anaman & Osei-Amponsah, 2007). The Nigerian Construction Sector (NCS) accounted for about 40% of the total capital formation in the pre-independence era, and in the post independent era, the proportion increased to more than 50% on the average (Aboyade, 1966). From a percentage share of 3.8% in 1960, the sector contribution to GDP output rose to 4.22%, 4.38%, and 5.70% in 1965, 1970 and 1975 respectively. At the latter half of the 1970s, the percentage share of GDP rose massively to about 20% from 1979 through 1980. The contribution of the NCS to the GDP however significantly declined to an average of 4% in the late 1980s and 1990s. The decline in the 1980s is due to the slump in oil earning in the 1980s, forcing the suspension of many projects (Uwechue, 1991). The restructuring of the economy under the Structural Adjustment Programme (SAP) added to the woes of the sector (Faruqee, 1994). The declining fortunes of NCS resulted in massive dilapidation of public infrastructure. However, the advent of democracy in 1999 brought a new lease of life to the sector, with massive rehabilitation of infrastructure (Oghifo, 2000). The NCS is faced with many challenges including the dominance of foreign contractors and inputs, dominance of government, instability, time and cost overruns etc (Baukley, Faulky& Olajide, 1994, Aniekwu, 1995, Ukwu, Obi, &Ukeje, 2003). However, The NCS is estimated to be about \$3.15 billion in 2008. The annual growth rate is among the highest in Nigeria; with a remarkable 12.17% growth in 2005, this is more than double the growth of the GDP of 5.6%. The NCS is projected to continue to grow very high in so far as the international price of oil remains high and the development of physical infrastructure remains high on the government's agenda (BMI, 2007, Dantata, 2008). Nigeria has the potential to become one of the largest construction markets in Africa. The NCS is forecasted to enjoy the fastest growth rate in the world even faster than India. From 2009 to 2020, only Nigeria and India would enjoy higher growth rates than China in their construction FUTY Journal of the Environment, Vol. 7, No. 1, July 2012 52 output. This reflects increased wealth and urbanization resulting from the country's oil production. Road and rail projects are on the rise, contributing the major stimulus for growth and boosting

industry value to US\$7bn by 2014 (Business Monitor International, 2010). Ameh and Odusami (2010) posited that construction industry in Nigeria comprises a group of heterogeneous and fragmented firms and, within firms, there is often a great diversity of activities. No other industry has similar characteristics. Typically, a large construction company may be engaged in activities ranging from general building and civil engineering to material manufacturing, property development, and trade specialization. Peripheral services such as material supply, plant hiring, and the newly emerging project management firms contribute to a complex industrial structure. In Nigeria, government expenditure has continued to rise due to the huge receipts from production and sales of crude oil, and the increased demand for public (utilities) goods like roads, communication, power, education and health. Besides, there is increasing need to provide both internal and external security for the people and the nation. Available statistics show that total government expenditure (capital and recurrent) and its components have continued to rise in the last three decades. For instance, government total recurrent expenditure increased from N3, 819.20 million in 1977 to N4, 805.20 million in 1980 and further to N36, 219.60 million in 1990. Recurrent expenditure was N461, 600.00 million and N1, 589,270.00 million in 2000 and 2007, respectively (Central Intelligent Agency, 2010). Nurudeen and Usman (2008) examined the composition of government recurrent expenditure which showed that expenditure on defense, internal security, education, health, agriculture, construction, and transport communication increased during the period of 1997 and 2007. Moreover, government capital expenditure rose from N5, 004.60 million in 1977 to N10, 163.40 million in 1980 and further to N24, 048.60 million in 1990. The value of capital expenditure stood at N239, 450.90 million and N759, 323.00 million in 2000 and 2007, respectively. Furthermore, the various components of capital expenditure also show a rising trend between 1977 and 2007. Economic development in Nigeria Nigeria's economic performance, since independence in 1960, has been decidedly unimpressive. It is estimated that Nigeria received over US\$228 billion from oil exports between 1981 and 1999 (Udeh, 2000), and yet the number of Nigerians living in abject poverty – subsisting on less than \$1 a day – more than doubled between 1970 and 2000, and the proportion of the population living in poverty rose from 36% to 70% over the same period. At official exchange rates, Nigeria's per capita income of US\$260 in 2000 was precisely one-third of its level in 1980 according to Iyoha (2007). Meanwhile, during this period, Nigeria's external debt rose almost continuously, as did the share of its GDP owed annually in debt service. Macroeconomic developments in recent years in Nigeria as noted by AfDB/OECD (2006) have been encouraging, with GDP growth averaging 6 per cent from 2000 through 2005. After reaching

peak value of 10.2% in 2003, growth took downward trend to 6.1 per cent in 2004. Growth in 2005, estimated at 4.4 percent, a much lower rate than the government's figure, was broadly based, with the oil, agriculture, construction and telecommunications sectors performing particularly well. High world oil prices have provided a big boost to the oil sector in recent years. In 2005, agricultural output increased by 7 per cent, up from 6.2 per cent in 2004, reflecting FUTY Journal of the Environment, Vol. 7, No. 1, July 2012 53 both favorable weather conditions and government efforts to increase farmers' access to credit and fertilizers.

Construction was estimated by the government to grow by 10 per cent in 2005 as a result of booming real estate development. Nigeria's telecommunications sector grew by 12 per cent following its accelerated liberalization and privatization, which led to the introduction and rapid spread of the global system for mobile communications (GSM) services. Growth in the manufacturing sector, at 8 per cent in 2005, is lower than the 10 per cent recorded in 2004. Construction linkages the importance of the construction industry stems from its strong linkages with other sectors of the economy (Rameezdeen & Ramachandra, 2008). Bynoe (2009) affirmed that the construction sector is an important element of many countries' macroeconomic growth strategy. The industry is a major source of employment, and also lays the foundation for economic growth by providing the infrastructural and commercial framework needed for development. Furthermore, as has been shown by Lean (2001), there is evidence of a set of bi-directional causal relationships, which are considered to be important drivers of economic growth, between the construction sector and the other sectors of an economy. In addition, the output of the industry is critical in supplying the infrastructure needed for the development of various sectors of a country's economy. Given the recognized importance of the sector to economic development and growth, construction has been used extensively by policy makers as a tool, and changes to the portion of public spending going towards building activity has been a feature of various governments' fiscal policy measures. Indeed, the importance of the industry to economic growth, especially in the case of developing countries, where evidence suggests that the share of construction output to national output is highest and of greater importance (Ruddock and Lopes, 2006), continues to motivate research into the sector. Hosein and Lewis (2004) suggested that the importance of the industry in particular to a developing country, is due to its size, the fact that it provides investment goods, and the size of government involvement. Brathwaite (1982) as cited in Bynoe (2009) put forward that in Barbados, construction activity is important because of the role it plays in the investment process and because it can be used as an early indicator of economic trends. The sectoral composition of

output, the linkages between the different sectors and their combined impact on growth and development have been of interest to a variety of theoretical approaches to economic growth (Wild & Schwank, 2008). The concept of linkages in the economy is very important as there is unbalanced growth among supporting sectors of the economy. It is therefore important that an economic activity that has the ability to stimulate and drive others in the growth process should be given greater attention. The structure that can hold together those interrelated activities in the economy are hidden, scattered or badly utilized (Saka & Lowe, 2010). (FUTY Journal of the Environment, Vol. 7, No. 1, July 2012 50 © School of Environmental Sciences, Modibbo Adama University of Technology, Yola – Nigeria. ISSN: 1597-8826. <http://dx.doi.org/10.4314/fje.v7i1.4>)

2.2.4. Tasks to be outsourced

Outsourcing non-core business tasks such as human resource, logistics and accounting can really help the business to grow and succeed. As the truths of the theories imply the above facts the city government of Addis Ababa housing development and administration Bureau, is not conduct its outsourcing practice in accordance with this fact. Because the office outsourced its core business rather than its non-core business. The decision to outsource business tasks helps to focus more in the core business activities.

2.2.5. Advantages of outsourcing

1. Help to free-up capital from investing in machineries and direct the organization towards investing in markets
2. An organization can import components at a cheaper price and focus on creating volume sales to maintain leadership positions
3. To reduce rising employee costs.
4. Cost minimization: is accomplished by reducing direct operation costs, eliminating overhead costs, and transforming fixed costs in to variable costs.
5. Refocusing the organization to its core competencies is accomplished by focusing what the organization does best and/or transforming the business to focus on new products and services.
6. Improvement in operating performance is accomplished by increasing quality, increasing productivity, and obtaining new capabilities technologies from external sources.

7. Change company focus
8. Acquire external capabilities
9. Refocus scarce resources for alternative uses
10. Reduce cycle time

2.2.6. Disadvantages of outsourcing

The disadvantage of outsourcing has the potential to expose the organisation to many alternative sources of risk.

1. Dependency on supplier
2. Loss of control over the outsourced functions, technology and giving direction.
3. Loss of technical skills.
4. Reduction in commitment.
5. Vulnerability of information and intellectual property.
6. Strategic vulnerability'
7. Potential for escalation of contract (and costs)
8. Irreversibility of decision.
9. Vendor lock-in.
10. Legal, advisory and additional fees are often ignored.
11. Long-term outsourcing contracts may complicate future mergers and acquisitions.

2.2.7. Factors affecting the implementation of outsourcing

The main factor affecting the decision on outsourcing is cost reduction, but there are two other important factors as well. These are additional indirect cost and social impact of decision. Indirect costs include contract generation and procurement, contract monitoring and transaction costs (ieomsociety.org/ieom_2016). Outsourcing is a management strategy by which an organization invites other organizations in a competitive bidding venue involving more efficient specialty service providers, to provide major, noncore functions for the host organization. Outsourcing is often referred to as Competitive Sourcing. It pits the organization service unit performing the function to

become a competitive bidder against independent private contractors to perform the government support function of that organization unit (Raymond, 2004).

Competitive bidding has long been an essential component of competition in the business arena. While a traditional method used by industrial firms in choosing suppliers/vendors and in making major purchases, competitive bidding has become increasingly important to the service sector (Green et al., 1994) (International Journal of Social Sciences and Information Technology ISSN 2412-0294 Vol IV Issue II, February 2018).

2.2.8. Who is a Contractor?

A contractor is a person or a firm that wants to do business by acquiring and fulfilling contracts. Contracting is comparable to owning a business in that you negotiate your own deals, work for yourself, have your own customers, and are compensated based on your own achievements.[esub.com/resources/subcontractor-vs-contractor-understanding-the-difference/](https://www.esub.com/resources/subcontractor-vs-contractor-understanding-the-difference/).

In construction, a contractor is an organization (or sometimes a person), hired by the client to carry out the work that is required for the completion of a project. Nevertheless, contractors don't always have the expertise or the trades that are needed for completing all construction work by themselves. For that reason, they are also in charge of appointing subcontractors who would be able to complete some parts of the project. Normally, there will be a significant number of subcontractors involved in a construction project. It goes without saying that the role of a contractor has many different levels as they are responsible for a wide range of tasks and people. In this article, we try to shed some light on the various responsibilities that a contractor can have. (<https://www.thefreedictionary.com/contractor>)

2.2.9. Responsibilities of Contractors

Contractors in construction are responsible for carrying out the work activities necessary for the project's completion. Contractors' duties and duties appear in a variety of elements of a project, including project planning, management, monitoring, construction site safety, and legal concerns. (<https://theconstructor.org/construction/contractor>).

The building contractor is also responsible for obtaining materials for the project. Since construction projects cannot be completed without the necessary building materials, it is up to the contractor to acquire goods to build the structures. This involves various forms of correspondence with necessary material suppliers. Generally, a building contractor is supposed to supervise, inspect,

and direct a construction project from start to finish regardless of the project scope. The contractor is expected to apply the relevant skills and expertise to ensure success during the project development process as specified by the contract documents. (www.exforsys.com/career-center/career-tracks/the-duties-and-responsibilities, 2014)

2.2.10. Factors Affecting Contractors Performance

Owners, contractors, and engineers agree that the following are the most important factors affecting the performance of construction projects: improper planning, improper design, site management, decision making, construction methods, labor and technical personnel shortages, quality and material shortages, construction mistakes and defective work, productivity (Study of Factors Affecting Performance of Construction Project, File Size: 816KB Page Count: 3 ijsr.net/archive/v4i5/SUB154426.pdf)

2.2.11. Roles and Responsibilities of Contractor in construction work

The responsibility of a contractor in construction is the execution of the work activities that are required for the completion of the project. Contractors' duties and duties appear in a variety of elements of a project, including project planning, management, monitoring, construction site safety, and legal concerns. The contractor also appoint subcontractor, who have special expertise, to execute certain parts of the project that cannot be constructed by the contractor. Subcontractors are involved in construction processes as a result of the services they give during a building project. A contractor is a person or company hired by a customer to accomplish a project. A contractor is a person or company that the client hires to accomplish a job. In summary, contractors' duties and duties are multi-faceted, since they do a wide range of activities and supervise a large number of people. (The constructor.org/construction/contractor-roles-responsibilities-construction/). Although the duties and duties of contractors may change significantly from one project to the next, the following are the general duties and duties of contractors:

2.2.11.1. Project Planning Responsibilities

1. Plan ahead of time for the creation and implementation of major projects.
2. Determining and estimating different project concerns, such as required supplies and equipment.
3. Anticipation of any future project modifications.
4. Ensuring that all health and safety regulations are observed.
5. Maintaining great contact with all construction partners, including the customer and subcontractors.

2.2.11.2. Project Management

- 1 Manage the budget for the building project's completion.
2. The main contractor is in charge of locating and hiring qualified subcontractors and employees to finish the project.
3. The main contractor, with the help of subcontractors, must oversee the project's equipment, supplies, and other services to ensure that it runs well.
4. Take care of the garbage that is created
5. Submit invoices in accordance with contract requirements.

2.2.11.3. Project Monitoring

1. Monitor the project's timeliness, safety, quality of work, and other project-related information.
according to the terms of the project contract
2. Based on the most recent modifications and input, review, revise, and update the project plan.
3. Use cost-effective building methods. Concerns about safety are being monitored.

2.2.11.4. Legal and Regulatory Responsibilities

1. The contractor is in charge of obtaining building permissions.
2. Ensure that the project complies with all legal and regulatory requirements.
3. Ensuring that the project complies with all applicable legal and regulatory requirements.

2.2.11.5. Health and safety Responsibilities

1. Ensure a sustainable safety policy to ensure worker health and safety. This might include risk management methods, an emergency response system, and other construction site safety measures.
2. Ensure that everyone on the work site is wearing safety equipment.
3. Educate workers on the importance of safety.

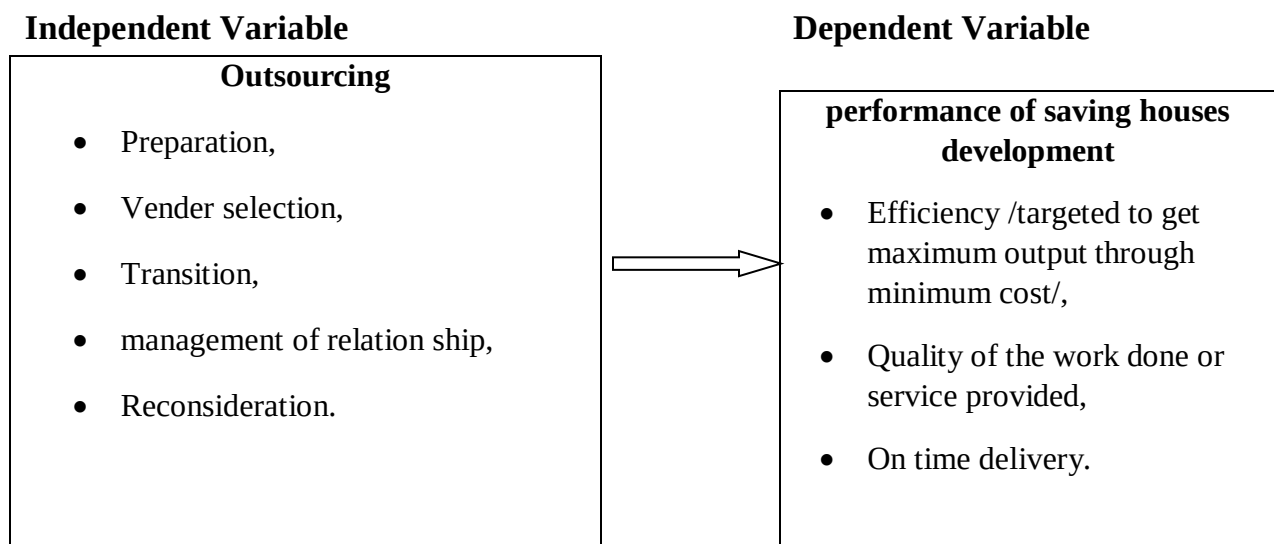
2.2.12. Trends in 40/60 program condominium house construction projects

Project organization in 40/60: The project organization practiced in 40/60 is also the line staff organization. But there is still the organization structure interruption of the clients on the contractor's responsibilities which have complicate the management and also the redundancy of the activities. The contract constitutes the entire agreement between the procuring entity and the supplier and supersedes all communications, negotiations and agreements (whether written or oral) of parties with respect thereto made prior to the date of contract. No agent or representative of either party has authority to make, and the parties should not be bound by or be liable for, any statement, representation, promise or agreement not set forth herein. The supplier should begin carrying out the services thirty days after the date the contract becomes effective, or at such other date as may be specified in the SCC (Special Conditions of Contract). Unless terminated earlier pursuant to the clause of the contract, the contract should terminate at the end of such time period after the effective date as is specified in the SCC. Any period with in which a party should, pursuant to this contract, complete any action or task, should be extended for a period equal to the time during which such party was unable to perform such as a result of force majeure. The supplier should perform the services and carry out its obligations with all due diligence, efficiency, and economy, in accordance with generally accepted professional techniques and practices. Should observe sound management practices and employ appropriate advanced technology and safe methods. The supplier should always act, in respect of any matter relating to the contract or to the

services, as a faithful advisor to the procuring entity, and should at all times support and safeguard the procuring entity's legitimate interests in any dealings with sub- contract or third parties.

2.3. Conceptual Frameworks

The effectiveness of the Contractor's in the outsourced construction work of 40/60 condominium house is directly related and goes along with the overall performance of the condominium house construction organization. In addition, the clauses and policies related to the obligation of contractors that are unfavorable to the construction work could have a negative impact and become major causes to the low performance of the construction. The purpose of the current study implies that the impact of outsourcing on the performance of the construction work of 40/60/ condominium houses. The independent variables therefore include preparation, vender selection, transition, management of relationship and reconsideration phases which are useful in the proper application of the process of outsourcing in the construction work of 40/60 program condominium housing projects in bole sub-city.



Source: This conceptual framework is developed by the researcher from the literature part.

Figure 2: Conceptual Frame Work

CHAPTER THREE

3.1. RESEARCH METHODOLOGY

The research methodology was a descriptive method which covers that The City Government of Addis Ababa Saving Houses Development bureau-The Case of 40/60 Program Condominium Housing Construction Projects in Bole Sub-City which constructs and handover condominium houses for registered clients of 40/60 Condominiums. This research used quantitative nature it will include numerical data. Quantitative research establishes statistically significant conclusions about a population by studying a representative sample of the population. The population consists of the entire group being studied.

There is no problem if the population is broad or narrow, only that it includes every individual that fits the description of the group being studied (Creswell, J.W. 2003. *Approaches to Research Design: Qualitative, Quantitative, and Mixed Methods* 2nd ed.) Thus, this study used the descriptive survey method to collect data from the number of respondents using instruments with the numerical measure to describe and explain the current study under consideration.

3.2. Description of the Study Area

This chapter aims to describe the study area in terms of its Research Methodology, Research Approach, Research Design, Population and Sample, Data Sources and Types, Data Collection Procedures, questioner development, Instrument & procedures of Data collections, Data sources, and types, Ethical Consideration, and Data Analysis.

3.3. Research Approach

To meet the objective of the study and answer the research questions; the researcher used the quantitative method. Because the quantitative method describes how each objective of the study will be achieved and enable to obtain results associated with the research problem. In addition, quantitative methods are designed to provide summaries of data that support generalizations about the phenomenon under study. To accomplish this, quantitative research usually involves few variables and many cases, and employs prescribed procedures to ensure validity and reliability; Muijs, Daniel, (2010); *Doing Quantitative Research in Education with SPSS*, 2nd edition; SAGE Publications, London.

3.4. Research Design.

This study would apply a descriptive research design to assess the impact of outsourcing on the performance of the saving houses development project. roles of contractors on the effect of outsourced work of 40/60 program of condominium house construction work. The descriptive method is selected since it describes the study systematically, factually, and accurately (Suryabrata, 2003). This design also is preferred because it seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitude, and behavior or values (Babbie, 2002). The design provides an in-depth and comprehensive inquiry required to be conducted to have a description of the subject under study.

3.5. Population and Sample

A sample is a group of people chosen from a defined population with the goal of extrapolating the results to the entire population. Accordingly, therefore the subjects of this study from which samples are selected and include personnel from workers, consultants and contractors in areas of the construction work of 40/60 condominiums. The target population for this study needs to be determined properly. Accordingly, therefore the sample size determination and relevant sampling technique are mandatory.

Since the sample size and right selection of sampling techniques are important to ensure the representativeness of the sample that can be dependable to generalize information obtained from the whole population of the study, the sampling design of the study was based on Stratified Probability Sampling. This method was chosen for it helps the researcher to rely on when a population's characteristics are diverse and the researcher wants to ensure that every character is properly represented in the sample.

The total population of the study was organized in workers, contractors and consultants. A simple random sampling method was applied to select the sample from the population of each stratum. The total population of the study is 208. From this, the selected respondents are divided into two strata's which are the organization's staff of 173 and the professionals with a population size of 35. To determine the sample size from the above population sizes a stratified probability sampling method was chosen. This method was selected because it provides great precision. To this end therefore, the relevant standard formula is needed. Accordingly, the student researcher preferred to use the standard formula known to be the Slovin's formula (Slovin in 1960).

The Slovin's Formula is given as follows:

$$n = N/(1+Ne^2),$$

Where n is the sample size,

N is the population size and

e is the margin of error to be decided by the researcher. Accordingly, therefore the margin of error is 5% (0.05) and the confidence level is 95%.

Then, the sample size to be determined for professionals (35) is calculated as follows: -

$$\begin{aligned} n &= \frac{N}{(1+N e^2)} \\ &= 35 / (1+35 \times 0.05^2) \\ &= 35 / (1+0.085) \\ &= 35 / 1.085 \\ &= 32.183 \sim 32 \end{aligned}$$

Therefore, the sample size for professionals is n= 32

Then, the sample size to be determined for workers or the organization's staff (173) is calculated as follows: -

$$\begin{aligned} n &= \frac{N}{(1+N e^2)} \\ &= 173 / (1+173 \times 0.05^2) \\ &= 173 / (1+0.4325) \\ &= 173 / 1.4325 \\ &= 120.768 \sim 121 \end{aligned}$$

=120.768 by using round off 121 is the sample size of workers.

Therefore, the sample size for workers is n= 121

3.6. Questionnaire Developing

To achieve the purpose of this research, the researcher developed a questionnaire that covers the research questions of the study. The questionnaire consists of simple closed-ended and dichotomous type questions that are suited to the nature of the respondents. The research questionnaire is constructed in steps and starts with questions regarding the respondent's profile. Followed by questions related to the topics of the study.

3.7. Instrument of data collection

The data gathering tool used in this study were the structured questionnaire and document analysis.

3.8. Procedures of data collection

Two data collection methods were used. These are the Questionnaire and Document Review. A structured questionnaire was applied for gathering quantitative data from participants, whereas document review was made from various policies and procedures, strategic plan documents, contract documents, plan documents, monthly reports, schedules, and other published and unpublished materials of the 40/60 saving houses development program and manuals.

3.9. Data Sources and Types

The source of data for the study is both primary and secondary. The primary sources are workers, consultants, external Contractors involved in the construction work. Secondary sources include various policies and procedures, strategic plan documents, contract documents, plan documents, monthly reports, schedules, and other published and unpublished materials of 40/60 saving houses development programs and manuals.

3.10. Ethical consideration

The researcher has received permission from the communication directorate office of the city government of Addis Ababa housing development and administration Bureau to undertake this research. After the researcher gets permission from the authorities, the researcher also goes to the professionals and staff to get their willingness to respond to the questions by filling the questioner.

3.11. Data Administration and Data management

Here the researcher used a data-gathering tool which is designed for gathering information for the study. This tool is a structured questionnaire distributed accordingly to respondents who are

consisting of workers, Contractors, and Consultants. Even though in the previous chapters the researcher mentioned the Micro and Small Business Enterprise workers in the study, but unexpectedly Micro and small business Enterprise workers were not available at the moment of data collection. This is because they already completed their contractual obligation. Therefore, the questionnaires were distributed by excluding Micro and Small Business Enterprise workers. In the case of filling the questionnaires by the respondents, the researcher observed some problems. Some of these problems include skipping their Profession and work position, their age, and work experiences and others. However, most of the respondents fill the questionnaires properly.

After finalizing the checking of questionnaires, the researcher identified the collected data and organized it to have a good overall picture of the data and analyze the data to make conclusions by applying the interpreted data into the database system SPSS based on data type and size.

3.12. Data Analysis

Quantitative data analysis is used in this study. **Quantitative data analysis** simply means analyzing **data** that is number-based (as opposed to words-based), or **data** that can be easily “converted” into numbers without losing any meaning. For example, category-based variables such as gender, ethnicity, or native language could all be “converted” into numbers without losing their meaning. Quantitative data analysis may include the calculation of frequencies of variables and differences between variables. A quantitative approach is usually associated with finding evidence to either support or reject hypotheses.

In this quantitative data analysis method, the researcher used descriptive statistics. Descriptive statistics are used to describe some features of the data. The descriptive statistics may include **mean, median, percentage, and standard deviation.**

After the data is collected then SPSS (Statistical Packaging for Social Sciences) was used to modify and code the data before it was processed and to analyze the data. The results then are presented using tables.

3.13. Pre-testing the data collection instrument

In pretesting the data collection instrument, the researcher checks the quality or the clearness and the validity of the questionnaire. Because when the questionnaire is clear from bias and it has the quality of transparency or purity the result will determine the validity. Clarity is a characteristic of a speech or a text composition that communicates effectively with its intended audience. In general,

the qualities of clearly written material include a carefully defined purpose, logical organization, well-constructed sentences, and precise word choice. Richard Nordquist (August 05, 2019). The validity on the other hand refers to "the degree to which a test or examination measures what it purports to measure" (p.13) Ruch, G.M. (1924). The improvement of the written examination. Chicago: Scott, Foreman, and Company. In this study, a pretesting of questionnaires was executed to determine the validity of the questionnaire. The questionnaire was therefore tested on Forty respondents. Out of the Forty questionnaires 30 questionnaires were given for pretesting purposes to workers categories and 10 questionnaires were given to professionals from the target population. After pretesting work, the questionnaires were reviewed and some constructive feedbacks were included.

3.14. Organization of the study

This research presents five main chapters. Chapter one deals with the Introduction, the historical context, statement of the problem, basic research questions, objective of the study, significance of the study, scope of the study, limitation of the study and the definitions of terminology,

The second chapter considers the works of literature and discusses theoretical frameworks which contain the literature review and the theoretical foundations of the study. The empirical literature review covers the literature's experiences and trends. The relevant literature to this thesis subject and theoretical model is provided and discussed throughout the work, as well as a conceptual framework for evaluating research findings in the instance of the subject field of; the Effect of Outsourcing on The Performance of Saving Houses Development Bureau-The Case Of 40/60 Program Condominium Housing Construction Projects in Bole Sub-City. In chapter three the chapter has research methodology, description of the study area, research approach, design, population and sample, questionnaire developing, instruments of data collection, procedure of data collection, data source and types, Ethical consideration, data administration & management, and data analysis, pretesting, organization of the study. Chapter Four deals with finding, analyses, interpretation, and discussion of the results. Chapter Five contains Summary, Conclusion, Recommendation and Areas of Future Research.

CHAPTER FOUR

4.1. Findings, Analysis, Interpretation and Discussion of results

This chapter deals with findings and analysis, interpretation and discussion of results. It consists of two main parts, the first one is about the background information of the respondents. The second one consists of the collected data from workers, contractors, and consultants about the study area. In this regard therefore 153 questionnaires were prepared and distributed to Saving Houses Development project office. Out of those questionnaires, 136 were responded properly. While the other 12 questionnaires were incomplete and the rest 5 questionnaires were not returned.

4.2. The response rate of Participants

	Number of Questionnaires	percent
Complete	136	89%
Incomplete	12	8%
Not returned	5	3%
Total	153	100%

Source: Questionnaires (2021) **Table 4.1. Questionnaire Response rate**

As indicated in the above table, in table 4.1. the ideal sample size was 153. Therefore, 153 questionnaires were distributed accordingly and from these 136 respondents were filled and returned the questionnaires. It means that from the total of 153 questioners distributed to respondents, 136 respondents filled and returned the questionnaires. In this regard, the researcher excluded those incomplete questionnaires from the data entry and analysis. In addition to this, the rest 5 questionnaires which were distributed to 4 workers and 1 professional respectively were not returned, this also was excluded from data entry and analysis. Therefore, the response rate of this study is 89%.

4.3. Profile of the respondents

		<i>Frequency</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Gender	<i>male</i>	80	58.8	58.8
	<i>female</i>	56	41.2	100
Age Category	<i>Less than 25</i>	14	10.3	10.3
	<i>26-34</i>	48	35.3	45.6
	<i>35-44</i>	63	46.3	91.9
	<i>45-54</i>	9	6.6	98.5
	<i>Above 55</i>	2	1.5	100
Educational Level	<i>Diploma</i>	6	4.4	4.4
	<i>First Degree</i>	78	57.4	61.8
	<i>above first degree</i>	52	38.2	100
Professions	<i>Officer</i>	32	23.5	23.5
	<i>Planner</i>	10	7.4	30.9
	<i>Training & Development</i>	3	2.2	33.1
	<i>Lawyer & Attorney</i>	8	5.9	39.0
	<i>Expert</i>	12	8.8	47.8
	<i>Engineer</i>	71	52.2	100
Position	<i>Junior</i>	22	16.2	16.2
	<i>Officer</i>	40	26.4	45.6
	<i>Expert</i>	19	14.0	59.6
	<i>Supervisor</i>	12	8.8	68.4
	<i>Team Leader</i>	8	5.9	74.3

	<i>Project Manager</i>	4	2.9	77.2
	<i>Director</i>	2	1.5	78.7
	<i>Contractor</i>	23	16.9	95.6
	<i>Consultant</i>	6	4.4	100
Work Experience	<i>Less than 5 years</i>	25	18.4	18.4
	<i>5-10years</i>	52	38.2	56.6
	<i>10-15years</i>	47	34.6	91.2
	<i>Over 15years</i>	12	8.8	100
Construction Site	<i>Site-1</i>	30	22.1	22.1
	<i>Site-2</i>	36	26.5	48.5
	<i>Site-3</i>	43	31.6	80.1
	<i>Site-4</i>	27	19.9	100

Table 4.2. Respondent's profile

Gender

As shown in gender respondents, 80(58.8%) of the respondents are male, 56(41.2%) of the respondents are female. From this therefore the number of male respondents is higher than that of female respondents.

Age Category

As can be seen on Age Category from 63 (46.3%) shows that the highest number of respondents are in the age category of (35-44) years, whereas the rest of the respondents are under the lowest and medium age category. That is 14(10.3%) are under the age category of less than 25years, 48(35.3%) are within the age category of (26-34), the rest 9(6.6%) are within the age category of (45-54) years and the remaining two respondents are age above 55. From this therefore it could be interpreted that a higher cumulative number of respondents lay under the age categories of (35-44) years which shows that most of the respondents are matured.

Levels of Education

From the table showing the level of education of the respondents 6 (4.4%) of the respondents are diploma holders, 78(57.4%) are degree holders and the rest 52(38.2%) of the respondents hold above first degree. Therefore, this shows that a higher number respondents are educated and certified from higher institutions.

Profession

As can be observed from the table showing Profession of the respondents, the highest number of respondents are engineers 71(52.2%), whereas the next highest numbers are officers 32(23.5%), and the rest of the respondents were insignificant in number. Therefore, the firm was contained with professionals that enable to change the organization's performance.

Position

As shown in table 4.2, the highest number of respondents are officers 40(29.4%), the rest comprise of contractors 23(16.9%), junior officers 22(16.2%), experts 19(14.0%), supervisors 12(8.8%), Team Leader 8(5.9), Consultants 6(4.4%), project managers 4(2.9%) and Directors 2(1.5%). From this therefore, it could be said that most of the respondents are in a middle and lower-level positions.

Work Experience

As can be seen from the table 4.2 the highest number of respondents have a service year of 5-10 52(38.2%), followed by 47(34.6%) respondents having 10-15 years of experience, and 25(18.4%) also has work experience of less than 5yrs. Others who constitute 12(8.8%) of respondents had greater than 15 years of experience. This shows that therefore, the highest numbers of respondents are within the categories of 5 up to 15 years of experience which highlights that most are well experienced in their work.

Construction Sites

As can be seen on table 4.2, the construction site which represents the respondents' sites is shown clearly. From the table therefore 43(31.6%) of the respondents are working on the construction site 3(three), 36(26.5%) are in the construction site 2(two), 30(22.1%) of respondents are on project site 1(one) and the rest 27(19.9%) are working on the construction site 4. From this therefore, it could be said that the placement of the respondents in each site is balanced.

4.4. Reliability Test

Reliability Statistics

<i>Cronbach's Alpha</i>	<i>N of Items</i>
.940	79

Table 4.3. Reliability Statistics

Reliabilities of the factors measure the effect of outsourcing on the performance of the construction work on Saving Houses Development Bureau was assessed with Cronbach's Alpha. Under the result shows in the above table, 4.3, Cronbach's Alpha greater than 0.70 is considered acceptable.

4.5. Analysis of the Effectiveness of Outsourcing

In this section, the researcher prepared mixed types of questions by giving alternatives to choose the answer from several alternatives.

		<i>Frequency</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Effectiveness of outsourcing work according to schedule</i>	no	107	78.7	78.7
	yes	29	21.3	100
<i>Responsibility for not going according to the schedule</i>	client	5	3.7	3.7
	contractor	25	18.4	22.1
	board	6	4.4	26.5
	all	100	73.5	100
<i>Impact of outsourced construction work on overall efficiency</i>	Weak	33	24.3	24.3
	medium	83	61.0	85.3
	Strong	20	14.7	100
<i>performance of external contractors</i>	poor	46	33.8	33.8
	medium	43	31.6	65.4
	good	30	22.1	87.5
	Very good	15	11.0	98.5
	excellent	2	1.5	100

collaboration b/n organization & External contractors	weak	23	16.9	16.9
	medium	50	36.8	53.7
	good	46	33.8	87.5
	very good	17	12.5	100
The decision was taken for problem encountering clarity	no	111	81.6	81.6
	yes	25	18.4	100
Preparation of job description	no	75	55.1	55.1
	yes	61	44.9	100
The outsourced 40/60 construction work is Complex	no	57	41.9	41.9
	yes	79	58.1	100
The reason for the complexity of construction work of the 40/60 program	corruption	9	6.6	6.6
	bureaucracy	47	34.6	41.2
	The inefficiency of contractor & Consultant	35	25.7	66.9
	Structure of Organization	25	18.4	85.3
	Structure of contractor	20	14.7	100
Delay according to schedule	no	34	25	25
	yes	102	75	100

Table 4.4. Effectiveness of Outsourcing of Construction Work

Effectiveness of outsourcing according to schedule

From the results of the above table therefore the responses for the first question "effectiveness of outsourcing" the highest number of respondents 107(78.7%) responds "NO". Therefore, this shows that the outsourced construction work is not effective and does not go with the schedule.

Responsibility for delay according to schedule

For the responsibility of the work not going with the schedule?" the highest number of respondents 100(73.5%) of the respondents respond "ALL". Therefore, it could be said that the responsibility of the dalliance of outsourced construction work to not go with the schedule is because of all parties mentioned.

Impact of the outsourced construction work on overall efficiency & performance of the project

As it could be seen from the table 4.4, regarding the impact of outsourcing on the overall performance of the project, the highest number of respondents responded medium 46(61.0%). The rest of the respondents comprising 33(24.3%) and 20(14.7%) responded weak and strong respectively. Therefore, it could be concluded that the impact of outsourced work on the overall performance of the project is greater.

Performance of External Contractors

As can be seen from the table above 4.4 the respondent's response regarding "the performance of external contractors " is poor 46(33.8%), medium 43(31.6%), good 30(22.1%), very good 15(11.0%) and excellent 2(1.5%). From this therefore, it could be said that the performance of external contractors about the scheduled construction work is poor. since the highest number of respondents respond as it is poor.

Collaboration between Client & Professionals

As the responses from the table above concerning the collaboration between the client and the stakeholders/professionals/ could be said that it is fair because the highest number of responses of the respondents indicate medium 50(36.8%) and good 46(33.8%) respectively.

Decision taken on encountering problems of outsourced construction work

From the table above regarding the clearness of the decision taken for problems facing the outsourced project work, the highest number of respondents said no 111(81.6%), and the rest said yes 25(18.4%). This shows that decision was taken to resolve the problems is not good enough.

Presence of Job Description

About this question "presence of standard job description" the highest number of respondents 75(55.1%) responded "NO" where the rest 61(44.9%) responded "YES". This shows that therefore, there is no standard job description prepared for employees.

The complexity of the outsourced construction work of the 40/60 program

About "do you think the outsourced construction project work in 40/60 is complex?" the highest number of respondents 79(58.1%) responded "yes" it is complex. The other insignificant number of respondents 57(41.9%) said it is not complex. Therefore, the outsourced construction work could be said complex.

Reasons for the complexity of the outsourced construction work of the 40/60 program

Concerning the question "what makes the outsourced construction work complex in 40/60 program?" the highest number of respondents 47(34.6%) responded bureaucracy is the reason for

the construction work to be complex. Other a smaller number of respondents 35(25.7%) said the inefficiency of contractors is the reason for the outsourced work be complex. Therefore, the outsourced construction work could be said complex.

Delay according to schedule

Regarding the delayed construction work to be under the schedule, the highest number of respondents 102(75.0%) responded "YES" and the rest of respondents 34(25.0%) responded "NO". From this, therefore, it could be said that the outsourced construction work is delayed when seen in terms of the schedule.

4.6. Descriptive analysis regarding planning for Outsourcing

In the planning stage, we have to focus to find the perfect partner to finalize the project on time. For this reason, the researcher prepares 8 questions that indicate the preparation of the plan for the implementation of outsourcing.

In this section the respondents give their level of agreement by numbers ranging from 1 to 5; here those numbers indicate 1 is "strongly disagree (SD)", 2 indicates "disagree (DA)", 3 indicates "no idea (NI)", 4 indicates "agree(A)" and 5 indicates "strongly agree (SA)". Therefore, the mean scores of 0-1.5 means that the respondents strongly disagree with the question, between 1.50 to 2.50 means they are disagreeing, 2.50 to 3.50 means the respondents have no idea, for a mean score of 3.50-4.50 respondents agree by the outsourcing of construction work. A mean value over 4.50, implies that the respondents strongly agree with the issue raised in each question. Therefore, the following section gives the result of respondents on outsourcing construction works.

Descriptive Statistics

	N	Mean	Std. Deviation
Defines the scope of work	136	3.46	1.115
Identifies specific project	136	3.42	1.106
Helps to get an expert judgment	136	3.48	1.047
Helps to select a big project	136	3.35	1.202
Defines specific goals to reduce cost	136	3.40	1.084
Helps to identify vendors	136	3.35	1.202
Allows to achieve hope & support goals	136	3.32	1.215
Improve the competitiveness of the organization	136	3.28	1.146
Valid N (listwise)	136		

Table 4.5. Preparation of plan for outsourcing

The above table 4.5 shows the respondent's response to those eight questions with mean and standard deviation. The mean value of all questions is between 2.5-3.5 so that most of the respondents have no idea about the preparation of planning for outsourcing. This goes with the saying "if you fail to plan you plan for failure".

4.7. Vender Selection

<i>Descriptive Statistics</i>			
	N	Mean	Std. Deviation
Acquire external capabilities	136	3.38	.967
Helps to find the perfect partner	136	3.56	1.031
Key to ensuring the partner deliver an outcome	136	3.26	.998
Allows org to make vendor selection	136	3.36	.956
Maintains lower price delivery reliability	136	3.27	1.164
Making sure they have proper tech	136	3.39	1.069
Involves the new supplier taking responsibility	136	3.27	1.050
Ensure the partner deliver the desired outcome	136	3.31	1.058
Valid N (listwise)	136		

Table 4.6. Vender Selection

In the above table 4.6, the respondent's response to eight questions regarding vendor selection is presented. Most of the respondent's response lies within the mean value of 2.5-3.5 which indicates that the respondents also have no idea about vender selection. However, in the case of question number two "vendor selection helps to find the perfect partner and finalizing contract" the mean value (M=3.56, SD=1.031) shows that the respondents were agreed.

4.8. Transition

<i>Descriptive Statistics</i>			
	N	Mean	Std. Deviation
Helps to eliminate the wrong data	136	3.24	1.020
Helps to get back up relevant information	136	3.35	.999
Establishing best practices	136	3.29	1.110
Benefits both client & outsourcing provider	136	3.43	1.106
Allows to identify gaps in the plan	136	3.37	1.108
Involves existing systems & staffs	136	3.39	.912
Enables investing the time & resources	136	3.35	1.144
Provides knowledge transfer plan	136	3.59	1.000
Ensures a smooth hand-off	136	3.54	1.102
Valid N (listwise)	136		

Table 4.7. Transition

In the case of table 4.7, the respondent's reply to seven questions shows the mean value ranging from 2.5-3.5. This means that most of the respondents have no idea about the term transition and its use for the organization. But regarding the responses of respondents for questions number eight and nine the mean value (M=3.59, SD=1.000 and M=3.54 SD=1.102 respectively. It implies the respondents were agreed.

4.9. Management of Relationship

Descriptive Statistics			
	N	Mean	Std. Deviation
Supporting the new team & integrating into company culture & process	136	3.24	1.110
Helps to appoint an internal project manager	136	3.53	1.081
Creating relationship like a partnership to become successful	136	3.46	.988
Helps to maintain a close relationship with an outsourcing partner	136	3.65	.939
A flexible framework for building relationship & alignment around the same core objectives	136	3.51	.966
Maintain creation of strategic alliance r/n ship & maintain competitive advantage.	136	3.44	1.031
Ensures long mutually beneficial relationship	136	3.48	1.122
Add meaningful business value	136	3.74	.927
Helps to determine how to handle vendor relationships	136	3.63	.917
Helps the process become a joint effort b/n vendor and internal stakeholders	136	3.85	.965
Valid N (listwise)	136		

Table 4.8. Management Relationship

As can be seen in the table above 4.8 the respondent's response regarding the management relationship for four questions have the mean value ranging from 2.5-3.5 which indicates they have no idea and the response for the other six-question shows the mean value ranging from 3.5-4.5, this means that they are agreed.

4.10. Reconsideration

Descriptive Statistics			
	N	Mean	Std. Deviation
Helps to add meaningful business value	136	3.55	.965
Develops a deep understanding	136	3.54	.950
Helps to focus on scarce resources	136	3.62	1.088
Helps to reduce rising employee cost	136	3.38	1.135
Helps to design achieving goals	136	3.62	1.089
Helps to free up capital	136	3.47	.942
Prioritizing the highest impact & fastest time	136	3.49	.958
Implementing agile at scale	136	3.11	.971
Valid N (listwise)	136		

Table 4.9. Reconsideration

From the table 4.9 above the result for reducing employee cost, free-up capital, prioritizing the features & implementing agile at scale shows that the respondent's response mean value ranging from 2.5-3.5 indicates have no idea about reconsideration. However, the responsibility for ensuring the engagement to add meaningful values, developing a deep understanding of market trends, refocusing of scarce resources, and design direction to achieve high-level business goals continues to show the mean value ranging from 3.5-4.5 and therefore this indicates their agreement.

4.11. Efficiency

Descriptive Statistics			
	N	Mean	Std. Deviation
Devoted to plan before the project	136	1.49	.632
Utilizes any good construction management software	136	1.47	.530
Involves experienced workers in the planning process	136	1.44	.606
Given on-the-job training to keep the project run	136	1.37	.568
Makes the contractors communicate well with workers	136	1.39	.504
Motivates the workers to award or to punish	136	3.65	.881
Valid N (listwise)	136		

Table 4.10. Efficiency

The above table 4.10 shows that the respondent's response to six questions concerning efficiency. For the first five questions result of the respondents shows the mean value ranging from 0-1.5 which indicates strongly disagree. But for the last question, the result shows the mean value ranging from 3.5-4.5 indicating the respondents are agreed.

4.12. Quality of Work

Descriptive Statistics			
	N	Mean	Std. Deviation
The contractor meets the company's standards	136	1.28	.450
The contractor meets the codes & specification	136	1.29	.454
Weak performance exposes to additional cost	136	4.65	.480
Valid N (listwise)	136		

Table 4.11. Quality of Work

In this section, the above table 4.11 shows the respondent's result for the three questions regarding the quality of work. The result shows for the first question with mean value $M=1.28$ $SD=0.450$ which is ranging from 0-1.5 indicating the respondents were strongly disagree. The second question respondent result has a mean value of 1.29 and standard deviation of 0.454 indicating the respondent were strongly disagrees. And the last question respondent result shows the mean value of 4.65 which is above 4.5 that shows the respondents were strongly agree with the quality of work in the Housing Development Program office.

4.13. On-Time Delivery

Descriptive Statistics			
	N	Mean	Std. Deviation
The management perform effectively to ensure delivery	136	1.69	.715
The management establishes a timeline	136	2.60	1.151
The contractor's schedule & review the process	136	1.69	.715
The special expectation of the contractor from the client	136	2.73	1.014
The role of the external contractor in meeting the schedule	136	2.32	1.618
The collaboration b/n client & the org to provide a solution	136	2.30	1.531
The performance of the contractor concerning the costs of the client	136	2.21	1.437
Factors that influence the efficiency of the contract	136	3.71	1.048
Coordinators & experts fulfill the minimum required experience	136	2.34	1.394
Experiences of the contractors compatible to achieve the goals	136	1.69	.715
Valid N (listwise)	136		

Table 4.12. On-time Delivery

In this section, the respondents answer the ten questions regarding on-time delivery of construction projects. The respondents result for question number 1,3,5,6,7,9, and 10 their mean values are between 0 and 1.5 indicating disagreement. However, the respondents result for question number 2 and 4 has a mean value between 2.5-3.5 indicating the respondents have no idea. Moreover, the respondent's result for question number 8 has a mean value ranging from 3.5-4.5 that shows the respondents agreed.

CHAPTER FIVE

SUMMARY, CONCLUSION, RECOMMENDATION AND AREAS OF FUTURE RESEARCH

5.1. INTRODUCTION

This study is meant to assess the effect of outsourcing on the performance of Saving Houses Development Bureau in the case of 40/60 Condominium housing Construction projects in Bole Sub City. The targeted sample size to make inferences about was 153, which comprises of workers and professionals. This chapter is therefore dealing with the summary, conclusion, recommendation and areas of future research.

5.2. SUMMARY

The goal of this study was to show how outsourcing affects business performance of the Saving Houses Development Bureau by examining how the outsourcing practice used on 40/60 projects impacts the bureau's overall performance. The independent variables were preparation, vendor selection, transition, management of the relationship, and reconsideration. The dependent variables on the other hand consist of efficiency, quality of the work done, and on-time delivery. The method used to gather the necessary information was a questionnaire and review of document analysis. The finding of this study consists some of the following among others;

The construction work that is outsourced is ineffective and does not adhere to the timeline.,

The preparation of plan for the outsourcing is not understood by the employees. This is revealed by the mean value ranging from 2.5.-3.5. that shows the respondents have no idea,

Regarding the proper vendor selection practices, it is revealed by the study that the proper vendor selection process was not practiced on the project. i.e., the mean value from 2.5. to 3.5. shows that the respondents of the study also have no idea about the vendor selection process,

The transition also is revealed to be a Jurgan for the employees which was shown by the mean value ranging from 2.5. to 3.5. confirming that the respondents have no idea about Transition,

In the case of management relationships, the study revealed that most of the respondents responded they are agreed with the necessity of a better management relationship among the client organization and the professional stakeholders,

Reconsideration is somehow considered beneficial to better utilization of outsourcing. Since half of the respondents respond it is useful,

Efficiency is the other main dependent variable that is investigated. Therefore, concerning the efficiency of outsourcing in the firm is not well observed. This is revealed in the study, from the responses of the respondents for the mean value ranging from 0.15 which shows that most of the staff were strongly disagree. In regards to the quality of work, the study revealed that the quality of work to meet the codes and specifications of the client is not satisfactory. This is confirmed by the mean value ranging from 0-1.5 which tells that the respondents strongly disagree. In the case of on-time delivery, the study finding revealed that there is no a good practice of on-time delivery on the construction project this is revealed by the study, by the mean value ranging from 1.5.-2.5. which is expresses the disagreement of the respondents.

5.3. CONCLUSION

From the findings of the study, it could be concluded that the practice of outsourcing has negative impact on the performance of Saving Houses Development project. This is observed mainly by the low level of efficiency, poor quality of work, and inconsistent practice of on-time delivery. Therefore, the current outsourcing practice held in the organization is significantly affected by the presence of improper planning, poor vendor selection practices, and weak management relationship among others.

5.4. RECOMMENDATIONS

From the study findings and conclusions, it could be recommended that the Saving Houses Development bureau should work on providing the necessary trainings so as to implement better outsourcing practices. This should mainly focus on preparation of planning for outsourcing, vendor selection, and well-organized management relationship among others. In addition to this, the Saving houses development bureau should also look after and engage in improving the efficiency of the work done regarding the outsourcing practice and should establish the quality parameters to check the quality of the work done. The researcher, therefore, recommended that there should be a well-informed orientation to be held for all concerned about the planning, vendor selection, reconsideration, transition, management relationship, efficiency, quality of work, and on-time delivery regarding outsourcing. In addition to this the roles of the contractor should be differentiated clearly from that of the client. Standard job description should be in place so as to

give responsibilities for all concerned one. There should also be some controlling mechanism is to be develop in order to control the work goes according to its schedule so as to get better quality of work.

5.5. AREAS FOR FURTHER STUDIES

The outcomes and results of this study can be used as a stepping stone to make further future studies in the area of outsourcing in relation to construction of houses. This is to mean that there are many possibilities of making practical application of this study. The demand for doweling houses is a non-stop and ever-increasing issue from the community, the bureau understudy should focus on furthering its endeavor to reduce the impacts of outsourcing on the performance of the housing construction work.

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Appendix

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE LOGISTICS AND SUPPLY CHAIN MANAGEMENT DEPARTMENT

Questionnaire

Checklist of questions used to collect data about the roles of external contractors engaged on the activities in relation to the effect of outsourcing on the overall performance of the 40/60 program condominium house construction project.

Dear respondent:

I am one of the post graduate students in Logistics and Supply Chain Management at Addis Ababa University School of Commerce. As a requirement for a partial fulfillment of the class; I am undertaking a research work entitled “The Effect of Outsourcing on The Performance of Saving Houses Development Bureau-The Case Of 40/60 Program Condominium Housing Construction Projects in Bole Sub City”. The purpose of this study is to generate information in the study area and its result may be used to fill the knowledge gap. Your sincere and honest replies to the following questions are crucial, and you can be certain that the information you submit will be kept private and confidential that will only be used for academic purpose.

I thank you in advance for your cooperation!

Instruction: -

- Writing your name is not necessary.
- For close ended questions put “✓” mark and for open ended questions write a brief answer in the space provided.
- Please circle your response that best describes the given question from the listed alternatives.
- Please explain your reasoning in the area provided for questions that need it.

Respondents Profile

1. Gender Male ☐ Female ☐

2. Age (Years), 25 and below ☐ 26-34 ☐ 35- 44 ☐ 45- 54 ☐ above 55 ☐

3. Educational Level ☐ Diploma ☐ First Degree ☐ Above first Degree If any Other Specify

4. Profession Position

5. Work Experience ☐ Less than 5 Years ☐ 5-10 Years ☐ 10-15 Years ☐ Over 15 Years

6. Branch offices Construction cite

Thank you for your collaboration!

Part 1. Question related to the topic

1. Do you think the outsourced construction work is effective and going according to its schedule?

1. Yes 2. No

2. Who are responsible for the work not to go according its schedule?

1. Client 2. Contractors 3. Consultants 4. Board
5. All

3. What do you think about the impact of the outsourced construction work on the overall efficiency of the performance of the project?

1. Weak 2. Medium 3. Strong

4. The performance of the external contractors in relation to the scheduled construction work is

1. Poor 2. Medium 3. Good 4. Very good 5. Excellent

5. The collaboration between the client/organization and the stakeholders/professionals is

1. Weak 2. Medium 3. Good 4. Very good 5. Excellent

6. The decisions taken for problems encountering in the outsourced project work are clear

1. Yes 2. No

If yes explain the mechanisms _____

7. There are standardized job descriptions prepared for all internal and external employees to control the outsourced construction work run properly

1. Yes 2. No

8. Do you think the outsourced construction project work in 40/60 is complex?

1. Yes 2. No

9. What makes an outsourced construction project work complex in 40/60 program?

1. Corruption 2. Bureaucracy 3. Inefficiency of contractors and consultants 4.
Structure of the organization 5. Structure of the contractor

6. If there is other, please specify _____

10. Do you think the construction is delayed according to its schedule?

1. Yes 2. No

Part 2. Question related to Outsourcing

2.1. plan for implementation of outsourcing

Please show your acceptance to one of the following statements related to the effect of Outsourcing of the preparation for effective implementation of Construction Projects.

Explanation to answer the questions:

(1) strongly Disagree (SD), (2) Disagree(D), (3) no idea (NI), (4) Agree(A), (5) strongly Agree (SA),

NO.	Preparation of Plan for outsourcing	1 SD	2 D	3 No Idea	4 A	5 SA
1.	Define the scope of work and resources.					
2.	Helps to identify the specific project for the outsourcing program.					
3.	Helps to trace participants to provide input to the plan & verify assumption to get expert judgement.					
4.	Helps to select a big project instead small different project.					
5.	Define specific goals, such as reduce overall corporate costs.					
6.	Helps to identify vendors, running pilots, awarding contracts.					
7.	Allows to outline what the organization hope to achieve and how the plan supports that goal.					
8.	Improve the competitiveness of the organization.					

2.2. Vender selection process

Please show your acceptance to one of the following statements related to the effect of Outsourcing of the vender selection process of Construction Projects.

Explanation to answer the questions:

(1) strongly Disagree (SD), (2) Disagree(D), (3) no idea (NI), (4) Agree(A), (5) strongly Agree (SA),

NO.	Vender selection	1 SD	2 D	3 No Idea	4 A	5 SA
1.	Acquire external capabilities					
2.	Helps to find the perfect partner and finalizing contract					
3.	Key to ensure that the partner to deliver the desired outcome.					
4.	Allow the organization to make the vendor selection will the appropriate resource.					
5.	Maintain lower price, delivery, reliability, reputation, technical capacity and fix budget adherence, lead-time and quality.					
6.	Making sure they have the proper tech stack to develop the product					
7.	Involves the new supplier taking responsibility for the provision of the outsourced work or service.					
8.	Ensure the partner deliver the desired outcome					

2.3. Transition

Please show your acceptance to one of the following statements related to the effect of Outsourcing of transition process of Construction Projects.

Explanation to answer the questions:

(1) strongly Disagree (SD), (2) Disagree(D), (3) no idea (NI), (4) Agree(A), (5) strongly Agree (SA),

NO.	Transition	1 SD	2 D	3 No Idea	4 A	5 SA
1.	Helps to eliminate the wrong data and stay aligned around the same set of goals					
2.	Helps to get back up relevant information.					

3.	Establishing best practices, such as coding standards, naming conventions, branching strategy, a go-live process and support.					
4.	implementing a transition plan benefits both client and outsourcing provider.					
5.	allows the outsourcing partner to identify gaps in the plan from a developer's perspective and provide detailed recommendations					
6.	Involves transition of existing systems and staffs to the new supplier					
7.	Enables investing the time and resources into planning a smooth transition					
8.	providers can look at the knowledge transfer plan, proposed tech stack, and the relationship dynamic per the initial plan and provide feedback about where things can be improved.					
9.	Ensure a smooth hand-off and set the stage for lasting success.					

2.4. Management of Relationship

Please show your acceptance to one of the following statements related to the effect of Outsourcing of the Management of Relationship of Construction Projects.

Explanation to answer the questions:

(1) strongly Disagree (SD), (2) Disagree(D), (3) no idea (NI), (4) Agree(A), (5) strongly Agree (SA),

NO.	Management of Relationship	1 SD	2 D	3 No Idea	4 A	5 SA
1.	Supporting the new team and integrating them into the company culture and processes.					
2.	Helps to appoint an internal project manager, even a dedicated team, to work with outsourced developers full-time.					
3.	Treating the relationship like a partnership, not a transaction helps to become successful.					
4.	Helps to maintain a close relationship with the outsourcing partner.					
5.	Provides flexible framework for building a lasting relationship and alignment around the same core objectives.					
6.	Help to maintain creation of strategic alliance relationship & maintain competitive advantage.					
7.	Ensure setting the stage for a long, mutually beneficial relationship with the new provider.					

8.	Add meaningful business value.					
9.	Helps to determine How the organization will handle Vendor. R/n ships					
10.	Helps the process become a joint effort between the vendor and the internal stakeholders.					

2.5.Reconsideration

Please show your acceptance to one of the following statements related to the effect of Outsourcing of the Reconsideration of Construction Projects.

Explanation to answer the questions:

(1) strongly Disagree (SD), (2) Disagree(D), (3) no idea (NI), (4) Agree(A), (5) strongly Agree (SA),

NO.	Reconsideration	1 SD	2 D	3 No Idea	4 A	5 SA
1.	Help to ensure that this engagement continues to add meaningful business value.					
2.	Develops a deep understanding of market trends and the industry					
3.	Helps to refocus on scarce resources for alternative uses					
4.	Helps to reduce rising employee costs.					
5.	Helps to design or to move the direction toward achieving high-level business goals.					
6.	Helps to free-up capital from investing in machineries and direct the organization towards investing in markets.					
7.	Prioritizing the features with the highest impact and fastest time-to-market					
8.	Implementing Agile at scale					

Part 3. Questions related to performance of the organization.

NO.	Efficiency	1 SD	2 D	3 No Idea	4 A	5 SA
1.	The management of the contractor devoted to plan before the project begins to get or figure out the people, process, information, equipment and materials needed before starting work.					
2.	The management of the contractor utilizes any good construction management software to be organized allowing focusing on the actual work.					
3.	Do you agree that the management invite to involve experienced workers in the planning process					
4.	The construction supervisors and other staff members given on the-job training to keep the project run smoothly and efficiently					
5.	The contractor communicates well with workers to raise their efficiencies					
6.	The management rates the efficiency of the workers in order to motivate, award or punish accordingly.					

NO.	Quality of work	1 SD	2 D	3 No Idea	4 A	5 SA
1.	The contractor meets the codes and specification requirements of the client					
2.	The contractor meets the construction company's standards.					
3.	The contractor's weak performances expose the client to additional costs and delays.					

NO.	On time delivery	1 SD	2 D	3 No	4 A	5 SA
1.	The management of the contractor is performing effectively to insure on time delivery.					
2.	The construction manager establishes timeline according to the given contract to control the construction work					
3.	The contractors Scheduled the process and review it constantly.					
4.	The special expectations of the contractors from a client which limits the performance of the contractors to provide successful services					
5.	The roles of the external contractors on meeting the schedule of the construction work and delivering the houses.					
6.	The collaboration between the client/organization and the external contractors to provide a solution for a claim or problems.					
7.	The performance of the external contractors to the construction work with respect to the costs of the client.					
8.	Factors that influence the external contractor's efficiency in the construction projects.					
9.	The external contractor's coordinators and experts have fulfilled the minimum required experience.					
10.	The experiences of the external contractors are compatible to achieve the goals of the client.					

If there is any other idea, please describe here _____

_____ **Thank you!**