

**OUTSOURCING VERSUS IN-HOUSE STAFF. A CASE
OF THE UNIVERSITY OF LIMPOPO'S SUPPORT STAFF**

By

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Submitted as partial fulfilment of the requirements for the degree,

MASTER OF BUSINESS ADMINISTRATION

UNIVERSITY OF LIMPOPO

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JUNE 2017

DECLARATION

This is to certify that I, Lesiba Phillip Ramakadi, hereby submit this dissertation in partial fulfilment of the requirements of the degree of Master of Business Administration at the University of Limpopo as entirely my own work that has never before been submitted for a degree at this or any other University; it is my own work in design and all the sources that have been used are properly acknowledged.

.....

L.P. Ramakadi

.....

Date

DEDICATION

I dedicate this work to the following people:

- Almighty God for the strength He gave to me.
- My wife, Kobela Rachel Ramakadi, who played an important role in my life.
- My children, Selaelo, Tselane and Mokibe Ramakadi, for their support
- My late father, Ramaseu Ramson Ramakadi, and my mother, Molatela Linah Ramakadi, for raising me.
- My brothers (Bethuel and Lazarus) and sisters (Mmakgomo, Tselane, Mokgadi, Mabagwe and Nape) for their love and inspiration

ACKNOWLEDGEMENTS

Words are not enough to express my utmost gratitude to the Almighty God for giving me strength, health, wisdom and courage to undertake my studies and this research project.

I wish to declare my grateful appreciation to my dedicated supervisor, Dr L. Beyers for his support and encouragement through this demanding journey and for making my work more easily manageable.

I further would like to thank the University of Limpopo for their financial support throughout my studies, my Director Mr S.W. Modubi for advice and allowing me time to further my studies, and my friends Mr K.D. Mpai, Mr M.A. Mashiane, Mr N. Serage and T.M. Magongwa for their support for the duration of the study

ABSTRACT

The research is focused on outsourcing versus in-house staff in the case of the University of Limpopo. Since the outsourcing path was adopted in 2002, no formal study was instituted by UL to ascertain whether the decision had positive effects on the university's financial status and former employees' welfare.

One of the impediments that posed a real threat to the UL's outsourcing agenda was the lack of a guiding document to adequately direct the negotiation process. Lack of feedback and lack of a vibrant communication plan as the main variables that triggered a climate of mistrust between the PCS and stakeholders were identified.

This study seeks to determine which option, namely outsourcing versus in-house staff complement will be the most advantageous to UL. The idea taken by the UL in 2002 to outsource what was perceived as non-core operations was an idea that was never easy to implement and ultimately failed to achieve its originally intended purpose.

This study opted for the qualitative method because it relied on the views of UL's former employees who were directly affected by the university's 2002 outsourcing arrangement. The population of this study consisted of one hundred and fifty (150) people comprising of UL's in-house employees in the UL. The process of selecting the participants was based on the purposive sampling method. The sample size for this study was 38 of the outsourced operational support staff

From the results obtained from the study, a conclusion was drawn that the outsourcing arrangement did not provide any significant benefit to any of the affected parties. The recommendations on measures to improve the effectiveness of UL's outsourcing arrangement were made and described in detail in chapter five of this study. Recommendations for further studies were also made in chapter five as being inevitable because there is no research that is complete in itself.

OUTSOURCING VERSUS IN-HOUSE STAFF. A CASE OF UNIVERSITY OF LIMPOPO'S SUPPORT STAFF

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LIST OF ACRONYMS

BPO	: Business Process Outsourcing
BKO	: Business Knowledge Outsourcing
COSATU	: Confederation of South African Trade Union
DHET	: Department of Higher Education and Training
HESA	: Higher Education South Africa
IT	: Information Technology
PSC	: Project Steering Committee
UL	: University of Limpopo

1. CHAPTER ONE: INTRODUCTION, STATEMENT OF THE PROBLEM, PURPOSE OF THE STUDY AND CLARIFICATION OF CONCEPTS

1.1 INTRODUCTION

The study will be focused on the outsourcing arrangement implemented by the University of Limpopo in 2002. Since outsourcing was adopted in 2002, no formal study has been instituted by UL to ascertain whether the decision had positive effects on the university's financial status and former employees' welfare.

Shen and Shiel (2011:45) define outsourcing as a "practice of transferring activities traditionally performed within the firm to third party providers within the country or offshore". In May 2002, UL was one of the many public institutions in South Africa that embraced the outsourcing dispensation. The need to refocus and redeploy its institutional energy and strategy mechanics towards fulfilling its core objectives of academic research and teaching triggered the adoption of the outsourcing path.

Despite profound resistance from employees and other pressure groups, the cleaning, gardening and maintenance services were eventually outsourced to external service providers in 2002 at the University of Limpopo.

1.2 BACKGROUND OF THE STUDY

According to Anandkumar and Biswas (2008:11), outsourcing gives an organisation a rare opportunity to intensively focus on its core business and in the process helps to advance its cost saving agenda. A well-managed outsourcing arrangement should always reflect a win-win outcome for both parties.

However, like any other change project, rolling out an outsourcing path is considered a painful experience. Those who are familiar with outsourcing understand that the practice can plunge an organisation into a period of conflict. It is an erroneous assumption to think that everyone within the organisation can appreciate the benefits of outsourcing. Great sacrifices are needed for outsourcing to achieve its intended goals. Que'Lin and Duhamel (2008:647) point out that many companies find it extremely difficult to build an army of outsourcing champions across the board. According to Kamarazoly (2007:15), creating a

coalition of outsourcing advocates across the company's value chain is imperative. McCarthy and Anagnostou (2004:61) stress that outsourcing projects are prone to fierce resistance from affected constituencies like employees, unions and other interest groups. The deemed view is that once a company chooses an outsourcing path, it must move with speed to rethink its operating culture to ensure that its business processes and policies are supportive of the new course.

In its ideal form outsourcing can take a company on a completely different course. An outsourcing decision comes with many responsibilities and complex challenges (Que'Lin & Duhamel, 2009:647). Since outsourcing is considered an open declaration of war against the status quo, those charged with driving its implementation process must be seasoned advocates of change themselves. Anandkumar and Biswas (2008:11) argue that outsourcing has the potential ability to singlehandedly bring wholesale changes to the company's culture, business model and strategic direction. The shared view is that an outsourcing dispensation may go a long way in redefining or resetting an organisation's strategic priorities and operational focus. The biggest beneficiary of an outsourcing decision is the core business of the organisation (Que'Lin & Duhamel, 2009:647).

UL embraced the outsourcing dispensation in May 2002. By then, UL was experiencing one of the worst financial crises in its history. Due to acute cash flow challenges, the university struggled to service its mounting debts. The institution struggled to contain its spiralling wage bill owing to a bloated staff compliment. Worse still, it was noted that little returns were recouped from every Rand invested in its HR assets. The University Council was concerned that despite the wage bill claiming 90% of its annual income, the institution was still riddled with endless cost inefficiencies and financial leakages (UL Outsourcing Report, 2002:34). As a way to plug these inefficiencies, the Council opted to outsource the entire facilities' management portfolio. Despite profound resistance from employees and other pressure groups, the cleaning, gardening and maintenance services were eventually outsourced to external service providers in 2002.

1.3 PROBLEM STATEMENT

Since outsourcing was adopted by the University of Limpopo's management in 2002, there has never been any formal study (as far as can be determined) done to assess its impact both on the institution and on the affected employees.

Fossum (2009: 306) points out the danger of outsourcing as exposing employees to the ills of exploitation and unmitigated job losses. Kamarazoly (2007:15) warns that it is the duty of management to ensure that every outsourcing arrangement is consistently evaluated to check whether it is fulfilling its original mandate.

This study seeks to determine which option, namely outsourcing versus in-house staff complement will be the most advantageous for UL.

1.4 AIMS OF THE STUDY

The aim of the study is to find out whether UL's 2002 outsourcing arrangement had a positive or negative effect on the University's financial status and former employee's welfare. Outsourcing was adopted on the assumption that it was deemed a sure way to reduce UL's increasingly stressful cost burden. The huge staff complement led to a huge payroll for UL to manage, and as such hampering the university in focusing on its core functions. Outsourcing was also initially intended to present UL with an opportunity to implement widespread staff reforms. The ultimate goal being that it will not only bring a solution to the financial challenges faced by UL but also provide the staff with a much healthier working arrangement and boosting staff satisfaction.

1.5 RESEARCH OBJECTIVES

The research objectives were as follows:

- To understand the merits and demerits of outsourcing within the context UL's experience;
- To identify the challenges faced by UL during the implementation of the 2002 outsourcing arrangement;
- To assess the effects of UL's outsourcing arrangement to its financial status and former employees' welfare;

- To recommend measures to improve the effectiveness of UL's outsourcing arrangement.

1.6 RESEARCH QUESTIONS

The research questions were as follows:

- What are the merits and demerits of outsourcing within the context of UL's experience?
- What challenges confronted the UL's 2002 outsourcing decision?
- What were the effects of the outsourcing decision on UL's financial status and former employees' welfare?
- What measures can be recommended to improve the effectiveness of UL's outsourcing decision?

1.7 SIGNIFICANCE OF THE STUDY

The known fact is that outsourcing is a catalyst for high performance and record breaking productivity (Elmuti, 2003; Mohammad, Gambo & Omirin, 2012; Omisore, 2013; and Miler, 2012). This study may play an instrumental role in reigniting public debate on the merits and demerits of outsourcing at state universities. The study may assist the University of Limpopo Council to effectively address those outsourcing weaknesses that have impacted negatively on the financial plight of former employees. The University Council and labour unions may use the findings of this study to guide future outsourcing decisions and projects. Fellow researchers and academics may use this study to benchmark future studies on the topic of outsourcing. Lastly, this study may improve public understanding of the role played by outsourcing in driving the cost efficiency and business competitiveness agenda of public institutions such as the UL.

1.8 DEFINITION OF TERMS

1.8.1 Outsourcing

According to Burnes (2009: 600), outsourcing refers to a *“process of replacing goods and services that were previously carried out within the company and obtaining the same*

services from outside providers". The Elmuti (2008:1) also defines outsourcing as: "*the strategy of management in which a company or institution gives core or non-core specialized work to efficient external service providers*". Within the context of this study outsourcing refers to a process on which UL surrendered the entire facility's management function to external service providers, in order for the university to focus extensively on delivering its principal mandate of academic learning, teaching and research. There is also a correlation *between outsourcing and restructuring as one mostly follow the other*.

1.8.2 Business Process Outsourcing (BPO)

According to Techopedia (2017), Business Process Outsourcing (BPO) is the contracting of non-primary business activities and functions to a third-party provider. BPO services include payroll, human resources (HR), accounting and customer/call center relations.

1.8.3 Procurement

According to Business Dictionary (2017), procurement is defined as the act of obtaining or buying goods and services. The process includes preparation and processing of a demand as well as the end receipt and approval of payment. It often involves: purchase planning; standards determination; specifications development; supplier research; and value analysis.

1.8.4 In-house Staff

According to Wisestep (2017), in-house staff is when a company conducts its work or operation from within, without depending on people from outside, meaning that a company that conducts the operation does it by using its own employees and its own time without any outsourcing.

1.8.5 Service Provider

According to Business Dictionary (2017), a service provider is an organisation, business or individual which offers services to others in exchange for payment.

1.9 OUTLINE OF THE STUDY

Chapter 1 sets the tone of the study by outlining its contextual framework and significance to various constituencies.

Chapter 2 focuses on benchmarking this study with the scholarly views of other authors who researched outsourcing before.

Chapter 3 outlines the methodology that was employed to select research participants as well as collecting and analysing research data.

Chapter 4 presents a summary of research findings as reflected by the views expressed by research participants.

Chapter 5 focuses on the conclusions and recommendations of the study.

1.10 CONCLUSION

Whilst Chapter 1 laid the theoretical foundation of the concept of outsourcing within the context of UL's unique experience, the next chapter reviews relevant literature on outsourcing.

2. CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

In this chapter, the writer focuses on deepening understanding on the subject of outsourcing from the perspective of other academics or scholars. The writer further seek to establish whether there is synergy or a link between what is already known about outsourcing and what will later be revealed in the findings of this study. In case a new body of knowledge about outsourcing is unearthed, the new knowledge will be narratively summarised before it is integrated into the existing body of knowledge.

Literature review is the process of identifying and reviewing the existing body of knowledge on the subject being researched with the aim to contrast such views with the new body of knowledge reflected in the findings of the study (Rogers, 2012:45). Apart from benchmarking the findings of the study with the views of other authors about the merits and demerits of outsourcing, literature review is a vital intervention in a study in that it helps to integrate the new findings with what is already known about outsourcing. Comparing and contrasting the findings of the study with the scholarly views of known authors will go a long way in giving this study some sort of credibility and widespread acceptance. Leedy and Ormrod (2010:13) stress that a literature review shows that the researcher has in-depth understanding of the phenomenon being researched. It helps to ground the research by mainstreaming it with the existing body of agreed knowledge on outsourcing (Creswell, 2010:34). This literature is based on what transpired during the 1999-2002 period when the University of Limpopo adopted outsourcing as a dominant policy position.

In this chapter a detailed explanation of the subject of outsourcing within the context of what transpired at the University of Limpopo when it implemented its own outsourcing version in 2002 is presented.

Once the theoretical aspect of outsourcing is properly put into perspective, the next step will be to establish whether the University of Limpopo benefited from the 2002 outsourcing arrangement in real terms. The last section of Chapter Two will explore ways on how the

University of Limpopo can re-adjust its outsourcing model with the view to make it more efficient and effective.

2.2 EXPLAINING OUTSOURCING

The term outsourcing means many different things to different people. For instance, Shen and Shiel (2011:45) define outsourcing as a “practice of transferring activities traditionally performed within the firm to third party providers within the country or offshore”. Sparrow (2005:12) defines outsourcing as “the process of handing over one or many of the business processes traditionally performed within the company to an outside vendor”. ‘Outsourcing’ which is interchangeably used with the term ‘privatisation’ is “a set-up whereby external suppliers are exclusively rendering services and functions that once were the domain of the institution’s staff” (Milstone, 2010:3). Burnes (2009:600) views outsourcing as “an institutional re-adjustment programme that replaces goods and services that were previously carried out within the company and obtaining the same services from outside providers”. Elmuti (2003:1) defines outsourcing as “the strategy of management in which core or non-core specialised work is transferred to efficient external service providers”. Drury (2012:204) reiterates that outsourcing is “the process of obtaining a product or services from external providers, instead of providing them within the business in order to save costs”.

Outsourcing takes place when a task that used to be executed internally with in-house employees on the company’s payroll is now contracted to an external service provider. Once contracted, the set-up is such that the external service provider will bring its own employees, skills, administrative and resource capacities (Kakabadse & Kakabadse, 2005:12).

2.3 BUSINESS PROCESS OUTSOURCING (BPO)

Business process outsourcing represents a broad version of outsourcing in that it involves complex arrangements on which an outsourcer subcontracts the outsourcee to render more than two services that used to be performed by in-house staff with the view to enhance process efficiency and save costs (Kakumanu and Portanova, 2006:23). A BPO

transaction is actualised when a third party provider secures an outsourcing contract for more than one activity or task from the same company (Mehta *et al.*, 2006). For instance, if a third party provider secures a multiple contract (E.G. cleaning, security and facility management at once) from one outsourcer, then a BPO transaction has taken place (Mehta *et al.*, 2006). Barthélemy and Quélin (2006) argue that the BPO route is preferred by many outsourcers because it offers greater cost-reduction advantages than any other form of outsourcing.

The only known disadvantage of the BPO approach is that if managed poorly, it hands over benefits to only one service provider. In other words, one service provider will enjoy monopolistic advantages at the expense of other equally deserving service providers. A close look at events that unfolded at the University of Limpopo (UL) in 2002 showed that the university management settled for the BPO approach. For instance, one of the reasons why the outsourcing arrangements attracted a lot of criticism from the unions was that management gave a security and cleaning contract to one firm (UL Report, 2003:12).

2.4 OUTSOURCING DECISIONS

The most shared view is that outsourcing decisions are not made in a vacuum (Mehta *et al.*, 2006:23). However, certain factors and circumstances rather need to be considered before outsourcing decisions are made (Ang and Inkpen, 2008:34) Kakumanu and Portanova (2006:23) caution that when deciding what to outsource or what not to outsource, there is need to comprehensively define the operation's business domain. For instance, it will be an ill-advised decision for the UL to outsource teaching and research because these two elements constitute the UL's core business. However, the UL can choose to outsource IT services or facility management services without raising any questions because such services do not constitute the university's core competencies. Mehta *et al.* (2006:23) argue that a company that outsources its core competencies will be transgressing the principal law of outsourcing.

Contrary to this view, Mehta *et al.* (2006:23) argue that under certain circumstances companies may outsource their core operations with the view to share strategic risks and costs with third parties. However, such unprecedented outsourcing decisions need to be taken only when their benefits are deemed to outweigh their costs. When the results of a cost-benefit analysis are positive, then such decisions become too tempting. It must be stated that there is no a prescribed way to administer an outsourcing arrangement. In other words, best outsourcing decisions are often tailored around the special circumstances of every firm (Kakumanu and Portanova, 2006:23).

Outsourcing is not a one-size-fits-all set-up (Narayanan, 2009). In other words, outsourcing decisions must be administered on a case-by-case basis. Barthélemy (2003:34) warns that management should only opt for outsourcing if such a move can help to advance the interests of the company. Outsourcing arrangements that threaten the company's ability to satisfy its clients need to be suspended forthwith. For instance, a company's strategy to outsource its supply and logistics to a third party can only make sense if such a vendor has the capacity to deliver the products on time and safely. In case of failure to deliver the products and services on time, the company would lose customers and expose itself to adverse reputational risks.

2.5 FACTORS THAT INFLUENCE OUTSOURCING DECISIONS AT UL

The Higher Education South Africa (HESA) report (2011:10), state that the circumstances that triggered the outsourcing of non-core operations at the University of Limpopo in 2002 were never properly conceptualised and made known to the public. The critics of the outsourcing idea argued that owing to the level of contestation around many outsourcing arrangements, the university management remained tightlipped (UL Outsourcing Review Report, 2005:23). Sullivan (2005:01) argued that since many of the outsourcing arrangements were covered in secrecy and not open to public scrutiny, only the chosen few knew what was happening.

According to UL Witness News (2005:45), information regarding outsourcing arrangements at the UL were never easy to access due to the university's strict gate-

keeping policy. The UL Witness News further reiterated that management failed to build or put forward a compelling case for outsourcing which was not based on a properly conceptualised cost-benefit study and as such, this made everything worse.

According to Narayanan (2009), an analysis based on four reasons why institutions resort to outsourcing is the best approach for proper theoretical perspective and these include inter-alia the quest for improved cash flow, cost reduction, scalable staffing and to improve overall business performance.

2.5.1 Quest for improved cash-flow at UL

One of the reasons cited by the UL Outsourcing Review Report (2005:23) is that due to the severe decline in the university's revenue as a result of shrinking government support, outsourcing became one of the options adopted by management to ease UL from an unprecedented liquidity crisis. The UL Outsourcing Review Report further indicates that the UL's wage bill was gobbling 70 percent of the university's annual income at the time, with an assumption that by outsourcing the UL stood to realise 30% in wage bill savings and as a result, the outsourcing route was seen as a deliberate ploy to shield the university from adverse liquidity pressures.

2.5.2 Cost reduction advantages at UL

The principal reason why outsourcing is popular among top global companies is that the practice provides immutable cost-reduction advantages to the outsourcer (Jiang & Qureshi, 2006).

The UL Outsourcing Review Report (2005:12) reveals that the idea to outsource was adopted on the assumption that outsourcing was deemed a sure way to reduce UL's increasingly stressful cost burden.

2.5.3 Staff reforms at UL

Since its merger with Medunsa, a new-look UL struggled to rid itself of a bloated yet inefficient staff structure (UL Outsourcing Review Report, 2005:12). The outsourcing idea practically presented UL with a rare opportunity to implement widespread staff reforms. As mentioned earlier, the UL Outsourcing Review Report reveals that the idea to outsource was adopted merely on the assumption that outsourcing was deemed a sure way to reduce UL's increasingly stressful cost burden. However, the UL Witness News further reiterated that management failed to build or put forward a compelling case for outsourcing which was not based on a properly conceptualised cost-benefit study as such, this made everything worse and had a negative impact on staff welfare.

2.5.4 Improved performance

A research done by KPMG (2013:13) showed that companies which embrace outsourcing as a business strategy tend to be successful and highly sustainable in the long run. One of the reasons advanced by the University of Limpopo was that outsourcing was preferred because it was deemed to be a sole driver of operational excellence and high performance. The argument is that since outsourcing helps an outsourcer to invest strategic focus on its core competencies, it becomes an indisputable catalyst for a high performance culture (Kremic *et al.*, 2006:12).

2.6 BENEFITS OF OUTSOURCING AT UL

The long held view is that outsourcing is adopted with the hope that it helps a company to drastically drive operational costs down (Scott-Jackson *et al.*, 2005:45; Boer *et al.*, 2006:12; Barthélemy, 2003:23; Sparrow, 2005:45; Kakabadse & Kakabadse, 2005:12; and Sharma and Loh, 2009:13). What this means is that in cost terms, a value chain can be better performed outside the company than it can be internally (Elmuti, 2003:56). In other words, outsourcing can only make economic sense when a company stands to reduce its cost burden by engaging a third party to render a particular service, who in turn can offer that service at a lesser cost to the outsourcer (Sharma & Loh, 2009:13).

According to Sharma & Loh (2009), the benefits that accrue to an outsourcer is that the outsourcer stands a better chance of transferring some financial and operational risks to service providers, example being that the risk of labour stoppages is automatically transferred into the account of the third party upon appointment. In this case, the outsourcer is not held liable for any of such risk but instead is entitled to compensation in the event of disruption of services. On the other hand, proponents of outsourcing help companies to focus extensively on their core operations (Stenbacka, 2005:67). Stenbacka further indicate that outsourcing gives companies more space to streamline their operations with the view to leverage their operational efficiencies. Companies that adopted the outsourcing operating model achieve better economies of scale and cost efficiencies (KPMG, 2014:12).

Clive (2010:34) argues that companies chose outsourcing as an operating model because they cannot afford to be everything to everyone. Clive suggests that since 1994, a number of institutions adopted the outsourcing route as an alternative business model. According to Iqbal and Dad (2013), the South African government's outsourcing policy position is seen in the context of the need by the government to empower small black owned businesses economically. Iqbal and Dad further outline that the policy position aims to give historically disadvantaged black owned businesses unlimited access to high volume markets.

2.7 THE CASE AGAINST OUTSOURCING AT UL

According the Department of Higher Education & Training (2015:12), a number of scholars do not dispute the fact that outsourcing can present a lot of advantages to the outsourcer, in South Africa, however, the practice has recently attracted a large number of critics.

The Department of Higher Education & Training further outlines that recently the rate of public disapproval of the practice has been steadily rising with universities acting as the latest battle grounds. The department makes reference to the violent protests recently reported at the University of Pretoria where students and employees ganged up against

the practice through a series of demonstrations, strikes, picketing and class boycotts. As it stands, there is no national consensus or convergence around outsourcing in public institutions. According to COSATU (2016:12), there is a strong feeling in some quarters of society that outsourcing is a euro-centric practice that reverses the gains made in the fight against the evil of labour casualisation. COSATU further outlines that outsourcing has been labelled as a new form of workplace slavery that has no place in the new South Africa.

The anti-outsourcing sentiment in public institutions like universities is very profound and well-entrenched and as such the government is considering implementing widespread reforms to eliminate it in all institutions of higher learning (Department of Higher Education & Training, 2015:13)

According to KPMG (2014:13), national newspapers are awash with stories of university students and labour unions mounting sustained protests against the practice. KPMG further outlines that the cases where former employees of outsourcers, who were eventually absorbed by the third party service providers where they were paid slavery wages, were on the increase. The KPMG study reveals that 70% of all employees who have been transferred into the employment of third party providers recorded a 10% decline in their salaries or wages. This could be the reason why the idea to outsource services that were traditionally offered by the outsourcer has been fiercely resisted by trade unions.

2.8 ACTIVITIES OUTSOURCED AT UL

The UL Council Resolution (2002) outlines that once a resolution to outsource was made by the University Council, a Project Steering Committee (PSC) was formed to look into possible non-core activities to be earmarked for outsourcing. After convening a marathon of consultation, the PSC recommended the following activities for outsourcing:

Table 2.1: Workers classification

No	TYPES OR WORKERS	NUMBER OF WORKERS
1	Maintenance services	84
2	Food and canteen services	102
3	Security services	230
4	Cleaning services	800
5	Gardening	500
6	Transportation services	200

2.9 PROBLEMS AT UL CONCERNING OUTSOURCING

Like any other change initiative, the UL's outsourcing framework was not immune to teething or crippling operational challenges (UL Outsourcing Review Report, 2005:45). According to oral evidence reflected in the UL Outsourcing Review Report, the notable challenges that threatened to disrupt the project were inter-alia; stiff resistance from trade unions, untested allegations of corruption levelled against management, inept planning and failure to build a compelling case for outsourcing.

A follow-up study that was conducted by the Department of Higher Education and Training criticised the manner in which the university management handled the stakeholder engagement process (Department of Higher Education and Training, 2016). The Department of Higher Education and Training further outlines that in the absence of a campus-wide engagement plan, stakeholders such as employees, trade unions and students treated the outsourcing move with great suspicion and skepticism from the onset. Thus the anti-outsourcing front gained the upper hand each day, the project faced one of its sternest challenges.

According to Makhanya (2010:13), one of the impediments that posed a real threat to the UL's outsourcing agenda was the lack of a guiding document to adequately direct the negotiation process. Makhanya further argue that with a clear-cut strategy to guide the outsourcing agenda, management failed to coordinate its implementation matrix properly. According to the Department of Higher Education and Training (2016), there were also

cases where anti-outsourcing activists accused the architects of the outsourcing framework of corruptly colluding with a powerful clique of service providers.

Although the allegations were not tested, anti-outsourcing activists became emboldened to intensify their fight against the decision to outsource. Due to the uncertainty brought about by the pending workplace reconfiguration process, employees of targeted departments visibly showed signs of emotional stress and disillusionment. Waugh and Luke (2011:45) recalled that as the fear of the unknown gripped employees, the entire campus environment resembled a funeral wake. To compound the situation, the appalling manner at which the PCS handled the communication aspect of the project left a lot to be desired. The UL Outsourcing Review Report (2005:15) identified lack of feedback and lack of a vibrant communication plan as the main variable that triggered a climate of mistrust between the PCS and stakeholders.

2.10 CONCLUSION

The idea taken by the UL in 2002 to outsource what was perceived as non-core operations was an idea that was never easy to implement. Dragging the whole university into the outsourcing path was the most complex and painful decision in the history of the institution. It was a radical disengagement from the past that created an atmosphere of uncertainty and discomfort among the university's restive employees and stakeholders. While Chapter Two managed to highlight what is already known on the subject of outsourcing, the next chapter will summarise the methodology that was used to collect and analyse the research data.

3. CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION

The preceding chapter presented a relevant literature review on the challenges and benefits associated with outsourcing of institutional facilities management services with reference to the move undertaken by the University of Limpopo regarding the 2002 outsourcing arrangement.

In this chapter, the writer provides the description of the research design and methodological orientation of the study and the physical context of the problem. Research paradigms, approaches and techniques are clarified to address the research objectives indicated in chapter one.

The research methods employed in this study were to identify, analyse and evaluate the context on which the university's outsourcing arrangement was structured and the results or outcomes of the strategy adopted.

3.2 RESEARCH DESIGN

Denzin & Lincoln (2011) define research designs as the types of inquiry within the qualitative, quantitative and mixed methods approaches that provide specific direction for procedures in a research design. In social sciences research, obtaining information relevant to the research problem generally entails specifying the type of evidence needed to test a theory, to evaluate a programme, or to accurately describe and assess meaning related to an observable phenomenon (USC Libraries, 2014).

A well-developed research design will assist the researcher to achieve the following (USC Libraries, 2014):

- Identify the research problem clearly and justify its selection, particularly in relation to any valid alternative designs that could have been used;

- Review and synthesise previously published literature associated with the problem;
- Clearly and explicitly specify hypotheses [i.e. research questions] central to the research problem;
- Effectively describe the data which will be necessary for an adequate testing of the hypotheses and explain how such data will be obtained; and
- Describe the methods of analysis to be applied to the data in determining whether or not the hypotheses are true or false (USC Libraries, 2014).

Leedy & Ormrod (2010:34) point out that a research can be tackled either from a positivist or interpretivist dimension. Whereas a positivist dimension involves manipulating deductive reasoning or statistical approaches to interpret social reality, an interpretivist dimension holds that a phenomenon can be accurately explained from the perspective of an eyewitness's account (De Vos, 2011:345). In other words, social reality can only be correctly explained when people who directly interact with it are challenged to interpret it.

3.3 POPULATION

Kruger and Mitchell (2011:47) define a population as all the people with an interest in the study, from which a limited sample will be selected to take part in the study. In a situation where it is not possible to survey the entire population within a reasonable time and within the resources at the disposal of the researcher, the researcher must identify the part of the target population that is accessible and the sample of the study should be taken from the identified target group (Henning, Van Rensburg & Smith, 2004:28).

The population of this study consisted of one hundred and fifty (150) people comprising of the in-house employees of the UL.

3.4 SAMPLING

Leedy and Ormrod (2010:76) define sampling as a process of selecting research participants from a population using either probability or non-probability sampling techniques. Whereas, with probability sampling every member of the population stands

an equal chance of being chosen as a research participant, with non-probability sampling techniques, the researcher uses his or her discretion to select actual study participants.

The process of selecting the participants was based on the purposive sampling method. The sample size for this study was 38 of the outsourced operational support staff:

Table3.1: Types and number of workers

No	TYPES OR WORKERS	NUMBER OF WORKERS
1	Senior Managers	3
2	Middle Managers	5
3	Maintenance services	5
4	Food and canteen services	5
5	Security services	5
6	Cleaning services	5
7	Gardening services	5
8	Transportation services	5
	TOTAL PARTICIPANTS	38

According to Palys (2008), the purposive sampling technique is a type of non-probability sampling that is most effective when one needs to study a certain cultural domain with knowledgeable experts in it. Palys further suggests that purposive sampling may also be used with both qualitative and quantitative research techniques.

Purposive sampling was preferred because it gave the researcher an opportunity to use discretion or judgement to choose only participants that were deemed to possess rich information about UL's 2002 outsourcing transaction.

3.5 DATA COLLECTION

The data collection activity involved two notable phases; namely document analysis and semi-structured interviews:

3.5.1 Phase one: Document analysis

Documentary analysis involved perusing the 2002 UL Outsourcing Strategy and Process Document and the 2005 Outsourcing Review Report. All the minutes of the task team that was driving the outsourcing project were also reviewed. Various scholarly materials on outsourcing written by many authors were also a rich source of secondary data.

3.5.2 Phase two: Semi-structured interviews

Semi-structured interviews were employed to collect primary data. According to Yin (2011:67), the advantage of interviews is that quick feedback can easily be obtained. An interview guide containing eleven (11) closed-ended questions and two (2) open-ended questions was used. All interview appointments were managed using an interview schedule in Appendix C.

3.6 DATA ANALYSIS

According to Cresswell (2011:39), data analysis in qualitative research is the process of interpreting collected data using textual or thematic analysis methods. In this study, data analysis unfolded in three phases. Firstly, the data were transcribed and edited before its content was inductively analysed (Yin, 2011:67). This phase involved reading through all the collected data to obtain a general sense or meaning of it (Yin 2011:67). Secondly, data were sorted into themes and sub-topics before it was coded into the computer. Yin (2011:67) insists that data should be processed and analysed in a way that relationships can easily be discerned and validated. The data were finally reduced into manageable text before write-ups were drafted.

3.7 TRUSTWORTHINESS OF THE STUDY

Trustworthiness is the degree to which the findings of the study can be trusted or relied upon (De Vos, 2011:339). In order to achieve trustworthiness, the data were tested for credibility, dependability, transferability and confirmability. The credibility criteria involved ensuring that the research results are believable from the perspective of study

participants (Eisner, 2012:82). In this regard, the final report was taken back to the participants for a second review.

Dependability ensures that the findings are consistent enough to be relied upon (Yin, 2011:89). The researcher re-checked all used data transcripts to make sure that they do not contain typing inaccuracies made during the transcription activity. In order to achieve confirmability objectives, an audit trail was completed throughout the study to determine how each finding was derived.

Transferability refers to the extent to which the study results may be transferred to related contexts or settings (Yin, 2011:89). The deemed view was that since a case study was employed in conducting the study, it was naturally impossible to transfer the findings of the study (Yin, 2011:90). Alternatively, a process of data triangulation which involved contrasting and comparing multiple data sources with the view to accurately interpret the post-outsourcing environment at UL was employed.

3.8 ETHICAL CONSIDERATIONS

According to Leedy & Ormrod (2010:53), the following ethical considerations should be observed during the course of this study.

- i. **Ethical clearance** – Ethical clearance to conduct the study was obtained from the University of Limpopo’s Research Committee.
- ii. **Concerned forms** - All participants signed consent forms first before interviews were conducted. This consent was voluntary, informed and preferably in a written form.
- iii. **Social and cultural prejudices** - All social and cultural prejudices likely to endanger the social status of participants were dealt with consistently throughout the research process
- iv. **Fairness and transparency** - The selection of research participants was based on principles of fairness and transparency
- v. **Confidentiality of the participants** - In order to protect the confidentiality of the participants, all the participants were requested not to disclose their names.

3.9 CONCLUSION

In this chapter, different research paradigms, approaches, methods and techniques used in collecting data for the study were discussed. The population of the study and sampling methods employed were outlined. The choices of research design, paradigms and their applicability to the study were also explained. From the discussions in this chapter, it is evident that the combination of approaches, methods, design and techniques in conducting the research was prudent. All the research approaches and methods are relevant as long as they are used appropriately in the study. The next chapter will focus on data collection, analysis, and interpretation of data collected.

Since the research methodology was based on the interpretivism paradigm, the qualitative method was employed to collect, edit and analyse the research results. The next chapter summarises the findings of the study.

4 CHAPTER FOUR: PRESENTATION OF RESULTS

This chapter outlines the findings of all data collected. Data were collected from the population as outlined in chapters 2 and 3. Questionnaires were distributed to the UL staff members in particular those that were directly affected by the outsourcing arrangement. In total, 38 people participated in the study. Below are details of the participants.

Table 4.1: Participants in the study

No	TYPES OR WORKERS	NUMBER OF WORKERS
1	Senior Managers	3
2	Middle Managers	5
3	Maintenance services	5
4	Food and canteen services	5
5	Security services	5
6	Cleaning services	5
7	Gardening services	5
8	Transportation services	5
	TOTAL PARTICIPANTS	38

The focal point of this study was to find out whether UL's 2002 outsourcing arrangement had a positive effect on the University's financial status and former employees' welfare. In addition, the study recommended measures to improve the effectiveness of UL's outsourcing arrangement.

4.1 PRESENTATION OF THE RESULTS

The results below are presented sequentially according to how they were tabled in the questionnaire. The questionnaire was divided into 5 categories, namely: sections A (Biographic Information), B (Participants View on Outsourcing Implementation Context), C (UL's Outsourcing Arrangement), D (Union Participation), and E (Open-Ended Questions).

4.1.1 Section A: Biographic Information

4.1.1.1 Gender

Table 4.2 below indicates that the total number of respondents were thirty eight (38) participants. Of the thirty eight respondents, males were the highest number with fifty eight percent (58%) while females were forty two percent (42%).

Table 4.2: Gender

Gender	Respondents	Percentage
Male	22	58%
Female	16	42%
Total	38	100%

Source: Researcher's own source from results, 2017

4.1.1.2 Age

The total number of the participants who took part in the study were thirty eight (38). Nine (9) of the participants who took part in the study were between 18-30 years, sixteen (16) were between 31-40 years, Ten (10) were between 41-50 years, Three (3) were 51 and above.

Table 4.3: Ages of participants

AGE	NUMBER OF RESPONDENTS	PERCENTAGE
18-30	9	24%
31-40	16	42%
41-50	10	26%
51+	3	8%
Total	38	100,0%

Source: Researcher's own source from results, 2017

4.1.1.3 Highest Education Level

The respondents were categorised according to their education levels as seen in the table below. Table 4.6 below depicts that eleven (11) of the respondents falls within the category of grade one (1) up to seven (7). Five (5) of the participants fall within the category of grade eight (8) up to eleven (11). While seven of the participants have Abet training and 4 have a matric certificate. Four (4) of the respondents have obtained their National Diplomas, five have degrees and two have post graduate degrees.

Table 4.4: Highest Education Level

Grade	Number of Respondents	Percentage
<i>Gr 1 - 7</i>	11	29%
<i>Gr 8 - 11</i>	5	13%
<i>Abet</i>	7	18%
<i>Gr 12</i>	4	11%
<i>N. Diploma</i>	4	11%
<i>Degree</i>	5	13%
<i>Honours</i>	1	3%
<i>Masters +</i>	1	3%
<i>Total</i>	38	100

Source: Researcher's own source from results, 2016

4.1.1.4 Number of Years Working at UL

The respondents were categorised according to the number of years they worked at UL as seen in the table below. Table 4.5 below depicts that two (2) of the respondents worked less than five (5) years. Five (5) of the respondents worked between five and ten years. Seventeen (17) of the participants worked at UL between eleven and fifteen years. Nine (9) of the participants worked between sixteen and twenty years whereas five (5) of the respondents worked beyond twenty years.

Table 4.5: Number of Years Working at UL

Years	Number of Respondents	Percentage
<5	2	13%
5 - 10	5	45%
11 - 15	17	24%
16 - 20	9	13%
20+	5	13%
	38	100

Source: Researcher's own source from results, 2016

4.1.2 Section B: Participants' Views On Outsourcing

This section intended to test participants' views on outsourcing. The section intended to test whether the participants' views on outsourcing as good for increasing the financials of the organisation, improving staff and advancing skills development. It further intended to test whether outsourcing, according to the participants' views and experiences, has weaknesses

The study was carried out with the following objectives in mind:

- To understand the merits and demerits of outsourcing within the context UL's experience;
- To identify the challenges faced by UL during the implementation of the 2002 outsourcing arrangement;
- To assess the effects of UL's outsourcing arrangement on its financial status and former employees' welfare;
- To recommend measures to improve the effectiveness of UL's outsourcing arrangement.

Under this objective, four questions were raised and all who participated in the study managed to respond to all questions.

4.1.2.1 **Question 1:** Outsourcing is good for increasing the financials of the organisation

Based on the first question, two (2) participants strongly agree with the fact that outsourcing is good for increasing the financials of the organisation. Ten (10) of the participants agree, twenty (20) of the participants remained neutral to the question, whereas five (5) of the participants disagree to the question automatically implying that outsourcing is not good for increasing the financials of the organisation and one (1) strongly disagree to the question.

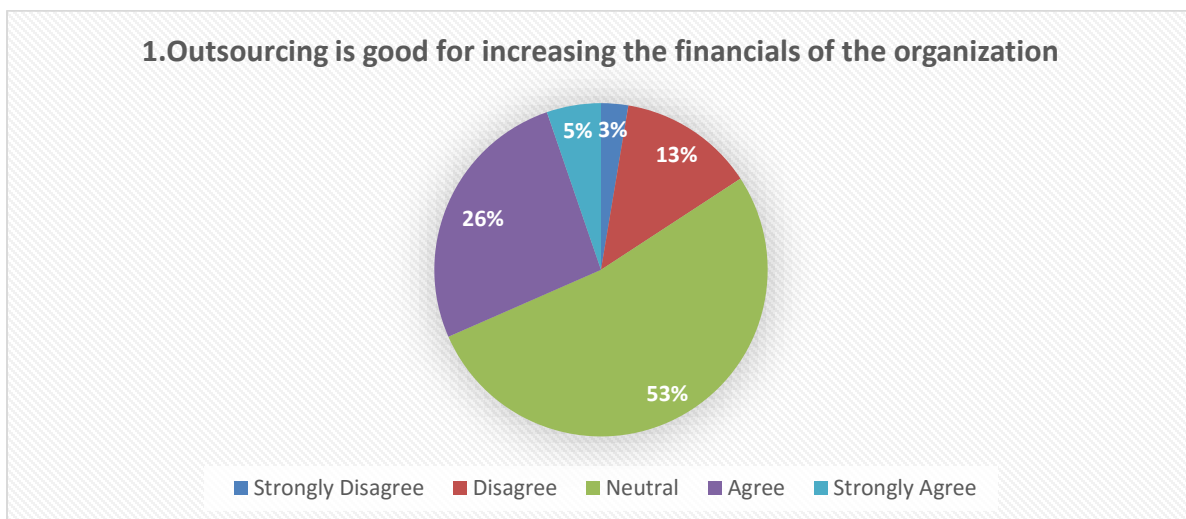


Figure 4.1: The good of outsourcing in increasing the financials of the organisation

Source: Researcher's own source from results, 2017

4.1.2.2 **Question 2:** Outsourcing provides good staff welfare

Based on the second question none of the participants strongly agrees with the fact that outsourcing provides good staff welfare. Three (3) of the participants agree, five (5) of the participants remained neutral to the question, whereas thirteen (13) of the participants disagree to the question automatically implying that outsourcing does not provide good staff welfare whereas seventeen (17) of the participants strongly disagree to the question

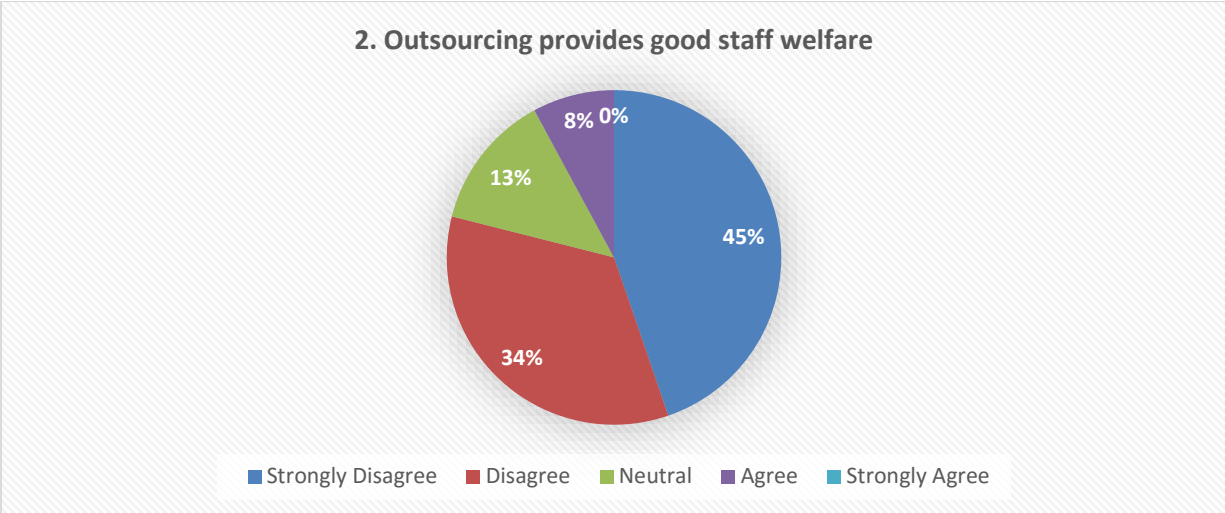


Figure 4.2: Outsourcing versus staff welfare

Source: Researcher’s own source from results, 2017

4.1.2.3 **Question 3:** Outsourcing has numerous weaknesses

Based on the third question eleven (11) of the participants strongly agree with the fact that outsourcing has numerous weaknesses. Eighteen (18) of the participants agree, six (6) of the participants remained neutral to the question, three (3) of the participants disagree to the question. None of the participants strongly disagree with the statement.

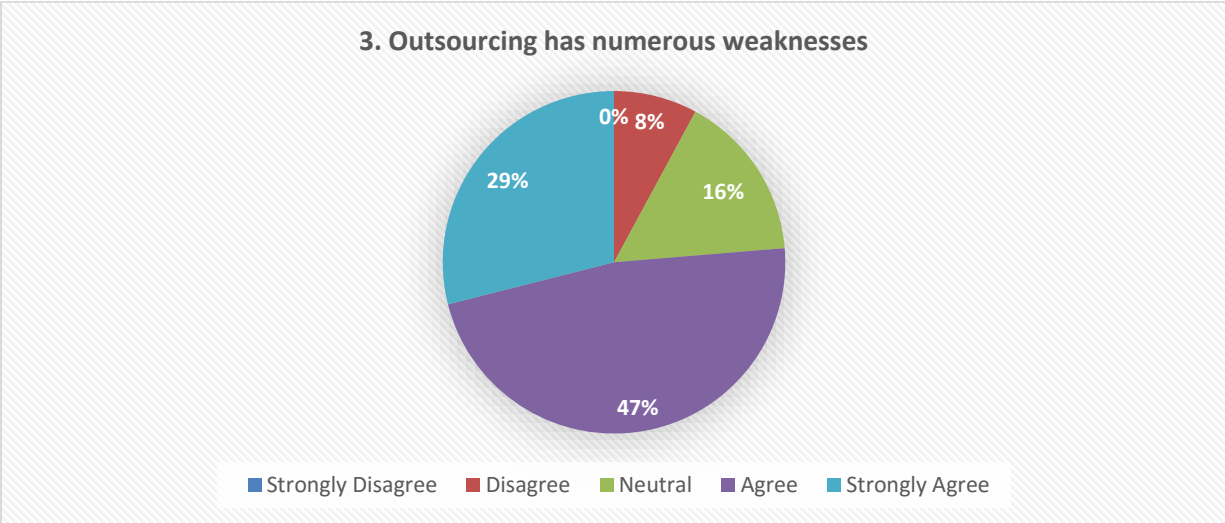


Figure 4.3: The weaknesses of outsourcing

Source: Researcher’s own source from results, 2017

4.1.2.4 Question 4: Outsourcing is a bad model for advancing skills development

Based on the fourth question, nine (9) of the participants strongly agree with the fact that outsourcing is a bad model for advancing skills development. Seventeen (17) of the participants agree, five (5) of the participants remained neutral to the question, five (5) of the participants disagree to the question. Only two (2) of the participants strongly disagree with the statement.

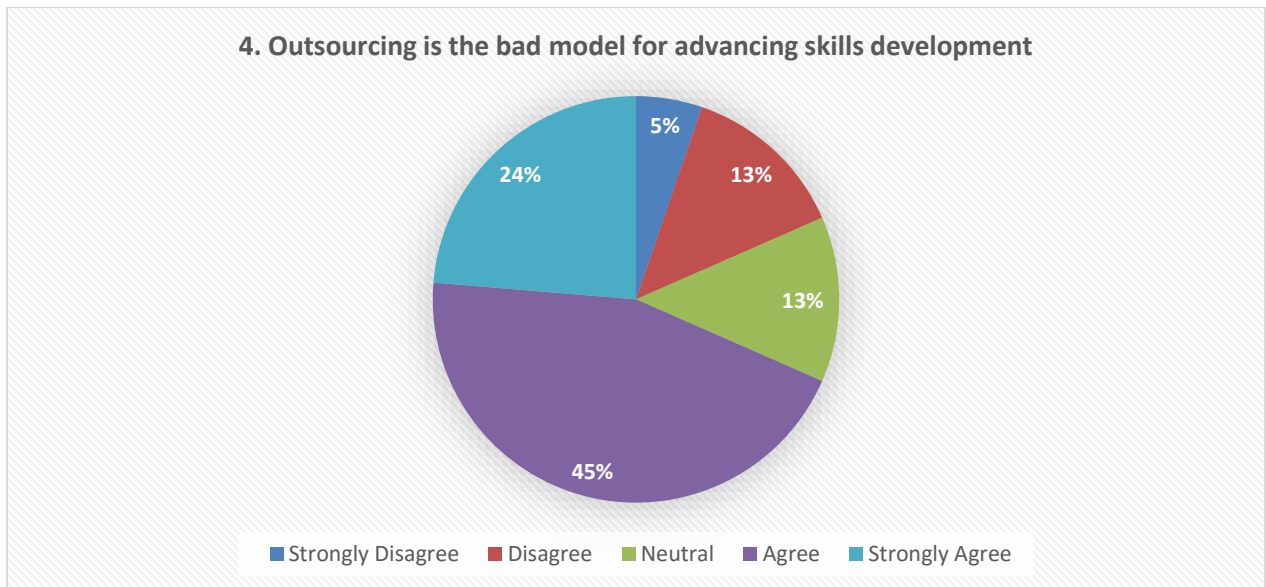


Figure 4.4: Outsourcing as a model for advancing skills development

Source: Researcher's own source from results, 2017

4.1.3 Section C: UL Outsourcing Arrangement

This section intended to test participants' views on the UL outsourcing arrangement. The section intended to test whether the UL Outsourcing arrangement brought positive development in the institution, its impact on the institution's financial position and the welfare of the staff members.

4.1.3.1 **Question 1:** UL Outsourcing arrangement brought positive development in the institution

Based on question, one (1) of the participant strongly agree with the fact that outsourcing arrangement brought positive development in the institution. Seven (7) of the participants agree, four (4) of the participants remained neutral to the question, eleven (11) of the participants disagree to the question. Fifteen (15) of the participants strongly disagree with the statement.

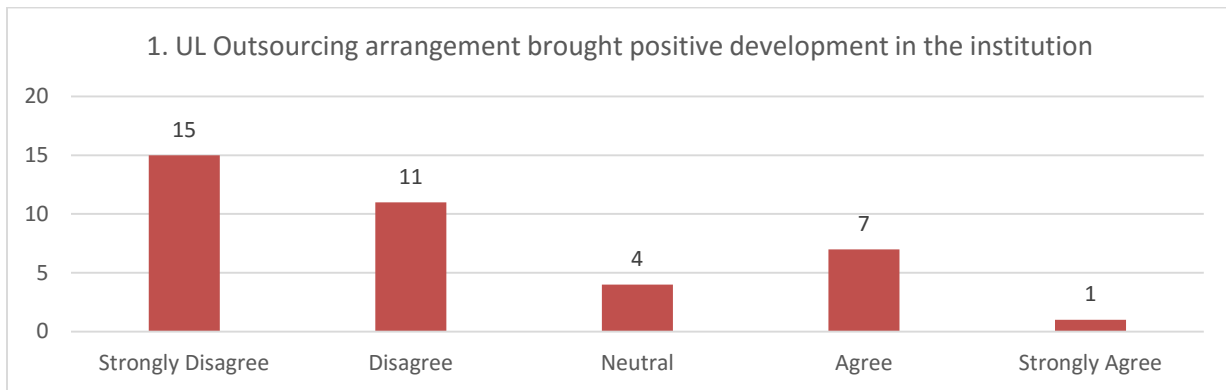


Figure 4.5: The impact of outsourcing arrangement in the institution

Source: Researcher's own source from results, 2017

4.1.3.2 **Question 2:** UL outsourcing arrangement helped improve the financial performance of the institution

Based on question 2, one (1) participant strongly agrees that UL outsourcing arrangement helped to improve the financial performance of the institution. Six (6) of the participants agree, five (5) of the participants remained neutral to the question, twelve (12) of the participants disagree to the question. Fourteen (14) of the participants strongly disagree with the statement.

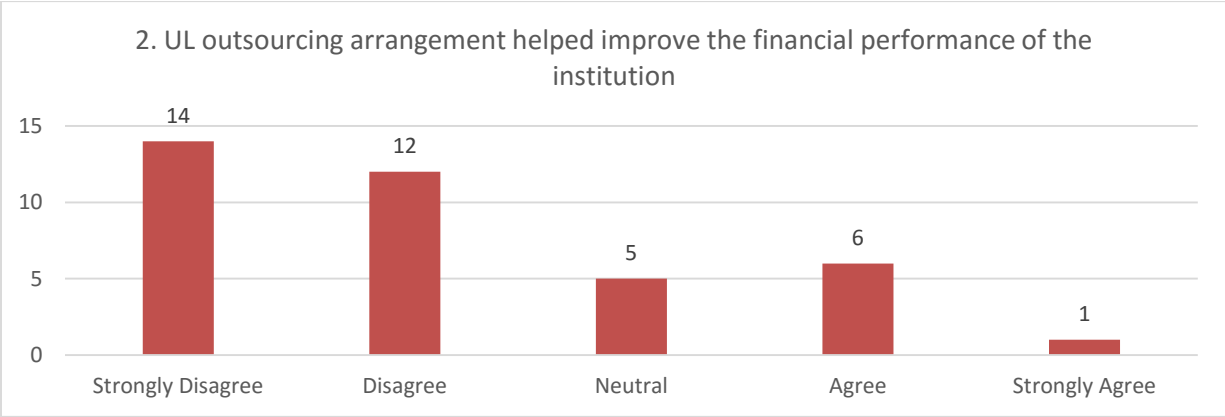


Figure 4.6: Outsourcing impact on the financial performance of the institution

Source: Researcher’s own source from results, 2017

4.1.3.3 **Question 3:** UL outsourcing arrangement impacted positively on institution’s outsourced staff

Based on question three, none of the participants strongly agrees that UL outsourcing arrangement impacted positively on institution’s outsourced staff. Three (3) of the participants agree, five (5) of the participants remained neutral to the question, fifteen (15) of the participants disagree with the question and also fifteen (15) of the participants strongly disagree with the statement.

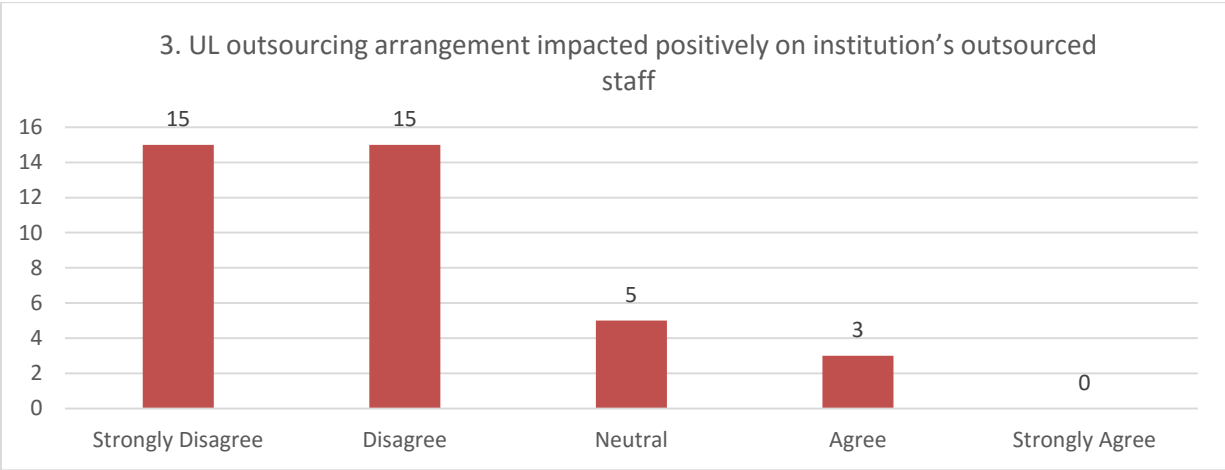


Figure 4.7: The impact of outsourcing arrangement on the institution staff

Source: Researcher’s own source from results, 2017

4.1.4 Section D: Union Participation

This section intended to test the impression of the participants on labour unions' involvement in representing their interest on matters relating to the outsourcing arrangement. It further intended to test whether the participants view unions as adding value to their interest with regards to 2002 UL outsourcing arrangement.

In this section, questions were posed to further test where participants view unions as being biased in representing their needs and whether they are getting active communication and feedback from unions.

4.1.4.1 Question 1: Do you think Unions participate effectively in University decision making?

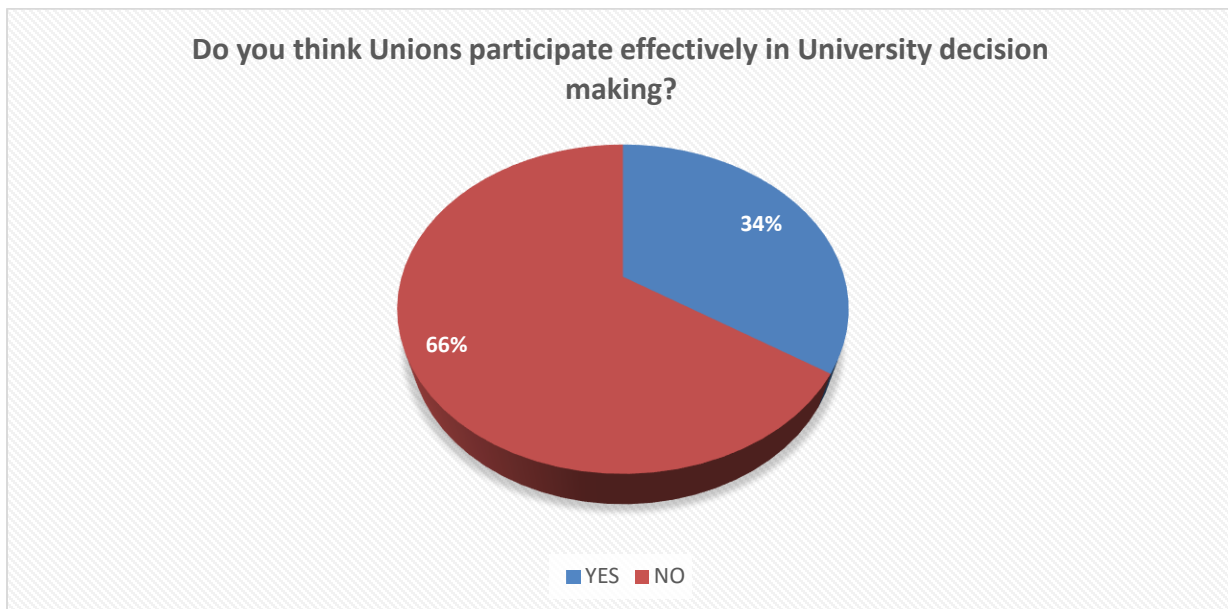


Figure 4.8: The union participation in the University decision making

Source: Researcher's own source from results, 2017

Sixty six percent (66%) of the participants indicate that the Union participate effectively in University decision making while thirty four percent (34%) disagree

4.1.4.2 **Question 2:** Do you think unions fairly represented the working community during the outsourcing arrangement?

Seventy six percent (76%) of the participants think that the unions fairly represented the working community during the outsourcing arrangement while twenty four percent (24%) disagree

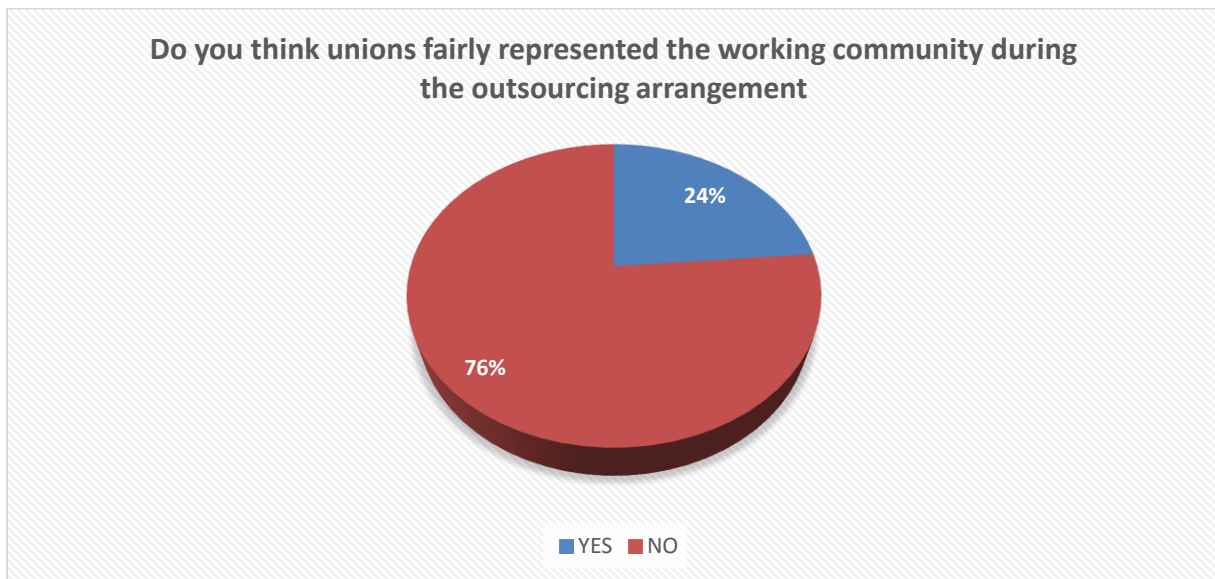


Figure 4.9: The representation of the working community by unions

Source: Researcher's own source from results, 2017

4.1.4.3 Do you think Unions are biased in representing the workers?

Fifty five percent (55%) of the participants think that unions are biased in representing the workers while forty five percent (45%) disagree

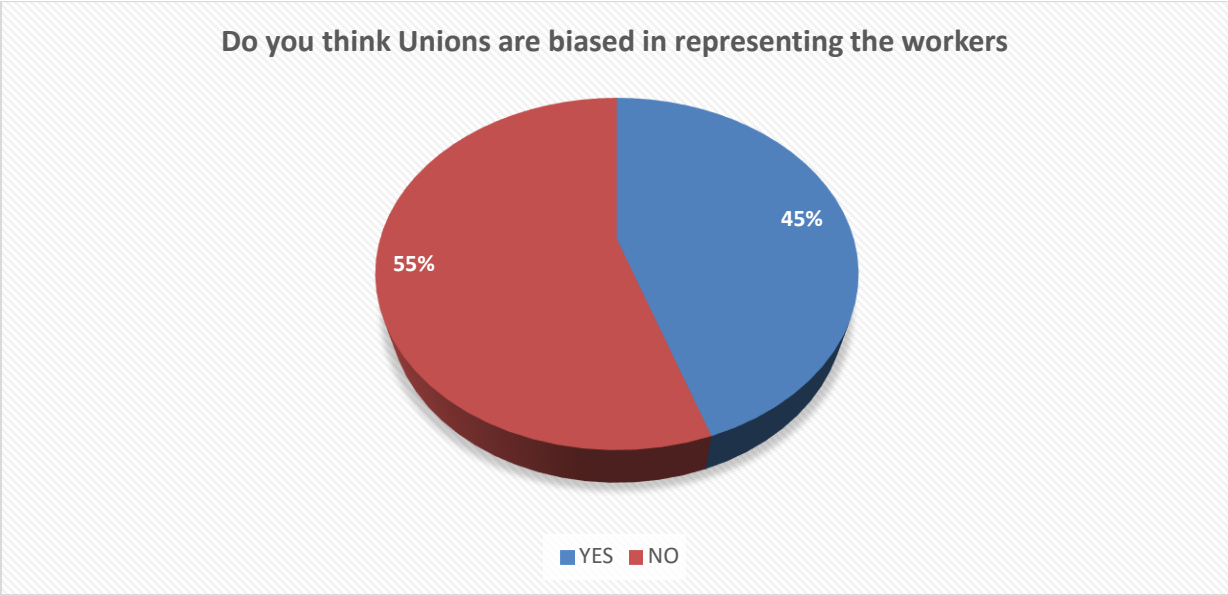


Figure 4.10: Representation of workers by the Unions

Source: Researcher’s own source from results, 2017

4.1.4.4 Did the Unions provide adequate feedback on the outsourcing arrangement? Seventy nine percent (79%) of the participant indicated that the union provide adequate feedback on the outsourcing arrangement while twenty one percent (21%) disagree

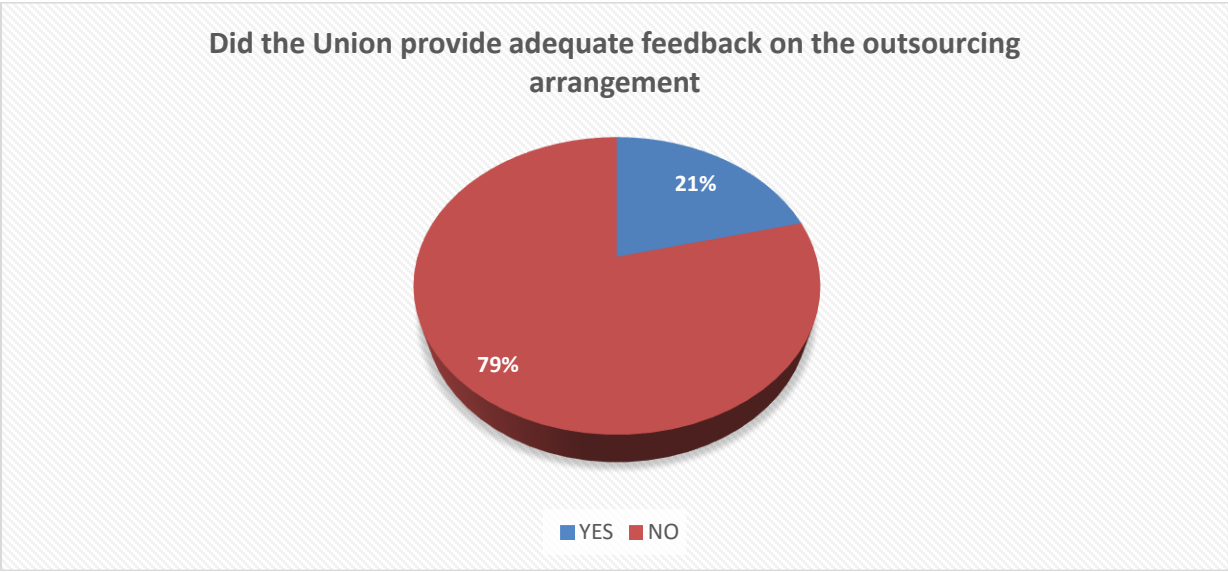


Figure 4.11: Union feedback

Source: Researcher’s own source from results, 2017

4.1.5 SECTION E: Open-ended Questions

4.1.5.1 What are the challenges brought about by the outsourcing arrangement?

Five of the participants echoed the same sentiments that the outsourcing arrangement made them to lose various good employee benefits they were getting from the university. One participant mentioned that the outsourcing arrangement reduced her salary in a way since she had to subsidise her medical scheme by herself as opposed to the time she was still employed full time by the university where her medical aid was sufficiently subsidised.

Three of the cleaning staff interviewed complained that the skill development programme is no longer as effective and well-structured as it was when they were still falling under the university. The risk of work assurance and exploitation was cited as another point by two participants which contribute to the disadvantage of the outsourcing arrangement. One of the participants mentioned that currently people easily lose their work if they find themselves on the wrong side of their boss as opposed to when they used to work for a bigger institution, more especially a government institution like UL.

4.1.5.2 What measures can be adopted by the university to address the current outsourcing challenges?

Only three respondents responded to this question. Two respondents mentioned that re-employment by the university will provide a solution to the challenges of many employees who were affected by the outsourcing arrangement. One respondent mentioned that the university should impose conditions that favours the employees when engaging in outsourcing arrangements with service providers

4.2 CONCLUSION

The findings of all data collected were outlined in detail. Data were collected from the population as outlined in chapter two and three. The distribution of questionnaires was used as a method to collect information from the different participants. Thirty eight (38) administered questionnaires were issued by the researcher. The results were presented

sequentially according to how they were tabled in the questionnaire. The questionnaire was divided into 5 categories namely: sections A (Biographic Information), B (Participants' Views on Outsourcing Implementation), C (UL Outsourcing Arrangement), D (Union Participation), and E (Open-Ended Questions).

CHAPTER 5: FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1 INTRODUCTION

Overview of the study, findings, recommendations and conclusions are discussed in this chapter. The findings and recommendations will be based on the objectives indicated in Chapter One. Recommendations and general conclusions are also deliberated in this chapter.

5.2 FINDINGS OF THE STUDY

As mentioned in chapter one, the objectives of this research were to understand the merits and demerits of outsourcing within the context UL's experience, to identify the challenges faced by UL during the implementation of the 2002 outsourcing arrangement, to assess the effects of UL's outsourcing arrangement to its financial status and former employees' welfare, and finally to recommend measures to improve the effectiveness of UL's outsourcing arrangement.

5.3 FINDINGS FROM LITERATURE REVIEW

Based on the findings in chapter two, outsourcing takes place when a task that used to be executed internally with in-house employees on the company's payroll is now contracted to an external service provider. In this case, the UL in-house staff members serve as a good example of the outsourcing arrangement since they were transferred to the external management contractors.

Business process outsourcing represents a broad version of outsourcing in that it involves complex arrangements on which an outsourcer subcontracts the outsourcee to render more than two services that used to be performed by in-house staff with the view to enhance process efficiency and save costs. Reference is made to chapter two wherein the UL Council and Project Committee recommended that the following activities be outsourced:

- Maintenance Services
- Food and Canteen Services
- Security Services
- Cleaning Services
- Gardening Services
- Transportation Services

In this case, the UL, referred to as the outsourcer, had subcontracted all the service providers (contractors) to render several maintenance services that used to be performed by in-house staff with the view to enhance process efficiency and save costs for the Institution.

A Business Process Outsourcing (PBO) transaction is actualised when a third party provider secures an outsourcing contract for more than one activity or task from the same company. The only known disadvantage of the BPO approach is that if managed poorly, it hands over benefits to only one service provider. In other words, one service provider will enjoy monopolistic advantages at the expense of other equally deserving service providers. However, in this case it does not apply to the UL since currently the UL has several service providers as indicated for each of the activities listed in chapter two, page 15, table 2.1.

The circumstances that triggered the outsourcing of non-core operations at the University of Limpopo in 2002 were never properly conceptualised and made known to the public. This led to several complaints from employees received by the institution's management and also based on information provided by Unions. Also, it was depicted in the findings of this study as mentioned in chapter four from the interview results obtained from several outsourced staff that there were actually much dissatisfaction resulting from the outsourcing arrangement.

Information regarding outsourcing arrangements at the UL were never easy to access due to the university's strict gate-keeping policy. The management failed to build or put forward a compelling case for outsourcing which was not based on a properly conceptualised cost-benefit study and as such this made everything worse.

5.4 FINDINGS FROM THE PRIMARY RESEARCH

From the results obtained, very few participants strongly agree with the fact that outsourcing is good for increasing the financials of the organisation. Most of the participants remained neutral to the question. This implies that most of the participants did not have much information about the financial performance of the organisation. This conclusion is drawn based on the fact that most of the participants as mentioned earlier do not have matric and as such this contributed to their knowledge level on the finances of the organisation.

None of the participants strongly agrees with the fact that outsourcing provides good staff welfare, whereas most of the participants strongly disagree to the question. A conclusion can be drawn that most of the respondents strongly do not think that outsourcing provides good staff welfare. Most of the respondents were from the operational staff who commented from a practical perspective. The findings further reveal that none of the respondents strongly agrees with the fact that outsourcing provides good staff welfare.

Very few of the participants disagree to the fact that outsourcing has numerous weaknesses, whereas most of the participants agree with the statement. A conclusion can be drawn that most of the participants agree that outsourcing has numerous weaknesses. As mentioned in chapter two, Kakumanu and Portanova (2008) suggest that there is a need to define comprehensively the operation's business domain when outsourcing has to be considered as an option as such. If this is not done, it will lead to various weaknesses depicted from this action. Very few participants strongly disagree with the fact that outsourcing is a bad model for advancing skills development. Most of the participants agree that outsourcing did not add value to their careers as far as skills development is concerned. A conclusion can be drawn that outsourcing is certainly not a good model for skills development since outsourced staff are in a position to lose key developmental benefits such as skills. Very few participants disagree with the statement and based on chapter four of presentation of results, these few participants are mostly management staff who were not affected when it came to skills development.

Few of the participants strongly agree with the fact that the outsourcing arrangement brought positive development in the institution. Most of the participants strongly disagree with the statement. Based on the results, a conclusion can be drawn that the UL outsourcing arrangement is definitely not a success. This alone calls for the institutional outsourcing policy strategic review and adoption of strategic models that will deliver positive development. Development in this case is holistic and includes both financial, welfare and human capital development.

Most of the participants disagree with the statement that UL outsourcing arrangement helped to improve the financial performance of the institution. Very few of the participants agree with the statement. This is brought by the fact that there has not been any significant change or improvement in the financial position of the institution brought about by the outsourcing arrangement as per findings in chapter four above.

None of the participants strongly agrees that the UL outsourcing arrangement impacted positively on the institution's outsourced staff whereas most of the participants either

disagree or strongly disagree with the statement. From the result obtained one can say that the staff does not agree with UL's outsourcing arrangement having impacted positively on the institution's outsourced staff. As outlined above, there has not been any significant skills development of the outsource staff. This ultimately brings the writer to the conclusion that the outsourcing arrangement had a negative impact on the welfare of the outsourced staff.

Most of the participants indicated that the Unions participate effectively in the University's decision making, while less disagree. Based on the findings, a conclusion can be drawn that participants don't think that unions participate effectively in the University's decision making processes. Actually, participants feel that the decision made was purely a management decision without the unions' significant input.

Most of the participants think that the unions fairly represented the working community during the outsourcing arrangement. The findings depicted that the Unions are actively engaging with the management on behalf of the employees and also providing the much needed feedback to employees. However, most of this participants still think that unions are biased in representing the interest of the workers. This is due to the fact that most of the workers still feel that their benefits are being compromised at the expense of smooth running or savings of the institution.

Most of the participants echoed the same sentiments that the outsourcing arrangement made them to lose various good employee benefits they were getting from the university whereas few of the participants mentioned that the outsourcing arrangement reduced their salaries in a way since they had to subsidise their medical scheme by themselves while the service providers (contractors) do not give them big enough salaries. Three of the cleaning staff interviewed complained that the skills development programme is no longer as effective and well-structured as it was when they were still falling under the university. The risk of lack of work assurance and exploitation was cited as another point by two participants which contribute to the disadvantages of the outsourcing arrangement. One of the participants mentioned that currently people easily lose their work if they find

themselves on the wrong side of their bosses as opposed to when they used to work for a bigger institution, more especially a government institution like UL.

5.5 RECOMMENDATIONS

Based on the fact that most of the staff did not agree with UL outsourcing arrangement as having had any positive impact on their wellbeing, the following recommendations are provided.

Based on the respondent's feedback, the model that could work will be that of re-employment of the operational staff by the university and also that the university should impose conditions that favour the employees when engaging in outsourcing arrangements with service providers. These measures should be considered in light of the university's key objectives.

A recommendation is further made for the revision the outsourcing arrangement and institutional outsourcing policy's strategic review. The adoption of strategic models that will deliver positive development which is holistic and includes both financial, welfare and human capital development.

The University of Limpopo should procure the services of an external professional service provider to assist with the detailed review of the impact that the outsourcing arrangement has made and further to make recommendations on improvements or change of strategy.

Outsourced employees' benefits should be standardised with full requirements of the Department of Labour and this should be incorporated in the service level agreement signed with the service providers to ensure employees' satisfaction

A recommendation is made for re-alignment of the internal institutional budget to the strategic goals (vision and mission) of the University of Limpopo which will in turn have a positive impact on funding the in-house staff to achieve the intended University mandate.

5.6 RECOMMENDATIONS FOR FURTHER RESEARCH

Further research is required for every research study because there is no research that is complete in itself. The following topics are suggested for further research:

- Funding model to alleviate the financial crisis with regards to managing the in-house staff.
- A strategy to address the current monetary constraints faced by UL which led to the decision of outsourcing.
- The best latest institutional outsourcing policy strategies and models that generate good results.
- The role of university management in decisions that carry significant impact on the welfare of employees.

5.7 LIMITATIONS OF THE STUDY

This study does not claim to have successfully exhausted all the problems related to the outsourcing in all universities and within all business units. To make such a claim would be unrealistic as problems are not static but dynamic and situational.

The study focused on understanding the merits and demerits of outsourcing within the context of UL's experience, identifying the challenges faced by UL during the implementation of the 2002 outsourcing arrangement, assessing the effects of UL's outsourcing arrangement to its financial status and former employees' welfare and finally to recommend measures to improve the effectiveness of UL's outsourcing arrangement. Therefore, the analysis of the study does not necessarily extend to other universities in South Africa or in other countries.

Other limitations include the fact that the researcher only managed to collect data from 38 respondents randomly selected for the study. In addition, the researcher had scarce resources, including financial constraints and a time limitation at disposal to achieve the intended goals and objectives, however, the researcher certainly hopes that the lessons learnt from the study will be applicable to other universities in the all provinces in the country and beyond.

5.8 CONCLUSIONS

The study was aimed at finding out whether UL's 2002 outsourcing arrangement had a positive or negative effect on the University's financial status and former employees' welfare. Factors relating to outsourcing versus in-house staff were appraised in detail in Chapter Four. Findings were made that outsourcing was adopted on the assumption that it was deemed a sure way to reduce UL's increasingly stressful cost burden.

The huge staff complement led to a huge payroll for UL to manage and as such hampering the university in focusing on its core functions. Outsourcing was also initially intended to present UL with an opportunity to implement widespread staff reforms. The ultimate goal being that it will not only bring solutions to the financial challenges faced by UL, but also to provide the staff with a much healthier working arrangement and boosting staff satisfaction.

The writer concludes that the outsourcing arrangement did not provide any significant benefit to all the affected parties. Based on all the research findings, the writer can conclude that merits and demerits of outsourcing within the context of UL's experience were fully unpacked and analysed and further concludes that the outsourcing arrangement should be revised to the best interest of both parties involved. The university's financial position and the welfare of employees will improve significantly if the outsourcing arrangement will be reversed and all staff are brought back onto the University's records.

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APPENDIX A: COVERING LETTER

DEAR PARTICIPANT

I am Lesiba Phillip Ramakadi, one of your colleagues. I am pursuing my studies in Masters of Business Administration (MBA) with the University of Limpopo. In partial fulfilment of my studies, I am conducting a study titled: “***Outsourcing versus in-house staff. A case of University of Limpopo’s support staff***”. The thrust of this study is to strategically review the performance of the University of Limpopo’s outsourcing policy.

I therefore request you to kindly participate in completing the questionnaire. Participation in this study is absolutely based on voluntary consent. All the information obtained through this questionnaire will be treated with confidentiality and used solely for the purpose of this research.

For further enquiries you may contact me at 082 200 5986.

Yours Faithfully

Phillip Lesiba Ramakadi

APPENDIX B: LETTER OF APPROVAL



University of Limpopo
Turfloop Graduate School of Leadership, PO Box 756, Fauna Park, 0787, South Africa
Tel: 015 268 4257 Fax: 015 290 2852: Email: John.Mbuya@ul.ac.za

20th April, 2016

To: Whom It May Concern

SUBJECT: MBA STUDENT Ramakadi LP: STUDENT NUMBER 201429714

This letter serves to confirm that Mr Ramakadi LP., Student Number 201429714 is a registered MBA student at University of Limpopo's Turfloop Graduate School of Leadership. He is currently doing research in compliance with the requirements of the degree of Master of Business Administration (MBA). You are kindly requested to allow him access to interview/ distribute questionnaires in order to enable him to complete his academic research and contribute to the body of knowledge.

Thanking you in anticipation.

Sincerely

Professor John Chibaya Mbuya (PhD)



MBA (Head of Department)

University of Limpopo

Turfloop Graduate School of Leadership

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APPENDIX C: QUESTIONNAIRE

ALL RESPONSES ARE STRICTLY CONFIDENTIAL PLEASE DO NOT WRITE ANY PERSONAL/IDENTIFYING INFORMATION ON THIS QUESTIONNAIRE	Questionnaire Nr.
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SECTION A – BIOGRAPHICAL INFORMATION

1	Gender (✓)	Male	Female						
2.	Age	18-30	31-40	41-50	51+				
3	Highest Education Level (✓)	Gr 1-7	Gr 8-11	Abet	Gr 12	N. Diploma	Degree	Honours	Masters +
4	Number of Years Working at UL	<5	5 - 10	11 - 15		16 – 20	21+		

SECTION B – PARTICIPANTS VIEW ON OUTSOURCING

<p>Please indicate to what extent you agree with each of the statements below by circling the appropriate number.</p>		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
1	Outsourcing is good for increasing the financials of the organisation	1	2	3	4	5
2	Outsourcing provides good staff welfare	1	2	3	4	5
3	Outsourcing has numerous weaknesses	1	2	3	4	5
4	Outsourcing is a bad model for advancing skills development	1	2	3	4	5

SECTION C – UL OUTSOURCING ARRANGEMENT

1	UL Outsourcing arrangement brought positive development in the institution	1	2	3	4	5
2	UL outsourcing arrangement helped improve the financial performance of the institution	1	2	3	4	5
3	UL outsourcing arrangement impacted positively on institution's outsourced staff	1	2	3	4	5

SECTION D – UNION PARTICIPATION

NO	QUESTION	YES	NO
1	Do you think Unions participate effectively in University decision making		
2	Do you think unions fairly represented the working community during the outsourcing arrangement		
3	Do you think Unions are biased in representing the workers		
4	Did the Union provide adequate feedback on the outsourcing arrangement		

SECTION E – OPEN-ENDED QUESTIONS

1. What are the challenges brought about by the outsourcing arrangement?

.....

2. What measures can be adopted by the university to address the current outsourcing challenges?

.....

Thank you for your time.

APPENDIX D: EDITOR CERTIFICATE

N J Nel
PO Box 365,
BENDOR PARK
0713

Tel: 0741849600

CERTIFICATE

This serves to certify that I have language edited the Mini-Dissertation of

Mr Lesiba Phillip Ramakadi,

Student number: **201429714**

entitled:

***"OUTSOURCING VERSUS IN-HOUSE STAFF. A CASE OF THE UNIVERSITY
OF LIMPOPO'S SUPPORT STAFF"***



N J Nel

Lecturer of English, Department Applied Languages
Tshwane University of Technology
(Retired)