

Outsourcing of Procurement Services and Performance of Public Health Institutions: A Case Study of Itojo Hospital, Ntungamo District, Uganda

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Abstract: *The purpose of the study was to establish the effect of outsourcing of procurement services on performance of public health hospitals in Uganda. The objectives of the study were to examine the role outsourcing in Itojo hospital, to determine the critical success factors for compliance of outsourced distributors on performance of Itojo hospital and to establish the relationship between outsourcing of procurement services and performance of Itojo hospital. The study used cross section research design. A sample of 108 respondents was used. Purposive and simple random sampling techniques were used in selecting respondents. Data collection was done using questionnaires, interviews and documentary review. Findings established that outsourcing allows core staff to focus more on coming up with organizational strategies. The study also established that outsourcing is important in hospitals because it allows the hospitals to focus on its core business. In addition, outsourcing helps to reduce the number of staff and related expenses also allows offering services the organization could not otherwise provide and as well provide consistent/improved service delivery. The study also established that improving service delivery has been one of the most important reasons for outsourcing in Itojo Hospital though there were still gaps in service delivery. Also, outsourcing enables the human resource professionals of organizations to focus on the core issues which are important in enhancing performance. It was also established that outsourcing ensures that competent and knowledgeable workers are employed to contribute new ideas which important in ensuring effective performance. the study recommended that hospitals should consider outsourcing more if not all their non-core business to outside providers as a major strategy of remaining competitive. This is because outsourcing gives company management and staff more time to concentrate on core business to produce quality product to out compete their competitors in the market place and hence a source of competitive advantage.*

Keywords: Outsourcing; Procurement Services; Performance; Public Health Institutions

INTRODUCTION

Background of the Study

The world has embraced the phenomenon of outsourcing and organisations have adopted this principle to help them expand into other markets (Nyangau, Mburu & Ogollah, 2014). According to Elmuti & Kathawala (2015), enlisting public organisation to deliver a wide array of products and services is now a common and accepted practice and as institutions and organizations search for ways to grow and maintain their competitive edge, outsourcing has emerged as a dominant organizational strategy for achieving those goals.

It is argued that successful outsourcing should no longer be a transactional relationship between buyer and supplier but one that requires integration, cooperation and collaboration (Soosay and Hyland, 2014) as a productive way to deliver higher value beyond simple cost savings (Langley, 2017). Both service provider and receiver face an increasing pressure to exhibit the value of outsourcing. Investment in win-win processes and shift from the more traditional business models to collaborative, long term, sustainable supply chain business models are the best way to meet this challenge.

East African countries are trying to create or expand business activities by adopting outsourcing strategies and one of them is Uganda (Van der linden & Hengeveld, 2012). Public hospitals in Uganda outsource procurement services to specifically handle the distribution of drugs and other medical supplies from suppliers to the door steps of the health facilities.

Itojo hospital is a rural hospital built in the 1968 by the administration of Prime Minister Milton Obote. It serves Ntungamo District together with some parts of neighboring Northern Tanzania and Northeastern Rwanda. It has a bed capacity of 120, although sometimes many more patients are admitted with many sleeping on the floor. Over the years the hospital infrastructure has deteriorated. Though the hospital is intended to serve the whole district, some patients force their way to other neighbouring districts and private clinics to seek medical attention after a long time of waiting. Some patients who cannot be treated at the Itojo hospital are referred to the regional referral hospital in Mbarara district. In 2006, the First Lady of Uganda, Janet Museveni, started to solicit

funding from both internal and external sources to rehabilitate the hospital. There has been outsourcing of health specialists and other people to offer services health services and dispose wastes but surprisingly there are still complaints of poor performance as regards services delivery. It is against this background that this study was conducted to establish the effect of outsourcing of procurement services on performance of public health institutions in Uganda with a reference to Itojo Hospital.

Statement of the Problem

A number of public hospitals in Uganda have undertaken the outsourcing strategy to improve their performance but have failed to achieve this objective because the lead time is still long and quality of services delivered are still inadequate. Services such as health services are not provided on time, drug specifications are not matched and the internal users are complaining of late deliveries (Itojo Health Facility Report, 2018). Delays of supplies at the district lead to expiry of drugs meant for lower health units. The delay of order placement from hospitals is a challenge and impact on all distribution activities as it leads to an artificial shortage of medicines in health centers and cause increased emergency orders and deliveries. This resulted in higher distribution and organizational costs. It is against this background that this study was conducted to establish the effect of outsourcing of procurement services on performance of public health institutions in Uganda with due emphasis to Itojo Hospital.

Purpose of the Study

The purpose of the study was to establish the effect of outsourcing of procurement services on performance of public health hospitals in Uganda

Objectives of the Study

- i. To examine the role outsourcing in Itojo hospital.
- ii. To determine the critical success factors for compliance of outsourced distributors on performance of Itojo hospital.
- iii. To establish the relationship between outsourcing of procurement services and performance of Itojo hospital.

LITERATURE REVIEW

Role of Outsourcing in Public Health Institutions

Successful implementation of an outsourcing strategy has been credited with helping to cut cost, increase capacity, improve capacity, improve quality, increase profitability and productivity, improve financial performance, lower innovation costs and risk and improve organizational competitiveness (Greer, 2017). However, outsourcing does generate some problems. First of all, outsourcing usually reduces an organisation control over how certain services are delivered, which in turn may raise the company's liability exposure.

As the information system outsourcing market had matured, IT outsourcing was perceived as one way to increase business operations (Bergkvist, 2013). Outsourcing of Information Systems or technology is today a commonly accepted and growing practice that is continually evolving (Hirschheim, 2016). The desire to reduce costs is often an initial driver for IT outsourcing, but during the IT outsourcing process, increased quality and shorter development times are perceived as important (Davis, 2016). This was supported by a survey by Kremic, (2016), which showed that IT outsourcing resulted in an average 9% increase in costs. However, studies have revealed that the extent of savings varied widely, and that in some instances, there was evidence of cost increases following outsourcing (Oshri, & Willcocks, 2015).

Labor cost reduction is often the advantage of outsourcing that is focused upon. The recruitment and training process for in-house employees can be expensive, whereas the temporary worker is already skilled and possesses the necessary qualifications (Kakumanu, & Portanova, 2016). Furthermore, the recruitment process for temporary workers is often streamlined. Outsourcing also avoids the training costs associated with the steep learning curve that often takes place when the organization performs tasks in-house (Garen, 2017). An additional benefit of outsourcing is when the temporary worker is an independent contractor. An employer is not obligated under law to pay the contractor a set of mandatory costs that an employee is entitled to. These costs include workers' compensation insurance, taxes, benefits such as sick pay or leave and paid overtime.

Efficiency in outsourcing is the platform that allows small health centres to compete with big ones because health centres can engage in conducting their business functions (Griffin, 2015). Health centres can access these advantages easily without having to train the members of their organization in this area. Additionally, Griffin, (2015) argue that organizations do not need spend too much time and resources on hiring personnel who have a lot of experience in that field of expertise. Usually, getting such professionals to work for an organization can be detrimental to their finances.

Outsourcing also gives companies the opportunity of expanding (Hill, & Jones, 2014). Since a company is concentrating on their core business functions while other companies deal with other aspects, then chances are that productivity will be heightened and the level of quality emanating from such a business enterprise will increase. Hill, & Jones, (2014) observe that the overall effect of such

an approach is that many persons may now have the opportunity to improve their business values. This then gives them a platform for improving their business sizes.

Critical Success Factors for Outsourcing in Public Health Institutions

Outsourcing has become a mega trend in many industries, most particularly in logistics and supply chain management (Feeney, 2015). The overall scope of outsourcing is continuing to grow, as companies focus on their core competencies and shed tasks perceived as noncore (Lindner, 2004). For example, recent data indicate that the outsourcing of human resources (HR) functions is pervasive, with 94 percent of firms outsourcing at least one major HR activity, and the majority of firms planning for outsourcing expansion (Gurchiek, 2015).

Research assessing the outsourcing of sales, marketing and administrative functions provides parallel results, with at least portions of these functions now being outsourced in 15–50 percent of sampled firms (The Outsourcing Institute 2016). Similarly, the third- and fourth-party logistics industries are booming, with between 65 percent and 80 percent of U.S. manufacturing firms contracting with or considering use of a logistics service provider in the last year (Langley, 2016). Thus, managers are increasingly feeling pressure to make the right sourcing decision, as the business consequences can be significant (McGovern & Quelch 2015). Good outsourcing decisions can result in lowered costs and competitive advantage, whereas poorly made outsourcing decisions can lead to a variety of problems, such as increased costs, disrupted service and even business failure (Cross, 2015). Poor outsourcing practices can also lead to an unintended loss of operational level knowledge.

Making the right outsourcing decision requires a clear understanding of the broad array of potential engagement options, risks and benefits, and the appropriateness of each potential arrangement for meeting business objectives (Denison, 2014). Many variations of outsourcing alternatives exist, resulting in a lexicon of terms, such as out-tasking, collocation, managed services and business process outsourcing. This has led to confusion for many managers, who feel pressure to make the right decisions and often view outsourcing as an all or nothing proposition to offload and bring down the costs of noncore activities. In fact, one of the biggest misconceptions about outsourcing is that it is a fixed event or a simple make-or-buy decision. In reality, outsourcing is an umbrella term that encompasses a spectrum of arrangements, each with unique advantages and risks. Understanding the relative risks and benefits of each of the potential alternatives is critical in making the right outsourcing decision.

Other researchers have focused on outsourcing strategy effectiveness and its impact on organizational characteristics. Frayer (2015) suggest that in order for an out-sourcing strategy to work effectively, companies must proactively manage their outsourcing strategies by establishing top management commitment, global sourcing structures and processes and global sourcing business capabilities. In addition, they suggest that companies that have not raised their sourcing approach to global, strategic level may already be behind in terms of quality, cost, delivery, technology, performance, and customer service. Klaas (2017), suggest that the influence of organizational characteristics was highly contingent, suggesting that organizational characteristics have different effects on various types of outsourcing activities outsourced. As such, it appears that many factors such as pay level, promotional opportunities and demand uncertainty should be considered when deciding to outsource functions or activities.

Other researchers have focused on outsourcing performance measures (Kotabe, 2016; Malhorta 2017; Carney 2017). For example Kotabe (2016) identifies three types of performance measures as necessary components in any outsourcing performance measurement system: strategic measures; financial measures; and quality measures. Other studies use additional dimensions of market performance such as costs savings, cycle time, customer satisfaction, and productivity to measure the effectiveness of outsourcing strategy (Deal and Kennedy, 2014).

From a different perspective, obstacles such as poor choices of sourcing partners, inadequate planning and training/skills needed to manage outsourcing activities and poor organizational communication have also been identified as impacting the success of outsourcing projects (Bradford, 2013).

The competitive business environment, coupled with a volatile economic climate, demands that organizations invest time, talent and financial resources are core competencies and activities that differentiate their business from the competition. Even if yours is a technology-centric organization, the management and support of your IT infrastructure is unlikely to be a core competency or business differentiator. Rather than deploy internal resources on non-differentiating activities, Infrastructure & Operations (I&O) professionals should look to IT infrastructure outsourcing vendors to provide or manage IT infrastructure (Larry, 2018).

The idea of – focusing resources on what a company does best, leaving the rest to specialists is not new. However, the imperative to drive down costs, improve efficiency, and simplify IT operations has never been stronger. Unfortunately, now is not the right time for major IT outsourcing programs. Such initiatives take many months to plan and execute, and they only make sense in a stable economy. In today's uncertain times, I&O professionals need immediate cost reductions combined with maximum flexibility. Stay

focused on outsourcing the commodity elements of IT infrastructure on short-term contracts with standard service-level agreements (Larry, 2018).

While the business case for infrastructure outsourcing is sound, organizations still find cost savings lower than expected. Organizations also often neglect to measure infrastructure service levels and therefore don't know what SLAs they need from vendors. And, infrastructure outsourcing contracts typically fail to incorporate adequate provisions for innovation to ensure that businesses stay current with emerging best practices (Firzil and Bazi, 2017).

Georg (2015) observes that outsourcing works best for well-defined commodity services delivered against standard service levels, emphasizing that professionals must push back against an overemphasis on cost reduction and provide valid evidence of the issues that arise when a purely cost-driven approach rules the outsourcing decision. Aggressive demands to lower costs force vendors to respond with proposals for long-term contracts with little or no flexibility. Such rigid contracts, as Littman (2018) observes, cannot accommodate the dynamic nature of today's business environment. As a result, organizations inevitably end up buying services à la carte or growing internal staff or contractors to accommodate their urgent needs - an approach that often costs organizations more in the long term. With such broad-reaching implications, the term can be applied to a number of distribution management and administration services such as help desk or network administration. When considering location, remote infrastructure management can take place in the next room, across town, or in another city or country.

Organization culture is an arrangement of different attributes that express an organization and differentiate one organization from another (Dasanayake and Mahakalanda, 2018). According to Daft (2013), culture is the collective thinking of minds which create a difference between the members of one group from another. As per Schein (1990), defines culture is set of different values and behaviors that may considered to guide to success. According to the Kotter and Heskett (2014), culture means fairly established set of beliefs, behaviors and values of society contain generally. It is generally understood that culture is gained knowledge, explanations, values, beliefs, communication and behaviors of a large group of people, at the same time and same place.

Organization culture idea must be learned and shared in the organizations (Titiev, 2013). Pettigrew, (2015) argues that cultures of organizations are based on cognitive systems which help to explain how employees think and make decision. He also noted the different levels of culture based on the multifaceted set of beliefs, values and assumptions that determine ways how organizations conduct business. According to Tichy (2014), organizational culture is known as "normative glue" meaning, to hold the overall organization together. The concept of organizational culture also makes available a base for determination of the differentiation that may survive in-between the organizations that are doing business in the same national culture (Schein, 2013).

Relationship between Outsourcing of Procurement Services on Performance of Health Institutions

Evans and Lindsay (2016) assert that the decision to outsource can lead to increased productivity for businesses. For outsourcing to be successful in enhancing productivity, the decision needs to be an informed one. Good, hard, detailed information in the hands of strong management can help avoid a costly step, one that is not easily reversed. Ultimately, for outsourcing in any form to be successful in enhancing productivity, quick response times to strategic opportunities and threats are essential. Effective management of the outsourcing relationships is an organizational imperative. The decision to outsource should address the critical role of information and processes in organizations, including the role that systems play. If an entire function is to be outsourced, sufficient provision should be made in the outsourcing contract to deal with current and future requirements of the organization. Special attention should be given to the potential need for innovative solutions to be provided by the outsourcer, and to the timing of these actions.

Effective outsourcing relationships can establish continuous improvement in productivity of service delivery (Boyson, 2017). It has been suggested that relationship will be the source of competitive advantage in the future and that trust is essential to these relationships. In view of Sheth and Sharma (2017) outsourcing advantage cover broad spectrum, it may be asset/cost efficiencies, improved customer service, marketing advantage or profit stability/growth. According to Sloper (2014) outsourcing improves the focus towards value chain optimization leading to enhancement of productivity, motivation and value addition. It also provides competitive advantage by delivering faster to market and allow accessing and assessing new technologies, techniques or markets. Further studies confirm that good customer service delivery can be obtained efficiently and effectively through outsourcing which is supported by literature which shows that customer service delivery can be enhanced by providing accurate information from a single source in a real time through integration.

Today's knowledge and service-based economy offers innumerable opportunities for well-run companies to improve services through outsourcing. The option to transfer all or part of a company's business function to an external entity plays an increasingly important role in the strategic arsenal of organisations. In the present era companies are using strategic and transformational outsourcing to seek improved business focus, mitigate risks, build sustainable competitive advantage, extends technical capabilities

and free resources for core business purposes (Bartell, 2018). Competitive advantage can be gained when the most appropriate business processes are performed more effectively and efficiently by external suppliers. Organisations consider outsourcing nearly all the services they need such as printing, legal services, accounting and book-keeping, telecommunications, vehicle maintenance, security, payroll, recruitment and many others, thus restricting their own employees to the core functions that define the organisations business.

According to Tomas & Victor, (2016), outsourcing is a strategic decision that entails the external contracting of determined non-strategic activities or business processes necessary for the manufacture of goods or the provision of services by means of agreements or contracts with higher capability firms to undertake those activities or business processes, with the aim of improving competitive advantage. Dominic, (2014) explains that contracting out typically involves a competitive bidding process in which requests for proposals are disseminated to eligible vendors. Proposals are then evaluated and a decision is made based on either a cost or “best value” basis. Contractor performance is then monitored and managed in view of predetermined service goals (Schniederjans, Schniederjans & Schniederjans 2017).

Hill & Jones, (2014) note that outsourcing enables the human resource professionals of organizations to focus on the core and other human resource strategic issues.; since a company is concentrating on their core business functions while other companies deal with other aspects, then chances are that productivity will be heightened and the level of quality emanating from such a business enterprise will increase.

Outsourcing also gives a structured approach to the whole process of recruitment, with the ultimate power of decision making of recruiting with the organization itself (Griffin & Moorhead, 2013). The portion of the recruitment cycle that is outsourced range from preparing job descriptions to arranging interviews, the activities that consume almost 70 percent of the time of the whole recruitment (Griffin & Moorhead, 2013). According to Contractor, Kumar, Kundu & Pedersen (2013), outsourcing the recruitment processes for a sector like BPO which faces an attrition of almost 50-60 per cent, can help the companies in BPO sector to save costs tremendously and focus on other issues like retention.

Elmuti & Kathawala (2015) argue that outsourcing provides institutions with opportunities to add more experts to their resource pool hence chances of increasing innovative performance may improve. As new people are added to the mix of problem solvers, institutions can benefit from their fresh perspective and ties to a new common goal and it is this promise that drives creation of innovative networks (Elmuti & Kathawala, 2000). Hill & Jones (2014) also argue that creative individuals take information from diverse sources and find patterns in that information which lead them to solve problems in a new way.

However, although long term effects of extensive outsourcing of labour on innovation is not known, certain factors that have been important to innovation in the past are affected when the backdrop of outsourcing is imposed, hence management need to understand these factors and monitor the effects of changes in the business culture of innovation (Karen, 2014).

RESEARCH METHODOLOGY

Research Design

The study adopted a cross sectional survey design. A cross sectional research design is type of design that helps to collect data from a large number of cases at a particular point in time (Sekarani, 2009). Quantitative and qualitative approaches were used to support the research design. Qualitative approach was of particular importance to this research because of its ability to penetrate into the different expressions and experiences of respondents to the subject matter. Quantitative approach was used due to the desire of establishing the magnitude of the problems using statistical data and evidence.

Study Population

The study used a population of 150 comprising of procurement officer, hospital administrator, nurses, doctors and patients.

Sample Size

For efficiency and effectiveness, the population was broken down to a research sample. Sampling of the study population enabled the fast provision of study information at minimal costs. The study used a sample of 108 respondents which was determined by using Krejcie and Morgan (1970).

Sampling Technique

Purposive Sampling

This is a technique where sampling units are selected according to the purpose. In this study, purposive sampling technique was applied to select respondents who were considered relevant for the study. Therefore, in this study, 70 staff of Itojo hospital were purposively selected. Purposive sampling was used because it helped in recruiting respondents with in-depth knowledge about the variables being studied.

Simple Random Sampling

The researcher employed simple random sampling techniques in selecting the 38 patients. In carrying out simple random sampling, the researcher visited the hospital and then requested the administrator to allow her to do sampling among patients attendant. Small pieces of papers were written to indicate Yes and No and mixed up and put down and patients attendants were allowed to pick one by one until the required sample was reached. Patients' attendants were used in case where a patient was weak enough to answer questions regarding performance of Itojo hospital. Simple random sampling technique was used because it avoided bias during sample selection.

Data Collection Instrument

Questionnaires

A questionnaire is a carefully designed form consisting of interrelated questions or statements prepared by the researcher about the research problem under investigation, based on the objectives of the study. Questionnaires were used to collect data from respondents. Questionnaires was designed in likert format (strongly agree, agree, disagree, strongly disagree and undecided) was used to collect primary data from staff who were capable of answering the questionnaire in order to ensure organized procedures and control of the scope of responses within the objectives and research questions of the study. Questionnaires were used because they catered for confidentiality, collection of a lot of data in a short time with a large number of respondents who were geographically apart. Questionnaires did not call for close supervision; they were cheap and allowed respondents to fill them at a time convenient to them. Questionnaires were also used give respondents chances for consulting other respondents with technical knowledge since they are allowed to go and fill them in their convenient time. Questionnaires enabled the researcher to achieve success in collecting reliable and dependable data from respondents.

Interview Guide

An interview guide is a set of questions that a researcher asks when interviewing respondents in order to obtain data required to meet the objectives of the study. Interview guide was used because it helped the researcher to understand the perceptions of the respondents better because it was a social encounter which catered for respondents who were more willing to talk than write as they preferred to remain anonymous. Interviews were conducted with patients and hospital administrator to collect information from them. This instrument enabled the researcher to get firsthand information and it availed the interviewer with an opportunity to probe and rephrase questions to enhance clarity and accuracy of the responses obtained finally.

Data Analysis

Both qualitative and quantitative approaches were used to analyze data after its collection from the field. Qualitative data analysis was employed to analyze data through typing field notes, sorting and coding of responses after the data collection. Interviews were transcribed verbally, checked for accuracy and then edited for identifying information. Qualitative results were presented in a narrative form. Quantitative data analysis was used to analyze numerical data, this data results was presented in form of tables to enhance its proper understanding. Data obtained from close-ended responses was analyzed using Microsoft excel. Data analysis from questionnaires was done by categorizing responses into frequency counts and percentages.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Response Rate

The researcher administered 108 questionnaires to the sampled respondents and only 90 questionnaires were brought back to the researcher fully filled indicating a response rate of 83 percent. This was therefore sufficient for the study.

Background Information of Respondents

The researcher investigated the background information of the respondents who participated in the study which covered the gender, age and education and the following findings were obtained in presented in in frequency tables below;

Gender Composition of Respondents

The findings in relation to the gender of the respondents are presented in the frequency table 4.1;

Table 4.1: Gender Composition of Respondents

Gender	Frequency	Percentage
Male	55	61.1
Female	35	38.9
Total	90	100.0

Source: Field Data, 2020

According to the study findings as in Table 4.1, most of the respondents were males as compared to the female. The number of males who participated in the study was represented 55 (61.1%) as compared to 35 (38.9%) of the female respondents. Further findings by the study revealed that the difference in percentage arose as a matter of fact that most men were the most employed people in Itojo Hospital and more to that male customers were willing to participate in the study compared to females.

Age Composition of Respondents

Table 4.2: Age Composition of Respondents

Age range	Frequency	Percentage
21 – 30	15	16.7
31 – 40	40	44.4
41 – 50	34	37.8
51 and above	1	1.1
Total	90	100.0

Source: Field Data, 2020

Table 4.2 shows that most of the respondents were between the ages of 31–40 accounting for 40 (44.4%). The other category of the respondents was in the age range of 41-50 as reported by 34 (37.8%) of the study respondents. In addition, 15 (16.7%) of the study respondents were in the category age of 21-30 while the remaining 1 (1.1%) were 51 years and above. This therefore implies that most of the respondents who participated in the study were mature to provide dependable data for the study.

Highest Level of Education of Respondents

In order to get information from all categories of people, those that had diploma, degree and masters were approached during the study process. This established the levels of education of the respondents as indicated in Table 4.3.

Table 4.3: Educational background of Respondents

Level of education	Frequency	Percentage
Diploma	35	38.9

Degree	53	58.9
Masters	2	2.2
Total	90	100.0

Source: Field Data, 2020

Table 4.3 above shows that most of the respondents who accounted for 53 (58.9%) had attained degrees, followed by 35 (38.9%) of the study respondents who had diploma and lastly 2 (2.2%) with masters.

Empirical Findings

The findings in relation to the objectives were presented using descriptive statistics as shown below;

Role of Outsourcing in Itojo Hospital

Table 4.4 shows the level of agreement on the role of outsourcing in Itojo Hospital;

Table 4.4: Role of outsourcing in Itojo Hospital

Statements	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total Freq (%)
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
Outsourcing allows core staff to focus more on coming up with organizational strategies for better performance	25	27.8	35	38.9	0	0	18	20.0	12	13.3	90(100%)
Outsourcing is important in Itojo Hospital because it allows the hospital to focus on its core business	26	28.9	36	40.0	0	0	16	17.8	12	13.3	90(100%)
Outsourcing helps to reduce the number of staff and related expenses	20	22.2	24	26.7	0	0	28	31.1	18	20.0	90(100%)
Outsourcing allows offering services the hospital could not otherwise provide	28	31.1	35	38.9	0	0	17	18.9	10	11.1	90(100%)
Outsourcing provide consistent/improved service delivery	22	24.4	24	26.7	0	0	25	27.8	19	21.1	90(100%)

Source: Field Data, 2020

In Table 4.4 above, 25(27.8%) of the respondents strongly agreed, 35(38.9%) agreed while 18(20.0%) disagreed while 12 (13.3%) strongly disagreed that outsourcing allowed core staff to focus more on coming up with organizational strategies. Since majority of the respondents agreed, it implies that with outsourcing employees core staff focus on organisational objectives.

Furthermore, 26(28.9%) of the respondent strongly agreed, 36(40.0%) agreed, 16(17.8%) disagreed while 12 (13.3%) strongly disagreed that outsourcing is important in Itojo Hospital because it allowed the hospital to focus on its core business. From the findings, majority of the respondents agreed implying that outsourcing allows the hospital to focus on its core businesses.

The table also shows that 20(22.2%) of the respondents strongly agreed, 24(26.7%) agreed, 28(31.1%) of the respondents disagreed while 18 (20.0%) strongly disagreed that outsourcing helped to reduce the number of staff and related expenses. Since majority of the respondents disagreed, it implies that outsourcing does not reduce the number of staff and its related expenses. The findings concur with Greer (2017) who states that successful implementation of an outsourcing strategy has been credited with helping to cut cost, increase capacity, improve capacity, improve quality, increase profitability and productivity, improve financial performance, lower innovation costs and risk and improve organizational competitiveness.

The analysis in the table indicated that 28(31.1%) of the respondents strongly agreed, 35(38.9%) agreed, 17(18.9%) of the respondents disagreed while 10 (11.1%) strongly disagreed that outsourcing allowed the hospital offer services the hospital could not otherwise provide.

In the table, 22(24.4%) of the respondents strongly agreed, 24(26.7%) agreed, 25 (27.8%) disagreed while 19 (21.1%) strongly disagreed that outsourcing provide consistent/improved service delivery. The researchers concurs with the finding by stating that outsourcing of competent employees and information technology enhance service delivery that may attract many customers who would increase savings and deposits and lead to effective financial performance.

Critical Success Factors for outsourcing in Public Health Institutions

Table 4.5: Critical success factors for outsourcing in Public Health Institutions

Statements	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq (%)
Regular compliance appraisals done by Itojo Hospital is critical in outsourcing delivery and improved performance	25	27.8	32	35.6	0	0	20	22.2	13	14.4	90(100%)
The cost of outsourcing affects the success of outsourcing	30	33.3	42	46.7	0	0	10	11.1	8	8.9	90(100%)
A well capable order management system is critical to organisation performance	18	20.0	22	24.4	0	0	20	22.2	30	33.3	90(100%)
As well equipped storage facilities is critical in outsourcing delivery and improved performance of Itojo Hospital	25	27.8	33	36.7	0	0	20	22.2	12	13.3	90(100%)
The expertise and skill set staff is reliable and seasonable and is critical in outsourcing delivery and improved performance	25	27.8	33	36.7	0	0	20	22.2	12	13.3	90(100%)
Regular upgrade training to staff on new drug handling techniques is critical in outsourcing delivery and improved performance of the hospital	26	28.9	34	37.8	0	0	20	22.2	10	11.1	90(100%)
The organization’s infrastructure is safe and tested over time which is critical for outsourcing delivery and improved performance	21	23.3	28	31.1	0	0	25	27.8	16	17.8	90(100%)

Source: Field Data, 2020

From table 4.5, 25 (27.8.0%) of the respondents strongly agreed, 32 (35.6%) agreed, 20 (22.2%) disagreed while 13 (14.4%) strongly disagreed that regular compliance appraisals done by Itojo Hospital is critical in outsourcing delivery and improving performance.

From the findings, it can be seen that majority of the respondents agreed implying that regular compliance appraisals was done by Itojo Hospital to enhance outsourcing delivery and improved performance.

Findings revealed that 30 (33.3%) of the respondents strongly agreed, 42 (46.7%) of the respondents agreed, 10 (11.1%) of the respondents disagreed while 8 (8.9%) strongly disagreed that the cost of outsourcing affects the success of outsourcing.

From the table, a well capable order management system is critical to organisation performance was strongly agreed by 18 (20.0%) of the respondents, 22 (24.4%) agreed, 20 (22.2%) disagreed while 30 (33.3%) strongly disagreed. From this finding, majority of the respondents agreed with the statement implying that a well capable order management system is critical to organisation performance.

Furthermore, 25 (27.8%) of the respondents strongly agreed, 33 (36.7%) agreed, 20 (22.2%) of the respondents disagreed while 12 (13.3%) strongly disagreed that a well-equipped storage facilities is critical in outsourcing delivery and improving performance of Itojo Hospital.

More still, it is indicated in the table that 25 (27.8%) of the respondents strongly agreed, 33 (36.7%) agreed, 20 (22.2%) disagreed while 12 (22.2%) strongly disagreed that the expertise and skill set of our staff is reliable and seasonable and is critical in outsourcing delivery and improved performance.

The findings in the table also shows that 26(28.9%) of the respondents strongly agreed, 34 (37.8%) agreed, 20 (22.2%) disagreed while 10 (11.1%) of the respondents strongly disagreed that that regular upgrade training to staff on new drug handling techniques is critical in outsourcing delivery and improved performance of the hospital.

The analysis in the table indicates that 21 (23.3%) of the respondents strongly agreed, 28 (31.1%) agreed, 25 (27.8%) disagreed while 16 (17.8%) strongly disagreed that the organization’s infrastructure is safe and tested over time which is critical for outsourcing delivery and improved performance.

Relationship between Outsourcing and Performance of Itojo Hospital

The table shows the responses on the relationship between outsourcing of procurement services and performance of Itojo Hospital.

Table 4.6: Relationship between Outsourcing and Performance of Itojo Hospital

Statements	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq (%)
Outsourcing has increased efficiency in the quality of service delivery	18	20.0	22	24.4	0	0	20	22.2	30	33.3	90(100%)
Outsourcing increases customer satisfaction due to quality service delivery	19	21.1	24	26.7	0	0.0	28	31.1	19	21.1	90(100%)
Outsourcing leads to an increase in the quality of goods and services procured	20	22.2	24	26.7	0	0	28	31.1	18	20.0	90(100%)

Outsourcing leads to waste reduction within the Itojo hospital which leads to operating efficiency	28	31.1	35	38.9	0	0	17	18.9	10	11.1	90(100%)
Goods and services purchased by the organisation have clear categories for easy spend management	22	24.4	24	26.7	0	0.	25	27.8	19	21.1	90(100%)

Source: Field Data, 2020

From table 4.6, it is indicated that outsourcing has increased efficiency in the quality of service delivery was strongly agreed by 18 (20.0%) and agreed by 22 (24.4%) of the respondents, 20 (22.2%) of the respondents disagreed while 30 (33.3%) of the respondents strongly disagreed. Since majority of the respondents disagreed, it implies that outsourcing has not increased service delivery at itojo Hospital.

From the finding in table 4.6, 19 (21.1%) of the respondents strongly agreed, 24 (26.7%) agreed, 28 (31.1%) disagreed while 19 (21.1%) strongly disagreed that outsourcing increases customer satisfaction due to quality service delivery. The findings therefore mean that outsourcing does no increase customer satisfaction due to quality service delivery. The findings are in disagreement with Boyson (2017) who states that effective outsourcing relationships can establish continuous improvement in productivity of service delivery.

The findings as indicated in the table shows 20 (22.2%) of the respondents who strongly agreed, 24 (26.7%) agreed, 28 (31.1%) disagreed whereas 18 (20.0%) strongly disagreed that outsourcing leads to an increase in the quality of goods and services procured

In table 4.6, 28 (31.1%) of the sampled respondents strongly agreed, 35 (38.9%) agreed, 17 (18.9%) disagreed while 10 (11.1%) strongly disagreed that outsourcing leads to waste reduction within the Itojo hospital which leads to operating efficiency.

From the table 4.6, 22 (24.4%) of the respondents strongly agreed, 24 (26.7%) agreed, 25 (27.8%) disagreed while 19 (21.1%) strongly disagreed that goods and services purchased by the organisation have clear categories for easy spend management

The above findings concur with Brown, (2012) who identified a wide range of benefits from outsourcing such as allowing a firm to concentrate on its core business, gaining from the specialist supplier's economies of scale and learning from them, shifting the burden of risk and enabling greater numerical flexibility, and the ability to keep costs down due to competitive tendering processes. In support of the above findings Child, (2005) stated that outsourcing offered "significant, often immediate cost savings and Corbett, (2004) highlighted results from the 2004 outsourcing world summit, which showed that 50 per cent of executive respondents cited cost savings as the primary goal of outsourcing.

Findings from Interviews

Qualitative findings from interviews with some respondents revealed that outsourcing ensured that competent and knowledgeable workers were employed to contribute new ideas which were important in ensuring effective organizational performance.

A respondent reported that the main motivation for outsourcing is found to be cost reduction because paying for outsourcing generally costs less than maintaining equivalent services in-house. He further stated that factors that affect outsourcing decisions are reduction in operating costs, cost predictability due to fixed contract, sharing risk on technology investments, access to specialized expertise, and perception of efficiency.

The hospital administrator of Itojo hospital revealed that whenever some patients needed special attention, they out sourced specialized doctors to operate the patients.

One patient revealed that "My sickness required a special doctor but in this hospital, there is no specialized doctor to attend to me. They even tried to outsource a specialized doctor to come and operate me but up to date, he has not yet come. This indicates that there is still poor service delivery in this hospital.

In an interview with some staff of Itojo Hospital, it was revealed that when outsourcing is done new knowledge and skills are given to the staff which improves on their level of performance and service delivery. This therefore implies that outsourcing improves on service delivery in Itojo Hospital.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the findings, it was established that outsourcing allows core staff to focus more on coming up with organizational strategies. The study also established that outsourcing is important in hospitals because it allows the hospitals to focus on its core business. In addition, outsourcing helps to reduce the number of staff and related expenses also allows offering services the organization could not otherwise provide and as well provide consistent/improved service delivery.

The study also established that improving service delivery has been one of the most important reasons for outsourcing in Itojo Hospital though there were still gaps in service delivery. Also, outsourcing enables the human resource professionals of organizations to focus on the core issues which are important in enhancing performance. It was also established that outsourcing ensures that competent and knowledgeable workers are employed to contribute new ideas which are important in ensuring effective performance.

Recommendations

Based on the findings and conclusions, the researcher provides the following recommendations

Hospitals should consider outsourcing more if not all their non-core business to outside providers as a major strategy of remaining competitive. This is because outsourcing gives company management and staff more time to concentrate on core business to produce quality product to out compete their competitors in the market place and hence a source of competitive advantage.

The study further recommends that hospitals should endeavor to fully understand the risks involved in outsourcing as a means of enabling them to come up with strategies aimed at improving outsourcing for effective performance.

The study also recommends that when carrying human resources outsourcing, hospitals should consider the skills and professional competence as this would lead to improved service delivery and customer satisfaction that would lead to effective performance.

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