

The Effects of Outsourcing on Organizational Performance: A Case Study of Britam Insurance Company Limited.

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Abstract: *How successfully a company is performing is determined by how well its already established goals are being attained, as well as to what extent. They look for a variety of tactics to aid them in their endeavor. The specific goals were to evaluate the impact of outsourcing planning on Britam Insurance Company's organisational effectiveness, to ascertain the impact of insourcing process on Britam Insurance Company's performance management, and to investigate the impact of outsourcing strategies on Britam Insurance Company's organizational performance. 87% of respondents strongly agreed, 10% agreed, 3% agreed but were unsure, and none vehemently disagree with this. Britam Insurance Corporation assesses contracting to see if money can be made by cutting costs and then investing it. 60% of respondents were of the opinion, 33% agreed, and 7% were unsure about this. Effective and efficient evaluation of outsourced resources and services is required to determine the technical and financial effectiveness of the various operations and then to pinpoint those that can be outsourced in order to improve quality and profitably.*

Keywords: outsourcing and organizational performance

Background of the study

Organizational expansion inevitably leads to an increase in activity.

In some cases, this growth tends to shift an organization's attention away from its fundamental tasks that must be completed and may always have an impact on performance.

Corporations must decide to disengage from their noncore activities so that they can devote their full attention to the more crucial and core duties without compromising quality in order to prevent or, better yet, to lessen this lack of focus that could lead to diminished or epileptic productivity.

Outsourcing can be used to accomplish this.

In order to meet the current company realities, managers have come to see the significance and acceptance of exporting as a management solution (Jae, Minh, Kwok & Shih, 2000). According to Stroh and Treehuboff (2003), outsourcing is a kind of leadership technique in which a company assigns its key non-core responsibilities to a skilled and capable service provider, thereby saving both time and money.

Nwokocha and Iheriohanma's (2012) perspective on outsourcing holds that it gives organizations the audacious possibility to bargain out non-core jobs to local companies and construction companies at little to no cost and responsibility, thus freeing up employees to focus on the core activities in which they have competence and a competitive advantage.

In other words, exporting is essentially the practice of using a third party rather than an internal employee to carry out a task for a business

Problem statement

In order to accomplish organizational growth, businesses are feeling more pressure than ever to focus more of their efforts on matters relating to their customers' satisfactions. This pressure is being fueled by the rising importance placed on quality internationally, as well as by the dynamic economic environments and increased global competitive nature.

In an effort to increase their competitiveness, businesses are increasingly turning to outsourcing. Uganda is one of several developing nations making significant investments in the service industry to strengthen their economies and generate jobs.

Objectives of the study

The objectives of the study include the following;

1. To assess the effect of outsourcing planning on organizational performance of Britam Insurance Company.
2. To find out the effect of outsourcing process on organizational performance of Britam Insurance Company.
3. To examine how outsourcing strategies, influence organizational performance of Britam Insurance Company.

Research questions

1. What is the effect of outsourcing planning and decision making on organizational performance of Britam Insurance Company?
2. Does outsourcing process contribute to organizational performance at Britam Insurance Company?
3. How do outsourcing strategies influence organizational performance of Britam Insurance Company?

RESULTS

Research Design

Descriptive research is usually a study of status, based on the assumption that issues can be resolved and there can be improvement of practices via observation, analysis and description. The design can be used whenever one is collecting data or information about people's attitudes, opinions and habits by conducting interview guides or questionnaires for detailed analysis (Koh Owen, 2000). The researcher used descriptive study because it's one of the suitable methods to obtain information concerning current situations.

The Study Population

According to Cooper and Schindler (2003), a population is defined as the group to be focused on the researcher. Mugenda and Mugenda (2003) defined target population as large collection of persons, cases, or objects with some similar observable features which the researcher generalizes the results of the research. The population was 40 employees.

Sampling Techniques, sampling procedure, Sampling Size and composition

Since there are different categories of people, different methods were used to draw samples from each category.

Population Category	Population	Sample Size	Percentage (%)	Sampling Technique
Administrators	05	05	13.9%	Purposive sampling
Operations	10	09	25%	Simple random sampling
I.T Department	10	09	25%	Simple random sampling
Marketing Department	10	08	22.2%	Simple random sampling
Legal Department	05	05	13.9%	Simple random sampling
Total	40	36	100%	

Table 1: Study Population

Sampling Technique

Key interviewees such administrative, stores, management and production orders, and others were chosen through the use of purposeful sampling due to their expertise in the supply chain and profitability.

This approach was chosen because it prevented the study's important elements and participant comments from being misapplied, increasing the possibility that the results will accurately reflect the unpredictability that characterizes all social phenomena (Schwandt, 2001).

To find participants from the other firm departments, simple random sampling was also used. Each participant in the community has an equal probability of being chosen using this method.

Sample size

A sample is simply a subset of the population. Sampling is the process of selecting sufficient numbers of elements from the population so that a study of the sample and its characteristics made it possible for the researcher to generalize such characteristics to the population elements

(Sekaran, 2000). The study used a sample size of 36. In order to determine the sample size, Krejcie and Morgan's table for determining sample size of a known population was used. With the population being 40, the sample size ended up being 36.

Data Collection Methods

The researcher employed both qualitative and quantitative data collection methods. This involved use of questionnaires, and key informant interviews as explained below:

Quantitative data collection methods

Questionnaires:

Structured interviews were standardized in order of which questions were asked to the respondents and to minimize the impact of variation so that each interviewee was offered with exactly the same questions and in the same order. This guaranteed that answers were reliably collected and that comparisons were made with confidence between sample subgroups and respondents (Siute, 2005).

Qualitative data collection methods

Interviews: They were utilized to get data from significant participants who are extremely informed about the area of interest. To ensure thorough feedback and to guide the data collection on the most important areas of the research, an interview guide was created.

As according Schwandt (2001), conversations made sure that important study components on the impact of outsourcing on Britam Insurance Company Limited's performance of the organization were not overlooked.

Data analysis

Tables, graphs, and pie charts were used to illustrate the data.

Facial expression interviews, observations, and narrative analysis of qualitative data were all conducted.

Quick impressionistic summaries were utilized by the researcher to quickly analyze qualitative data, and salient results were summarised by highlighting common responses from interviewees on various issues under study.

RESULTS

Response Rate

Table 2: Analysis of Response Rate

Instruments	Frequency	Percentage (%)
Number of questionnaires distributed	36	100%
Number of questionnaires returned	30	83.3%

Source: Primary Data 2022

Table 2 above and fig 2 below show the rate of response of study. The research questionnaire was administered to 36 employees. Of this lot, 30 questionnaires representing 83.3% were returned, and 6 questionnaires representing 16.7% were not returned. The table above shows the details at a glance.

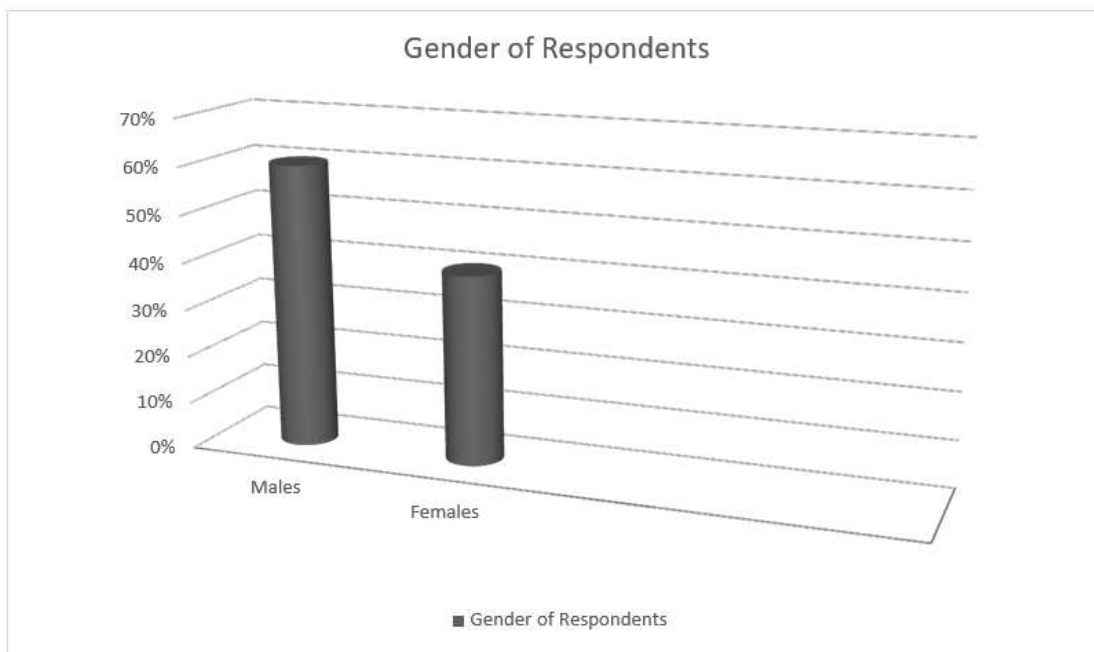
Demographic Characteristics of Respondents

Table 3: Gender of Respondents

Sex	Frequency	Percentage
Female	12	40%
Male	18	60%
Total	30	100%

Source: Primary Data 2022

Table 3 above and fig.1 below show that 60% of the respondents of the questionnaire were male while only 40% were female. This indicates that most of the employees of Britam Insurance Limited are of the male sex, with females less in number.



Source: Primary Data 2022

Fig. 1: Gender of Respondents

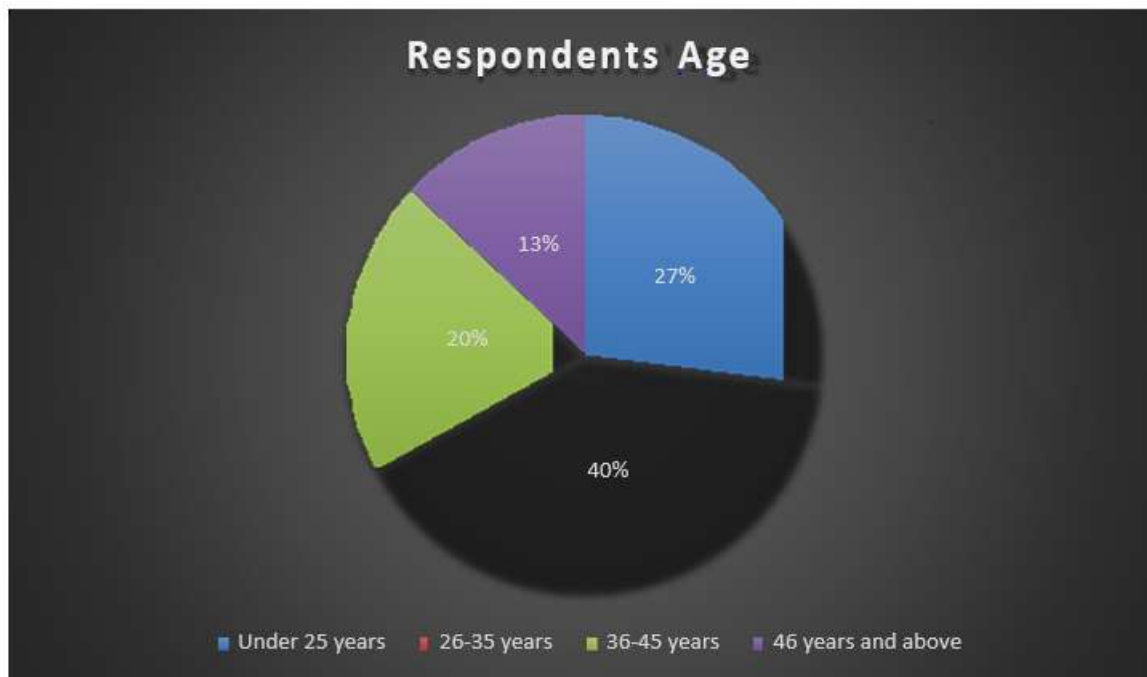
Table 4: Age of Respondents

Age	Frequency	Percentage
Under 25 years	8	27%
26-35 years	12	40%
36-45 years	6	20%
46 years and above	4	13%

Total	30	100%
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Source: Primary Data 2022

Table 4 above and fig.2 below shows the age majority of 40% of total respondents is aged between 26-35 years old, while 27% of the total are aged under 25 years old. Those above 46 years were 13% while 20% were aged between 36-45 years. This shows that the employees of Britam Insurance Company Limited are in the age bracket of 26-35 years.



Source: Primary Data 2022

Fig 2: Respondents' Age

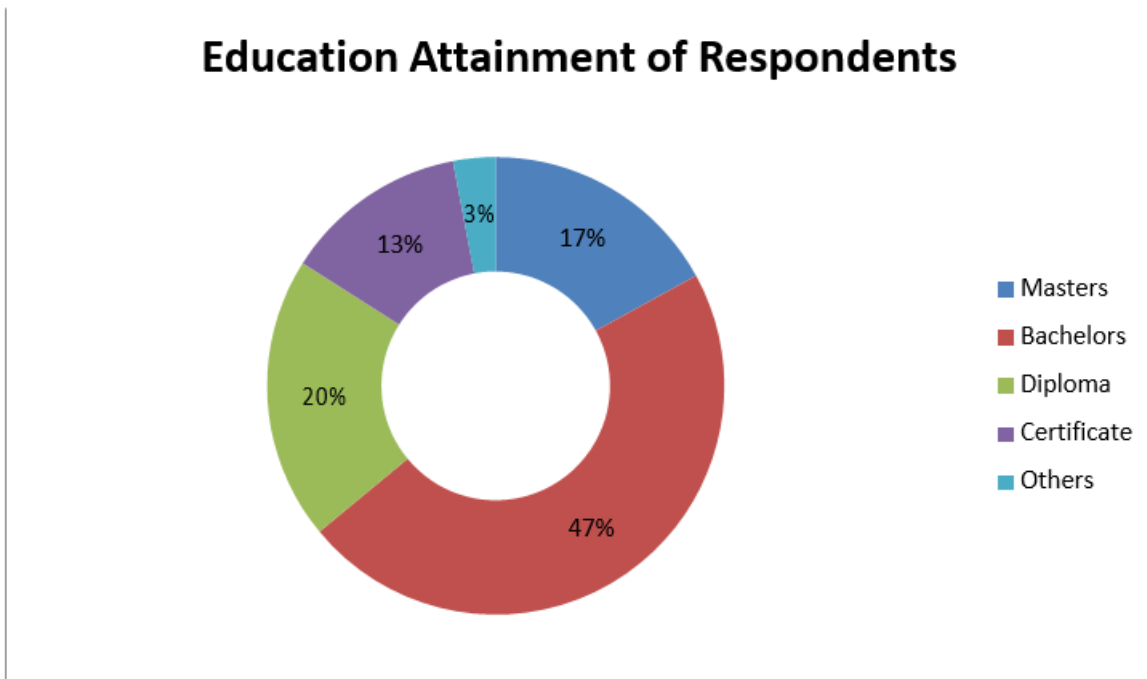
Table 5: Education Attainment of Respondents

Qualification	Frequency	Percentage
Masters	5	17%
Bachelors	14	47%
Diploma	6	20%
Certificate	4	13%
Other	1	3%
Total	30	100%

Source: Primary Data 2022

Table 5 above and fig.3 below indicates that 13% of the respondents were certificate holders, whereas 20% were diploma holders. Besides, 47% of the respondents were bachelor degree holders, while 17% were for masters and 3% had other

qualifications. There were no holders of other qualifications. This implies that most employees at Britam Insurance Company Limited were Bachelors at 47% and Diploma holders at 20%.



Source: Primary Data 2022

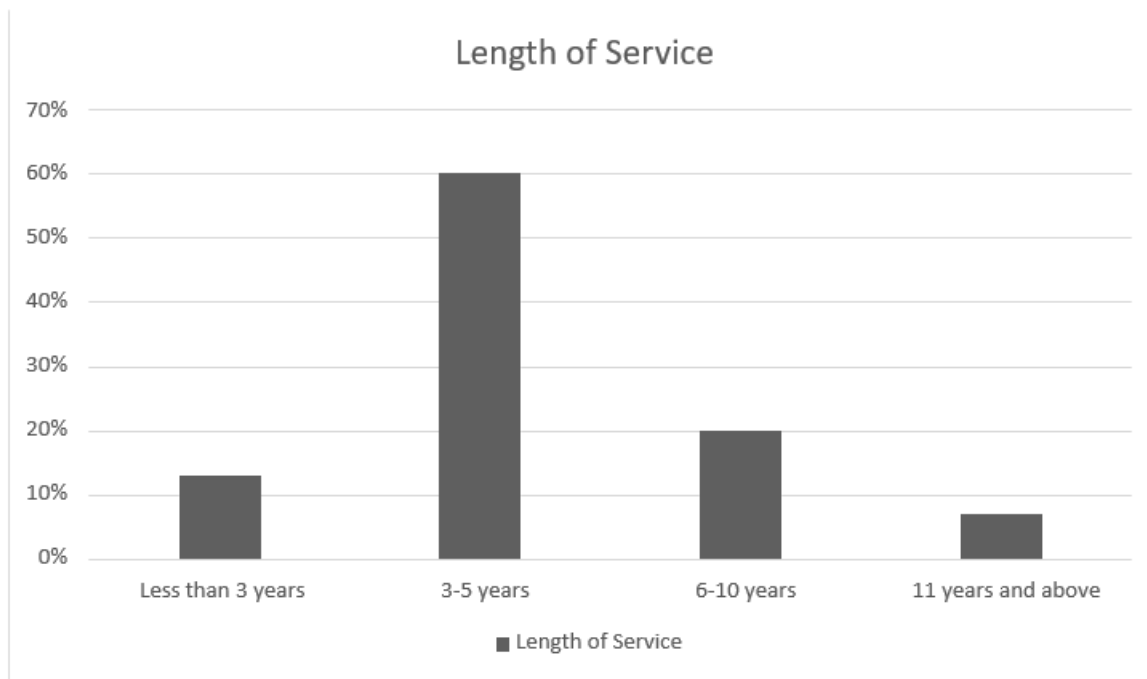
Fig 3: Education Attainment of Respondents

Table 6: Length of Service of Respondents

	Frequency	Percentage
Less than 3 years	4	13%
3-5 years	18	60%
6-10 years	6	20%
11 years and above	2	7%
Total	30	100%

Source: Primary Data 2022

Table 6 above and fig.4 below shows the experience of Britam Insurance Company Limited staff. Majority of 60% of total respondent’s experience is between 3-5 years, followed closely by 6-10 years at 20% and 13% were experienced less than 3years. Those with experience of 11 or more years were 7%.



Source: Primary Data 2022

Fig 4: Length of Service of Respondents

Findings on objectives of the study

OUTSOURCING PLANNING Table 6:
Outsource Planning

	SD		D		NS		A		SA	
	F	%	F	%	F	%	F	%	F	%
Britam Insurance Company carries out adequate planning before outsourcing	0	0%	0	0%	0	0%	8	27%	22	73%
Internal analysis of the Organization is considered as a key element before outsourcing is done in Britam Insurance Company	0	0%	0	0%	2	7%	12	40%	16	53%

Britam Insurance Company seeks opinions and ideas of the stakeholders before the decision to outsource is considered	0	0%	0	0%	4	13%	8	27%	18	60%
The final results of the outsourcing decision are usually put into perspective before the decision to outsource is carried out	0	0%	0	0%	0	0%	4	13%	26	87%
The kind of dependence on the third party is normally considered before outsourcing	0	0%	0	0%	6	20%	8	27%	16	53%
Objectives are usually set before outsourcing	0	0%	0	0%	2	7%	10	33%	18	60%

Source: Primary Data 2022

SA-Strongly Agree, A – Agree, NS - Not Sure, D – Disagree, SD - Strongly disagree.

The information gathered in Table 6 above demonstrates how downsizing planning has an impact on Britam Insurance Company Limited's organisational effectiveness.

Before outsourcing, Britam Insurance Company makes necessary preparations. 73% of those surveyed agreed, 27% agreed, and none were neither not sure, denied, nor vehemently denied, supporting this.

Prior to outsourcing, organization's internal analysis is seen as a vital component. British Insurance Group. Strong agreement was expressed by 53% of participants, who endorsed this.

40% of those polled agreed; 2% were unsure; and none vehemently disagree. Before deciding to outsourced, Britam Insurance Company examines the thoughts and suggestions of the relevant parties. 60% of the participants were in agreement, 27% agreed, and 13% were unsure. Neither a weak denial nor one was made.

When choosing to outsource, the results of the transaction are typically considered in their overall context. 87% of the respondents highly agreed with this statement, 13% agreed, and none strongly disagreed, were unsure, or severely disagreed.

Prior to outsourcing, the type of dependence on the third party is typically taken into account. 53% of respondents strongly agreed with this, while 27% agreed, 20% were unsure, and none strongly disagreed.

Prior to outsourcing, goals are typically established. 60% of those surveyed were in agreement with this, 33% agreed, and 7% were unsure. neither denied nor none strongly denied

OUTSOURCING PROCESS Table 7:
Outsource Process

Outsourcing Process	SD		D		NS		A		SA	
	F	%	F	%	F	%	F	%	F	%
Suppliers are selected basing on their competences	0	0%	0	0%	0	0%	10	33%	20	67%
Performance of the suppliers are regularly monitored	0	0%	0	0%	1	3%	3	10%	26	87%
Britam Insurance Company evaluates outsourcing to determine if the Saved resources can be reinvested	0	0%	0	0%	2	7%	10	33%	18	60%
Regular performance reviews to measure the provider's performance are usually carried out	0	0%	0	0%	0	0%	6	20%	24	80%
Outsourced partners are usually carefully examined	0	0%	0	0%	0	0%	2	7%	28	93%
The decision to Outsource is usually done after assessing the net gain or loss in efficiency	0	0%	0	0%	2	7%	2	7%	26	86%
The criteria for outsourcing service providers of Britam Insurance Company is clearly followed	0	0%	0	0%	0	0%	0	0%	30	100%

Supplier reliability is always considered before outsourcing	0	0%	0	0%	0	0%	1	3%	29	97%
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Source: Primary Data 2022

SA-Strongly Agree, A – Agree, NS - Not Sure, D – Disagree, SD - Strongly disagree.

The information gathered in Table 7 above demonstrates how the outsourced process has affected Britam Insurance Company's firm productivity.

Vendors are chosen based on their qualifications.

67% of those surveyed were in agreement, 33% agreed, and none were neither not sure, denied, nor strongly denied, supporting this.

The effectiveness of the vendors is frequently evaluated.

87% of respondents strongly agreed, 10% agreed, 3% agreed but were unsure, and none strongly disagreed with this.

Britam Insurance Corporation assesses outsourcing to see if money can be made by cutting costs and then investing it.

60% of those surveyed strongly agreed, 33% agreed, and 7% were unsure about this. None denied nor strongly denied.

Regular performance reviews to measure the provider’s performance are usually carried out. This statement was strongly agreed to by 80% of the respondents, 20% agreed, while none were neither not sure, denied nor strongly denied. Outsourced partners are usually carefully examined. This was strongly agreed to by 93% of respondents with 7% agreeing, 20% were not sure, while none neither denied nor strongly denied.

OUTSOURCING STRATEGY

Table 8: Outsource Strategy

Outsourcing Strategy	SD		D		NS		A		SA	
	F	%	F	%	F	%	F	%	F	%
Britam Insurance Company outsources back office/non-core activities needed to make day to day running of their business easier.	0	0%	0	0%	0	0%	4	13%	26	87%
Britam Insurance Company outsources primary activities attributable to the availability of resources and cost advantage.	0	0%	0	0%	4	13%	10	33%	16	54%

Britam Insurance Company outsources its accounting activities due to the need to transform the finance and accounting function of the company	0	0%	6	20%	8	27%	4	13%	12	40%
Britam Insurance Company outsources support activities like advertising, IT services/system, training, public relations, legal services and transport services.	0	0%	0	0%	0	0%	6	20%	24	80%

Source: Primary Data 2022

SA-Strongly Agree, A – Agree, NS - Not Sure, D – Disagree, SD - Strongly disagree.

The data collected in *Table 8* above shows how outsourcing strategies influence organizational performance of Britam Insurance Company.

Britam Insurance Company outsources back office/non-core activities needed to make day to day running of their business easier. This was supported by 87% of respondents who strongly agreed, 13% agreed, while none were neither not sure, denied nor strongly denied.

Britam Insurance Company outsources primary activities attributable to the availability of resources and cost advantage. This was supported by 54% of respondents who strongly agreed, 33% agreed, 13% were not sure, while none denied nor strongly denied.

Britam Insurance Company outsources its accounting activities due to the need to transform the finance and accounting function of the company. This was strongly agreed to by 40% of respondents, 13% agreed while 27% were not sure, 20% denied while none strongly denied.

ORGANIZATIONAL PERFORMANCE

Table 9: Organizational Performance

	SD		D		NS		A		SA	
Organizational Performance	F	%	F	%	F	%	F	%	F	%
Cost efficiency has been achieved in Britam Insurance Company (A lot of money is saved through the decision to outsource)	0	0%	0	0%	2	7%	12	40%	16	53%

Britam Insurance Company is efficient in its service delivery	0	0%	0	0%	6	20%	8	27%	16	53%
Britam Insurance Company has reduced its operations expenses	0	0%	0	0%	0	0%	1	3%	29	97%
Outside firms provide better quality services	6	20%	4	13%	8	27%	2	7%	10	33%
Britam Insurance Company has reduced its overhead expenses	0	0%	0	0%	0	0%	4	13%	26	87%
There is improved quality of work by staff of Britam	0	0%	0	0%	4	13%	10	33%	16	54%
The productivity of Britam Insurance Company as an organization has improved	0	0%	6	20%	8	27%	4	13%	12	40%
Outsourcing has led to increased customer satisfaction in Britam Insurance Company	0	0%	0	0%	0	0%	6	20%	24	80%

Source: Primary Data 2022

SA-Strongly Agree, **A** – Agree, **NS** - Not Sure, **D** – Disagree, **SD** - Strongly disagree.

The information gathered in Table 9 above demonstrates how Britam Insurance Company Limited's performance management has been impacted by outsourcing.

Britam Insurance Company has achieved cost effectiveness (A lot of money is saved through the decision to outsource).

53% of respondents strongly agreed, 40% agreed, and 7% were unsure, supporting this.

Neither a weak denial nor one was made.

Britam Insurance Company provides services with efficiency.

A total of 53% of those surveyed were in agreement, 27% agreed, 20% agreed but were unsure, and none strongly disagreed.

The operating costs at Britam Insurance Company have decreased.

This was firmly accepted by 97% of those surveyed agreed, while 3% did not.

No one was unsure, and no one vehemently denied their denials.

Outside firms provide better quality services. This statement was strongly agreed to by 33% of the respondents, 7% agreed, 27% were not sure, 13% denied while 20% strongly denied.

Britam Insurance Company has reduced its overhead expenses. This was strongly agreed to by

87% of respondents with 13% agreeing. There were none who were either not sure, denied nor strongly denied.

There is improved quality of work by staff of Britam. This was strongly agreed to by 54% of respondents with 33% agreeing and 13% were not sure. None neither denied nor strongly denied.

The productivity of Britam Insurance Company as an organization has improved. This was strongly agreed to by 40% of respondents, 13% agreed, 27% were not sure, 20% denied. However, there was no respondents who strongly denied.

Outsourcing has led to increased customer satisfaction in Britam Insurance Company. This was strongly agreed to by 80% of respondents with 20% agreeing. None were neither not sure, denied nor strongly denied.

Table 10: Has outsourcing contributed to the performance of your organization?

Response	Frequency	Percentage (%)
Yes	26	87%
No	4	13%
Total	30	100%

Source: Primary Data 2022

To the query of whether outsourcing has contributed to the performance of Britam Insurance Company, the respondents in *Table 10* above and *fig. 7* below overwhelmingly agreed with 87% voting ‘Yes’ compared with 13% who voted ‘No’.

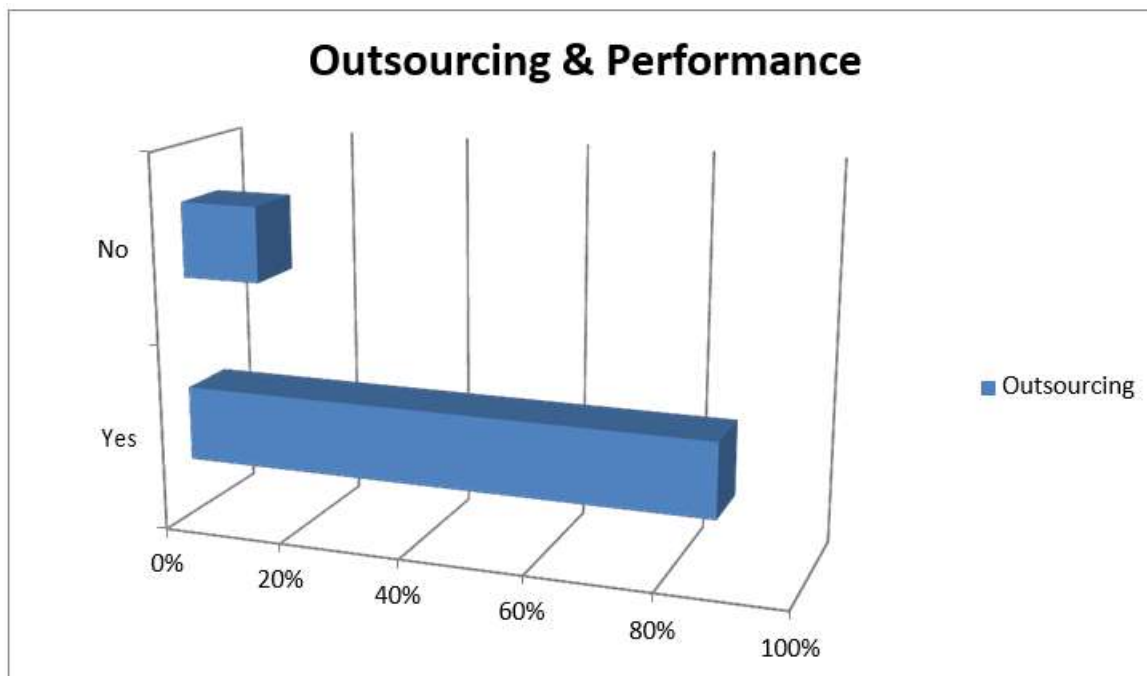


Fig 5: Length of Service of Respondents

Conclusions

According to the study's findings, businesses in Uganda not only outsource a portion of their operations but also attest to the effectiveness of such tactics for improving organizational efficiency.

Although there is proof that there is widespread use of such insourcing techniques, financial activities (such as financial reporting and tax processing) are only subcontracted for auditing. These activities include back office tasks (security services, cleaning companies), primary tasks (industrial production, production and deliberate distortion), and support tasks (haulage/transportation).

Recommendations

There is a need for effective and efficient assessment of outsourced resources and services to identify the technical efficiency and cost-efficiency of the various activities and subsequently identify those activities that can be outsourced to enhance quality and profitability. Proper monitoring and supervision of vendors would make Brittam Insurance Company reap most of the mentioned benefits that are associated with outsourcing but this may result in inefficient management and loss of innovative capacities.

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