

**BUSINESS PROCESS OUTSOURCING AND OPERATIONAL EFFICIENCY IN
THE TELECOMMUNICATIONS INDUSTRY IN UGANDA
A CASE STUDY OF AIRTEL UGANDA**

BY

ATURINDA JUDITH

BPSCM (MUBS)

REG. NO.: 15/U/14548/GMSC/PE

**A DISSERTATION SUBMITTED TO KYAMBOGO UNIVERSITY GRADUATE
SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF THE DEGREE OF MASTER OF SCIENCE IN
SUPPLY CHAIN MANAGEMENT OF KYAMBOGO UNIVERSITY**

DECEMBER, 2018

DECLARATION

I, Aturinda Judith, hereby declare that this is my own original work and that it has never been presented to any other university or institution for any academic award.

Sign: At.....

Date: 2/12/2018.....


ATURINDA JUDITH

15/U/14548/GMSC/PE

APPROVAL

I hereby certify that this Dissertation titled “Business Process Outsourcing and Operational Efficiency in the Telecommunications Industry in Uganda case study Airtel is the original and individual work of Ms.Aturinda Judith and has been done under supervision of the undersigned Supervisors and is ready for submission to the University.


Sign:.....

Date:.....

Dr. Francis Ssenoga .

Principal Supervisor

Sign:.....

Date:.....

Dr. Titus Bitek Watmon

Second Supervisor

ACKNOWLEDGMENT

First and foremost, my sincere gratitude goes to my supervisors; Dr. Francis Ssenoga and Dr. Titus B. Watmon for their enthusiastic and professional guidance which helped me successfully complete this report. May God give them more knowledge and wisdom.

My sincere thanks go to my brothers and my husband who supported me financially during the course of my education, I thank my course mates especially those I discussed with; for their great advice, care and continuous support plus their encouragement that enabled me finish the report successfully.

TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
ACKNOWLEDGMENT.....	iii
LIST OF TABLES.....	vii
LIST OF ACRONYMS	viii
ABSTRACT.....	ix
CHAPTER ONE - INTRODUCTION.....	1
1.1. Introduction.....	1
1.2. Background to the study	1
1.3. Statement of the problem.....	4
1.4. Purpose of the study.....	5
1.6. Research questions.....	5
1.7. Scope of the study.....	5
1.7.2. Geographical Scope	5
1.7.3. Time scope.....	6
1.8. Significance of the Study.....	6
1.9. Conceptual Framework.....	6
CHAPTER TWO - LITERATURE REVIEW.....	8
2.1. Introduction.....	8
2.2. Theoretical Review	8
2.3. Conceptual Review	8
2.3.1 Planning	9
2.3.2 Implementation	9
2.3.3 Monitoring and Evaluation	10
2.3.4 Operational efficiency.....	10
2.4. Empirical Review.....	10
2.4.1. Business Process Outsourcing Planning and Operational Efficiency.....	10
2.4.2 Business process outsourcing implementation and operational efficiency.....	12
2.4.3 Business process outsourcing monitoring and evaluation and operational efficiency ...	14
CHAPTER THREE -METHODOLOGY	17
3.1. Introduction.....	17
3.2 Research Design.....	17
3.3 Study Population.....	17
3.4. Sample Size and Selection Techniques.....	18
3.4.1 Sample Size.....	18

3.4.2. Sampling Techniques and procedure	18
3.5 Data Collection Methods	19
3.5.1 Questionnaire Survey	19
3.5.2. Interviewing	19
3.6 Data Collection Instruments	19
3.6.1 Questionnaire	19
3.6.2 Interview guide	20
3.7 Validity and Reliability	20
3.7.1 Validity	20
3.7.2 Reliability	20
3.8. Data collection procedure	21
3.9. Data Analysis	21
3.9.1. Qualitative Analysis	21
3.9.2. Quantitative Analysis	22
3.10. Measurement of Variables	22
CHAPTER FOUR - PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS	23
4.1. Introduction	23
4.2. Response Rate	23
4.3. Background Information about the Respondents	23
4.4. Business process outsourcing planning and operational efficiency of Airtel Uganda.....	25
4.4.1. Correlation analysis between BPO planning and operational efficiency	29
4.5. Business process outsourcing implementation and operational efficiency of Airtel Uganda	30
4.5.1. Correlation analysis between Business Process Outsourcing implementation and operational efficiency.....	34
4.6. Business process Outsourcing Monitoring and Evaluation and operational efficiency of Airtel Uganda	35
4.6.1. Correlation analysis between BPO Monitoring and Evaluation and operational efficiency.....	38
4.7 Multiple regression analysis	40
4.8 Operational efficiency	41
CHAPTER FIVE - SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS.....	44
5.1. Introduction	44
5.2 Summary of the Study Findings	44
5.2.1. Business Process Outsourcing planning and operational efficiency.....	44

5.2.2. Business Process Outsourcing implementation and operational efficiency of Airtel Uganda	45
5.2.3. Business Process Outsourcing Monitoring and Evaluation and operational efficiency of Airtel Uganda.....	45
5.3. Discussion of the study findings	46
5.3.1. Business Process Outsourcing planning and operational efficiency.....	46
5.3.2. Business Process Outsourcing implementation and operational efficiency of Airtel Uganda	47
5.3.3. Business Process Outsourcing Monitoring and Evaluation and operational efficiency of Airtel Uganda.....	47
5.4 Conclusions of the study	48
5.4.1 BPO planning and operational efficiency at Airtel.....	48
5.4.2 BPO implementation and operational efficiency at Airtel.....	48
5.4.3 BPO implementation and operational efficiency at Airtel.....	48
5.5 Recommendations of the study	48
5.5.1 BPO planning and operational efficiency at Airtel.....	48
5.5.2 BPO implementation and operational efficiency at Airtel.....	49
5.5.3 BPO Monitoring & Evaluation and operational efficiency at Airtel	49
5.6 Areas for further Research	50
REFERENCES.....	51
APPENDICES	56

LIST OF TABLES

Table 1- Key Performance Indicators of Airtel Uganda for the period 2012 to 2015	3
Table 2 - Study population for the Research	18
Table 3.2: Validity and Reliability Results.....	21
Table 4.1. Characteristics of the respondents	24
Table 4.2: Descriptive results for BPO planning	26
Table 4.3: Correlation Matrix between BPO planning and operational efficiency	29
Table 4.4: Descriptive results for Business Process Outsourcing Implementation	31
4.5: Correlation Matrix between BPO implementation and operational efficiency	34
Table 4.6: Descriptive results for Business Process Outsourcing Monitoring and Evaluation	36
Table 4.7: Correlation Matrix between Business Process Outsourcing monitoring and evaluation and operational efficiency	39
Tale 4.8: Multiple regression model between BPO and Operational efficiency	40
Table 4.9: Operational Efficiency results	41

LIST OF ACRONYMS

BPO	Business Process Outsourcing
CVI	Content validity index
KPO	Knowledge process Outsourcing
PPMC	Pearson's Product Moment Correlation
SLAs	service level agreements
SPSS	Statistical Package for Social Scientists
UCC	Uganda Communication Commissions.
IBM	International Business Management.

ABSTRACT

This study overall objective was to examine the relationship between Business Process Outsourcing and Operational Efficiency at Airtel Uganda. The specific objectives related to assessing the relationship between business process outsourcing planning, implementation and monitoring and evaluation and operational efficiency at Airtel Uganda. A cross sectional design adopting qualitative and quantitative approaches was used, the study population included 125 staff consisting of top management, middle management level, lower management level and service providers were interviewed. Data was collected using questionnaires and interviews. The study revealed a moderate positive significant relationship between business process outsourcing planning and Operational efficiency at Airtel Uganda represented by ($R= 0.502^{**}$, $P = 0.000$). Secondly, the study further discovered a high positive significant relationship between business process outsourcing implementation, and Operational efficiency at Airtel Uganda represented by ($R=0.805^{**}$, $P = 0.000$). Thirdly, the study discovered a high positive significant relationship between business process outsourcing Monitoring and evaluation and Operational efficiency at Airtel Uganda represented by ($R=0.665^{**}$, $P=0.000$). To enhance operational efficiency of Airtel Uganda using BPO, the study recommends that the management of Airtel in its BPO planning should: In its make and buy decision making conduct adequate cost evaluation on each activity to guide decision to outsource or keep in-house; In SLAs clearly define penalties for contract violations as disincentive for poor performance. To enhance operational efficiency of Airtel Uganda using BPO, the study recommends that the management of Airtel in its BPO implementation should: Solicit for more than one partner and subject them to venting process and award contracts for outsourcing based on best evaluated bidders at partner solicitation level. Strengthened partners' relationship management through integrating technology with its partners for enhanced information sharing for outsourced activities. To enhance operational efficiency of Airtel Uganda using BPO, the study recommends that the management of Airtel in its BPO monitoring and evaluation should: The responsible partnership managers and accounts department submit all the necessary accountability for timely payments that are based on fulfilment of performance expectations. Payment should be effected at least 30 days of invoicing or as provided for in the contract.

CHAPTER ONE - INTRODUCTION

1.1. Introduction

The study examines the relationship that business process outsourcing (BPO) has on operational efficiency of Airtel Uganda. BPO is the independent variable while operation efficiency is the dependent variable. This chapter presents the background to the study, statement of the problem, objectives of the study, research questions, conceptual framework, scope of the study, and significance of the study.

1.2. Background to the study

Companies in the ancient times were vertically integrated organizations, taking care of their own production (Wang, 2002). However, Clott (2004) notes that through specialization contracting began to be more popular, especially in the service industry. This in turn led to the first wave of outsourcing during the industrial revolution pushing the large-scale growth of services such as insurance services, architecture and engineering services, among many others (Jia& Rutherford, 2010). In the new millennium, outsourcing service providers are benefiting from outsourcing businesses due to an increasing number of public and private sector firms outsourcing both low-end and high-end processes (Kshetri, 2007; Youngdahl et al., 2008).

On a global scale a KPMG business process outsourcing report revealed that in 2016, 951 IT outsourcing contracts worth USD102.4 billion and 81 BPO contracts worth USD8.7 billion were signed, worldwide. IT Bundled Services and SCM contributed approximately USD63.2 billion and USD3.6 billion respectively and were the largest procured services globally within ITO and BPO services, respectively. Globally 45 IT-BPO bundled deals were signed in 2016 with aggregate contract value worth USD3.9 billion. In terms of value, approximately 64.7% of deals originated from the United States, followed by the United Kingdom at 9.2 percent. Australia and France were two other key outsourcing markets.

Government and Defense sectors were the top consumers of IT-BPO services contributing to 55% and 13% in terms of value of outsourcing deals signed in 2016. Telecom sector was the next big contributor in terms of deal value Average annualized contract value in 2016 was USD21.3 million as compared to USD43.5 million in 2015 showing a decrease of 51 percent

between the two years (KPMG, 2016). However, Defense and Telecom sectors displayed significant decrease of over 80% in the deal value in 2016 over 2015.

A regional analysis reveal that in Europe, Middle East and Africa (EMA) the Total deal value of EMA has decreased by 41% in 2016 as compared to 2015. The total contract value has been continuously decreasing in EMA over each quarter of 2016. In EMA, though 2016 showcases lower total contract value, it had greater number of deals signed as compared to 2015. Government, Telecom and Banking sectors continue to be the dominant consumers of IT-BPO services in the EMA region, with total contribution of 61 percent to the total deal value in 2016 (KPMG, 2016).

It is evident that managers in the telecommunication sector are attracted into BPO ventures but the extent to which such ventures have contributed to operational efficiency in the telecommunication sector has remained variously hypothetical. This calls for expanded research into the effect of BPO on operational efficiency in the telecommunication sector.

According to Airtel website, the current Airtel Uganda was started as CELTEL Uganda the very first Telecommunication Company in Uganda that was introduced in 1995 and transformed telephony by connecting people with the use of a mobile phone. In July 2007 CELTEL Uganda changed its brand name to ZAIN Uganda that was eventually changed to Airtel Uganda in 2010 thus joining a family of over 260 million subscribers in Africa, India and Indonesia (Airtel strategic plan, 2014-2018).

Currently, Airtel Uganda is 100% owned by BhartiAirtel Limited. Its core principal activity is operations of cellular telephone network in Uganda and provisions of telecommunication services.

Airtel core values include:

- Empowerment; by respecting the opinions and decisions of others. Encouraging and backing people to do their best.
- Entrepreneurship; always strive to change the status quo. Innovate with new ideas and energize with a strong passion and entrepreneurial spirit.
- Transparency: belief in working with honesty, trust and the innate desire to do good.
- Impact: driven by the desire to create a meaningful difference in society.

- Flexibility: ever willing to learn and adapt to the environment, our partners and the customer's evolving needs.

In an effort to enhance service quality and customer satisfaction Airtel Uganda undertook to outsource a number of non core activities related to airtime distribution, call centre, mast maintenance, fleet maintenance, installations and office security, legal services, audit services among others (Airtel strategic plan, 2014-2018). The company in its outsourcing endeavor envisaged enhanced operational efficiency manifested in service quality and reduced costs.

However, in a survey conducted between October and December 2015 by the Uganda Communications Commission latest Quality of Services (QoS), it was found that Airtel subscribers are the most affected when it comes to billing problems, receiving unsolicited messages and erratic internet services. On a scale of 0-14, Airtel registered 14 billing complaints compared to MTN's 2.5, Uganda Telecom's less than 1 per cent and Orange's 2.5. (Orotin, Quisenbery & Sun, 2015). The company also registered the highest number of complaints for sending unsolicited messages, erratic internet services and failure to give subscribers the agreed speed, running misleading adverts and mobile money-related complaints among others (Kulabako, 2015). In relation to costs in delivering the service, the financial report reveals mixed financial performance experiences from audited financial reports of 2013 to 2015 as summarized in table 1.1 below.

Table 1- Key Performance Indicators of Airtel Uganda for the period 2012 to 2015

Millions of shillings	2013	2014	2015
Operating revenue	512,893	730, 505	1,055,764
Operating expense	(402,866+651)	(583,201+61,991)	(604, 862)
Net Operating Profits	109, 376	85,313	450,902
Total compressive income / loss for the year	50,777	(131,359)	86,327

Source: Airtel Uganda Financial reports 2014 and 2015

Table 1.1 above shows that whereas the company was in position to make a good income in 2013 and 2015 FY, it made huge losses in 2014 a factor attributed to growing operational costs which have been increasing annually. Although the low ranking of Airtel service quality by the regulatory authority survey may be attributed to many factors, this study is interested in examining the relationship between the BPO outsourcing and operational efficiency.

1.3. Statement of the problem

Companies are increasingly turning to business process outsourcing using a rigorous process of outsourcing planning, implementation, monitoring and evaluation of envisaged enhanced operational efficiency outcomes (Seth & Sethi, 2011; Lacity, Willcocks & Khan, 2011). The company outsources services from companies like ISON Uganda to run its call centre activities/customer services, IBM to run the ICT services, security services, catering, cleaning services and many others from different companies. (Airtel financial Report, 2016). Despite the efforts to outsource some of its activities, Airtel Uganda operational efficiency expectations of quality and cost are still far from being realized. Airtel still lags behind MTN in sales revenue, customer satisfaction and market share (Orotin, et al., 2015). A survey conducted in December, 2015 by the Uganda Communications Commission latest Quality of Services (QOS) report indicates that on a scale of 0-14, Airtel registered 14 billing complaints compared to MTN's 2.5, Uganda Telecom's less than 1 per cent and Orange's 2.5. Airtel also registered the highest number of complaints on erratic internet services and failure to give subscribers the agreed speed, and mobile money-related complaints among others (Kulabako, 2015). The company financial report reveals that although the company operating revenue and other income increased from 512Bn in 2013 to 730Bn in 2014, and 1.055trillion the operating expense increased from 467billion shillings in 2013 FY to 65BN in 2014 FY to 604Bn shilling in the 2015 FY. This led to a drop in net operation profit from 109Bn in 2013 to 85Bn Shillings in 2014 FY but later improved to 450bn. The company recorded a total loss of 131Bn Shilling in the 2014 FY compared to 50Bn shillings in the 2013 FY but made profit of 86Bn in 2015 FY (Airtel-Uganda Financial Report, 2014-2015). The key questions that instigated this study was to establish if the decision to outsource some activities or the management of the outsourcing arrangement has anything to do with the operational efficiency of Airtel Uganda. Several studies have been carried out on outsourcing but this study systematically is to examine the relationship between BPO outsourcing and operational efficiency perspectives of service quality and cost reduction of Airtel Uganda.

1.4. Purpose of the study

To examine the relationship between Business Process Outsourcing and Operational Efficiency of Airtel Uganda.

1.5. Objectives of the Study

1. To establish the relationship between business process outsourcing planning and operational efficiency of Airtel Uganda.
2. To assess the relationship between business process outsourcing implementation and operational efficiency of Airtel Uganda.
3. To examine the relationship between business process outsourcing monitoring and evaluation and operational efficiency of Airtel Uganda.

1.6. Research questions

1. What is the relationship between BPO planning and operational efficiency of Airtel Uganda?
2. What is the relationship between BPO implementation and operational efficiency of Airtel Uganda?
3. What is the relationship between BPO monitoring and evaluation and operational efficiency of Airtel Uganda?

1.7. Scope of the study

1.7.1. Content Scope

The study concentrated on BPO under the dimensions of planning, implementation, monitoring and evaluation as the independent variable. The study dependent variable is operational efficiency under the indicators of quality of service and cost associated with delivering the service by Airtel Uganda.

1.7.2. Geographical Scope

The study was carried out in Airtel Uganda head offices located in the Kampala city along clement hill.

1.7.3. Time scope

The study covered the period 2-15 to 2017 the time Airtel was implementing its 2015-2020 strategic plan which included expanded BPO but was experiencing challenges with its operational efficiency.

1.8. Significance of the Study

- To the management of Airtel Uganda, the study helps evaluate the BPO process and develop managerial recommendations that will be used to enhance the management of the outsourcing contracts for enhanced operational efficiency.
- To the academia, the study helps fill knowledge and literature gaps on the extent to which Business Process Outsourcing influences operational efficiency in the Telecommunications sector.

1.9. Conceptual Framework

Independent Variable

Business Process Outsourcing

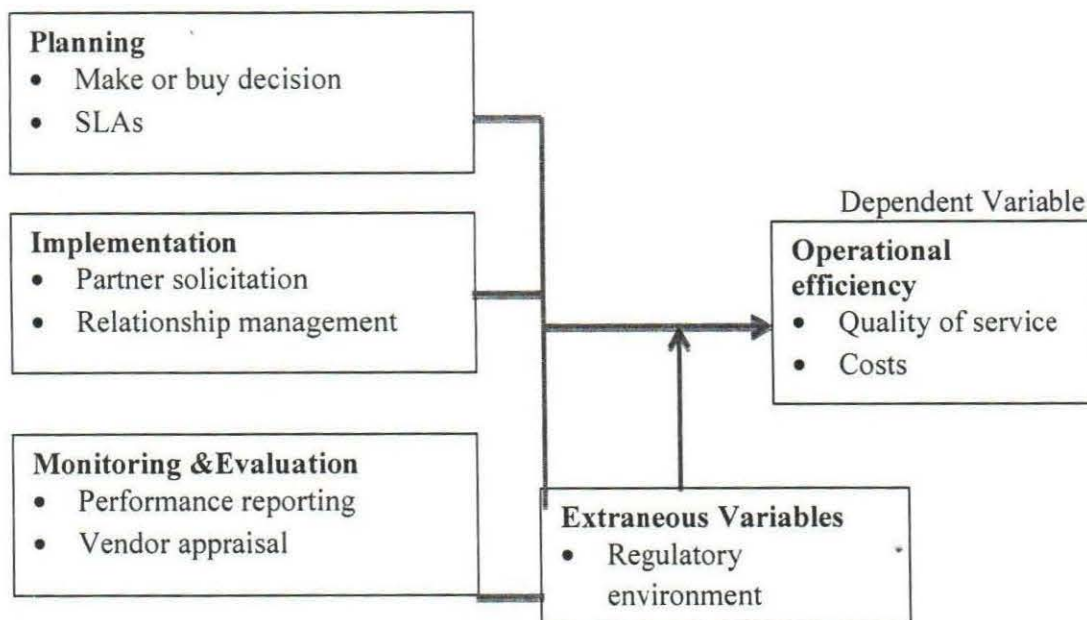


Figure 1 - Conceptual Framework

Adapted with modifications from Warse Klingenberg, Jacob-Douwe Boksman (2011) and Lacity, Willcocks & Khan (2011).

The model shows that operational efficiency depends on BPO. Operational efficiency has two indicators of service quality and cost. BPO has three dimensions of planning, implementation, monitoring and evaluation. It is therefore hypothesized that how well the BPO planning, implementation, monitoring and evaluation significantly affects operational efficiency of the company which seeks to outsource some of its non-core activities.

CHAPTER TWO - LITERATURE REVIEW

2.1. Introduction

This chapter review related studies of Business Process Outsourcing and operational efficiency outcome based on what other scholars have found, or advised. It specifically focuses on theoretical review, conceptual review and the empirical review in relation to the study objectives of outsourcing planning, implementation, monitoring and evaluation.

2.2. Theoretical Review

The study was guided by the Transaction Cost Theory (TCT) by (Williamson, 1985) which asserts that inter-firm alliances and cooperation or partnerships are attractive because they provide an opportunity to lessen transaction costs related to planning, performance and monitoring value adding activities under alternative service provider avenues (Williamson 1985). The decision to keep the activity in house or to be performed by an external expertise is based on weighing the cost options and taking the most cost viable option.

Although widely used in guiding outsourcing decisions, the TCT had key limitations and has been criticized for its silence on power relations (Perrow 1986). The TCT is also silent on the role of trust and social linkages (Granovetter, 1985) between the business partners while it also been criticized for its compromise of market changes that may influence the decision outcomes on costs benefits for partnering (Langlois, Beschel, &Stapenhurst, 1998).

Despite its criticism, this study found the TCT transaction theory appropriate in guiding outsourcing decision, contract implementation and monitoring and evaluation for enhanced operational efficiency in Airtel Uganda evident in quality of service and reduction in operating costs.

2.3. Conceptual Review

Business Process Outsourcing

Business Process Outsourcing is defined as the transfer of routine and repetitive tasks to an outside source, or having an outside vendor to provide services that were performed in-house at a fee Mosad and Torbjorn (2003). To this effect, there are a set of practices in supply chain outsourcing, the first being the development of Service levels Agreements (SLA) of

contracting scope which involves the customer company fully disclosing its expectations for quality and service levels, and means for measuring performance within the outsourcing contract (Kroes&Ghosh, 2010). Best practices recommend development of outsourcing contracts containing a detailed description of all expectations of vendor performance since service levels for in-house functions are commonly used as the benchmark for outsourced functions.

Outsourcing is completed through a rigorous process of making decisions on which activities to keep in house or give to external service provider, selection of contractor, development of contract terms and contract management (Gottschalk &Solli-Saether, 2005), however this study focused on outsourcing planning, implementation monitoring and evaluation of outsourced activities.

2.3.1 Planning

Outsourcing planning is unique in such way that it involves making strategic decisions on activities to be kept in house and those to be undertaken by the external service providers. The strategic dimension includes reasons such as to improve the company focus and sharing risks. The tactical dimension includes reasons such as to reduce and control costs, resources that are not available internally, and pulling together of funds (Miroslav&Bradac, 2006). This study equally conceptualized outsourcing planning to include two indicators of taking decision on make or buy decision and definition of contract scope.

2.3.2 Implementation

Once the decision to outsource and contracting scope is reached, the Implementation or Transition phase begins usually by way of identifying responsive partners using an established criterion. At the implementation point, operations of the entity will be transitioned to the vendor (Schwarz, 2014). While the business relationship is established during RFP and contract negotiation, this is the phase where a true partnership needs to be built between the outsourcer and the purchasing agency. Important issues to consider during this phase include enabling knowledge transfer through training, establishing relationships and managing the outsourcing process to customer satisfaction (Schwarz, 2014). This study equally conceptualizes BPO implementation to include partner solicitation and relationship management.

2.3.3 Monitoring and Evaluation

Thai (2004) defines contract monitoring and evaluation as the process of ensuring that promises in the contract are fulfilled using a contract governance structure, collecting data and reporting on contractor performance and any efforts to take corrective actions as well of annual contractor appraisals. In this study, monitoring and evaluation was conceptualized to include performance reporting and vendor evaluations.

2.3.4 Operational efficiency

Efficiency is a relative term and is elusive to define given its multi field perspectives. Common definitions of efficiency consider efficiency as a ratio of results achieved to the means used. It is an ability of individual or organization to produce the desired effect with minimum of efforts, expenses and wastes. Relative efficiency measures producing maximum value of output with given value of inputs; or equivalently, using minimum value of inputs to produce a given value of output (Bhat, 2001). In this study, operational efficiency will be measure using proxy indicators of quality of service at the lowest cost possible.

2.4. Empirical Review

2.4.1. Business Process Outsourcing Planning and Operational Efficiency

There has been a proliferation of studies focusing on make or buy decision of outsourcing in the last two decades. Mariusz (2010) report of increasing outsourcing of transportation functions motivated by the cost reduction, assets consolidation and workload management for customer service. However, companies did not involve in transport outsourcing as it leads to loss of management control that could lead to compromise service quality. Relatedly, Chee and Noorliza (2010) attribute increased firm competitiveness to outsourcing transport logistics outsourcing decisions. To be successful, there is need by company top management to develop trust and direct resources to achieving the objective of transport outsourcing, the use of supplier relationship management, long term contract, supplier performance management approaches of TQM have been reported to account for improved service offering. Similarly, Moschuris and Velis (2012) attribute firm performance to access of transport logistics facilities provided by the outsourced partner. The study concluded that firms should avoided outsourcing activities where they are deemed to possess core competencies in managing the activity.

In a related study Solakivi et al (2011) reports that SMEs in Finland were increasing turning to transport outsourcing but there were no loss or gain in logistics service quality following the decision to outsource. Rahman (2011) equally investigates the motivation for transport outsourcing fleet management and found that the top three factors that motivated the firms to outsource are cost reduction, reduction in capital investment, and enhanced operational flexibility.

Hsiao, van der Vorst, Kemp, Omta (2010) who reports of significant predictive effect of outsourcing decisions on improved firm productivity in their study area. In complement, Huang and Huang (2012) report of improved service offering an firm competitiveness to consideration of strategic and tactical outsourcing decisions especially through reduced transaction costs, access to external expertise and risk sharing.

In a related study Liu and Xie (2013) in their commentary recommends selection of a more responsive partner using an open competitive process and definition of service level agreements in the outsourcing contracts. In the same line, Huang, Wang and Xue (2012) attribute the failure to achieve the objectives of outsourcing to poor partner selection and poor contract governance structure. Yeboah (2013) examines the impact of outsourcing planning among 50 banking and insurance sectors firms and found a statistically significant correlation between outsourcing and quality and competitive advantage. The study recommends conducting of thorough background check before outsourcing, and organizations must also have a back-up system in their plan to avoid losing vital data as a result of incompetence on the part of the external supplier.

The impact of scope of outsourcing on operational efficiency has received less attention among scholars. Among the few studies, Naru and Truitt (2013) conducted a correlations study to examine the extent to which partial off shoring impacted the business growth of multinational electronic manufacturing service (EMS) companies in the United States. Results showed that partial off shoring do not have a significant relationship with business growth. Naru and Truitt (2013) further noted that although statistically not significant, partial off shoring was found to be positively related to the business growth. Based on organizational strategic goals, leaders of multinational EMS companies may direct future off shoring strategies to grow a business in the United States. Moreover Russo, Gaudenzi, Confente, Borghesi (2015) also contends that many outsourcing projects fail due to the contractor's

failure to define the contractual expectations, poor contract monitoring and contentious relationship.

Furthermore, Musau (2016) study on strategic outsourcing in BIDCO found that cost driven outsourcing led to improved organizational performance by reducing costs and risks while increasing operational efficiency, both in the short term and long term. Further, the study found that innovation driven outsourcing improved organizational performance by enabling it to create, develop and deliver value to the market faster than its competitors. The success of innovation driven outsourcing however was found to be largely dependent on cost control and core competencies focus, hence must be evaluated carefully. Finally, the study found that focus driven outsourcing assists a company to free up its resources so as to concentrate on its core business, which leads to improved organizational performance.

2.4.2 Business process outsourcing implementation and operational efficiency

The overarching purpose of the partnership lies in value creation aimed at supporting firm performance (Percy&Dobrzykowski, 2012). Buyer-to-supplier communication openness is measured formatively by both frequency of contact (both formal and informal) and ease of access dimensions. Frequent accesses via regular formal or informal contacts between managers across firms have been cited as a critically important element of inter-firm communication (Vargo& Akaka, 2009). According to Doloï (2009), communication between supplier and buyer should be bi-directional and two-way communication to improve the supplier's performance through buyer's feedback.

Chu and Wang (2012)examine the drivers of relationship quality and its effect on performance in logistics outsourcing in China and found that dependence on 3PL, logistics performance and relationship characteristics notably the level of information sharing were positively related to relationship quality, and financial performance. In a related study Jyoti and Arora (2013) examine the Impact of Client–Vendor Relationship on Firm's Financial Performance in an outsourcing arrangement and found client–vendor relationship has a significant impact on firm's financial performance as well as on cost and quality of the product. The study further finds a direct and indirect effect of client–vendor relation, cost and quality on financial performance.

Furthermore, Khalili, Azizzadeh and Adhami (2014) a positive and weak relationship between the aspect of learning and outsourcing while Smuts and Kotze (2015) attribute

enormous business operational efficiency to exploiting inter organisational knowledge creation and sharing transfer for information systems outsourcing lifecycle. .

On the effect of knowledge transfer in business process outsourcing and firm performance, Kumar and Ganesh (2011) examine how knowledge transfer between individuals influences performance in product development organizations and found that knowledge transfer significantly influences the efficiency of product work, highlighting the relative importance of personalized, as compared to repository-based, knowledge transfer to performance.

Chang and Gurbaxan (2012) in their study found that IT-related knowledge held by IT services vendors enables these productivity gains, the magnitude of which is moderated by a firm's IT intensity. The value of outsourcing to a client firm increases with its propensity for outsourcing, which in turn depends on firm-specific attributes including efficiency level, financial leverage, and variability in business conditions. The study concludes that firms that outsource have been able to achieve additional productivity gains from contracting out compared with their counterfactuals.

Marques and Peris and Merigo (2013) in their study state that the creation of a holistic business view, competency-based management, promoting continuous learning and improving information technology infrastructure, managers will improve knowledge transfer and positively influence the creation of superior firm performance.

Teo and Bhattacharjee (2014) in their survey of 146 IT outsourcing partnerships in Singapore found that the characteristics of outsourcing clients, vendors, and knowledge transferred played important roles in facilitating knowledge transfer. The Teo and Bhattacharjee (2014) study also noted that the transferred knowledge in conjunction with the knowledge integration mechanisms affected knowledge utilization in client-firms, and that this generated significant operational and strategic performance gains in IT operations.

Furthermore, Bernstein et al. (2015) investigates the benefits and challenges associated with establishing a knowledge sharing network by identifying and comparing various cost allocation mechanisms and found that the system optimal investment levels can be achieved only when the most efficient supplier receives the incremental benefits of the cost reduction achieved by other suppliers due to the knowledge transfer.

2.4.3 Business process outsourcing monitoring and evaluation and operational efficiency

Performance monitoring involves the setting of performance targets or set of deliverables that a supplier has to meet to enhance the achievement of the objective of purchasing (Lambert and Schwieterman 2012). Some of the supplier monitoring suggested by Thakkar et al., (2009) include fill rate (availability- ratio of number of items ordered by customers and number of items delivered to customers), operational performance (in terms of average order cycle time, consistency of order cycle time and/or on-time deliveries and service reliability (deals with accuracy of work in order entry, warehouse picking, and document preparation, etc). a related aspect is the customer accommodation aimed at capturing measurement of perfect orders (an indicator of an organization's commitment to zero-defect logistics), absolute performance provides a better indication of how a firm's logistical performance really impacts customers and customer satisfaction.

Weimer (2009) pointed towards the most vital information need for organisations engaging in outsourcing as being the areas of service reporting and performance management. As such, organizations have to develop measurement and reporting tools that produce relevant information on service levels, quality and customer satisfaction. Only if this information can be generated, can the outsourcing project become a success story (Weimer 2009). In the same direction Saxena and Bharadwaj (2009) reports that firms that outsource their business usually follow a "process portfolio" approach and continuously monitoring the performance of all their processes. Therefore firms need to allocate specific resources for monitoring the outsourcer performance.

while Banomyong and Supatn (2011) highlight the relationship between supplier performance monitoring and procurement performance and notes that supply chain performance measurement does not only provide feedback information to reveal progress, enhance motivation and communication and diagnose problems but also facilitates inter-understanding and integration among supply chain members, as a result, overall customer satisfaction as well as competitiveness and profitability should be increased.

The most commonly used tool in the outsourcing environment is the Balanced Scorecard (BSC) approach (Wurz and Blankenhorn 2010), providing executives with a comprehensive framework that translates a company's strategic objectives into a coherent set of performance measures (Kaplan and Norton 1993, 2001). BSC uses the category of finances, customers, processes, and innovation and growth to keep track of the execution of activities/actions by

the staff/ department/ business functions and to monitor the consequences arising from these actions (Kaplan and Norton 1996). The data gained has to be used to find solutions to problems and by that, improve the supply process. More than just a measurement system, the BSC is a management system that channels core competencies and emerging technologies toward strategic goals and business objectives (Kaplan and Norton 1996, 2001). The BSC has increasingly developed itself a respective de-facto standard or reference model for performance management.

Khalili, et al (2014) in their study investigating the relationship between outsourcing and performance based on Balanced Score Card (Ilam Post Office) in 2013. The results showed that there are a strong and positive relationship between outsourcing post office activities and performance management in three aspects of financial, customers and internal processes; however there was

On the role of vendor audits, Ng and Wan (2013) the appraisal mainly focuses on schedule; quality; cost; safety; relationship; Communication; and documentation. These assessment models are generally based on a series of performance indicators, such as schedule, quality, cost, safety, relationship, communication and documentation to measure the overall work performance. In the UK, there is a Quality Mark initiative for builders in the domestic repair, maintenance and improvement sector. Despite that, there are several systems developed by various organizations to evaluate the performance of main contractors, and these models are based on various performance indicators like workmanship, progress, resources control, health & safety, environmental protection, organization, general obligations, industry awareness, attendance to emergency, attitude to claims, relationship and communication to assess the performance (Ng & Wan, 2013). In line with the above, Mueller (2017) reports that outsourcing contracts achieved their objectives through on-site audits audit reports

Ibrahim and Mahmoud (2014) in developing a performance management system for call center outsourcing observed that in order to control for the supplier opportunistic behavior, it is recommended that the client add penalties for exceeding average handling time (AHT) in case of pay per time (PPT) contract in order to control for the cost, and add penalties for not meeting customer satisfaction targets in case of pay per cost (PPC) because decreasing AHT compared to target might jeopardize the desired customer satisfaction. Also, in order to control the service level objectives, it is recommended that the client closely monitor the

outsourcer headcount levels to ensure that they are sufficient to achieve the required service level.

CHAPTER THREE -METHODOLOGY

3.1. Introduction

This chapter presents the research design, population of study, sample size and selection, data collection methods, data collection instruments, validity and reliability, data collection procedures, data analysis and measurement of variables.

3.2 Research Design

The study used a cross sectional design adopting both quantitative and qualitative approaches. The cross sectional study design was used because the information on business process outsourcing and operational efficiency in Airtel was collected from a sample of the population at that point in time. As supported by (Amin, 2005) the quantitative approach was used to quantify incidences, current conditions and to investigate the relationships between the business process outsourcing and operational efficiency in Airtel using information gained from the questionnaire. The qualitative approach was used to give an explanation on the study variables under investigation using interviews. All this enabled obtaining data that could be used to find solutions for the research questions on business process outsourcing and operational efficiency in Airtel Uganda.

3.3 Study Population

According to Airtel Uganda, outsourcing involved key stakeholders of top, middle, lower management and service providers amounting to 125 staff who make and implement outsourcing decisions at their managerial level. These were the study target population since they are directly involved in outsourcing planning, implementation and monitoring and therefore deemed to possess adequate experience in outsourcing and operational efficiency in Airtel Uganda.

3.4. Sample Size and Selection Techniques

3.4.1 Sample Size

The study selected 111 respondents based on Krejcie and Morgan (1970) guidelines (see appendix III) used in this study as shown in table 3.1 below.

Table 2 - Study population for the Research

Population Category	Target population	Sample	Sampling Technique
Top management	5	5	Purposive
Middle management	45	40	Simple random
Lower management	65	56	Simple random
Service providers	10	10	Purposive
Total	125	111	

Airtel Annual Report, 2016

3.4.2. Sampling Techniques and procedure

As indicated in table 3.1 above, the study used purposive sampling to select respondents who are more knowledgeable in business process planning, implementation and M&E by virtue of their managerial and supervisory roles in business process outsourcing. In using purpose sampling the researcher was guided by Cresswell et al (2011) who advises that the researchers relies on personal judgment to make decision on specific respondents possession of critical information to answer the research questions. Purposive therefore was relied for top management and service providers.

The study used simple random sampling to select the sub dealers and outlets since they were many and listed. In using the simple random sampling, the study used the lottery approach where names were written on a tag and one name picked at a time until the required number was reached (Amin, 2005). Simple sampling was used for middle and lower management.

3.5 Data Collection Methods

In this study, the researcher used

a survey approach where both qualitative and quantitative data was collected. There are several survey approaches however for the purpose of this study the questionnaire and interview guide were used as discussed below.

3.5.1 Questionnaire Survey

The study used a questionnaire survey method to collect primary data from the respondents on business process outsourcing and operational efficiency. The justification of the use of questionnaire survey was on the basis that the variables of Business process planning, implementation and M&E cannot be observed. The questionnaire is also thought to be less expensive for data collection and can collect vast amounts of data in short time (Cohen et al., 2007). The respondents recorded their answers within closely defined alternatives. In this study the questionnaire was administered by personally delivering them to the respondent's offices. The questionnaire was issued to all the 125 respondents in their different categories as indicated in table 3.1 above.

3.5.2. Interviewing

Meeting the respondents and asking them questions of which the researcher recorded all the responses from the target respondents. The researcher interviewed the two (2) member top management face to face to obtain in depth information on business process outsourcing and operational efficiency. The use of interviews helped gain qualitative primary data to complement the quantitative findings on business process outsourcing and operational efficiency.

3.6 Data Collection Instruments

3.6.1 Questionnaire

The study used a close ended questionnaire divided into sections of background information, BPO dimensions of planning, implementation and monitoring and operational efficiency. A standard questionnaire on a five point Likert scale of 5- Strongly agree; 4- Agree; 3- Not sure; 2- Disagree; 1- Strongly disagree was used to get quantifiable primary data from the individual (see appendix I).

3.6.2 Interview guide

The interview guide was structured where it comprised of a set of issues on which the researcher wishes to draw data and the same questions was posed to the respondents using a guide to conduct the interview. The interview guide focused on business process outsourcing and operational efficiency (see appendix II).

3.7 Validity and Reliability

3.7.1 Validity

Validity refers to the truthfulness of the findings or the extent to which the instrument is relevant in measuring what it is supposed to measure (Amin, 2005). The validity of the instrument was tested using the Content Validity Index considering only variables scoring above 0.70 accepted for social sciences. This involved judges scoring the relevance of the questions in the instruments in relation to the study variables and a consensus judgment given on each variable. The Content Validity Index (CVI) see table 3.2 was arrived at using the following formula.

$$CVI = \frac{R}{R+N+IR}$$

$$R+N+IR$$

Where R = Relevant, N = Neutral, IR = Irrelevant. The closer to 1 the CVI, the more valid is the instrument.

3.7.2 Reliability

This study instruments was pretested for its reliability on a sample of 10 targeted respondents in the same company. Reliability of a measure indicates the extent to which it is without bias and therefore ensures consistent measurement across time and across the various items in the statement suggesting that the finding would be consistently the same if the study was done over again (Mugenda&Mugenda, 1999). In this study a Cronbach's alpha coefficient was computed to show how reliable the data is using Software Package for Social Sciences (SPSS) considering only variables scoring above 0.70 accepted for social sciences as suggested by Amin (2005) and the findings are presented in table 3.2 below.

Table 3.2: Validity and Reliability Results

Variable	CVI	Cronbach's Alpha	Items
BPO Planning	.800	.789	10
BPO Implementation	.778	.775	09
BPO Monitoring and evaluation	.700	.708	10
Operational efficiency	.818	.804	11

Source: Primary data

Table 3.2 above shows that all variables yielded CVI and Cronbach's Alpha which is greater than 0.70 suggesting the instrument was relevant and consistent in measuring BPO and operational efficiency.

3.8. Data collection procedure

After successful defense of the proposal, a cover letter was obtained and permission to conduct the study was sought from the management of Airtel to authorize the study. Anonymity and confidentiality of the respondents was observed by not asking the respondents to put their names on the questionnaires. A covering letter from KYU accompanied the questionnaires. The collected questionnaire was sealed in envelope and in preparation for analysis. There after the questionnaire was entered in SPSS with the help of SPSS consultant.

3.9. Data Analysis

Data analysis involves identifying patterns, consistencies and relationships in the interviews and questionnaires. Data analysis therefore involved qualitative and quantitative analyses (Amin, 2005).

3.9.1. Qualitative Analysis

The useful qualitative information gain through the interviews was analyzed using the content analysis technique where major themes of planning, implementation and M&E were identified. These were then presented using the verbatim (narratives) as presented by the

interviewee. The analysis then involved identifying the implications, conclusions and inferences of qualitative information. Effort was also directed to cross-examine the qualitative data with the quantitative findings on their level of agreement or disagreement.

3.9.2. Quantitative Analysis

Quantitative data was analyzed using descriptive statistics of percentages and mean to establish distribution of the responses on each item. Pearson's correlation analysis was used to show the direction and strength of the relationship between the variable and significance tested at 99% and 95% confidence levels based on two tailed correlation and significant more than or equals to 0.05 all generated from SPSS. A positive correlation would indicate a direct positive relationship between the BPO and operational efficiency.

The regression analysis using the adjusted R^2 values, beta, t values and significance values to determine the magnitude of BPO and operational efficiency. Specifically, the Adjusted R^2 value indicated the percentage of variance predicted by while the beta, t values and significance values was used to establish which among BPO stages of planning, implementation and M&E is a more significant predictor of the variance in operational efficiency.

3.10. Measurement of Variables

The variables were measured by operationally defining concepts. For instance the questionnaire was designed to ask responses on BPO based on Lacity, Willcocks& Khan (2011) while operational efficiency was measured based on (Bhat, 2001) conceptualization. These were then channeled into observable and measureable elements to enable the development of an index of the concept. A five- Linkert scale namely: 5-Strongly agree; 4- Agree; 3- Not sure; 2- Disagree; 1- Strongly disagrees was used to measure both the independent and dependent variables.

CHAPTER FOUR - PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.1. Introduction

This chapter presents analyses and interprets the study findings of business process outsourcing and operational efficiency of Airtel Uganda based on the information obtained from the study questionnaire and interviews administered on the staff and outsource partners. It features the response rate, characteristics of the respondents, empirical descriptive and correlations findings in relation to each objective and multiple regression analysis.

4.2. Response Rate

A total of 111 questionnaires were distributed to both staff and outsources partner management but 78 questionnaires and fund suitable for consideration in the study. The overall response rate of the study is therefore $78/111 = 0.702$ that is high since 7 in every 10 Respondents targeted responded to the study. Amin (2005) suggest that a respondent rate of 40% is adequate for testing study hypothesis and relationship between variables.

4.3. Background Information about the Respondents

The respondents were asked to indicate their level of education, time worked with Airtel, and position in the outsourcing arrangement as this determined if they possessed the relevant experiences on outsourcing process and operational efficiency of Airtel Uganda. The findings are tabulated below.

Table 4.1. Characteristics of the respondents

Item	Description	Frequency	Percentage
Education level	Diploma	9	11.5
	Degree	46	59.0
	Postgraduate	23	29.5
	Total	78	100.0
Time worked with Airtel	Less than a year	16	20.5
	1-3 years	37	47.4
	4-7 years	25	32.1
	Total	78	100.0
Job title	Director	2	2.6
	Manager	12	15.4
	Supervisor	25	32.1
	Officer	39	50.0
	Total	78	100.0
Dealings with Airtel	Staff	70	89.7
	Contractor	8	10.3
	Total	78	100.0

Source: Primary data

Table 4.1 above shows that only 9 (11.5%) of respondents had attained a diploma as their highest level of education otherwise the majority of respondents 69 (88.5%) had attained a diploma and above level of education. This finding implies that the respondents who participated in the study had enough cognitive capacity to understand, appreciate and reliably

respond to the study questions on business process outsourcing and operational efficiency of Airtel by virtue of their fairly high education level.

In relation to time worked with Airtel Uganda, only 16(20.5%) had worked with company for less than one year while the majority of 62(79.5%) had worked for more than one year. the implication was that the views here are representative of staff and contractors who had adequate experiences with business process outsourcing and company operational efficiency by virtual of their over one years experiences working with Airtel Uganda.

The findings in table 4.1 equally show that respondents were gained from respondents who were at the strategic level of director (2.6%%), managerial (15.4% managers) and 64 operational staff (82.1%) at he level of supervisor and officer. The views are therefore representative of strategic and operational staff in the BPO arrangement.

The majority of 70(89.7% of the respondents were Airtel staff while outsourced contractors were 8 (10.3%) suggesting that although the view presented here are predominantly from internal Airtel staff they who engaged in BPO planning, implementation and supervision, they also represent those of selected BPO partners.

4.4. Business process outsourcing planning and operational efficiency of Airtel Uganda

The first objective of the study was to examine the relationship between business process outsourcing planning and operational efficiency of Airtel Uganda. BPO planning was measured using 10 items scored on a five point Likert scale ranging from 5= Strongly Agree, 4= Agree, 3= Not Sure, 2= Disagree, and 1= Strongly Disagree. A mean result below 3 suggests low consideration of the best practice in BPO planning while a mean result of ≥ 3 suggest compliance the best practice in BPO planning. The findings on BPO planning are tabulated below.

Table 4.2: Descriptive results for BPO planning

BPO planning	Percentages					Mean
	Disagree		Not sure	Agree		
<i>Make or buy decision</i>	<i>SDA</i>	<i>DA</i>	<i>NS</i>	<i>A</i>	<i>SA</i>	
1. Management of Airtel Uganda has put in place an outsourcing policy.	2.6	14.1	6.4	43.6	33.3	3.91
2. Airtel Uganda has a well-defined outsourcing strategy.	2.6	19.2	6.4	37.2	34.6	3.82
3. The outsourcing strategy is derived from the company strategic objectives.	2.6	14.1	11.5	30.8	41.0	3.94
4. Management of Airtel adequately identifies all the non-core activities for outsourcing.	10.3	5.1	11.5	55.1	7.9	3.65
5. Adequate cost evaluation guided management decision to outsource or keep in-house	53.8	26.9	1.3	15.4	2.6	1.86
SLA						
6. The company undertook to clearly define quality expectations that the service provider should meet in service level agreements.	5.1	2.6	11.5	46.2	34.6	4.03
7. The company undertook to clearly define	5.1	11.5	5.1	33.3	44.9	4.01

timelines that the service provider should meet in Service level expectations						
8. The company undertook to clearly define performance outputs that the service provider should meet in Service level expectations	2.6	5.1	11.5	29.5	51.3	4.22
9. The company undertook to clearly define rewards to the service provider in Service level expectations	2.6	9.0	26.9	50.0	11.5	3.59
10. The company undertook to clearly define penalties for contract violations	57.7	15.4	5.1	16.7	5.1	1.96

Source: Primary data

Table 4.2 above shows that majority of 76.9% (43.6% for strongly agree + 33.3% for agree) of the respondents agreed (mean = 3.91) with Management of Airtel Uganda has put in place an outsourcing policy. The implication was that the company BPO was guided by a make or buy policy that should be commended as it guides the operationalization of the BPO implementation, monitoring and evaluation.

Similarly a total of 71.8% of the respondents agreed (mean = 3.82) that Airtel Uganda has a well-defined outsourcing strategy which was derived from the company strategic objectives (mean = 3.94). The finding suggest that make or buy decision in the company complied with best practice of requiring development of outsourcing strategy in the company strategic intents leading to enhanced operational efficiency.

Furthermore, a total of 63% of the respondents agreed (mean = 3.65) that the Management of Airtel adequately identifies all the non-core activities for outsourcing. The efforts to identify all non-core activities for outsourcing should be commended as it helped guide in decision making for core activities to be kept in-house and non-core activities to be outsourced.

However, only 18% of the respondents agreed with the adequacy of cost evaluation guiding

management decision to outsource or keep in-house. The overall mean of 1.86 suggested disagreement with this practice. The implication was that the company did not adequately consider a cost analysis to guide the decision on activities to keep in-house and those to outsource for cost reduction in the service offering.

Asked to describe the Business process outsourcing planning process of Airtel Uganda, interviewee I noted

As part of the make or buy decisions that BPO planning is determined at the strategic level where top managers have a big influence on deciding on whether to buy or make decisions. He added that heads of different departments help in identifying the need which is later looked at by the top managers deciding whether to make or buy depending on cost and technical skills needed in that particular service.

The analysis on qualitative findings agree on cost analysis that make or buy decision depends on cost which is contradicting with the quantitative findings that the company did not adequately consider a cost analysis to guide the decision on activities to keep in-house and those to outsource for cost reduction in the service offering.

In relation to SLA 80.8% of the respondents agreed (mean = 4.03) with the company undertaking to clearly define quality expectations, 78.2% agreed (mean = 4.01) definition of timelines. A total of 80.8% agreed (mean = 4.22) with existence of clear performance outputs while 61.5% agreed with rewards in the SLA that the service provider should meet in the partnership. The findings reveal efforts of develop clear SLA detailing quality expectations, time expectations, performance outputs and the associated rewards in the outsourcing partnership. This should be commended as they act as performance measures for monitoring and evaluating performance.

However, the respondents disagree (mean = 1.96) with the company undertaking to clearly define penalties for contract violations an mission which may motivate the contractors to default on their part for lack of punitive effects to the outsource partner. There is need to always include a penalty close to as negative reinforcement for outsourced contractor performance.

In an interview, Interviewee II noted:

SLAs help as guidelines or rules to be followed while sourcing suppliers of different services at Airtel Uganda. He added that they have penalties of failure to observe some of the SLAs like reducing payments

The interview findings suggest efforts to put in place SLAs which acts as the basis for key performance indicators to be used for performance evaluation. However there is disagreement in defining penalties for contract violations between the qualitative and quantitative approaches.

4.4.1. Correlation analysis between BPO planning and operational efficiency

To test, if there was a significant relationship between BPO planning and operational efficiency a correlation analysis was conducted using Pearson's correlation coefficient and significance statistics and the results are displayed in the matrix below.

Table 4.3: Correlation Matrix between BPO planning and operational efficiency

Outsourcing Planning	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	78	
Operational Efficiency	Pearson Correlation	.502**	1
	Sig. (2-tailed)	.000	
	N	78	78
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data

$P \leq 0.05$

Table 4.3 above shows the Pearson's correlation coefficient $r = 0.502^{**}$ between BPO planning and operational efficiency suggesting that the two variables had a positive significant relationship. The $r = 0.502^{**}$ and significance $p = 0.000$ between BPO planning

and operational efficiency suggest that there was a moderate positive and significant relationship between BPO planning and operational efficiency. The BPO managerial implication is that operational efficiency in the telecommunication depends on quality of make or buy decision and development of clear service level agreements at the BPO planning level. Gaps in BPO planning adversely affects company operational efficiency of a telecommunications company.

Asked to comment on the challenges of Business Process Outsourcing planning of Airtel Uganda, interviewee II observed:

The whole process is bureaucratic and hectic where it involves a lot of market research and the involvement of different user departments. It is also costly in terms of management where in every meeting held employees are given allowances and meals etc.

To answer the first research question on the impact of BPO planning on operational efficiency of Airtel Uganda, this study answers this question with a negative position and observed that BPO planning does not depend on operational efficiency of Airtel Uganda. It is other BPO management considerations that affect operational efficiency of the company.

4.5. Business process outsourcing implementation and operational efficiency of Airtel Uganda

The second objective of the study was to examine the relationship between business process outsourcing implementation and operational efficiency of Airtel Uganda. BPO implementation was conceptualized with two indicators of partner solicitation and relationship management measured using 9 items scored on a five point Linkert scale ranging from 5= Strongly Agree, 4= Agree, 3= Not Sure, 2= Disagree, and 1= Strongly Disagree. A mean result below 3 suggests low consideration of the best practice in BPO implementation while a mean result of ≥ 3 suggest compliance as the best practice in BPO implementation. The findings on BPO implementation are tabulated below.

Table 4.4: Descriptive results for Business Process Outsourcing Implementation

BPO implementation	Percentages					Mean
	Disagree		Not sure	Agree		
<i>Solicitation</i>	<i>SDA</i>	<i>DA</i>	<i>NS</i>	<i>A</i>	<i>SA</i>	
1. Management of Airtel undertook to conduct a market research of available service providers for the activities to be outsourced	6.4	5.1	5.1	57.7	25.6	3.91
2. Direct sourcing was considered for identifying partners to provide the services	2.6	16.7	16.7	53.8	10.3	3.53
3. Awarded contracts for outsourcing were based on best evaluated bidders	41.0	24.4	2.6	17.9	14.1	2.40
4. A due diligence check was undertaken before entering into contract with outsource services providers	2.6	9.0	21.8	20.5	46.2	3.99
<i>Relationship management</i>						
5. A contract launch conference was undertaken to initiate the outsourcing engagement	2.6	20.5	28.2	28.2	20.5	3.44
6. At implementation a communication system was put in place to share information between Airtel and	6.4	20.5	10.3	21.8	41.0	3.71

contractors						
7. Airtel management frequently engage either parties to share information on the implementation of the outsourced activities	33.3	35.9	2.6	17.9	10.3	2.36
8. Airtel management undertook to harmonize the work culture with the partners.	34.6	28.6	5.1	19.1	12.8	2.47
9. Airtel management undertook to integrate technology with its partners.	35.9	21.8	5.1	14.1	23.1	2.67

Source: Primary data

The findings in table 4.4 shows that the 64.1% of the respondents agreed (mean = 3.91) with use of direct sourcing to identify partners while 66.7% agreed (mean = 3.53) with efforts to conduct a due diligence check before entering into contract with outsource services providers. However, 32% agreed with awarded contracts for outsourcing were based on best evaluated bidders (mean = 2.40). The study findings suggest that direct sourcing was proffered in soliciting the partner for the BPO. However, the failure to get more than one partner for comparison to get best evaluated bidder to prequalify compromised competitiveness in the partners solicitation process which may lead to failure to gain the objective of outsourcing that the activity. Management of Airtel should always strive to directly contact more than one prospective partner and subject them to a evaluation to find the most suitable provider to partner with for a particular outsourced activity. \

A total of 48.7% of the respondents agreed (mean = 3.44) that a contract launch conference was undertaken to initiate the outsourcing engagement while 62.8 agreed (mean = 3.71) provision of communication system to share information between Airtel and contractors at contract launch. The efforts to conduct contract launch conference and putting in place

communication mechanism should be commended as they promote relationship management necessary to share information which is vital for contract performance.

Asked to describe the Business Process Outsourcing Partner solicitation considerations of Airtel Uganda interviewee noted:

The implementation considerations of Airtel included consideration legally registered company, trading license, culture, current or past client's background checks, and liquidity status by checking the financial statement, technical capacity etc.

Another interviewee responded as follows on the considerations of partner solicitation.

A certified vendor by ISO is a must, financial position of the company, staff experience and qualification, infrastructure and enough equipment's etc.

The interview findings agree on the company integrating technology with its partners as a best practice for business process outsourcing where as in quantitative findings it is contradicting that the company did not integrate technology and harmonizing culture which is a significant challenge in partner relationship management that can constrain the attainment of the objective of outsourcing.

However, 69.2% of the respondents disagree (mean = 2.36) with Airtel management frequently engaging either parties to share information on the implementation of the outsourced activities. Another 63.2% of the respondents disagree (mean = 2.47) with Airtel management undertaking to harmonize the work culture with the partners while 57.7% disagreed (mean = 2.67) with Airtel management undertaking to integrate technology with its partners. The irregular contacts between Airtel management and BPO partners, failure to harmonize work culture and low level of Technology integration are significant challenges in partner relationship management which constrain the attainment of the objective of BPO. There is need for frequent meeting to share information on the outsource activity, harmonized work culture for a common zeal to achieve performance targets and use of ICT tools for enhanced information sharing necessary to achieve the objective of BPO in present and future outsourcing partnerships.

On relationship management interviewee II noted:

“Relationship management is done through sharing of information concerning new changes taking place from Airtel Uganda frequently through meetings, training and conferences that is always done by the business operations manager weekly and monthly for example at the call center”

Whereas the interview findings agree on information sharing as abest practice of business process outsourcing there is a disagreement in quantitative findings on frequently sharing information between partners, harmonizing work culture and integrating technology which is a hindrance in achieving objective of business process outsourcing implementation.

4.5.1. Correlation analysis between Business Process Outsourcing implementation and operational efficiency

To test if there was a significant relationship between BPO implementation and operational efficiency a correlation analysis was conducted using Pearson’s correlation coefficient and significance statistics and the results are displayed in the matrix below.

4.5: Correlation Matrix between BPO implementation and operational efficiency

Outsourcing Implementation	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	78	
Operational Efficiency	Pearson Correlation	.805**	1
	Sig. (2-tailed)	.000	
	N	78	78
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data

$P \leq 0.05$

Table 4.5 above shows the Pearson's correlation coefficient $r = 0.805^{**}$ between BPO implementation and operational efficiency suggesting that the two variables had a positive significant relationship. The $r = 0.805^{**}$ and significance $p = 0.000$ between BPO implementation and operational efficiency suggest that there was a high positive and significant relationship between BPO implementation and operational efficiency. The BPO managerial implication is that operational efficiency in the telecommunication depends on adequate solicitation of partners and relationship management in the partnership. Gaps in BPO implementation adversely affects company operational efficiency of a telecommunications company.

To answer the first research question on the relationship between BPO implementation and operational efficiency of Airtel Uganda, this study answers this question in the affirmative that BPO implementation has a significant relationship on operational efficiency of Airtel Uganda. BPO implementation is the most significant predictor of the variance in operational efficiency of Airtel Uganda.

4.6. Business process Outsourcing Monitoring and Evaluation and operational efficiency of Airtel Uganda

The third objective of the study was to examine the relationship between business process outsourcing M&E and operational efficiency of Airtel Uganda. BPO Monitoring and evaluation was conceptualized to include two indicators of performance reporting and vendor audits measured using 10 items scored on a five point Likert scale ranging from 5= Strongly Agree, 4= Agree, 3= Not Sure, 2= Disagree, and 1= Strongly Disagree. A mean result below 3 suggests low consideration of the best practice in BPO monitoring and evaluation while a mean result of ≥ 3 suggests compliance the best practice in BPO monitoring and evaluation. The findings on BPO M&E are tabulated below.

Table 4.6: Descriptive results for Business Process Outsourcing Monitoring and Evaluation

BPO implementation	Percentages					Mean
	Disagree		Not sure	Agree		
<i>Performance reporting</i>	<i>SDA</i>	<i>DA</i>	<i>NS</i>	<i>A</i>	<i>SA</i>	
1. The Airtel contract manager regularly collected contract performance information necessary for decision making on outsourced contracts	29.5	30.8	11.5	19.2	9.0	2.47
2. Meetings between Airtel and outsources provider are regularly held to decide on actions points on the contractor performance	2.6	5.1	16.7	39.7	35.9	4.01
3. Site visits are undertaken to decide on actions points on the outsourced contract	12.8	6.4	14.1	38.5	28.2	3.63
4. The contract manager always ensure timely submission of all required documentation in accordance with terms and conditions of a contract	1.3	90	14.1	42.3	33.3	3.97
5. Staged/phased reports are promptly submitted for management action	32.1	26.9	16.7	15.4	9.0	2.42
6. All contractor/supplier payments are based on fulfilment of performance expectations	37.2	25.6	7.7	21.8	7.7	2.37

7. Airtel Management always takes prompt action on monitoring reports	7.7	7.7	14.1	41.0	29.5	3.77
<i>Vendor audits</i>						
8. Contract evaluation/appraisal are performed to establish the extent to which the outsourced vendor meets the contract terms	33.3	34.6	10.3	19.2	2.6	2.23
9. Airtel always conduct a vendor evaluations at the end of the contract to establish if the vendor meets the objectives of outsourcings	33.3	29.5	2.6	21.8	12.8	2.51
10. Vendor appraisal reports are always acted upon by the Airtel management	23.1	33.3	11.5	23.1	9.0	2.62

Source: Primary data

A total of 75.6 of the respondents agreed (mean = 4.01) with use of regular meetings while 66.7% agreed (mean = 3.63) with conducting site visits to decide on actions points on the outsourced contract. A total of 75.6% of the respondents agreed (mean = 3.97) with the contract performance documentation by the contract manager while 70.5% agreed (mean = 3.77)

With Airtel Management always taking prompt action on monitoring reports. The use of regular meetings, site visits, contract performance documentation and taking corrective actions on the contract supervision reports was indicative of good practices in BPO monitoring which fosters the attainment of the objective of outsourcing.

However, the 60.3% of the respondents disagreed (mean = 2.47) with regular data collection on contract performance by the appointed Airtel contract manager while 59% disagreed (mean = 2.42) with prompt production of Staged/phased reports for management action. A

total of 62.8% of the respondents disagreed (mean = 2.37) that all contractor/supplier payments were based on fulfilment of performance expectations. The findings reveal that most contract managers delayed to collect contractor performance information and generate performance reports for

Management action. These are material gaps in contract performance monitoring that should be addressed to foster the attainment of the objective of outsourcing such activities.

The respondent disagree with conducting of contract evaluation/appraisal to establish the extent to which the outsourced vendor meets the contract terms (mean =2.23) and conducting a vendor audit to establish if the vendor meets the objectives of outsourcings (mean =2.51). The respondents disagreed with management of Airtel taking prompt actions on vendor appraisal reports (mean = 2.62). The findings suggest that most partners were not appraised to gain feedback on their level of attainment of the SLAs. There is need to always conduct a vendor audit to guide decision to renew the partnership and also gain learning points from the outsourcing arrangement.

4.6.1. Correlation analysis between BPO Monitoring and Evaluation and operational efficiency

To test if there was a significant relationship between Business Process outsourcing Monitoring and Evaluation on operational efficiency a correlation analysis was conducted using Pearson's correlation coefficient, significance statistics and the results are displayed in the matrix below.

Table 4.7: Correlation Matrix between Business Process Outsourcing monitoring and evaluation and operational efficiency

Outsourcing M&E	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	78	
Operational Efficiency	Pearson Correlation	.665**	1
	Sig. (2-tailed)	.000	
	N	78	78
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data

$P \leq 0.05$

Table 4.7 above shows the Pearson's correlation coefficient $r = 0.665^{**}$ between BPO monitoring and evaluation and operational efficiency suggesting that the two variables had a positive significant relationship. The $r = 0.665^{**}$ and significance $p = 0.000$ between BPO implementation and operational efficiency suggest that there was a high positive and significant relationship between BPO monitoring and evaluation and operational efficiency. The BPO managerial implication is that operational efficiency in the telecommunication depends on partner performance reporting and vendor audits at the contract closure. Gaps in BPO monitoring and evaluation adversely affects company operational efficiency of a telecommunications company.

To answer the first research question on the relationship between BPO monitoring and evaluation on operational efficiency of Airtel Uganda, this study answers this question in the affirmative that BPO monitoring and evaluation significantly depends on operational efficiency of Airtel Uganda. BPO monitoring and evaluation is the second most significant predictor of the variance in operational efficiency of Airtel Uganda.

4.7 Multiple regression analysis

A multiple regression analysis was used to establishing the influence of BPO planning, implementation and monitoring and evaluation on operational efficiency of Airtel Uganda and the findings are tabulated below.

Tale 4.8: Multiple regression model between BPO and Operational efficiency

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.839 ^a	.705	.693	.39214		
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.116	.264		.441	.660
	Outsourcing Planning	.026	.083	.025	.320	.750
	Outsourcing Implementation	.562	.077	.621	7.283	.000
	Outsourcing Monitoring & Evaluation	.311	.085	.290	3.646	.000
a. Predictors: (Constant), Outsourcing Monitoring & Evaluation, Outsourcing Planning, Outsourcing Implementation						
b. Dependent Variable: Operational Efficiency						

$P \leq 0.5$

Table 4.8 shows adjusted R^2 of 0.693 suggesting that BPO planning, implementation, M&E all predict 69.3% in the variance of operational efficiency at Airtel and they were significant predictors. Other variables other than the BPO predict the remaining variance of 39.7%.

The standardized coefficient results for BPO planning $\beta_1 = 0.025$, $t = 0.320$, $\text{Sig.} = 0.750$ suggest that actually BPO planning is not a significant predictor of operational efficiency at Airtel since a unit increase in BPO planning results in only 0.025 unit increase in operational efficiency which is statistically insignificant ($\text{sig} = 0.750$ which < 0.05).

The standardized coefficient results for BPO implementation in table 4.8 shows $\beta = 0.621$; $t = 7.283$, $\text{Sig.} = 0.000$ suggest that BPO implementation was the most significant predictor of the variance in operational efficiency at Airtel since a unit increase in BPO implementation results in only 0.621 unit increase in operational efficiency which is statistically significant ($\text{sig} = 0.000$ which < 0.05).

The standardized coefficient results for BPO implementation in table 4.8 shows $\beta = 0.290$; $t = 3.646$, $\text{Sig.} = 0.000$ suggest that BPO monitoring and evaluation was a significant predictor of the variance in operational efficiency at Airtel since a unit increase in BPO implementation results in only 0.290 unit increase in operational efficiency which is statistically significant ($\text{sig} = 0.000$ which < 0.05).

4.8 Operational efficiency

The dependent variable of the study was operational efficiency which had two indicators of quality of service and cost in offering the services measured using

Table 4.9: Operational Efficiency results

	Percentages					<i>Mean</i>
	Disagree		Not sure	Agree		
<i>Quality of service</i>	<i>SDA</i>	<i>DA</i>	<i>NS</i>	<i>A</i>	<i>SA</i>	
1. Airtel boasts of sound network all-over the country	29.5	38.5	7.7	15.4	9.0	2.36
2. Airtel does not experience network breakdown	24.4	42.3	12.8	17.9	2.6	2.32
3. There are no dropped calls on Airtel	20.5	59.0	5.1	12.8	2.6	2.18

network						
4. Airtel network signal is always clear for voice calls	23.1	41.0	7.7	25.6	2.6	2.44
5. Airtel money network breakdown are minimal	5.1	30.8	2.6	39.7	21.8	3.45
Cost						
6. Outsourcing some activities has contributed to significant reduction in the company's network maintenance costs	32.1	37.2	5.1	16.7	9.0	2.36
7. Outsourcing some activities has contributed to significant reduction in the company's human resource costs	5.1	15.4	16.7	37.2	25.6	3.63
8. Outsourcing some activities has contributed to significant reduction in the company's procurement costs	5.1	15.4	16.7	37.2	25.6	3.82
9. Outsourcing some activities has contributed to significant reduction in the company's IT costs	5.1	16.7	2.6	42.3	33.3	2.28
10. Outsourcing some activities has contributed to significant reduction in the company's rental costs	35.9	35.9	2.6	15.4	10.3	3.76
11. Outsourcing some activities has contributed to significant reduction in the company's fleet costs	5.1	10.3	16.7	39.7	28.2	3.51

Source: Primary data

The findings in table 4.10 show that the respondents disagreed with;- sound Airtel network all-over the country (mean 2.36), no experiences network breakdown (mean 2.32), no

dropped calls on Airtel network (mean = 2.18), clarity of Airtel network signal for voice calls (mean = 2.44). They only agreed with Airtel money network breakdown being minimal (mean = 3.45). The implication was that quality of voice network was still low in areas of whole country coverage, network breakdown and dropped calls are challenges which could be attributed to the BPO.

In relation to cost, the respondents disagreed that outsourcing some activities has contributed to significant reduction in the company's network maintenance costs (mean = 2.36) and IT costs (mean = 2.28). The respondents however agreed with Outsourcing g contributing to significant reduction in the company's human resource costs (mean = 3.63), and procurement costs (mean = 3.82), company's rental costs (mean = 3.76) and the company's fleet costs (mean = 3.51). The implication was that outsourcing was credited for significant reduction of costs in some areas while others did not reduce. This variance in cost reduction could be attributed to the management of the BPO process.

CHAPTER FIVE - SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter presents the summary, discussions, conclusions and recommendations of the study on BPO and operational efficiency at Airtel Uganda based on the study findings. The first section presents the summary of the study findings BPO and operational efficiency at Airtel Uganda. Discussion, conclusions recommendations, limitations, contributions, and areas for further study are equally presented in this chapter.

5.2 Summary of the Study Findings

5.2.1. Business Process Outsourcing planning and operational efficiency

On make and buy decisions, the study found out that the company BPO planning was guided by a make or buy policy while make or buy decision in the company complied with best practice of requiring development of outsourcing strategy in the company strategic intents. The Management of Airtel adequately identified all the non-core activities for outsourcing. However, the company did not adequately consider a cost analysis to guide the decision on activities to keep in-house and those to outsource for cost reduction in the service offering.

In relation to SLA the company undertook to clearly define quality expectations, defined clear performance outputs and with rewards in the SLA that the service provider should meet in the partnership. However, the company did not undertake to clearly define penalties for contract violations an mission which may motivate the contractors to default on their part for lack of punitive effects to the outsource partner.

The correlation results revealed a moderate positive and significant relationship between BPO planning and operational efficiency ($r = 0.502^{**}$ $p = 0.000$).

However ($\text{Beta-}\beta_1 = 0.025$, $t = 0.320$, $\text{Sig.} = 0.750$) shows that BPO planning did not impact on operational efficiency of Airtel.

5.2.2. Business Process Outsourcing implementation and operational efficiency of Airtel Uganda

On partners solicitation indicator of BPO implementation, the company used direct sourcing to identify partners, conducted a due diligence check before entering into contract with outsource services providers. However, there was no effort to obtain more than on partners and evaluate to get the best evaluated bidder for identified outsourcing activities.

On the relationship arrangement of BPO, the company conducted a contract launch conference to initiate the outsourcing engagement, provided for a communication system to share information between Airtel and contractors at contract launch.

However, there were infrequent sharing of information on the implementation of the outsourced activities,, work culture was not adequately harmonized and technology was not adequately integrated in the partnership.

The correlation results reveal a high positive and significant relationship between BPO implementation and operational efficiency ($r = 0.805^{**}$, $p = 0.000$) and it has the strongest impact on operational efficiency at Airtel ($\text{Beta-}\beta = 0.621$; $t = 7.283$, $\text{Sig.} = 0.000$).

5.2.3. Business Process Outsourcing Monitoring and Evaluation and operational efficiency of Airtel Uganda

On performance reporting consideration of BPO, regular meetings and site visits were used. Contract performance documentation was also adequately considered

However, regular data collection on contract performance by the appointed Airtel contract manager, prompt production of Staged/phased reports for management action and supplier contractor/supplier payments were not based on fulfilment of performance expectations for many partnerships.

Vendor audit considerations of BPO M&E were not adequately considered through partner appraisal, vendor audit to establish if the vendor meets the objectives of outsourcings. This meant that that the management of Airtel did not take prompt actions on vendor since they did not have appraisal reports.

The correlation analysis reveal a high positive and significant relationship between BPO monitoring and evaluation and operational efficiency ($r= 0.665^{**}$, $p = 0.000$) and it had the second most significant impact on Operational efficiency (Beta- $\beta= 0.290$; $t = 3.646$, Sig. = 0.000).

5.3. Discussion of the study findings

5.3.1. Business Process Outsourcing planning and operational efficiency

The study found that the quality of make or buy decision and development of clear service level agreements at the BPO planning level depends on operational efficiency in the telecommunication. This study finding is supported by previous studies such as Yeboah (2013) who found a statistically significant correlation between outsourcing and quality and competitive advantage of commercial banks. Huang and Huang (2012) report of improved service offering an firm competitiveness to consideration of strategic and tactical outsourcing decisions especially through reduced transaction costs, access to external expertise and risk sharing. In complement, Musau (2016) study on strategic outsourcing in BIDCO found that cost driven outsourcing led to improved organizational performance by reducing costs and risks while increasing operational efficiency, both in the short term and long term.

The regression results however reveal no predictive relationship between BPO and operational efficiency at Airtel Uganda. The lack of predictive effect is not unique to Airtel as Solakivi et al (2011) reports that SMEs in Finland were increasing turning to transport outsourcing but there were no loss or gain in logistics service quality following the decision to outsource. Naru and Truitt (2013) study in multinational electronic manufacturing service (EMS) companies in the United States equally found that partial off shoring does not have a significant relationship with business growth. Furthermore, Russo, et al (2015) also contends that many outsourcing projects fail due to the contractor's failure to define the contractual expectations, poor contract monitoring and contentious relationship.

On the basis of the study findings and support by the literature, the study concluded that the inadequacies in BPO planning adversely affected operational efficiency at Airtel Uganda.

5.3.2. Business Process Outsourcing implementation and operational efficiency of Airtel Uganda

The study found that BPO implementation considerations of partner solicitation and relationship management depend on operational efficiency in the telecommunication. This study finding is supported by previous studies such as Doloï (2009), who noted that communication between supplier and buyer should be bi-directional and two-way communication to improve the supplier's performance through buyer's feedback. Jyoti and Arora (2013) finds a direct and indirect effect of client–vendor relation, cost and quality on financial performance while Smuts and Kotze (2015) attribute enormous business operational efficiency to exploiting inter organizational knowledge creation and sharing transfer for information systems outsourcing lifecycle. Furthermore, Chang and Gurbaxan (2012) in their study found that IT-related knowledge held by IT services vendors enables these productivity gains, the magnitude of which is moderated by a firm's IT intensity and integration in the partnership. Teo and Bhattacharjee (2014) concluded by observing that the the hominization of knowledge and work culture generates significant operational and strategic performance gains.

On the basis of the study findings and support from the literature, this study observers that BPO implementation considerations of partner solicitation and relationship management significantly impacts on operational efficiency of Airtel Uganda.

5.3.3. Business Process Outsourcing Monitoring and Evaluation and operational efficiency of Airtel Uganda

It was found that monitoring and evaluation performance reporting and vendor audits depend on operational efficiency in the telecommunication. This study finding is echo Banomyong and Supatn (2011) finding that supplier performance monitoring provides feedback information to reveal progress, enhances motivation and communication and diagnose problems, facilitates inter-understanding and integration among supply chain members and enhances overall customer satisfaction as well as competitiveness and profitability. In complement, Wurz and Blankenhorn (2010) notes that uses of balanced score card for monitoring supplier performance provides executives with a comprehensive framework that translates a company's strategic objectives into a coherent set of performance measures.

On the role of vendor audits, Ng and Wan (2013) the appraisal mainly focuses on schedule; quality; cost; safety; relationship; Communication; and documentation. These assessment models are generally based on a series of performance indicators, such as schedule, quality, cost, safety, relationship, communication and documentation to measure the overall work performance.

As supported by the study findings and support from the literature, this study affirms that BPO monitoring and evaluation significantly impact on operational efficiency of Airtel Uganda.

5.4 Conclusions of the study

5.4.1 Business Process Outsourcing planning and operational efficiency at Airtel

The study concluded that BPO planning does not depend on operational efficiency of Airtel Uganda. It is other BPO management considerations that impact on operational efficiency of the company. Gaps in BPO planning adversely affects company operational efficiency of a telecommunications company.

5.4.2 Business Process Outsourcing implementation and operational efficiency at Airtel

The study concluded that BPO implementation significantly depends on operational efficiency of Airtel Uganda. BPO implementation is the most significant predictor of the variance in operational efficiency of Airtel Uganda. Operational efficiency through BPO will be enhanced through adoption of best practices in partner identification and relationship management at BPO implementation.

5.4.3 Business Process Outsourcing implementation and operational efficiency at Airtel

The study concluded that BPO monitoring and evaluation significantly depends on operational efficiency of Airtel Uganda. Operational efficiency through BPO will be enhanced through adoption of best practices of performance reporting and vendor audits in BPO monitoring and implementation level.

5.5 Recommendations of the study

5.5.1 Business Process Outsourcing planning and operational efficiency at Airtel

To enhance operational efficiency of Airtel Uganda using BPO, the study recommends that the management of Airtel in its BPO planning should:

1. In its make and buy decision making conduct adequate cost evaluation on each activity to guide decision to outsource or keep in-house
2. In SLAs clearly define penalties for contract violations as disincentive for poor performance

5.5.2 Business Process Outsourcing implementation and operational efficiency at Airtel

To enhance operational efficiency of Airtel Uganda using BPO, the study recommends that the management of Airtel in its BPO implementation should:

1. Solicit for more than one partner and subject them to venting process and award contracts for outsourcing based on best evaluated bidders at partner solicitation level.
2. Strengthened partner relationship management through use of employee work culture survey and harmonize the work culture with the partners.
3. Strengthened partners relationship management through integrating technology with its partners for enhanced information sharing for outsourced activities

5.5.3 Business Process Outsourcing Monitoring & Evaluation and operational efficiency at Airtel

To enhance operational efficiency of Airtel Uganda using BPO, the study recommends that the management of Airtel in its BPO monitoring and evaluation should:

Define performance targets for partnership managers to regularly collect contract performance information and production of staged/phased reports necessary for decision making on outsourced contracts.

The responsible partnership managers and accounts department submit all the necessary accountability for timely payments that are based on fulfilment of performance expectations. Payment should be effected at least 30 days of invoicing or as provided for in the contract.

The partnership managers for outsourced activities should at the end of every contracting period appraise outsourced partners on the extent to which the outsourced vendor meets the contract terms, meet the objective of outsourcing, to inform future management actions on the partner especially for renewal of partnership.

5.6 Areas for further Research

The study found out that BPO planning, implementation, Monitoring and Evaluation all predict 69.3% in the variance of operational efficiency at Airtel while other variables other than the BPO predict the remaining variance of 39.7%. Other studies need to examine the impact of the adopted e-procurement on operational efficiency in the telecommunications sector.

REFERENCES

- Amadi.N (2009). Reasons for Business Process Outsourcing: Retrieved on 4th may 2017 from <https://www.standardmedia.co.ke/business/article/1144029315/reasons-for-business-process-outsourcing>
- Amedeo K (2016). How Does Call Center Outsourcing Affect the U.S. Economy? Accessed from <https://www.thebalance.com/how-does-call-center-outsourcing-affect-the-u-s-economy-3306191>
- Amin, M.E (2005). Statistical inference for social science research. Kampala, Makerere University
- Arista B (2016). Top 10 Reasons For Business Process Outsourcing. Retrieved on 4th may 2017 from <http://www.aristainfotech.com/blog/bpo/reason-for-business-process-outsourcing/>
- Armony, M., E. L. Plambeck, S. Seshadri. 2007. Sensitivity of optimal capacity to customer impatience in an unobservable M/M/S queue (Why you shouldn't shout at the DMV). *Manufacturing and Service Operations Management*, forthcoming.
- Baltridge (2014) Organizational Assessment: Effectiveness Vs.... Which Relates To The Optimal Use Of Resources To Achieve The Desired Goals.
- Banomyong, R. & Supatn, N. (2011). Selecting logistics providers in Thailand: a shippers' perspective. *European Journal of Marketing*, 45(3), 419 – 437.
- Bernstein, F., Gürhan, A., Meca, A. (2015) Cooperation in assembly systems: The role of knowledge sharing networks, *European Journal of Operational Research* 240 , 160 171
- Bhatt, G. (2001). Knowledge management in organizations: Examining the interactions between technologies, techniques, and people. *Journal of Knowledge Management*, 2001
- Bigso, Aubuchon (2012). Outsourcing Practice and Performance of Mobile Telephone Service. 2012;
- BuckiJ (2015). The Advantages and Disadvantages of Outsourcing in Business. Available from: <https://www.thebalance.com/what-is-outsourcing-2533662>. Accessed on 11 June, 2017
- Businge., J. (2016). Cash strapped UTL managers chase capital to fund three years turnaround strategy.

By guide / Thursday, 22 Jun(2017) ,UTL partners with Pay Way for easy accessibility of Msente services

Chandana M, Shah M &Chaubey P (2015). Presentation on Organisational effectiveness

Chang, Y.B and Gurbaxan, V. (2012).information technology outsourcing, knowledge transfer, and firm productivity: an empirical analysis. *MIS Quarterly* Vol. 36 No. 4 pp. 1043-1063

Chee, Y. and Noorliza, K. (2010). Explaining the competitive advantage of logistics service providers: A resource-based view approach, *Int. J. Production Economics*, 128, 51–67.

Chris Niccols (2017), How to develop a plan for outsourcing.

Chungath M (2012). Business Process Services: Redefining Business Process out sourcing. Accessed on 3rd May 2017 from www.cognizant.com.

Çiçek.I &Özer.B (2011). The effect of outsourcing human resource on organizational performance: the role of organizational culture. *International Journal of Business and Management Studies* Vol3, No 2, 2011 ISSN: 1309-8047 (Online)

Daily Monitor,Wednesday December 16 (2009),Uganda’s telecom services substandard

Gottschalk, P. and Solli-Saether, H. (2005), “Critical success factors from IT outsourcing theories: an empirical study”, *Industrial Management and Data Systems*, 105(6) 685-702.

Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. *American Journal of Sociology* , 3: 481-510.

Harrison, A., &, Hu. Q. (2012). Knowledge Transfer within Organizations: A Social Network Perspective", in 45th Hawaii International Conference on System Sciences (HICSS), Hawaii, pp. 3766–3775.

Hsiao H.I., van der Vorst J.G.A.J., Kemp R.G.M, &Omta S.W.F. (2010). Developing a decision making framework for levels of logistics outsourcing in food supply chain networks.*International Journal of Physical Distribution & Logistics Management*, 40(5), 395–414.

Huang, B., Wang, T., &Xue, X. (2012). Service-selecting approach based on domain-specified

- 'Quality of Service' model and its application in logistics. *The Service Industries Journal*, 32 (9), 1571–1588
- Huang, C. J., & Huang, K. P. (2012). The logistics capabilities scale for logistics service providers. *Journal of Information and Optimization Sciences*, 33 (1), 135-148.
- Jyoti, J., and Arora, H. (2013). Impact of Client–Vendor Relationship on Firm’s Financial Performance: A Study of Outsourcing Firms, ol 14, Issue 4,
- Kaplan, R.S., Norton, D. P. (2001) The Balanced Scorecard: Measures That Drive Performance, Harvard Business Review.
- Khalili, K., Azizzadeh, F., and Adhami, A. (2014). Investigating the relationship between outsourcing and performance based on Balanced Score Card (Case study: Ilam Post Office). *Journal of Data Envelopment Analysis and Decision Science*, 1-11.
- Kroes, J. R., & Ghosh, S. (2010). Outsourcing Congruence with Competitive Priorities: Impact on Supply Chain and Firm Performance. *Journal of Operations Management* , 124-143
- Kumar, J., & Ganesh, L. (2011). Research on knowledge transfer in organizations: a morphology^c. *Journal of Knowledge Management*, 13(4): 161-174.
- Lacity, M., Willcocks, L. Khan, S. (2011). Beyond Transaction Cost Economics: Towards an endogenous theory of Information Technology Outsourcing, *The Journal of Strategic Information Systems*, Volume 20, Issue 2, June 2011, pp. 139–157
- Lambert, D. M., & Schwieterman, M. A. (2012), “Supplier relationship management as a macro business process”, *Supply Chain Management: An International Journal*, Vol. 17 No 3, pp. 337- 352.
- Langlois, L.A, Beschel, R.P and Stapenhurst, R (1998) “Public expenditure analysis and management in the republic of Kariba: A case study” Developing more effective ways to control and manage Government resources.
- Liu, W., H., & Xie, D. (2013) Quality decision of the logistics service supply chain with service quality guarantee. *International Journal of Production Research*, 51 (5), 1618–1634.)
- Mariusz (2010).outsourcing of transport service perspective of manufacturers, *TYotal logistic*

management, 3, PP. 87–98

- Miroslav R, Bradac, B. (2006),"Cooperation and opportunistic behaviour in transformational outsourcing", *Kybernetes*, 35 (7) 1005 – 1013
- Moschuris, S.J. and Velis, G.F. (2012) Customer Perceptions on Service Satisfaction with Third Party Logistics 3PL Service. *International Journal of logistics archives*, 3(4), 33-47.
- Musau, C.N. (2016). The Impact of Strategic Outsourcing on Organizational Performance: A Case Study of Bidco Africa Limited. Dissertation. United States International University – Africa.
- Naru, H., and Truitt, T. (2013). Can Partial Offshoring Contribute Growth of Multinational Electronic Manufacturing Service Companies in the United States? *International Journal of Applied Management and Technology*, 12(1), 16–29.
- Solakivi T., Töyli, J., Janne, E., Lauri, O. (2011) Logistics outsourcing and company performance of SME:s evidence from 223 firms operating in Finland, *Strategic Outsourcing: An International Journal*, Vol. 4, No. 2, 131-151.
- Tate , W. L., & Ellram , L. M. (2009). Offshore outsourcing: a managerial framework. *Journal of Business & Industrial Marketing*, 24(3), 256–268.
- Teo, S.H., and Bhattacharjee, A. (2014). Knowledge transfer and utilization in IT outsourcing partnerships: A preliminary model of antecedents and outcomes, *Information & Management* 51 (2014) 177–186.
- Thai, K.V. (2004). *Developing and Managing Request for Proposals in the Public Sector*; 1st Ed. NIGP, Florida, USA.
- Thomas Duening and Rick, (2012) explanations in *Essentials of Business Process Outsourcing*
- Vargo, S.L., & Akaka, M.A. (2009). Service-Dominant Logic as a Foundation for Service Science: Clarifications, *Service-Dominant Logic as a Foundation for Service Science: Clarifications* Service Science 1(1), pp. 32-41.
- Wachira.W & Brookes.M (2016). Viewing the impact of outsourcing from a Kenyan perspective. *Asian Journal of Management Science and Economics*. Vol. 3, No. 1, 2016 ISSN 2413-0591.

- WarseKlingenberg, Jacob- Douwe Boksm(2011, June). A conceptual Framework for outsourcing materials handling activities in automotive: differentiation and implementation. *International Journal of Production Research*, Taylor & Francis, (2010), 48(16), pp.4877-4899
- Weimer, G., 2009. *Service Reporting in Outsourcing-Controlling*. Wiesbaden: Gabler.
- William R. Tracey, (2016) *The Human Resources Glossary*
- Williamson, O. E. (1985). *The Economic Institutions of Capitalism*. New York: Free Press.
- Yeboah (2013). The Relationship between Outsourcing And Organizational Performance, *European Journal of Business and Management*. .5, No.2, 1-13
- Zoran P & Pedersen L J (2007). Outsourcing Process and Theories, POMS 18th Annual Conference Dallas, Texas, U.S.A. May 4 to May 7, 2007.

APPENDICES

Appendix I: Study Questionnaire

Dear respondent,

My name is Judith Aturinda a student of Kyambogo University and as part of my requirement for degree award, I am carrying out research on the relationship between business process outsourcing and operational efficiency in Airtel Uganda. You have been selected as a respondent in your institution to provide us with your views on this study. Your views will be kept and treated confidentially in line with the study. Please answer diligently and honestly. Thank you.

SECTION I: BACKGROUND INFORMATION (tick as appropriate)

1. Your Level of education: Certificate [] Diploma [] Degree [] Postgraduate [] others (specify).....
2. Time worked with Airtel: Less than a year [] 1-3 years [] 4-7 Years []
3. Your position: Director [] Manager [] Supervisor [] Officer []
4. Your dealing with Airtel: Airtel Uganda staff [] Contractor []

Section II: Business process planning

Instructions

Please indicate (tick) the extent to which you agree with the following observation on business process planning using a scale of (1) = strongly disagree-SDA (2) = disagree-DA, (3) = not sure-NS (4) = agree-A, (5) = strongly agree-SA.

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Make or buy</i>					
10. Airtel Uganda adequately identifies all the non core activities for outsourcing					
11. Adequate cost evaluation guided decision to outsource or keep in-house					
<i>Service level agreements</i>					
12. The company undertook to clearly define performance indicators that the service provider should meet in Service level expectations					
13. The company undertook to clearly define timelines that the service provider should meet in Service level expectations					
14. The company undertook to clearly define performance outputs that the service provider should meet in Service level expectations					
15. The company undertook to clearly define rewards to the service provider in Service level expectations					

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
16. The company undertook to clearly define penalties for contract violations					

Section III: Implementation

Instructions

Please indicate (tick) the extent to which you agree with the following observation on business process implementation using a scale of (1) = strongly disagree-SDA (2) = disagree-DA, (3) = not sure-NS (4) = agree-A, (5) = strongly agree-SA.

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Partner solicitation</i>					
10. Airtel undertook to conduct a market research of available service providers for the activities to be outsourced					
11. The company considered the use of open competitive tendering process to solicit for partners					
12. Direct procurement was considered for sourcing partners to provide the services					
13. Awarded contracts for outsourcing were based on best evaluated bidders					

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
14. A due diligence check was undertaken before entering into contract with outsource services providers					
<i>Relationship management</i>					
15. A contract launch conference was undertaken to initiate the outsourcing engagement					
16. At implementation a communication system was put in place to share information between Airtel and contractors					
17. We frequently engage either parties to share information on the implementation of the outsourced activities					

Section IV: Monitoring and evaluation

Instructions

Please indicate (tick) the extent to which you agree with the following observation on outsourced contract monitoring and evaluation practices using a scale of (1) = strongly disagree-SDA (2) = disagree-DA, (3) = not sure-NS (4) = agree-A, (5) = strongly agree-SA.

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Performance reporting</i>					
1. The Airtel contract manager regularly collected contract performance information necessary for decision making on outsourced contracts					
2. Meetings between Airtel and outsources provider are regularly held to decide on actions points on the contractor performance					
3. Site visits are undertaken to decide on actions points on the outsourced contract					
4. The contract manager always ensure timely submission of all required documentation in accordance with terms and conditions of a contract					
5. Staged/phased reports are promptly submitted for management action					
6. All contractor/supplier payments are based on fulfilment of performance expectations					
7. Airtel Management always takes prompt action on monitoring reports					

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Vendor audits</i>					
8. Contract evaluation/appraisal are performed to establish the extent to which the outsourced vendor meets the contract terms					
9. Airtel always conduct a vendor evaluations at the end of the contract to establish if the vendor meets the objectives of outsourcings					
10. Vendor appraisal reports are always acted upon by the Airtel management					

Section V: operational efficiency

Instructions

Please indicate (tick) the extent to which you agree with the following observation on the operational efficiency of Airtel Uganda using a scale of (1) = strongly disagree-SDA (2) = disagree-DA, (3) = not sure-NS (4) = agree-A, (5) = strongly agree-SA.

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Quality of service</i>					
1. Airtel boasts of sound network all-over the country					
2. Airtel does not experience network					

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
breakdown					
3. There are no dropped calls on Airtel network					
4. Airtel network signal is always clear for voice calls					
5. Airtel money network breakdown are minimal					
<i>Costs</i>					
6. Outsourcing some activities has contributed to significant reduction in the company's network maintenance costs					
7. Outsourcing some activities has contributed to significant reduction in the company's human resource costs					
8. Outsourcing some activities has contributed to significant reduction in the company's procurement costs					
9. Outsourcing some activities has contributed to significant reduction in the company's human IT costs					

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
10. Outsourcing some activities has contributed to significant reduction in the company's rental costs					
11. Outsourcing some activities has contributed to significant reduction in the company's fleet costs					

Appendix II: Interview guide

Introduction : Self Introduction

1. Describe the Business process outsourcing planning process of Airtel Uganda.
 - a) Make or buy decisions
 - b) SLAS

2. What are the challenges of Business Process Outsourcing planning of Airtel Uganda?
3. Describe the Business Process Outsourcing Implementation considerations of Airtel Uganda.
 - a) Partner solicitation

 - b) Relationship management.

4. What are the challenges of Business Process Outsourcing implementation of Airtel Uganda?
5. Describe the Business Process Outsourcing monitoring and evaluation undertaking of Airtel Uganda.
 - a) Performance reporting
 - b) Vendor audits
6. What are the challenges of Business Process Outsourcing monitoring and evaluation of Airtel Uganda?

Appendix III: Table for determining sample size from a given population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size

"S" is sample size.