

Journal of Human Resource & Leadership



Effect of Expert Service on Performance Outcomes among Mobile Telecommunication Firms in Kenya

Pamela Eng'airo

ISSN: 2616-8421

Effect of Expert Service on Performance Outcomes among Mobile Telecommunication Firms in Kenya

Pamela Eng'airo, PhD.

Lecturer, Jomo Kenyatta University of Agriculture and Technology

Email of Corresponding Author: pamengairo@gmail.com

How to cite this article: Eng'airo, P. (2020). Effect of Expert Service on Performance Outcomes among Mobile Telecommunication Firms in Kenya, *Journal of Human Resource & Leadership*, Vol. 4(3), 17-28.

Abstract

Outsourcing decisions are often driven by the need to access external expertise. The lack of competence in human resource management area is compensated by external specialists who have invested more to this competence development than companies' managers so they can professionally perform human resource management function. This study sought to assess the effect of expert service on performance outcomes among mobile telecommunication firms in Kenya. A descriptive survey design of cross-sectional nature of three mobile telecommunication firms was conducted. The target population was 312 managers in three mobile telecommunication firms operating in Kenya. Data was analyzed using descriptive statistics, correlation analysis and logistic regression analysis aided by Statistical Package for Social Sciences Version 25.0. The study found a positive and significant relationship between expert service motive and performance outcomes. The study concludes that expert service affects performance outcomes. The study recommends that telecommunication firms should outsource human resources as it allows the firms to enhance expertise and improve service quality as well as providing competitive advantage. HR outsourcing enables organizations to gain access to expertise that would otherwise be difficult and expensive to acquire and sustain. However, telecommunication companies need to be careful when outsourcing the expertise since the loss of expertise and skills can have an adverse impact on organizational competitiveness, increase its dependency on external parties and reduce the ability to maintain internal synergy and creativity.

Key words: *Expert Service, Performance Outcomes, Mobile Telecommunication Firms, Kenya*

1.0 Introduction

Outsourcing decisions are often driven by the need to access external expertise. The lack of competence in human resource management area is compensated by external specialists who have invested more to this competence development than companies' managers so they can professionally perform human resource management function (Stasiulyte, 2011). Outsourcing relationships can create partnerships between contractors and clients which may facilitate learning and cross-fertilization between the two firms. Learning processes are collective accomplishments that reside in networks that do not respect formal organizational boundaries. The importance of networks and inter-organizational relationships such as alliances, partnerships

is also recognized by writers from the strategic perspective. A network serves as a locus of innovation because it provides timely access to knowledge and resources that are otherwise unavailable, while also testing internal expertise and learning capabilities (Beregszaszi, & Hack-Polay, 2012). Advocates of the resource-based view (RBV) also believe that outsourcing can be productive to the development of the core competence of the organization especially in relation to HR practices. The notion of the RBV was developed into a more robust theory by Barney (1991), who argued that organizations obtain sustained competitive advantage by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses (Woodall, Scott-Jackson & Newham, 2009)).

Abdul-Halim and Che-Ha (2010) support the claims of HR outsourcing proponents that outsourcing allows companies to enhance expertise and improve service quality as well as providing competitive advantage. Braun, Pull, Alewell, Stormer and Thommes (2011) also found that the quality of externally provided HR services is indeed higher than that of in-house provided services. Organizations that outsource HR gain access to expertise that would otherwise be difficult and expensive to replicate and sustain. A study conducted by Stasiulyte (2011) on motives of human resource management outsourcing found that managers seek to outsource to reduce possible risk because of lack of competence in human resource management area. Studies by Jaruzelski (2004) indicate that 75% of the interviewees rank technical expertise as their number one criterion and that they did not want to pay an outsourcer to learn from them.

In a study about how characteristics of the HR department and HR work influence HR outsourcing, Alewell, Hauff, Thommes and Weiland (2011) found that organizational characteristics do not influence HR outsourcing. Successful companies that practice outsourcing leverage their capabilities and investments of others by exploiting three areas such as functional activities performed in-house; complementary, integrative, or duplicative activities scattered throughout the company; and disciplines, subsystems, or systems in which outsiders have greater expertise or capabilities for innovation (Maelah, Aman, Hamzah, Amiruddin, Sofiah & Auzair, 2010).

The radical change brought by outsourcing leaves problems in terms of knowledge management and corporate memory” because external suppliers lack sufficient knowledge about organizational culture and past practices (Marchington & Wilkinson, 2008). Haines (2009) emphasizes the difficulty of knowledge transfer to the external vendor especially the implicit tacit knowledge which often disappears in outsourcing deals. The loss of expertise and skills can have an adverse impact on organizational competitiveness, increase its dependency on external parties and reduce the ability to maintain internal synergy and creativity (Beregszaszi, & Hack-Polay, 2012).

Outsourcing HR functions can similarly impede career development as it deprives employees of the possibility of gaining expertise through a broad range of activities as those no longer lie with the organization on a full scale (Marchington & Wilkinson, 2008). This created problems managing the knowledge transfer to the shared service centre (Woodall *et al.*, 2009). HRO also limits the growth, image and the capabilities of the HR function and stunts the development of HR Professionals. Cook, Shen & Mcbridge (2005) also warned that outsourcing human resources

may affect in-house HR staff in ways such as job intensification, change in job content, reduction of career development opportunity, and increased levels of stress, especially when the relationship with the service provider is strained and the quality of services unsatisfactory. The study therefore seeks to establish whether there is any relationship between expert service motive and performance outcome.

1.2 Statement of the problem

Mobile telecommunication firms in Kenya are constantly seeking to grow, remain competitive and meet changing business conditions. The human resources function is under scrutiny to deliver value adding quality services to the business and reduce operating costs. The accelerating global competitive pressures have forced telecommunication firms in Kenya to seek ways to enable them concentrate on their core competences and utilize outsourcing to capitalize on others' expertise. However what constitutes core activities and competencies is not static. Organizations constantly reassess what constitute the core and non- core aspects of their business and readjust the way these activities can be sourced either in-house or externally.

An external partner has the potential to deliver capability, knowledge and innovation via the expertise the employees bear, which when bought in by an organization, can tremendously reduce the threat experienced and in many aspects the associated burden of risk can be shifted away from the organization (Gurney, Newham, Scott-Jackson & Woodall, 2009)). The price of service provision is always carefully calculated, having assessed all factors involved in the deal including risks the service provider agrees to bear. Highly skilled professionals and technical experts in temporary employment create new and specific knowledge within the organizations that engage them; this knowledge would not otherwise be developed internally, and is especially valuable in dynamic and competitive industries (Sanchez, Jamenez, Carnicer & Perez, 2007)). This paper assessed the effect of expert service on performance outcomes among mobile telecommunication firms in Kenya.

Objective

To assess the effect of expert service on performance outcomes among mobile telecommunication firms in Kenya.

Research Hypothesis

Expert service has no significant influence on performance outcomes among mobile telecommunication firms in Kenya.

2.0 Literature Review

2.1 Theoretical Review

The paper was guided by Resource based view proposed by Wernerfelt (1984). The resource-based view holds that outsourcing can enhance a firm's operational and strategic capabilities because it allows access to resources. RBV theorists conceptualize firms as the repository of resources or capabilities through which competitive advantages are generated (Barney, 2001). These resources or capabilities must meet four criteria: value, rarity, imitability and organization and they are dynamic, influenced by a rapidly changing environment. Firms can expect to achieve operational and strategic benefits if they can combine their own resources synergistically with those of their service provider (Siew, Mohan & Maniam, 2016).

The resource-based perspective holds that the possession of certain resources and capabilities defines what the organization will do and what it can obtain from outside parties. This view suggests that to gain competitive advantage, an organization must focus on those activities that constitute the core competencies and outsource the more peripheral activities (Karhunen & Kosonen, 2013). Core activities are transformational work that creates unique value for employees, customers, and investors. Non-core activities are standard routine transactional work easily duplicated and replicated. This perspective helps to identify those core activities that the organization must perform in-house. The resource-based theory provides insight on which Human Resource services must be outsourced. This theory suggests that outsourcing Human Resources must be underpinned by strategic reasons (Kraaijenbrink, Spender & Groen, 2010). Whether the Human Resource functions outsourced are core or non-core, transformational or transactional, there is the need to create value for outsourcing organizations, employees, customers and investors (Quartey, 2013).

One of the prescriptions of the resource-based view is that strategic tasks, which are part of the company's core competencies, should generally be performed in-house while outsourcing may offer a chance to access the core competencies of other firms subsequently leading to higher levels of service quality (Braun, Pull, Alewell, Stormer, & Thommes, 2011). The Resource based view supports the fact that organizations outsource to gain expertise but does not support the idea of cost efficiency therefore the Transactional Cost Economics theory is introduced.

2.2 Conceptual Framework

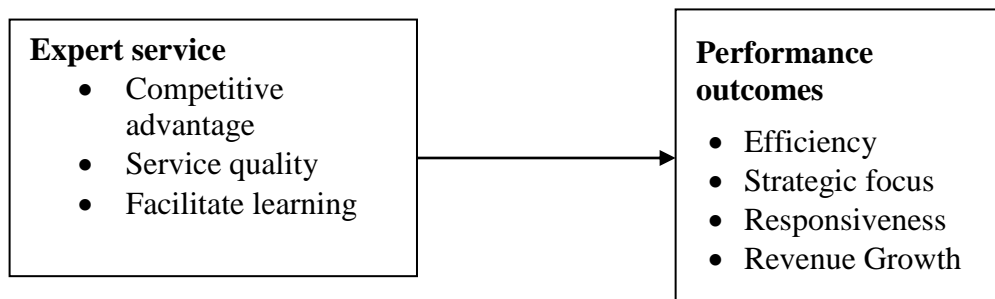


Figure 1: Conceptual framework

2.3 Empirical Literature Review

Abdul-Halim and Che-Ha (2010) support the claims of HR outsourcing proponents that outsourcing allows companies to enhance expertise and improve service quality as well as providing competitive advantage. Braun *et al.*, (2011) also found that the quality of externally provided HR services is indeed higher than that of in-house provided services. Organizations that outsource HR gain access to expertise that would otherwise be difficult and expensive to replicate and sustain. A study conducted by Stasiulyte (2011) on motives of human resource management outsourcing found that managers seek to outsource to reduce possible risk because of lack of competence in human resource management area. Studies by Jaruzelski (2004) indicate that 75% of the interviewees rank technical expertise as their number one criterion and that they did not want to pay an outsourcer to learn from them.

In a study about how characteristics of the HR department and HR work influence HR outsourcing, Alewel *et al.*, (2011) found that organizational characteristics do not influence HR outsourcing. Successful companies that practice outsourcing leverage their capabilities and investments of others by exploiting three areas such as functional activities performed in-house; complementary, integrative, or duplicative activities scattered throughout the company; and disciplines, subsystems, or systems in which outsiders have greater expertise or capabilities for innovation (Maelah *et al.*, 2010).

The radical change brought by outsourcing leaves problems in terms of knowledge management and corporate memory” because external suppliers lack sufficient knowledge about organizational culture and past practices (Marchington & Wilkinson, 2008). Haines (2009) emphasizes the difficulty of knowledge transfer to the external vendor especially the implicit tacit knowledge which often disappears in outsourcing deals. The loss of expertise and skills can have an adverse impact on organizational competitiveness, increase its dependency on external parties and reduce the ability to maintain internal synergy and creativity (Beregszaszi, & Hack-Polay, 2012).

Outsourcing HR functions can similarly impede career development as it deprives employees of the possibility of gaining expertise through a broad range of activities as those no longer lie with the organization on a full scale (Marchington & Wilkinson, 2008). This created problems managing the knowledge transfer to the shared service centre (Woodall *et al.*, 2009). HRO also limits the growth, image and the capabilities of the HR function and stunts the development of HR Professionals. Cook, Shen and Mcbridge (2005) also warned that outsourcing human resources may affect in-house HR staff in ways such as job intensification, change in job content, reduction of career development opportunity, and increased levels of stress, especially when the relationship with the service provider is strained and the quality of services unsatisfactory. The study therefore seeks to establish whether there is any relationship between expert service motive and performance outcome.

3.0 Research Methodology

This study adopted the positivism philosophy. A descriptive survey design of cross-sectional nature was adopted. A cross-sectional survey of managers in the three mobile telecommunication firms operating in Kenya was conducted. Both primary and secondary data was obtained. While questionnaires were used to collect primary data, secondary data was obtained from the internet, journals and books. The study population was all 312 managers in three mobile telecommunication firms operating in Kenya, namely Safaricom, Airtel Kenya and Telkom Kenya. A Census of all 312 managers in the three mobile telecommunication firms operating in Kenya was conducted.

The descriptive statistics such as mean scores and standard deviation helped the researcher to describe the data. Inferential statistics were used to aid in testing hypothesis and drawing conclusions about the larger population. Logistic regression analysis was done to determine the relationship between expert service motive of human resource outsourcing and performance outcomes among mobile telecommunication firms in Kenya. Expert service motive of human resource outsourcing was collapsed into binary (Senaji, 2012) with means less than 3.0 assigned "0" and those above 3 assigned a value of 1. The following statistical measurement models were used to test the hypotheses based on the relationship between variables. Relationship between expert service motive of human resource outsourcing and performance outcomes (PO) is modeled as;

$$\text{logit}z = \ln \frac{P}{1-P}, \text{ where } z = \beta_0 + \beta_1 x_1 + \varepsilon.$$

X_i is expert service motive of human resource outsourcing and β_i is beta coefficient while P is the probability of satisfactory performance associated with x_i ; ε is the error term. To test the Hypothesis, the rejection or acceptance criteria was that, if the P -value obtained was less than 0.05 at 5% level of significance, the null hypothesis was rejected, but if the P -value was greater than 0.05, the null hypothesis was not rejected.

4.0 Results and Discussions

4.1 Response Rate

The questionnaires administered were 312 out of which 204 were properly filled, returned and found suitable for analysis. This represented an overall response rate of 67.54% as shown on Table 1.

Table 1: Response Rate

| Response | Frequency | Percent |
|-----------------|------------------|----------------|
| Returned | 204 | 65.38% |
| Unreturned | 108 | 34.62% |
| Total | 312 | 100% |

The response rate was 65.38% as shown in Table 1. This represented an overall success according to Mugenda and Mugenda (2010) and also Kothari (2013) a response rate of above 50% is adequate for a descriptive study. Cooper and Schindler (2011) also argues that a response rate exceeding 30% of the total sample size provides enough data that can be used to generalize the characteristics of a study problem as expressed by the opinions of few respondents in the target population, 67.54% response rate was good for the study.

4.2 Effect of expert service on performance outcomes

The objective of the study was to assess the effect of expert service on performance outcomes among mobile telecommunication firms in Kenya.

4.2.1 Descriptive Statistics

Respondents were asked to indicate whether they agree or disagree with the statements regarding expert service motive of human resource outsourcing. The results are shown in Table 2.

Majority of the respondents, 60.1% agreed that the organizations outsource to facilitate learning and cross fertilization between consultants and clients, 69.8% agreed that the organizations outsource for timely access to knowledge and resources otherwise unavailable or expensive. 74.2% agreed that the organizations outsource to develop core competencies of the organization, 84.7% agreed that the organizations outsource to enhance expertise, 66.2% agreed that the organizations outsource to improve service quality while 76.8% also agreed that the organizations outsource to achieve competitive advantage.

Table 2: Expert service motive of human resource outsourcing

| Statement | Disagree | Agree | Mean | Std. Dev |
|---|----------|--------|-------|----------|
| My organization outsources to facilitate learning and cross fertilization between consultants and clients | 39.90% | 60.10% | 0.600 | 0.491 |
| My organization outsources to timely access to knowledge and resources otherwise unavailable or expensive | 30.20% | 69.80% | 0.700 | 0.460 |
| My organization outsources to develop core competencies of the organization | 25.80% | 74.20% | 0.74 | 0.438 |
| My organization outsources to enhance expertise | 12.60% | 87.40% | 0.87 | 0.333 |
| My organization outsources to improve service quality | 33.80% | 66.20% | 0.66 | 0.474 |
| My organization outsources to provide competitive advantage | 23.20% | 76.80% | 0.77 | 0.423 |
| Average | | | 0.723 | 0.437 |

The overall mean of the responses was 0.723 which indicates that majority of the respondents agreed to the statements of the questionnaire. The standard deviation of 0.437 indicates that the responses were varied. These findings agree with those by Jaruzelski (2004) where 75% of the interviewees rank technical expertise as their number one criterion and that they did not want to pay an outsourcer to learn from them.

4.2.2 Correlation Analysis

The correlation was conducted between expert service motive and performance outcomes. Results were presented in Table 3.

Table 3: Correlation Matrix

| | | Performance Outcomes | Mean EXA |
|-----------------------------|---------------------|----------------------|----------|
| Performance Outcomes | Pearson Correlation | 1.000 | |
| | Sig. (2-tailed) | | |
| Expert service | Pearson Correlation | .443** | 1.000 |
| | Sig. (2-tailed) | 0.000 | |

** Correlation is significant at the 0.01 level (2-tailed).

The results in Table 3 indicate that there was a positive and significant association between expert service and performance outcomes ($r=0.443$, $p=0.000$).

4.2.3 Logistic Regression

Findings in Table 4 show results for logistic regression.

Table 4: Logistic Regression Results

| Performance Outcome | Coef. | Std.Err | z | P> z |
|--|---------|---------|-------|-------|
| My organization outsources to facilitate learning and cross fertilization between consultants and clients | 0.3226 | 0.41656 | 0.77 | 0.439 |
| My organization outsources for timely access to knowledge and resources otherwise unavailable or expensive | 1.4357 | 0.44772 | 3.21 | 0.001 |
| My organization outsources to develop core competencies of the organization | 3.8444 | 0.72644 | 5.29 | 0.000 |
| My organization outsources to enhance expertise | -0.2683 | 0.785 | -0.34 | 0.732 |
| My organization outsources to improve service quality | 0.3792 | 0.45526 | 0.83 | 0.405 |
| My organization outsources to provide competitive advantage | -0.1277 | 0.45748 | -0.28 | 0.780 |
| _cons | -4.1206 | 0.88188 | -4.67 | 0.000 |

LR chi(6)=85.89

Prob>chi2=0.0000

Pseudo R2=0.3297

Results showed that the motive to obtain timely access to knowledge and resources otherwise unavailable or expensive is positively and significantly related with performance outcomes (Exp(B)= 1.4357, P=0.001). Thus, the log of odds for the performance outcomes for those telecommunication firms which outsource for timely access to knowledge and resources otherwise unavailable or expensive is 1.4357 times higher than those which do not outsource to obtain timely access to knowledge and resources otherwise unavailable or expensive. The motive to develop core competencies of the organization was positively and significantly associated with performance outcomes (Exp(B)=3.8444, P=0.000). This means that the log of odds for performance outcomes for those telecommunication firms which outsource to develop core competencies of the organization is 3.8444 times higher than those which do not outsource to develop core competencies of the organization.

This finding agrees with those of Abdul-Halim and Che-Ha (2010) who support the claims of HR outsourcing proponents that outsourcing allows companies to enhance expertise and improve service quality as well as providing competitive advantage. Braun *et al.* (2011) also found that the quality of externally provided HR services is indeed higher than that of in-house provided

services because organizations that outsource HR gain access to expertise that would otherwise be difficult and expensive to replicate and sustain.

The resulting logit model is as follows:

$$\ln\left(\frac{p}{1-p}\right) = e^z \text{ or } \ln\left(\frac{p}{1-p}\right) = z$$

$$Z = -4.1206 + 1.4357X_1 + 3.8444X_2$$

Where Y= Performance outcome

X₁= timely access to knowledge and resources

X₂= develop core competencies of the organization

Hypothesis Testing

The hypothesis was tested by using the ordinary least square regression. The acceptance/rejection criteria was that, if the p value is greater than 0.05, the H₀ is not rejected but if it's less than 0.05, the H₀ fails to be accepted. The null hypothesis was that expert service motive had no relationship with performance outcomes of HR outsourcing. The alternative hypothesis was that expert service motive had a significant relationship with performance outcomes of HR outsourcing.

Table 5: Hypothesis Results

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------------------|-----------------------------|------------|---------------------------|--------|--------------|
| | B | Std. Error | Beta | | |
| (Constant) | 2.122 | 0.174 | | 12.164 | 0.000 |
| expert service motive | 1.579 | 0.232 | 0.443 | 6.813 | 0.000 |
| R squared=0.196 | | | | | |
| F statistic= 46.418 | | | | | |
| P value= 0.000 | | | | | |

Results in Table 5 show that the calculated F-statistic of 46.418 was higher than the tabulated/critical F statistic (F α = 0.05). The findings were further supported p-value of 0.000. This indicated that the null hypothesis was rejected hence expert service motive had a significant relationship with performance outcomes. In conclusion, expert service motive has a significant and positive relationship with performance outcomes. This finding is consistent with that of Abdul-Halim and Che-Ha (2010) who support the claims of HR outsourcing proponents that outsourcing allows companies to enhance expertise and improve service quality as well as providing competitive advantage. Braun *et al.*, (2011) also found that the quality of externally provided HR services is indeed higher than that of in-house provided services. Organizations that

outsource HR gain access to expertise that would otherwise be difficult and expensive to replicate and sustain.

5.0 Conclusion

The study also concluded expert service motive has a significant and positive relationship with performance outcomes. Human resource outsourcing should be encouraged if the motive is to obtain timely access to knowledge and resources otherwise unavailable or expensive, to develop core competencies in the organization since these were found to have a positive and significant influence on performance outcomes.

6.0 Recommendations

The study recommends that telecommunication firms should outsource human resources as it allows the firms to enhance expertise and improve service quality as well as providing competitive advantage. HR outsourcing enables organizations to gain access to expertise that would otherwise be difficult and expensive to acquire and sustain. However, telecommunication companies need to be careful when outsourcing the expertise since the loss of expertise and skills can have an adverse impact on organizational competitiveness, increase its dependency on external parties and reduce the ability to maintain internal synergy and creativity.

REFERENCES

- Abdul-Halim, H., & Che-Ha, N. (2010). HR outsourcing among Malaysian manufacturing companies. *Business Strategy Series*, 11(6), 363 –370.
- Alewell, D., Hauff, S., Thommes, K., & Weiland, K. (2011). HRM and the use of personnel services: an empirical analysis of German firms. *International journal of manpower*, 32(4), 394-409.
- Beregszaszi, J., & Hack-Polay, D. (2012). Human Resource Outsourcing in Times of Economic Turbulence – a Contemporary Review of Practice. *International journal of human resource studies*, 2 (1), 46-65.
- Barney, J. B. (2001). Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view. *Journal of management*, 27(6), 643-650.
- Braun, I., Pull, K., Alewell, D., Stormer, S.,& Thomas, K. (2011).HR outsourcing and service quality: Theoretical framework and empirical evidence, *Personal Review* 40 (3), 364-382.

- Cooper, D.R., & Schindler, P.S. (2006). *Business Research Methods*, (8th Ed.). New York: McGraw-Hill International Publishers.
- Gurney, M., Newham, T., Scott-Jackson, W. & Woodall, J. (2009). Making the decision to outsource Human Resources, *Personnel Review*, 38(3), 236-252.
- Karhunen, P., & Kosonen, R. (2013). Institutional constraints for outsourcing services in Russia. *Journal of Business and industrial Marketing*. 28 (3), 201-209.
- Kothari, C. R. (2004). *Research methodology: Methods and techniques* (2nd ed.).
- Kraaijenbrink, J., Spender, J. C., & Groen, A. J. (2010). The resource-based view: A review and assessment of its critiques. *Journal of management*, 36(1), 349-372.
- [Maelah, R.](#), [Aman, A.](#), [Hamzah, N.](#), [Amiruddin, R.](#), [Sofiah](#), and [Auzair](#), (2010), "Accounting outsourcing turnback: process and issues", *Strategic Outsourcing: An International Journal*, 3(3), 226-245.
- Mugenda, O. M & Mugenda, A.G. (2003). *Research Methods: Quantitative and Qualitative Approches*. New Delhi, New Age International (P) Limited.
- Quartey, S.H. (2013). Implications of HR Outsourcing for HR Practitioners Work Behaviours: Evidence from the Mobile Telecommunication Industry in Ghana. *International Business Research*, 6 (11), 178-191.
- Sanchez, A.M., Jamenez, M.J, Carnicer, P. L. & Perez, M. P. (2007). Managerial Perceptions of Workplace Flexibility and Firm Performance. *International Journal of Operations and Management* 27 (7), 714-734.
- Senaji, T.A. (2012). Knowledge Management, infrastructure capability, motivation and organizational effectiveness among mobile Telecommunication firms in Kenya. Unpublished PhD thesis: Kenya Methodist University.
- Siew, C. S., Mohan, A. V., & Maniam, K. (2016). HR outsourcing trends in success: leveraging on partnership and service quality, *SAGE Open*, 4 (3) 1-14.
- Stasiulyte, E. (2011). Motives of human resource management outsourcing. A case study from Luthania. *Economics & Sociology*, 4 (1), 116-125.
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic management journal*, 5(2), 171-180.
- Woodall J., Scott-Jackson W., & Newham, T. G. (2009). Making the decision to outsource human resources. *Personnel Review*, 38 (3), 236 – 25.