

**THE EFFECT OF BUSINESS PROCESS OUTSOURCING ON  
QUALITY OF SERVICES DELIVERED AT VODACOM  
TANZANIA**

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**A Dissertation Submitted to Mzumbe University in Partial Fulfillment for the  
Award of MSC/ Human Resource management Proposal Mzumbe University**

**Dar es salaam Campus College**

**2014**

**CERTIFICATION**

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **The Effect of Business Process Outsourcing on Quality of Services Delivered at Vodacom Tanzania** in partial/fulfillment of the requirements for award of the degree of **Master of Science in Human Resource Management** of Mzumbe University.

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## **DEDICATION**

I dedicate this scholarly work to my family (Halima's family) who invested all their effort into seeing me inherit the real wealth education. It is by their inspiration that, I decided to pursue this course so as to honour their sacrifices throughout my schooling days.

## **ABBREVIATION AND ACRONYMS**

ASP	-	Application Service Providers
BPO	-	Business Process Outsourcing
HR	-	Human Resource
IT	-	Information Technology
PEO	-	Professional Employer Organization
PPA	-	Public Procurement Act
PPP	-	Public Procurement Procedure
UK	-	United Kingdom
US	-	United State of America

## **ABSTRACT**

This study discusses the effects of business process outsourcing on quality of service delivered at Vodacom Tanzania. Vodacom Tanzania just like any other organization has outsourced its non-core function for the aim of improving quality of the services offered. This research aimed at examining the effect of business process outsourcing on quality of services delivered in a mobile company. The study had three specific objectives namely; determining the existing business process outsourcing practices at Vodacom Tanzania, determining the effect of BPO on service quality at Vodacom Tanzania and determining the effect of BPO on operational cost at Vodacom Tanzania.

The researcher employed qualitative and quantitative techniques, hence the methods triangulation. Data collection instruments were questionnaire, personal interviews, and documentary sources.

Data collected were analyzed using Statistical Package for Social Sciences (SPSS) mainly descriptive statistics (Frequencies & Statistical means). Data collected through documentary review and personal interview were analysed using content analysis. The study used a sample of 23 respondents from different groups of service providers, users and vodacom employees.

The findings showed that there is mismatch between respondents expectations and perception. Respondents shown dissatisfaction level on all dimensions of service quality.

Conclusively we can argue that although BPO has managed to reduce cost on the organisation level it is evident that respondents are showing dissatisfaction level of the fact that it improves service quality.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

#### **1.1 Background to the Research Problem**

Organization has to constantly move forward. Only in this way they will survive and prosper in competitive markets and the best approach to successful is business process outsourcing. The world has embraced the phenomenon of outsourcing and companies have adopted its principles to help them expand into other markets (Bender 1999).

The traditional outsourcing emphasis on tactical benefits like cost reduction. (For example, cheaper labour cost in low cost countries), have more recently been replaced by productivity, flexibility, speed and innovation in developing business applications and access to new technologies and skills (Greer et al, 1999)

Outsourcing is plausible for a range of business functions such as marketing, information technology, distribution, manufacturing, recruitment etc. In today's world of ever increasing competition, organizations are forced to look for new ways to generate value.

Outsourcing is a form of privatization in which an entity contracts with an external organization to provide a service (Sunder et al, 2004). A variety of service delivery techniques can be used to maximize efficiency and increase service quality. Outsourcing is the most used type of privatization, Tanzania government has made public sector reform for the aim of improving both operational efficiency of enterprises that currently in the parastatal sector and their contributions to the national economy and also increase and encourage a wider participation of the people in the running and management of the economy.

Companies that implemented business process outsourcing strategies have experienced great gains in efficiencies and cost savings. Processes such as accounts payables, accounts receivables and payroll are some of the processes that are considered good candidates for business process outsourcing.

The reasons to why organizations decide to outsource some of their functions vary greatly, the reasons may be; outsourcing may be used to reduce and control operating costs, improve host company focus gain access to world –class capabilities, free internal resources for other purposes. Insufficient resource is available internally and share risks with a partner (Jacob 2009)

The main factors influencing successful outsourcing includes; understanding company goals and objectives, A strategic vision and plan, A selecting the right vendor, Ongoing management of the relationships, A properly structured contract, Open communication with affected individual /group, senior executive support and involvement, Careful attention to personnel issue and short-term financial justification.

Service implemented covers the activities required to take these ideas and intentions and develop them into a formal, planned outsourcing program and to make the transition to the outsourced service. As adopted from Gillingham, (2003).

Despite of the fact that the main objectives of outsourcing of services is to reduce and control operating costs, improve host company focus. Gain access to world – class capabilities and free internal resource for other purposes but some of the service providers have failed to achieve this.

In Tanzania, outsourcing started to immerge in the 1990's and become identified as a method of spinning off unnecessary work in order to focus the organization on its primary goals. Processes and functions identified as not central to the enterprise started to be contracted out to other firms that specialized in providing those products or services, and thus enabling the contracting organization to concentrate its resources on the core business . In Tanzania, cleanness, security services, advertisement, information technology systems, transportation and catering services are examples of functions that are increasing procured through contracting with outside service providers.

Services most commonly outsourced by Vodacom Tanzania are Fleet Management system, customer care service, cleaning service, security service, vehicle services, Technical and Engineering service etc .Outsourcing represents a significant shift in the way organization manage and delegates their business support activities (Lutta, 2003)

Vodacom Tanzania just like any other organization has outsourced its non-core function for the aim of improving quality of the services offered. This research aimed at examining the effect of business process outsourcing on quality of services delivered in a mobile company. Vodacom Tanzania is taken as a case of organization.

## **1.2 Statement of Research Problem**

Business Process Outsourcing has become popular to public and private organization since public reform took place in 1992. The aim of BPO is to improve operational efficiency of enterprises and reduce the burden of loss-making enterprises on the government budget. BPO is also there to expand the role of the private sector in the economy while permitting the government to concentrate public resources on its role as provider of basic services, such as health, education, social and economic infrastructure. Also increase and encourage a wider participation of the people in the running and management of the economy (Crowther & Aras, 2010).

According to Kotabe et al, 2003 there are so many reasons that justify many organizations to outsource variety of jobs and services to third party providers, but most prominent advantage are often to reduce operational and recruitment costs, risk sharing, concentrating on core process rather than the supporting ones, save money and get better service.

Regardless of the fact that the main objectives of outsourcing of services is to benefit on cost saving, getting quality services on time but some of the service providers have failed to achieve this, and private and public institution remain on chaos and breaching some of the contract which has entered with service providers due to the agreed objectives are not met which bring disadvantages to the private and public institutions.

In this study the researcher will examine the effects of business process outsourcing on quality of services delivered in Mobile Phone Company.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The main objective of this study aimed at examining the business process outsourcing on quality of services delivered in a mobile phone company.

#### **1.3.2 Specific Research Objective**

- i. To determine the existing business process outsourcing practices at Vodacom Tanzania.
- ii. To determine the effect of BPO on service quality at Vodacom Tanzania.
- iii. To determine the effect of BPO on operational cost at Vodacom Tanzania.

### **1.4 Research Questions**

#### **1.4.1 General Research Question**

In this research the researcher will examine business process outsourcing on quality of services delivered at Vodacom Tanzania. In order to establish that the researcher will employ the following research questions as a fundamental guidance that will guide this research.

- i. What are the existing services outsourcing in Vodacom Tanzania?
- ii. What is the effect of BPO on service quality at Vodacom Tanzania?
- iii. What are the effects of BPO on operational cost at Vodacom Tanzania?

### **1.5 Significance of the Study**

This research can help mobile phone companies identify the various components of outsourcing that can bring many potential benefits, such as cost reduction, improved quality of services, flexibility, specialization, and access to innovation on the business of mobile industry. It is a fact that most companies are at under great pressure to take up outsourcing as a major competition. The mobile phone industry is one of the booming businesses in the world today. Therefore outsourcing could be the major solution to make organization concentrate on major strategic issues.

Moreover the research findings will enable the company to identify problems facing outsourcing and suggest useful guidelines for implementation of outsourcing procedures.

The findings through this study will serve as a guide for future reference for students doing the similar topic.

### **1.6 Scope of the Study**

Even though there are great numbers of organization experience Business Process Outsourcing but the study will focus mainly on Vodacom Tanzania. Also the study will focus on business process outsourcing services, to determine the effect of BPO on service delivering speed, to assess the impact of BPO on service quality, to determine the effect of BPO on operational cost.

### **1.7 Limitations of the Study**

In doing this research, the researcher is expected to face the following limitations:

Since the researcher is self-sponsored the study is expected to be constrained by inadequate financial resources. Some clients might openly demand some tips after the interview dipping further in the limited resources given.

### **1.8 Organization of the Study**

The study will be organized into five interrelated chapters. The chapter one covers the background and problem statement of the study. The main purpose of the research, objectives as well as significance of the study are found in chapter one. The review of related literature and theoretical framework are located in the next chapter (Chapter two). Chapter three contains a description of the research methodology and procedure while presentation, analysis and discussion of results will be covered in chapter four. The chapter five will cover summary of findings, conclusion and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This study examines the impact of Business Process Outsourcing on Quality of services delivered at Vodacom Tanzania Limited. This chapter presents a review of literature used in the study.

#### **2.1 Theoretical literature review**

##### **2.1.1 Definition of Terms**

###### **Outsourcing**

Outsourcing is a management strategy by which an organization delegates major, non-core functions to specialized and efficient services providers. (Corbett 1999).

###### **Business process outsourcing**

Business process outsourcing is a form of privatization in which an entity contracts with an external organization to provide a service (Sunder et al, 2004).

Business process outsourcing also referred to as contracting out, that refers to an institution's decision to contract with an external organization to provide a campus function or service.

###### **Outsourced Service provider**

This is the supplier of goods or services who may be an entity or independent service provider.

###### **Quality**

The term quality refers to totality or characteristics of goods and materials that satisfy the intended need at the lowest cost. It is fitness, merit and excellence (Doubler, 1996)

### **Service quality**

Service quality refers to the assessment of how satisfying a service is, according to the customer's expectations. Service quality is achieved by comparing the expected service to the service currently being offered (Doubler, 1996)

### **Operating cost**

Expenses associated with administering a business on a day to day basis. Operating costs include both fixed costs and variable costs. Fixed costs, such as overhead, remain the same regardless of the number of products produced; variable costs, such as materials, can vary according to how much product is produced.

### **2.1.2 Business Process Outsourcing**

Outsourcing is the process of contracting with the most suitable expert third party service provider. It is the operational transfer of one or more business processes from an origin institution to an external provider who then becomes accountable for the outcome of the agreed tasks (Cooke & Budhwar, 2009)

It is the strategy of managing the changes to new technologies through getting access to specialized skill, performance optimization efficient delivery and value for money.

Organizations contract with the other service provider to take responsibility for non-core activities for which the original institution remains accountable, this means that the responsibility for the service delivered continues to be in the institution of origin even though the contractor delivers the service on contract basis. Outsourcing is a management technique to assign non-core function to outside organization so that the organization can focus on their core business; it is a full delegation of the organization's non-care function to an external institution (Torrington et al. 2010).

Outsourcing can also be termed as the process of procuring services or products from an external service provider so as to reduce cost, replace in, house capabilities, increase performance, efficient, improve quality and delivery, to get specialized skill/expertise.

According to Greer et al (1999), the global imperative for outsourcing accelerates as firms evolve from sellers of products and services abroad to setting up operations in foreign countries and staffing those operations with host countries or third party nationals. Most corporations believe that in order to compete globally they have to look at efficiency and cost containment rather than relying strictly on revenue increases (Conner and Prahalad 1996). As companies seek to enhance their competitive positions in an increasingly global market place, they are discovering that they can cut costs and maintain quality by relying more on outside service providers for activities viewed as supplementary to their core businesses (Mullin, 1996; Grant, 1996).

Goldstein A. (1999) suggest that in order for an out – sourcing strategy to work effectively, the companies must proactively manage their outsourcing strategies by establishing top management commitment, global sourcing structures and processes and global sourcing business capabilities . In addition, they suggest that companies that have not raised their sourcing approach to global, strategic level may already be behind in terms of quality, cost, delivery, technology, performance and customer service.

### **2.1.3 Type of Business Process Outsourcing**

There are different types of outsourcing as categorized by different authors. According to Lyson and Farrington, (2006) categorized three types of outsourcing namely as:

- Body shop outsourcing is a situation where management uses outsourcing as a means of meeting short-term requirements such as a shortage of in-house skills to meet a temporary demand.
- Project management outsourcing, is employed for part of a particular project, such as developing a new IT project, training in new skills, management consultancy.
- Total outsourcing is where the outsourcing supplier is given full responsibility for a selected area, such as catering, security.

#### **2.1.4 What to Outsource**

The term outsourcing came into practice in 1970s and early 1980. Its advent led to many enterprises to review their core activities and concentrate on their core competences-what the organization believe that they do best. The activities most easily outsourced (British governments market testing program, 1993) are those that are: resource intensive (especially those with high labor or capital cost), relatively discrete or distinct, require special competence, subject to quick changing markets for which it is costly to recruit, train and retain staff and subject to rapidly changing technology requiring expensive investment.

The key issues in the sourcing decision are either in-sourcing or outsourcing (Malhorta Y, 1997). An organization's sourcing strategy needs to be consistent with competitive conditions and the development of competitive advantage (Quinn and Hilmer, 1994; Harrigan, 1986). This is because outsourcing decision can impact on flexibility, customer service and the core competencies of the organization (McIvor, 2000). Before deciding whether to outsource or not an organization should review their core activities and concentrate on those activities which they believe that they do best. According to Lyson and Farrington, (2006) demonstrate that, activities most easily outsourced are those that are: those that involve intensive resource especially those with high labor and capital costs, relative discrete, require specialist competences, characterized by fluctuating work patterns in loading and throughput, subject to quickly changing markets, for which is costly to recruit, train and retain staff and subject to rapidly changing technology, requiring expensive investment

#### **2.1.5 Outsourced services at Vodacom Tanzania**

Most of activities have been outsourced at Vodacom Tanzania. To mention some include; cleaning, catering, security, transport and customer care. The aim of outsourcing these services was to improve the quality of service delivered.

#### **2.1.6 What not to Source**

As it has been clearly stated in from the definition that outsourcing is the process of assigning non-core function to outside organization to allow the organization focus on

their core business, it is important to note that some activities cannot be outsourced due to their importance.

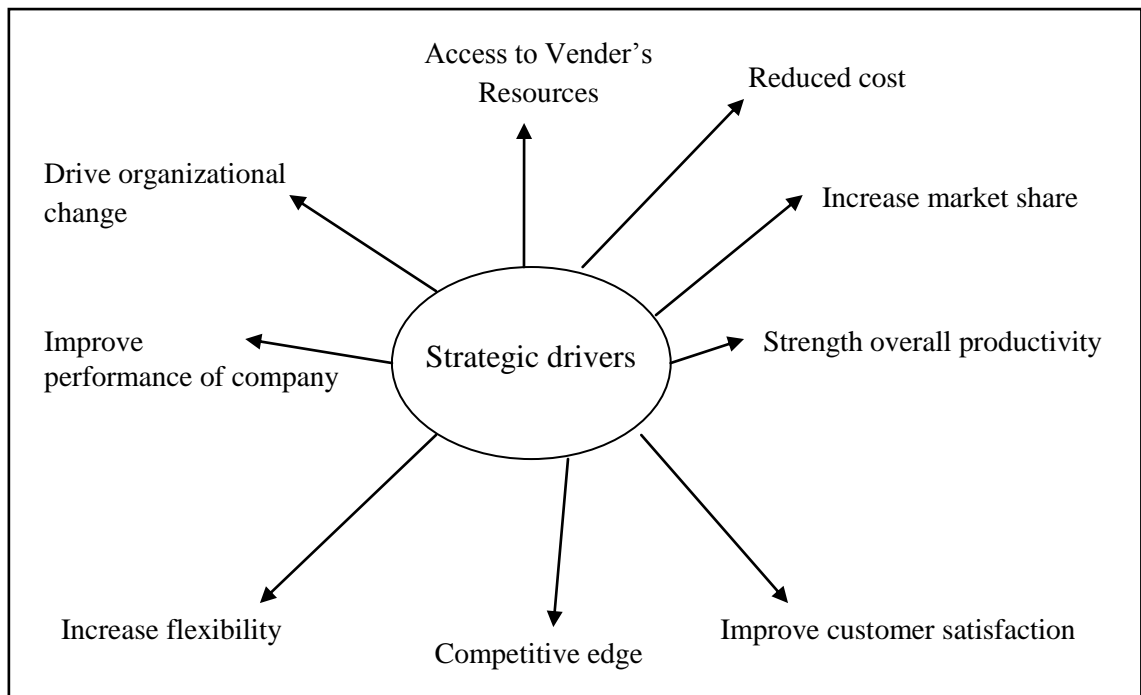
Russel et al,(1995) states that none of the following should be outsourced without careful considerations: management of strategy planning, management of finances, management of management of consultancy, control of supplies and quality and environmental management.

Supervision of the meeting of regulatory requirements such as product liability, misleading advertising, staff healthy and safety, public safety and security, product safety and service safety.

The main reasons for outsourcing is to enable the organization to focus on core competencies, improve quality, improve customer satisfaction, reduce/control cost, obtain specialty skill, obtain specialty tools/equipments, share risks with outside institution and obtain capital funds (Lysons and Farrington, 2010). Generally, outsourcing frees the organization to focus on adding value to the core function and letting private institution focus on other not necessary or not key operations. There are five main drivers (Lycity, 1995) for business outsourcing. These includes; quality, cost saving, core business (primary activities that enables the organization to generate revenue and concentrate on core functions) and cooperation between companies.

According to Altekhar (2006) the primary reason for outsourcing by enterprises is the cost factor that is significantly less than in sourcing what with the managing of the personnel, infrastructure and the technology.

**Figure 2.1: Reason for why Organizations Decide to Outsource**



*Source: Adopted from Alterkar, (2006)*

### **2.1.7 Benefit of Outsourcing**

The main benefit of outsourcing is to free management time to concentrate on core business operations; others are to gain access to the world class capabilities, improve organizational focus and make capital funds available. These benefits can be elaborated as follows: freeing management time, reduce staff cost, increase flexibility, reduction in staff management problem, improve consistence of services, reduced capital requirements and reduced risk (Lyson and Farrington, 2010).

### **2.1.8 Business Process Outsourcing and Service Quality**

Outsourcing is attractive to senior management because it improves some of the dimensions of service quality (Parasuraman et al, 1991). Effective outsourcing practices may lead to improved service quality thus satisfying customers and finally competitive advantage. Therefore, for a quality Business Process Outsourcing service, it is important to identify the quality criteria from the perspective of the customer so that effective services are provided to satisfy and surpass the customer's expectations.

As a special service provider, Business Process Outsourcing service quality is the degree and direction of variation between the service receiver's expectations and perceptions. As Kumar (2004) pointed out "Service excellence has become the basic instinct and real value differentiator that drives client satisfaction. Operational excellence, product/service leadership and highly effective client relationship management are keys to assuring superior service delivery. The service provider must have a clearly defined service vision in line with outsourcers' priorities and hones on creating measurable values". To understand thoroughly on the link between outsourcing and quality of service delivered let us examine in details the concepts of service quality and dimensions of service quality.

### **2.1.9 Service Quality**

Service quality is defined as the outcomes of the customer's overall evaluation of the differences between service expectations and the actual service performance. Therefore, service quality is conceptualized as a multidimensional construct consisting of five dimensions. The five dimensions of service quality include: (1) tangibility (appearance of physical components); (2) reliability (dependability of service provider and accuracy of performance); (3) responsiveness (promptness and helpfulness); (4) assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence); and (5) empathy (caring, individualized attention the firm gives its customers).

### **2.1.10 Dimension of service Quality**

In today's competitive environment, organizations must earn the customer's trust by consistently meeting or exceeding expectations. The disparity between expectation and perception is the major determining factor in a customer's assessment of quality of service. Service quality and customer service is very important. One of the most important customer service skills you can develop is the ability to understand and effectively respond to the customer's needs and concerns. For a long time, a sale has been perceived to be mostly about trying to convince the customer that he needs the product. Excellent customer service starts by first taking the time to get to know the

customer, their situation, vision, frustrations, and goals. Service quality is very important. Companies should use the strategy under promise and over deliver.

Because business services are intangible and non-standardized, buyers tend to have greater difficulty in evaluating services than in evaluating goods. Customers utilize a variety of pre-purchase information sources to reduce risk. There are five dimensions of service quality that customers use to evaluate service quality: Reliability, Responsiveness, Assurance, Empathy, and Tangibles (Parasuraman, 1991). The following are the explanations of the dimensions

### **Reliability**

Reliability is most important to customers. Reliability is performing promised service dependably and accurately. If you don't deliver on your promise you can lose customers and your credibility will be damaged. An example of reliability would be delivery time being met. In today's society nearly everyone depends upon the continued functioning of a wide array of complex machinery and equipment for their everyday health, safety, mobility and economic welfare. We expect our cars, computers, electrical appliances, lights, televisions, etc. to function whenever we need them, day after day, year after year (Parasuraman et al, 1991)

In this study reliability is how to manage the outsourcing relationship, assuring the successful service delivery after the deal is signed and the outsourced process activities are in operation. Grover et al. (1996) suggested that the success of outsourcing is heavily dependent on the reliability of the service a service provider provides.

In Human Capital Management, the finalized and easy-to-use results should be available. A full range of service begins with the job requisition through hiring the new employee, including: information collection, and applications management, candidate sourcing (internally and externally), recruitment agencies management, screening, interviewing and testing, reference checking, offer and contracts management, on-boarding and even any needed initial training.

Business process outsourcing must ensure services are provided on time, accessibility assures disaster recovery.

### **Responsiveness**

Responsiveness is based on the ability of the organisation to be responsive to customer needs, with an emphasis on a willingness to respond promptly. Keeping a customer waiting, especially when there is no clear, obvious reason, generates a negative perception. For example, if your customers go on banks and are asked to stay on queue when there is no teller at accounts desk, they may be inclined to walk out. However, if the customers at the queue notice the teller is not concerned with their problems they can react quickly to what seems to be a service failure, by explaining that they taking an important call, this can most likely fix the issue and create a positive perception.

With regard to this study responsiveness concerns the willingness or readiness of employees to provide service. Customer-facing staff can be brought up to speed with new offerings far more rapidly, and brand service values can be communicated to customer touch points more efficiently and consistently. Service providers cannot escape errors at any stage of Business Process Outsourcing service, so the ability to discover errors swiftly and track down their causes are important. This will result in the quick operation restoration, and thereby increase client satisfaction due to minimum interruption and early discovery of problems. This is aligned with Tax and Gree C.R, (1999) arguments regarding how effective service recovery from failure is one of the major demands that customers expect.

### **Assurance**

Assurance defines the employees of the company, that they are skilled workers which can gain the trust and confidence of the customers.

The employees must be able to give the customers assurance in the products they are trying to sell. If the coming or current clients of the company are not comfortable or feel safe dealing with the employees they are likely not to continue doing business with

your company. Assurance is a lot about keeping and maintaining business relations. Assurance is characterized by four components namely; 1) competence, 2) respect for the customer, 3) effective communication and 4) basic attitudes conveyed to customers. Assurance is reflected by the knowledge and courtesy of employees and their ability to instill trust and confidence. Assurance is the degree of individualized attention the service provider gives its customers. As the quality advantages of Business Process Outsourcing service, assurance and empathy are the critical view organizations gain when they outsource their processes to the provider. In other words, assurance helps improve the perceived service quality, customer value and customer satisfaction.

### **Empathy**

Empathy defines a company who cares and gives individualized attention to its customers so they feel special and valued as a customer.

The dimension of empathy combines the second, third and fourth dimension to a higher level, without they yet still can be compared, as they are all individual dimensions of the service quality mix. It is very important to give the customers individualized and quality attention, the more special and valued they feel the higher the chances are for them to return to your company and continue doing business. There are three main components that a customer evaluates, even unconsciously, when gauging the level of empathy; 1) customer service representative approachable, 2) does s/he seem sensitive, 3) is the representative trying to understand my needs.

### **Tangibles**

Tangible defines the appearance of the physical facilities and surroundings, the equipment, personnel and of course the way of communication. The tangible dimension create the first hand impression which the customers get and may in the future relate your company with. You want the first hand impression that your customers get to be a great picture they combine with something positive like quality for money spent. Don't expect to give a good first hand impression if you are having a software company developing their products on old computers with old versions of software. Simply

because the software business goes so fast you must follow the development of technology. They will also remember how they were greeted when they arrived for the first meeting and they will certainly also remember the surroundings, like fresh air in light rooms rather than heavy air in darker rooms. In business process outsourcing tangibility includes the physical evidence of service.

Companies engage in business process outsourcing (BPO) for three key reasons: to lower process cost, reduce risk, and increase process quality and flexibility. According to a survey conducted by outsourcing advisors EquaTerra, 87% of BPO customers state “process improvement” to be a core goal of their BPO undertaking.

To improve the quality of their customers processes, outsourcing providers need to leverage various measures, including proven process change methodologies, people skills, and technology. While the impact of process optimization and people skills on quality is generally clear to both Business Process Outsourcing customers and providers, the impact of technology is often not fully understood and thus tends to be underutilized. Notwithstanding this, the best Business Process Outsourcing providers do harness technology as a key enabler of superior process and service quality Business Process Outsourcing as a Quality enabler much focus has traditionally been put on the cost-savings aspect of Business Process Outsourcing.

However, in today’s severely competitive market environment with constantly changing requirements, other key competitive requirements are operational excellence and flexibility, which require high-quality processes. Also, outsourcing a process for pure cost reasons will not in the long run produce the desired result if the process delivery lacks in quality. The move toward a new generation of BPO contracts is proof of this development: BPO customers, providers, and industry observers have started shifting their focus toward achieving better, more sustainable delivery models.

To understand how Business Process Outsourcing can contribute to improving process quality, one first needs to define what quality is, specifically in a service environment.

Unfortunately, due to the very nature of services, “quality” is harder to define and measure than the quality of physical products.

Service quality in BPO needs to ensure that two separate constituencies within the BPO customer are satisfied: the “service provider” and the “service recipient.” For example, HR professionals (the “service providers,” from the internal customer’s perspective) might judge the quality of an outsourced payroll process by accuracy and timeliness. Employees receiving a payroll slip (the “service recipients”), on the other hand, will consider timeliness and accuracy to be a given. They may instead define quality as having personal access to competent and flexible payroll staff in case of questions or errors (Doubler, 1996).

## **2.2 Empirical Review**

This section intends to explain other researcher’s findings in relation to the problems. Many researchers have been carried out concerning the study, identifying or trying to explain on Business process outsourcing and organizational performance. The following is the brief review of their studies and their findings;

Gilley et al have analyzed relationships between HR outsourcing and organizational performance in manufacturing companies. They conclude that outsourcing of certain HR activities has appositive impact on overall innovation within the company.

Klaass et al (2001) investigated the relationship between some organizational characteristics and the decision to outsource HR. The relationship between the degree of outsourcing and the perceived benefits generated was moderated by reliance on idiosyncratic HR practice, uncertainty firm size and cost pressures. The impact of organizational characteristics varied among the different types of HR activities outsourced.

In making outsourcing decision, organization needs to consider the likely impact of outsourcing these activities on the organization’s performance. To do so, they may need to distinguish between “core” and “non core” activities Greer et al, (1999) suggests that a basic distinction can be made between HR “core” and “non core”

activities. The former include top – level strategy, HR policies and line management responsibilities (eg payroll and pension) and professional HR advice (eg legal advice related to employment regulations).

Gilley, Greer and Rasheed (2004) analyzed the relationship between outsourcing of human resource activities namely training and payroll, and firm performance. Researchers hypothesized that the outsourcing-performance relationship is not the same for all firms. Results indicated that training and payroll outsourcing have implications for firm performance. Sing J.V, (2005) articulates the case against HRO making four points. First outsourcing does not provide an organization with a competitive advantage, secondly, HRO limits the growth, the image and the capabilities of the HR function and stunts the development of HR professional, thirdly, in most cases no “actual” cost – savings are realized. Vendors are providing value by listing customers Sing J.V, (2005) suggest that HRO vendors offer reductions in cost or penalties, if they don't meet quality time and cost promises. Also it deals with the problem of maintaining company secrets and data security. Another concern is that in spite of the transfer of the work, outsourcing does not shift all legal liability to the vendor (Norman, 2009). Among the bigger spenders in public sector outsourcing are the US,UK, Canada ,India, Hong Kong, Japan and Singapore who have been reported as the most experienced Governments in outsourcing public sector process.

Msangi,(2007) found the most factors which can influence an organization to decide outsourcing in Tanzania are to improve the quality of service delivered to the customers having more resources which the organization to utilize them for core activities and cutting down the operation costs.

Kelly V.D, (2008) outlined the problem relating to outsourcing as lack of cooperation between council staff and agent in revenue collection and failure of agent to comply with the agreed contract.

In the study conducted by Power C.V,(2006). Found that most of cooperative organization under took outsourced activities in order to reduce cost improve delivery

and reliability of services as well as to make use of resources not available in the organization. In addition, cooperative outsourced services in order to reduce manpower need in the organization focus on core organizational competencies as well as making organizational financial resources for profitable organizations.

On the other hand the economic reasoning behind outsourcing is that , it encourages economic development because private sector is given more business i.e. public funds are spend to pay the contracted private sector firms ,which encourages the growth of economy.

### **2.3 Synthesis**

Despite much effort that have been done by researchers like on the relationship between Business Process Outsourcing and service quality dimensions nothing has been said in Tanzania on the relationship of the two variables especially in the mobile phone industry. Customers have been complaining of poor quality of services being offered by mobile phone industries. Most of the activities at Vodacom Tanzania are being performed by third part operators thus creating doubt to researcher on whether the outsourcing is being carried out as per literature recommendations. It is from this line of thinking that the researcher is taking her initiatives to explore the effect of Business Process Outsourcing on service quality.

### **2.4 Conceptual Framework**

Conceptualization is the act of creating or formulating something by thinking up a particular ideas or actions intended to deal with a problem or situation. It is an abstract, simplified view of the world that we wish to represent for some purpose ( Shi Y, 1995)

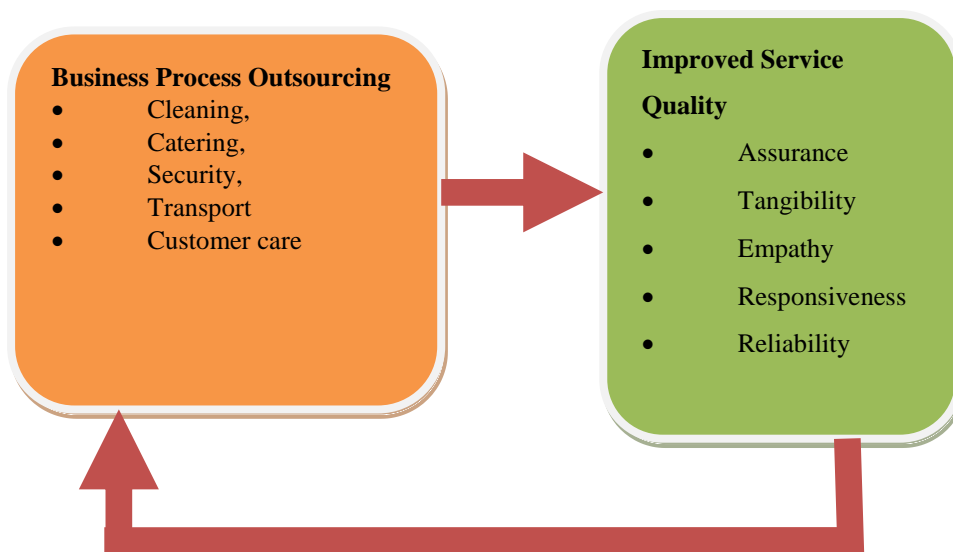
Conceptual frameworks can act like maps that give coherence to empirical inquiry. Because conceptual frameworks are potentially so close to empirical inquiry, they take different forms depending upon the research question or problem.

In this study the conceptual framework highlights the relationship between Business Process Outsourcing and service quality at Vodacom Tanzania. It is expected that if

Vodacom Tanzania will follow the best procedures in outsourcing will result into improved quality of services delivered hence customer satisfaction.

In case BPO initiatives do not result into improved quality of service Vodacom Tanzania shall revise their initiatives to detect what went wrong in the whole process. The conceptual framework has been clearly indicated using the figure below.

**Figure 2.2: Conceptual Framework**



Source: Developed by the Researcher, 2014

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This section describes how the research methods were employed. The chapter provides explanations on the following areas: Area where the study was conducted, research design and research approaches to be employed during the study, population, sample and sampling procedures, data collection methods and how data collected were analyzed.

#### **3.1 Research Design**

A research design is a plan of action for collecting data, organizing and analyzing it with the objective of combining the relevance of the research with the economy in procedure (Kothari, 2004 and Bailey, 1994). There are various categories of research designs. These include case study design, survey design and experimental design. This study employed a case study design. The choice of this design is that a case study is characterized by a thorough study of a unit over a range of variables but always maintaining the unitary nature of the unit of inquiry. Moreover, a case study design is flexible in terms of data collection and analysis. Finally, a case study design is characterized by a depth and a breadth study of the units of inquiry.

#### **3.2 Area of study**

The research was conducted at Vodacom Tanzania, Dar es Salaam. The choice of the area is influenced by availability of data and shortage of financial resources.

#### **3.3 Study Population**

The sum total of the units of analysis is called the population or universe (Bailey, 1987:81). A large population cannot be studied in its entirety for reasons of size, time, cost or inaccessibility (Dawson, 2002). In the same way, the researcher used the sample for this research due to the constraints of time and other resources. The population study for this study is Head of departments, Employees in working

organization, service providers, as well as customers using Vodacom services. The selection of these people is based on the fact that both have got some experience and practice in one way or another in BPO.

### 3.4 Sample size and Sampling Procedure

Sample size depends largely on the degree to which the sample approximates the qualities and characteristics of the overall population. Leedy (1980) suggests three factors to consider when deciding on a sample size. The factors are the degree of precision required, the variability of population and method of sampling to be used.

#### 3.4.1 Sample size

To obtain a sample size the researcher used Nassiuma's (2000) principle where he states that when the population is less than 1000 thirty percent (30%) of the population should be taken as a sample of the study, but where the population is above 1000 the following formula should be used to determine a sample.

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where N= population of employees

C =coefficient of variation (assumed 10%-20%)

e = sample error (assumed 1% & 5%)

Since the population of the study (users, service providers and Vodacom Tanzania seemed to be infinite the researcher used convenient sampling thus setting a sample of 40 respondents.

**Table 3.1. Distribution of sample**

S/N	DEPARTMENTS/SECTIONS	Sample size	Response rate
1	Users	20	6
	Vodacom Tanzania	10	10
	Service Providers	10	7
	<b>Total</b>	<b>40</b>	<b>23</b>

*Source: Developed by the Researcher, 2014*

### **3.4.2 Sampling Techniques**

A simple random sampling, stratified sampling, convenient and purposive sampling techniques were used to select the sample size among the respondents and stakeholders.

### **3.4.3 Simple random sampling**

Simple random sampling is a probability whereby all members in the population have equal chance of being selected to form a sample. In this case probability selection of the study was made where by each staff from Vodacom and Service Provider had an equal chance of being selected to form a sample. Using simple random sampling involved the researcher to select the sample at random from the sampling frame without replacement (Krishimaswami, 2002:148-152). Employees and other stakeholder in the study were selected using simple random sampling technique because was less representative of heterogeneous population. Simple random sampling was used to obtain a sample of employees from non-managerial cadre.

### **3.4.4 Purposive Sampling**

This is where the researcher targets a group of people believed to be typical or average or a group of people specially picked for some unique purpose. The researcher never knows if the sample is representative of the population, and this method is largely limited to exploratory research. (Babbie, 1992).

Kothari (2004) argue that purposive sampling is considered as representatives of the population for the case study research. Thus the study purposely selected Heads of Departments who are directly involved in BPO at Vodacom Tanzania and from service providers. In this study some respondents were selected purposively by virtue of their positions in their respective organizations/institutions, to have right information being sought about BPO initiatives.

### **3.4.5 Convenient Sampling**

Convenience sampling is the type of sampling techniques whereby a sample is taken basing on its availability (Kothari 2004). In this study convenience sampling were

administered to stakeholders of Vodacom Tanzania who were aware of BPO initiatives. Since it is very difficult to know how many people have benefited by BPO initiatives convenience sampling is the reliable method to get data. The researcher was free to choose whomever he met.

#### **3.4.6 Stratified Sampling Technique**

Stratified sampling is the process of getting sample by dividing the population into a series of relevant strata means that the sample is likely to be representative as the researcher can ensure that each of the strata is represented proportionally within the sample (Saunders et.al 2012). The strata that were included in this sample are; Procurement, Stores, Distribution, Accounts and Finance Department, Administration, Human Resource, Marketing and engineering.

### **3.5 Research Instruments**

In collecting relevant data the researcher used relevant instruments and methods for data collection such as:-

#### **3.5.1 Self- administered Questionnaire**

Questionnaire is the systematic design questions for the purpose of collecting data from a respondent. Is a set of questions that are usually sent to the respondents to answer at their own convenient time and returned back the field questionnaire to the researcher (Mason J, 2002). Randomly sampling was applied to obtain the information from respondents. A structured questionnaire (Appendix 1) was used to collect data relevant to the study. To ensure reliability and validity of data the questionnaire had to be pretested before the actual study took place. Kidder (1981) argues that the use of questionnaires is of advantage because of economy, limiting interviewer's bias and the possibility of anonymity. The respondents of questionnaire were selected randomly from the population of employees and respondents who were obtained through convenient sampling. Every member of the sample was given a questionnaire to be filled with exception of Managerial cadre.

### **3.5.2 Interview Guide**

An interview is a scheduled set of questions administered through oral or verbal communication in face to face relationship between the interviewer and interviewee (Jamal A,2008). For the purpose of collecting well-detailed information unstructured interview schedule was used. This is because an interview is essential for understanding data obtained through quantitative methods (Kothari,2002) also Leedy (1994:196) argues that face to face interviews have the advantage of enabling the researcher to establish rapport with the participants and gain their cooperation. The research technique involved verbal questioning in collecting data and was administered through person to person contact. By the use of the said instrument of data collection, information from key informants (such as the officials from the company) was sought. In order to avoid some inconveniences the researcher made sure that appointment was made to each client in advance. The respondents of interview were selected purposive for Head of departments, because they are the key players in BPO.

### **3.6.3 Documentary Review**

In this study documentary analysis was chosen as another major source of data collection. The usefulness of documents based on their stability in that they were review repeatedly to validate information obtained from other sources. In this study, key documents related business process outsourcing was generally reviewed.

### **3.5 Reliability and Validity of Data**

The **reliability** of measuring instrument is argued as the ability of the instrument to measure what is supposed to be measured. According to Kothari (2002) a measuring instrument is reliable if it provides consistent results. The information were collected from different sources guided the researcher as evidence when drawing the conclusion of the problem.

Therefore this study is valid and reliable as valid methodology employed as well as the data & information were collected from reliable sources.

**Validity** refers to the quality that a procedure or an instrument used in the research is accurate, true, meaningful and right (Terra E,2005). A measurement is valid when it measures what is supposed to measure; so if whatever we use in the study enables to get what we want to get, there is validity. A researcher was sure that the method of data collection; sampling and methodology of the study will be proper and related to the study.

#### **3.6.4 Data Presentation**

All data collected were organized and checked before they were presented and analyzed to ensure completeness, accuracy, and validity. By completeness, it means all questionnaires were checked to see whether all questions have been answered and handed-over. Either, questions were checked if they are complete and the meaning corresponds to the data needed. By clarity, it means data were checked if they were correct and corresponded to the question's requirements. By validity, data were checked in terms of time reported and if they conform to the objectives of the study. This facilitated proper presentation in terms of tabulation, charts and graphs generation and computation of percentage and frequencies through Microsoft Excel.

#### **3.6.5 Data process and analysis**

Data analysis is an important step towards finding solution of a problem under study. Guba (1994) describes data analysis as being a systematic process involving working with data, organizing them and dividing them into small manageable parts. Continue to explain that data are further synthesized in order to discover what is important and what has been learned so as to decide what to tell others.

Data analysis is the assessment of what has been gathered in survey and making deductions and inferences. Since data were obtained from different methods, data have been analyzed depending on data collection method.

#### ***Content Analysis***

Data gathered from interviews, documentary review and open ended questions were analyzed using content Analysis. Content analysis measures the systematic content or

what aspects of the message. Through this method the researcher recorded the frequency of responses on specific items that were specified earlier for the sake of drawing some conclusions. A table was made to count how frequently items appeared in order to make the researcher draw some conclusions from the frequency of their appearance. The data that were analyzed included management responses on outsourced services, and reports obtained related to the study. The interview aimed at soliciting information related to identification of outsourced services at Vodacom Tanzania.

### **Statistical Package for Social Sciences (SPSS)**

This study combined two methods qualitative and quantitative where some descriptive statistical methods were employed at analysis stage whereby frequencies and percentage of responses were obtained. The results of this analysis were presented in tabular form and charts for easy and concise discussion and support on a logical basis. The computer software program Statistical Package for Social Science Research (SPSS) and Microsoft office excel 2007 were used in processing the data and writing the final dissertation. Data were then analyzed in tables and frequencies. As discussed that data appeared in two forms, qualitative (Open ended questions) were analyzed using content analysis and quantitative (closed ended questions) data were analyzed using SPSS, hence making it more readable and easily interpretable statistically. Quantitative data were characterized by value free, hard, objective, and abstract.

## CHAPTER FOUR

### RESULTS PRESENTATION AND DISCUSSION OF THE FINDINGS

#### 4.0 Introduction

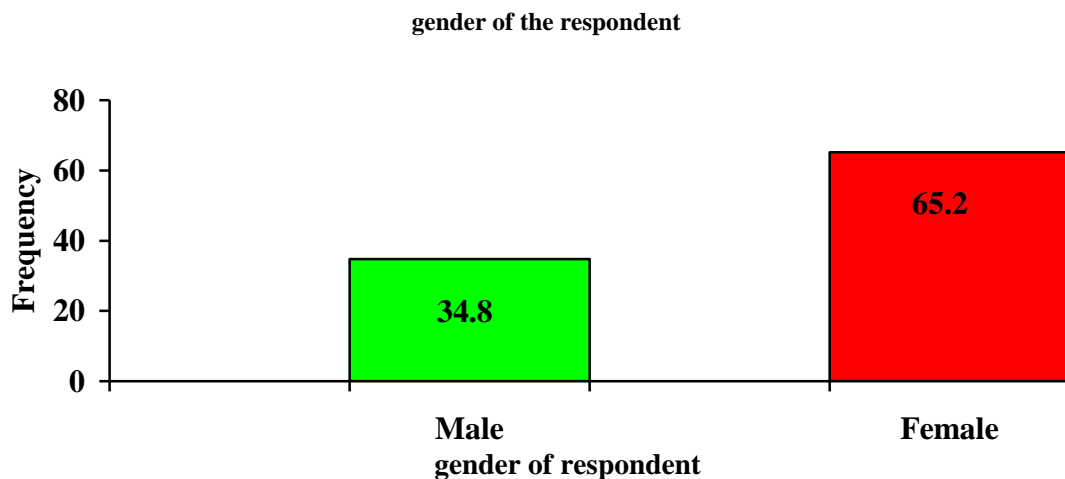
This chapter gives the results of the study. The study was conducted at the Vodacom Tanzania Office, where a sample of 23 respondents was used. Analysis of results has been given to show the percentages for the various variables in relation to the ranking obtained through filling of questionnaire. This indicated the way the distribution of responses appeared. Specifically frequency distribution and statistical mean were used to deal with research questions. The research questions were developed from the specific objectives of the study. The research objectives were; determining the existing business process outsourcing practices at Vodacom Tanzania, assessing the impact of BPO on service quality at Vodacom Tanzania and determining the effect of BPO on operational cost at Vodacom Tanzania.

#### 4.1 Characteristics of Respondents

##### *Gender*

Gender sensitive is a global issue under discussion in every working environment today. From the questionnaire distributed to employees it has been observed that 65.2% of employees were male and 34.8% were female.

**Figure 4.1: Gender of Respondents**



*Source: Research findings, 2014*

The researcher was interested in knowing if there are any significant differences in perception between male respondents and female respondents.

#### **4.2. Business Process Outsourcing at Vodacom Tanzania**

The Managing Director of Vodacom Tanzania has been quoted urging that Vodacom has transformed its network operations to improve performance and service quality for its over nine million subscribers. Under a five-year managed services contract, Nokia Siemens Networks will use its strong presence in eastern Africa to manage, operate and maintain Vodacom's network to reduce operating costs. In addition, the vendor will provide its energy solutions enriched with Managed Energy Services to reduce Vodacom's energy consumption, improving efficiency.

He further insisted that "We are committed to providing a world-class customer experience, We trust Nokia Siemens Networks with one of our most vital assets, our network, to help us realize greater network and operational efficiency. The deal will help us consolidate our strong position in a highly competitive market."

On the other hand the Head of Global Services, Nokia Siemens Networks was quoted saying "This agreement is a key milestone in our engagement with Vodacom and shows our strong commitment to operators in Africa, "We will apply the experience we've gained in other emerging markets with our global best practice in network operations to help Vodacom achieve world-class network quality and operational efficiency. Our aim is to allow Vodacom to focus on its core business and deliver greater value to its shareholders."

The Head of Global Services, Nokia Siemens Networks also added that "We look forward to integrating Vodacom Tanzania operations team into our global services team. We are excited about the synergies and opportunities that will be created as we begin to work together".

It was the expectations of both parties that under the managed services contract, Nokia Siemens Networks will provide full network operations for Vodacom Tanzania. The vendor will take over complete responsibility for the existing Network Management

Center and operations across the radio, transmission and core networks, as well as network planning and optimization. As part of the agreement, 124 Vodacom Tanzania employees will transfer to Nokia Siemens Networks.

As part of the contract, Nokia Siemens Networks will deploy 338 hybrid energy solution sites to help Vodacom Tanzania enhance energy efficiency and reduce energy cost. The operator will also benefit from increased savings in operating costs by applying Nokia Siemens Network's architecture design skills, and its proven managed service capabilities, such as first line maintenance and remote service delivery for site energy management. As part of the deal, Nokia Siemens Networks will also implement remote management of energy with its green energy control service designed to ensure optimal use of field resources. It includes monitoring of all energy sources as well as corrective and preventive site maintenance.

Nokia Siemens Networks is a leading managed services provider with 300 managed services contracts globally, supporting 490 million subscribers. Apart from what the Managing Director of Vodacom says on Business outsourcing processes, there are other services that have been outsourced. This report identifies the services that have been outsourced, the impact of business process outsourcing on service quality and the impact of Business process outsourcing on operating cost.

#### **4.2.1 Business Process Outsourcing Practices at Vodacom Tanzania**

In order to know BPO practices at Vodacom Tanzania, the researcher created open ended questions to be administered by employees and interviews were administered to managers/heads of departments. The practices/outsourced activities have been presented according to the score it received from respondents. The results in Table 4.1 show how respondents identified the outsourced activities at Vodacom Tanzania. The frequencies and percentages for each outsourced service identified are given. These have been multiple response questions hence each item is scored independently at 100%.

**Table 4.1: Responses on BPO practices at Vodacom Tanzania**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage</b> %
Marketing services	23	100
Security Services	22	96
Cleaning cost	23	100
Engineering Cost	20	87

Source: Research Findings, 2014.

From the research findings it is evident that all respondents are aware that marketing services are being done by the third part service provider. However, there are some authors including Kottler (2003), who argue that marketing department is the face of the organization thus it should not be under estimated. According to Vodacom Tanzania Marketing activities are considered as non-core activities. The researcher thinks that outsourcing of marketing department should be re-examined since is the one that tells what customers need, how much are they willing to pay and how to segment services.

Moreover it was revealed through research findings that Vodacom Tanzania has outsourced engineering department to Nokia Siemens Networks. According to researcher's understanding, engineering department is the engine of Vodacom Tanzania. Outsourcing engineering department is creating potential competitors in the near future. The researcher is thinking that Vodacom Tanzania should not outsource engineering department for security purposes.

#### 4.2.2 The effect of BPO on service quality at Vodacom Tanzania

To determine the impact of BPO on service Quality the researcher used the service quality dimensions of reliability, tangibility, responsiveness, assurance and empathy.

##### Reliability

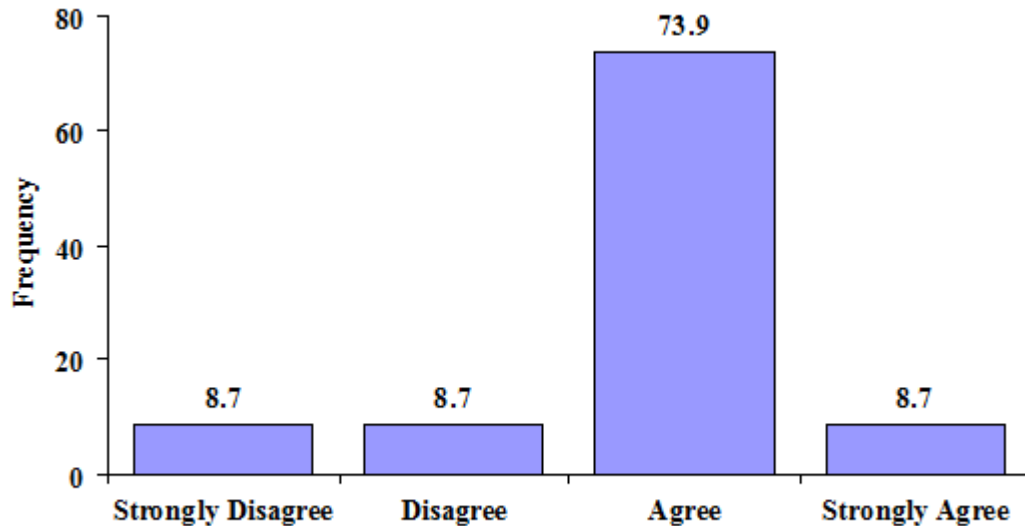
Reliability is the probability that a component part, equipment, or system will satisfactorily perform its intended function under given circumstances, such as environmental conditions, limitations as to operating time, and frequency and thoroughness of maintenance for a specified period of time. To test whether BPO has improved reliability the researcher circulated a questionnaire that covered the following aspects; materials related with service delivery, are sincerity of staff in answering inquires and problems of customers, timely delivery of services and proper communication of services with customers.

From the research findings it was evident that 82.6% of respondents agreed that BPO made the company to have materials and equipment that are appealing to customers while only 17.4% disagreed. This entails that the contracted service providers are keen enough to make sure they remain competitive in the business that the contract remains with them.

**Table 4.1: Employees response on materials used**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly disagree	2	8.7
Disagree	2	8.7
Agree	17	73.9
Strongly agree	2	8.7
<b>Total</b>	<b>23</b>	<b>100.0</b>

**Figure 4.2: Employees Respondents on materials used**



Source: Research findings, 2014

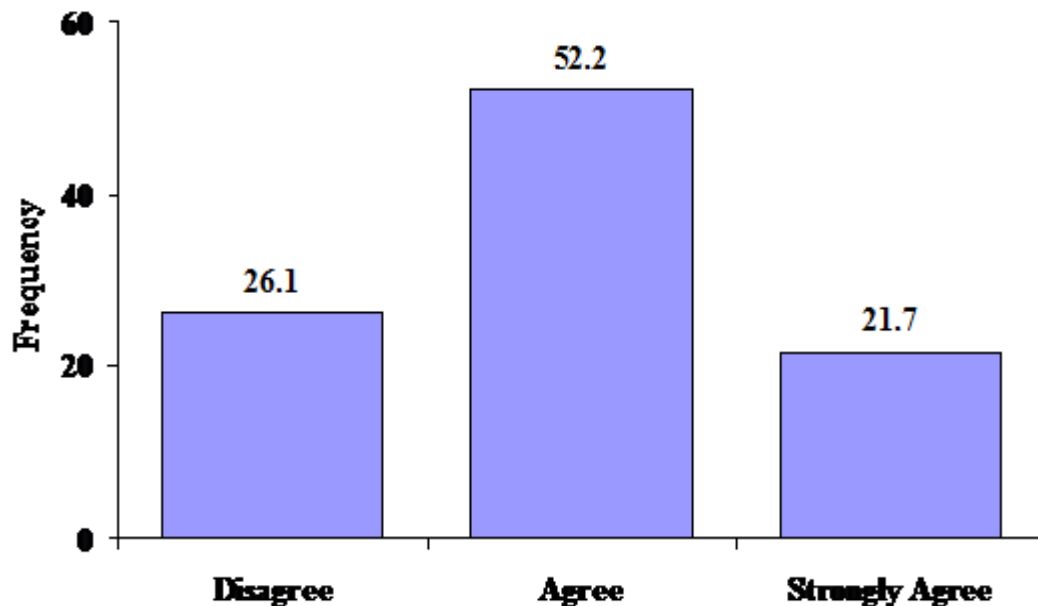
***Sincerity of staff in answering inquires and problems of customers***

Sincerity is the virtue of one who speaks and acts truly about his or her own feelings, thoughts, and desires. In this aspect the researcher was interested in knowing whether the service providers contracted are sincere in answering customers inquires and problems. From the research findings it was revealed that 73.9% of respondents agreed that service providers are sincere in answering inquiries and problems of customers and only 26.1% disagreed that service providers are not sincere in answering customers' inquiries and problems.

**Table 4.2: Sincerity of staff in responding to customers problems**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Disagree	6	26.1
Agree	12	52.2
Strongly agree	5	21.7
<b>Total</b>	<b>23</b>	<b>100.0</b>

**Figure 4.1: Sincerity of staff in responding to customers problems**



*Source: Research findings, 2014*

***Information to Employees on products available***

For customers to buy products/services from the company, they first need to know the company exists and what it is selling. Advertising and promotion strategies are formulated to reach as many potential customers as possible and tell them what the company has to offer. To be successful, the company must have a good understanding of what demographic groups are most likely to become customers, and apply marketing expenditures to the media that serve these groups. Repetition is part of creating brand awareness. If the customer sees the communication from the company a number of times, there is a higher chance of making the sale. With this regard the researcher was interested in knowing whether the contracted service providers are

willing to give information to customers on available products from time to time. The following were the results; 86.9% of respondents agreed that the contracted service providers are communicating properly to customers on services available while only 13.1% of respondents did not agree (see table 4).

**Table 4.3: Employees Responses on communicating products available**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Disagree	3	13.0
Agree	13	56.5
strongly agree	7	30.4
<b>Total</b>	<b>23</b>	<b>100.0</b>

*Source: Research Findings, 2014*

Based on research findings it is found that Business Outsourcing Process makes Vodacom to be reliable in its service delivery. The following variables were used to describe the reliability of services; sincerity of staff in answering inquires and problems of customers (82.6%), timely delivery of services (73.9%), proper communication of services with customers (86.9%) and getting things done right the first time (65.2%).

### **Tangibility**

Tangible service means, the service that can be seen and taken or measured. Since most of the products offered by Vodacom Tanzania are intangible aspects of the researcher used neatness of staff, timely delivery of services and communication skills and employees knowledge of services offered.

### ***Getting things done right the first time***

The importance of doing right the first time arises from the fact that a service design is heavily reliant on the movement of parts and information along the delivery process. Subsequently, if there is the slightest error at one of the stages of service delivery the whole process will be affected. By "doing it right the first time" a company is able to run a smooth service delivery process without needing to carry excessive unnecessary

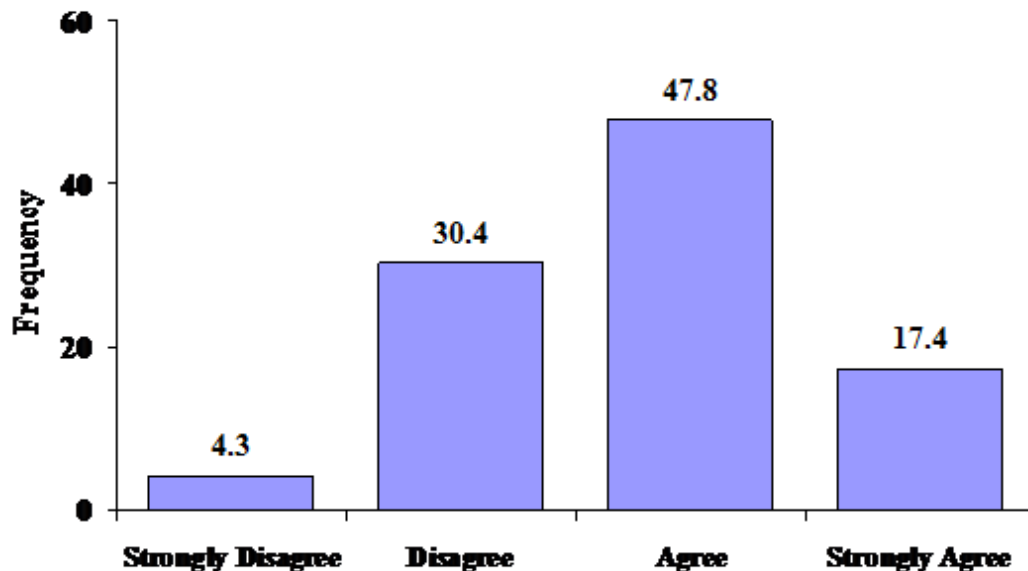
activities and greatly diminish the operation costs. Getting things done right the first time was thought to be important aspect in determining the quality of service. Research findings indicate that 65.2% of respondents agreed 34.8% of respondents disagreed to the fact. The findings have further been clarified using table 3 and figure 4.

**Table 4.4: Employees Responses on personnel getting things done the first time**

Responses	Frequency	Percent
Strongly disagree	1	4.3
Disagree	7	30.4
Agree	11	47.8
Strongly agree	4	17.4
<b>Total</b>	<b>23</b>	<b>100.0</b>

*Source: Research Findings, 2014*

**Figure 2.4: Employees response on personnel getting things done right the first time**



*Source: Research findings, 2014*

### *Neatness of Service Providers*

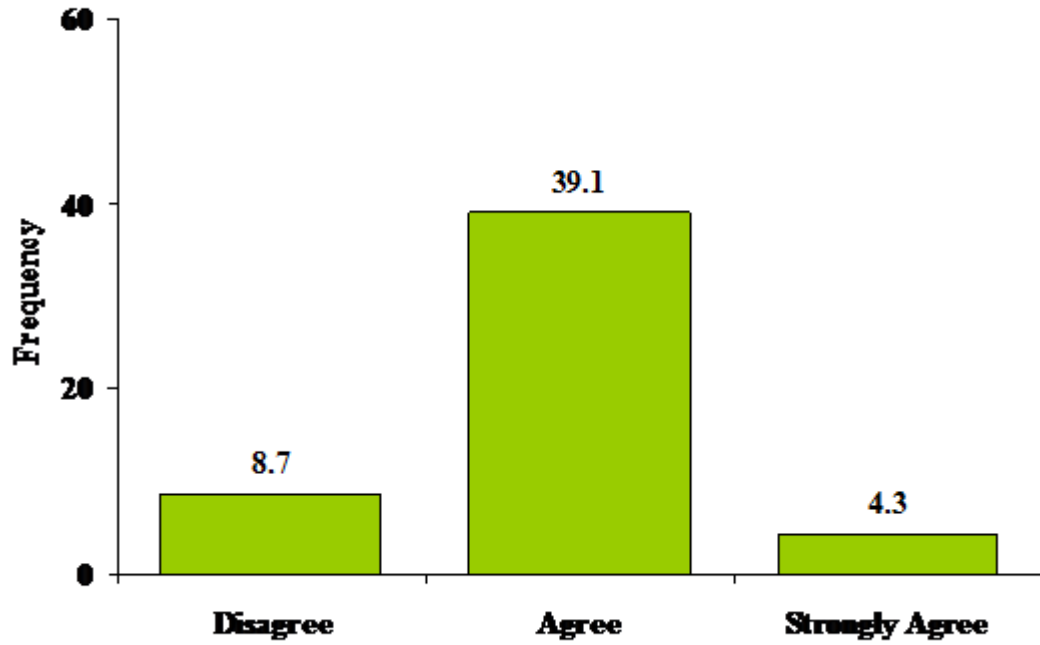
The researcher was aware that customers cannot see, touch, smell most of services offered by Vodacom Tanzania but they can just be felt. In this case customers will measure the quality of service through staff appearance. The more the staff looks neat the more the customer trusts the customer hence the service itself. Therefore the quality of service is in the appearance of a service provider. The research findings revealed that of 12 respondents who gave response to this question, 83.3% agreed that staff looked neat while 16.7% did not agree. It was further observed that 11 respondents making 47.8% did not respond to the question (see table 4 and figure 4).

**Table 4.5: Neatness of Service Providers**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>
Disagree	2	8.7	16.7
Agree	9	39.1	75.0
Strongly agree	1	4.3	8.3
Total	12	52.2	100.0
Missing System	11	47.8	
<b>Total</b>	<b>23</b>	<b>100.0</b>	

*Source: Research Findings, 2014*

**Figure 4.3: Neatness of service providers**



*Source: Research findings, 2014*

#### ***Timely Delivery***

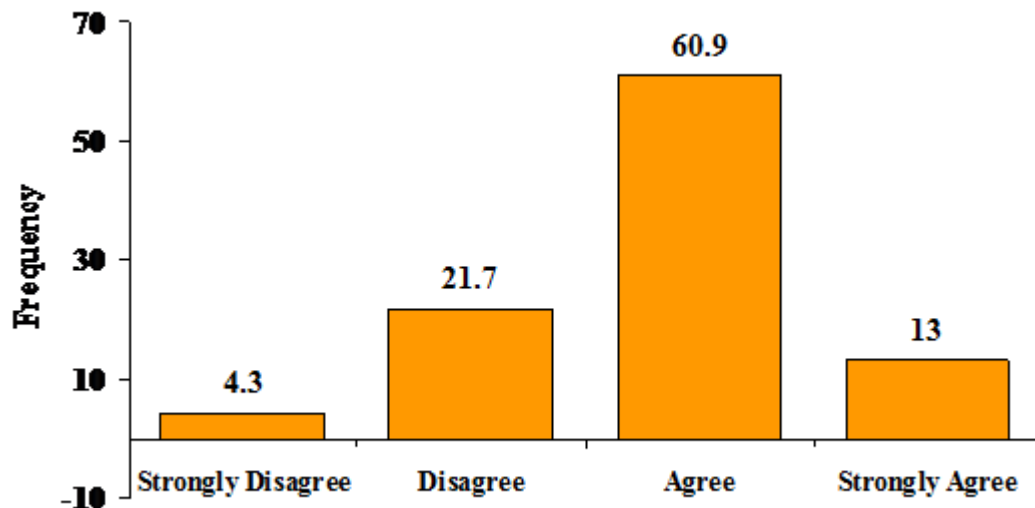
One of the aims of Business Process Outsourcing at Vodacom Tanzania was to allow the company concentrate on core business while leaving non-core activities to be performed by the third part contractor. The aim was to improve service delivery that is to say serving customers when they need service. Customers will touch and feel the service as of good if it is delivered timely. When the researcher asked respondents to know whether services are derived on time the results were as follows; 73.9% of respondents agreed that services are offered on time and 26% did not agree to the fact (see table 5 and figure 6).

**Table 4.6: Timely Delivery of Service**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Strongly disagree	1	4.3
Disagree	5	21.7
Agree	14	60.9
Strongly agree	3	13.0
<b>Total</b>	<b>23</b>	<b>100.0</b>

*Source: Research Findings, 2014*

**Figure 4.4: Timely Delivery of Service**



*Source: Research findings, 2014*

### **Responsiveness**

Responsiveness is the quality of being responsive; reacting quickly; as a quality of people, it involves responding with emotion to people and events. Keeping a customer waiting, especially when there is no clear, obvious reason, generates a negative perception to customers. Customers expect service providers to correct problems with immediate effect when arise. The researcher tested the aspect of responsiveness using the following aspects; willingness of service providers to help customers, courteousness of service providers and convenience of working hours.

***Willingness of service providers to help customers***

The research findings indicate that 87% of respondents either strongly agreed or agreed that service providers were willing to help customers while 13% did not agree (see table 6 and figure 7).

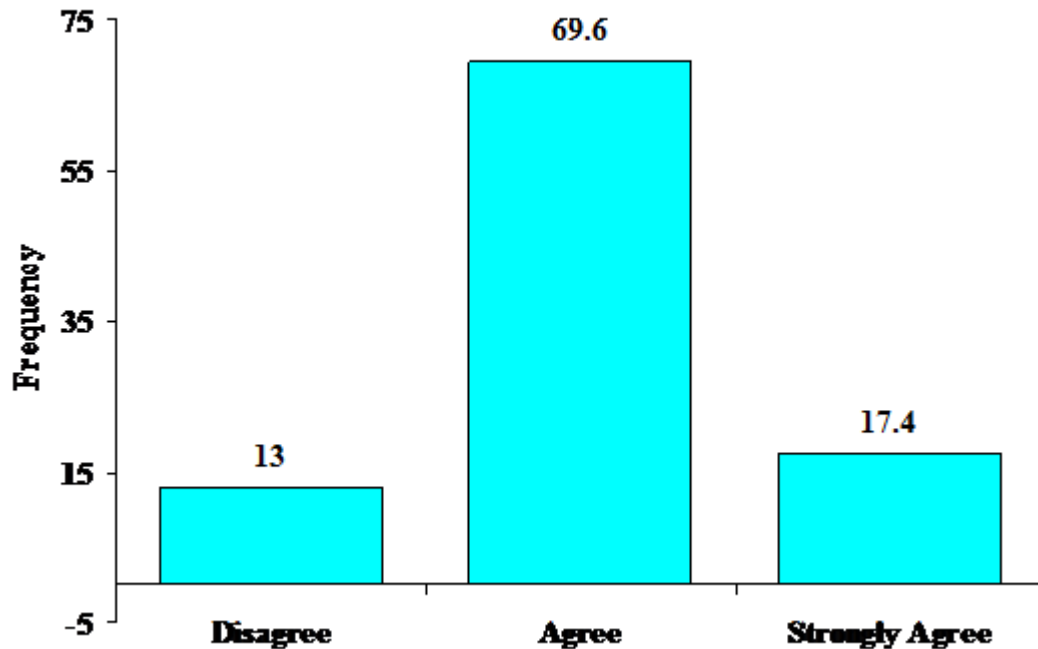
The findings clearly justify that service providers are working in a competitive base to make sure that they remain in business. It is very obvious that when the contracted service provider does not perform to the expected level it might lead to termination of contract.

**Table 4.7: Employees Responses on willingness of service providers to help customers**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Disagree	3	13.0
Agree	16	69.6
Strongly agree	4	17.4
<b>Total</b>	<b>23</b>	<b>100.0</b>

*Source: Research Findings, 2014*

**Figure 4.5: Responses on willingness to help customers**



*Source: Research Findings, 2014*

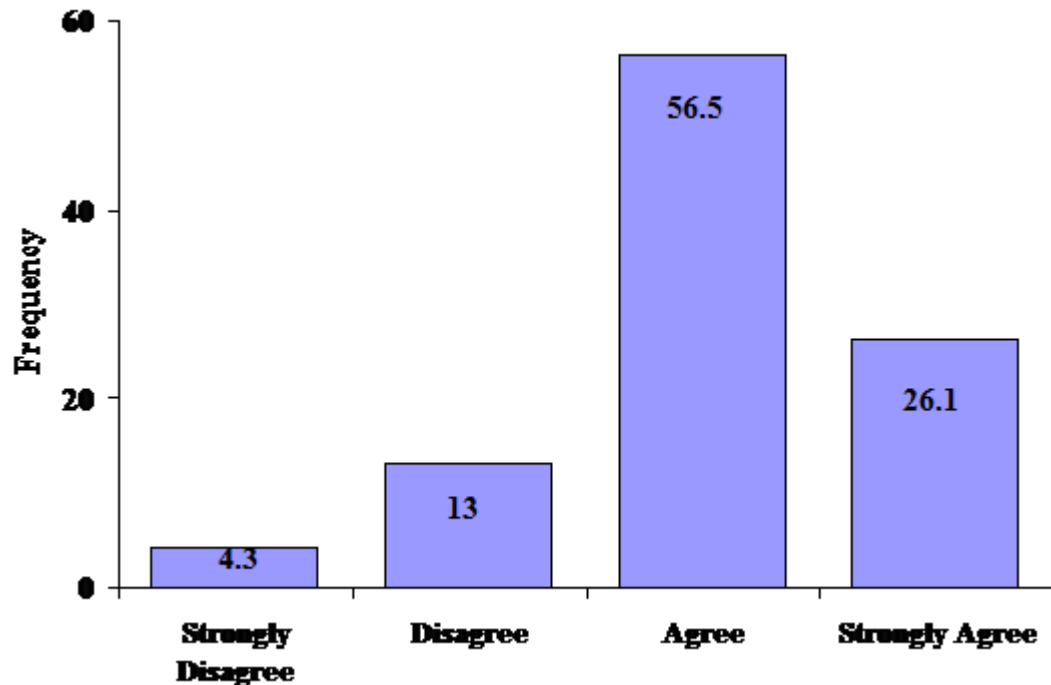
***Convenient of working hours***

The quality of service in some cases is measured in terms service availability when needed. This means the working hours of service providers should be convenient to most of customers. When the researcher asked respondents on whether service providers are available to offer services when needed, the following were the results; 82.6% of respondents either agreed or strongly agreed that the working hours are convenient to customers while 13.1% disagreed and 4.3% strongly disagreed.

**Table 4.8: Responses on convenient of operating hours to customers**

Responses	Frequency	Percent
Strongly disagree	1	4.3
Disagree	3	13.0
Agree	13	56.5
Strongly agree	6	26.1
<b>Total</b>	<b>23</b>	<b>100.0</b>

**Figure 4.6: Convenience of working hours**



*Source: Research Findings, 2014*

### **Assurance**

Assurance is reflected by the knowledge and courtesy of employees and their ability to instill trust and confidence. Assurance is the degree of individualized attention the service provider gives its customers. Assurance is a lot about keeping and maintaining business relations. Assurance is characterized by four components namely; competence, respect for the customer, effective communication and basic attitudes conveyed to customers. In this study the researcher used the following aspects to test assurance; keeping promise, service providers' knowledge on services provided and courteous to customers.

### ***Keeping promise***

Promises mean a lot to customers because they suggest appreciation, value and empathy and carry some pleasure in fulfillment. The effect of broken promises is resentment, undue anxiety, missed opportunities and a lack of trust in future promises for one party, and a chain of guilt and feelings of incapacity and inadequacy for the

other. Furthermore, a promise prevents alternative action being taken which means everyone loses out all round.

Broken promises also give a feeling of false competence; they keep the person stuck in a mode of regret and are rarely associated with success. The most successful companies tend to value customers and keep their word because it demonstrates integrity - a key attribute for achievement. Finally, if not handled sensitively, broken promises can cause ill feeling, damage friendships and even lose business.

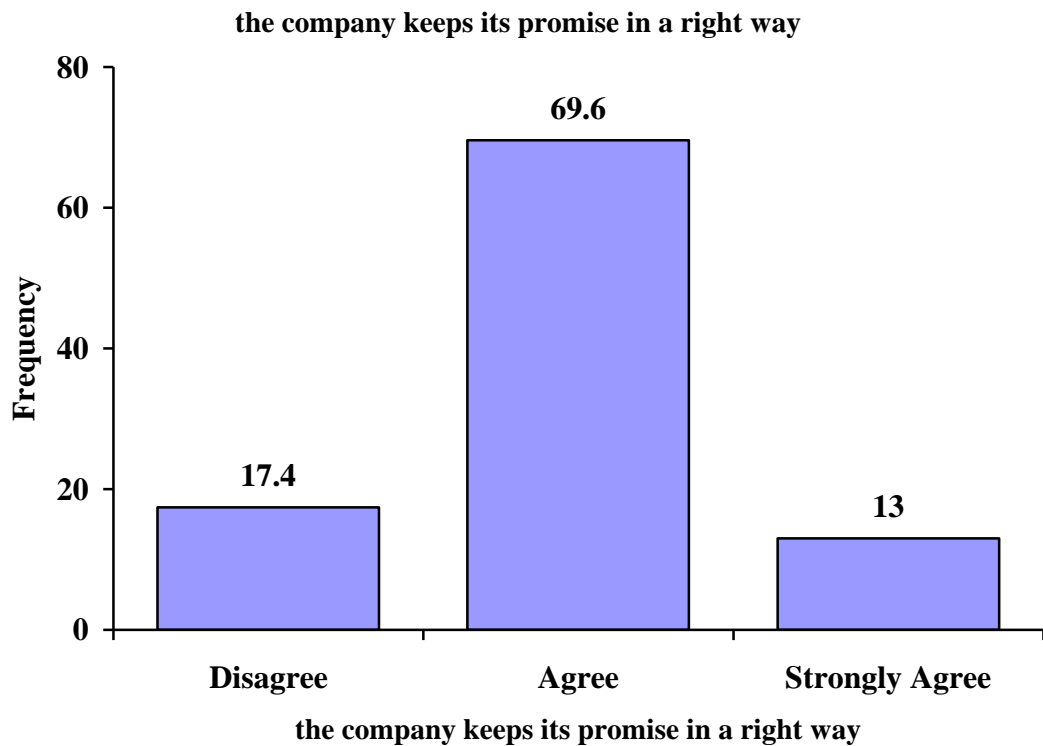
Very few people realize, or wish to accept, that one of the worst experiences in business is a broken promise. When the researcher asked respondents whether service providers keep their promise in a right way the following were the responses; 13% strongly agreed, 69.6% agreed and 17.4 disagreed (see table 8 and figure 9). In this aspect it is clearly revealed that service providers are keeping their promises. This makes the company to have a substantial amount of customers since they trust what is being said.

**Table 4.9: The Company keeps its promise in a right way**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Disagree	4	17.4
Agree	16	69.6
Strongly agree	3	13.0
<b>Total</b>	<b>23</b>	<b>100.0</b>

*Source: Research Findings, 2014*

**Figure 4.7: Response on Keeping Promise**



*Source: Research findings, 2014*

***Knowledge of service providers' on services provided***

To test on whether service providers are knowledgeable on services they are offering the researcher asked respondents and the following were the results; 30.5% of respondents strongly agreed, 56.5% of respondents agreed and 13% disagreed (see table 9 and figure 10).

Service knowledge" understands the items and services which the employer sells. This is necessary so that the job can be done effectively, particularly if marketing activities are involved. If a customer asks questions, and service providers do not have knowledge of the products, they cannot give those answers and they may not buy the product hence exit from the network.

Service providers need to know what are competing products and how to price the one in question; who are other competitors in the vicinity selling the same product or

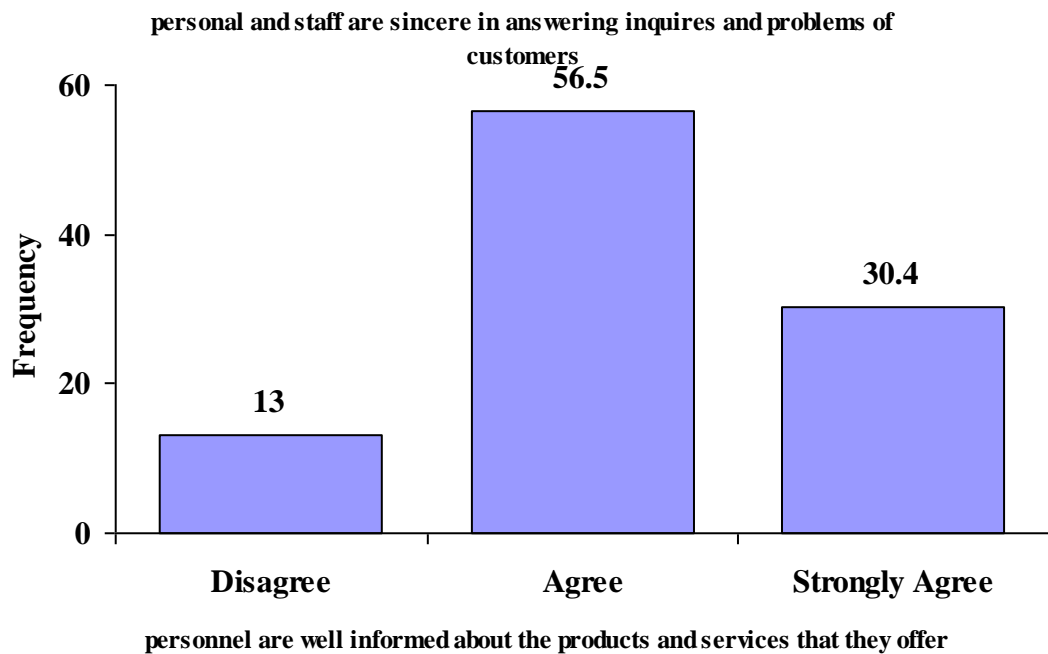
competing products; will their usual customers be able to afford this product; will the competitor draw new customers by introducing this product on their product/service line. Based on research findings it is clearly indicated that service providers are knowledgeable on the product being offered (87%).

**Table 4.10: The knowledge and ability of service providers to instill confidence to customers**

Responses	Frequency	Percent
Disagree	3	13.0
Agree	13	56.5
Strongly agree	7	30.4
<b>Total</b>	<b>23</b>	<b>100.0</b>

Source: Research Findings, 2014

**Figure 4.8: The knowledge and ability of service providers to instill confidence to customers**



Source: Research findings, 2014

### Empathy

To test the aspect of empathy the researcher used the following aspects; attention to individual needs and understanding of individual needs.

### *Attention to Individual Needs*

Knowing what individual customers find important and how they want to interact with a business is important to any company's success. This study has revealed that 91.9% of respondents agreed that service providers pay attention to individual needs while 9.1% did not agree (see table 10 and figure 11). Individual attention motivates consumers/users of services feel as appreciated hence staying longer with the organisation. Individual attention encourages Vodacom to take note of what consumers think is necessary in order to improve a product or service and then make the changes that will satisfy customers.

**Table 4.11: Attention to Individual Needs**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>
Disagree	2	8.7	9.1
Agree	14	60.9	63.6
Strongly agree	6	26.1	27.3
<b>Total</b>	<b>22</b>	<b>95.7</b>	<b>100.0</b>
Missing System	1	4.3	
<b>Total</b>	<b>23</b>	<b>100.0</b>	

*Source: Research Findings, 2014*

**Figure 4.9: Attention to individual Needs**



*Source: Research findings, 2014*

### *Understanding of customer needs*

Knowing and understanding customer needs is at the center of every successful business, whether it sells directly to individuals or other businesses. Once the business has this knowledge, it can use it to persuade potential and existing customers that buying from it.

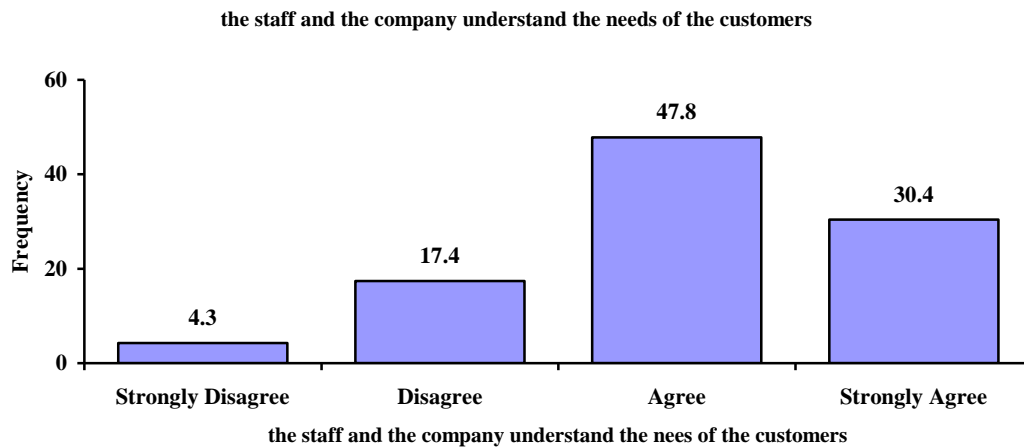
To know customer needs the organisation needs to know who they are, what they do, why they buy, when they buy, how they buy, how much money they have, what makes them feel good about buying, what they expect of the business, what they think about the business and what they think about competitors. To know whether Vodacom understands the needs of customers' needs the researcher had to pose a question to respondents rank in terms of strongly agree, agree, disagree and strongly disagree. The following were the results; 78.3% agreed, 21.7% did not agreed to the fact that Vodacom understands the needs of customers (see table 11 and figure 12).

**1 Table 4.12: Understanding of customer needs**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly disagree	1	4.3
Disagree	4	17.4
Agree	11	47.8
Strongly agree	7	30.4
<b>Total</b>	<b>23</b>	<b>100.0</b>

*Source: Research Findings, 2014*

**Figure 4.10 : Understanding of customer needs**



**Source: Research findings, 2014**

On average Vodacom is doing excellent (85.1%) on the aspect of empathy. This means that Vodacom Tanzania has the ability to identify and understand another's situation, feelings and motives. It has the capacity to recognize the concerns other people have. It means: it is "putting itself in the customers' shoes" or "it is seeing things through customers' eyes. It should be noted that empathy does not come naturally, it can be developed. Some tips for developing empathy include;

- Listen – truly listen to people. Listen with your ears, eyes and heart. Pay attention to others' body language, to their tone of voice, to the hidden emotions behind what they are saying to you, and to the context.
- Don't interrupt people. Don't dismiss their concerns offhand. Don't rush to give advice. Don't change the subject.
- Tune in to non-verbal communication. This is the way that people often communicate what they think or feel, even when their verbal communication says something quite different.
- Practice the "93 percent rule". We know from a famous study by Professor Emeritus, Albert Mehrabian of UCLA, when communicating about feelings and attitudes, words – the things we say – account for only 7 percent of the

total message that people receive. The other 93 percent of the message that we communicate when we speak is contained in our tone of voice and body language. It's important, then, to spend some time to understand how we come across when we communicate with others about our feelings and attitudes.

- Use people's name. Also remember the names of people's spouse and children so that you can refer to them by name.
- Be fully present when you are with people. Don't check your email, look at your watch or take phone calls when a direct report drops into your office to talk to you. Put yourself in their shoes. How would you feel if your boss did that to you?
- Smile at people.
- Encourage people, particularly the quiet ones, when they speak up in meetings. A simple thing like an attentive nod can boost people's confidence.
- Give genuine recognition and praise. Pay attention to what people are doing and catch them doing the right things. When you give praise, spend a little effort to make your genuine words memorable: "You are an asset to this team because..."; "This was pure genius"; "I would have missed this if you hadn't picked it up."

**Table 4.13: BPO expectations and perceptions on Quality of services among categories of respondents**

Service Quality Dimension	Measurable indicators	Perceptions (Mean)			Expectations(Mean)		
		V	SP	U	V	SP	U
Reliability	Materials and equipments used Sincerity of service providers	2.9	3.0	2.5	3.1	3.0	2.5
		3.2	3.0	2.5	3.1	3.1	2.8
Tangibility	<b>Average</b>	<b>3.1</b>	<b>3.0</b>	<b>2.5</b>	<b>3.1</b>	<b>3.0</b>	<b>2.7</b>
	Timely delivery of service	3.2	2.4	2.8	3.0	3.3	3.7
Responsiveness	Neatness of service providers	2.8	3.0	3.0	3.0	3.0	2.9
		<b>3.0</b>	<b>2.7</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>	<b>2.8</b>
	Willingness to help customers	2.8	3.3	3.3	3.0	3.4	3.9
		2.9	3.0	3.3	3.3	3.3	3.2
	Convenience of working hours						
<b>Average</b>	<b>2.8</b>	<b>3.1</b>	<b>3.3</b>	<b>3.1</b>	<b>3.3</b>	<b>3.5</b>	
Assurance	Keeping promise	3.0	3.1	2.7	3.2	3.5	3.2
	Knowledge of service providers	3.0	3.4	3.2	3.1	3.4	3.2
	<b>Average</b>	<b>3.0</b>	<b>3.3</b>	<b>3.0</b>	<b>3.1</b>	<b>3.4</b>	<b>3.2</b>
Empathy	Attention to individual differences	2.9	2.9	3.3	3.0	3.1	2.9
	Understanding of customer needs	2.8	3.4	2.8	3.1	3.6	3.2
	<b>Average</b>	<b>3.3</b>	<b>3.2</b>	<b>3.1</b>	<b>3.0</b>	<b>3.3</b>	<b>3.1</b>

Source: Research Findings, 2014

- Take a personal interest in people. Show people that you care, and genuine curiosity about their lives. Ask them questions about their hobbies, their challenges, their families, their aspirations.

#### **BPO expectations and perceptions among categories of respondents**

Apart from the general results that have been presented, the researcher thought it was wise to determine if there were any statistical significant differences among categories of respondents. The study considered three types of respondents. This included;

Vodacom employees (V), service providers (SP) and users (U) (customers). To determine where there are any statistical difference the researcher computed a statistical mean and the following were the results.

#### **4.2.3 Effect of BPO on operational cost**

Business process outsourcing (BPO) is a valuable strategy for organisations looking to achieve high performance by controlling costs, reducing risk, fostering collaboration, increasing transparency or growing their businesses. As organisations try to do more with less, new business models are emerging and the benefits of outsourcing are being realized.

Outsourcing continues to evolve from being perceived as a short-term cost-cutting exercise to driving long-term efficiencies and sustainable success; and from single non-core activities to multiple critical processes requiring specialist expertise. To know whether business process outsourcing affects the operating cost the researcher asked four main questions related to; marketing costs, security costs, cleaning costs and engineering costs. The results for the questions have been presented under here below.

#### ***The effect of BPO on Marketing Cost***

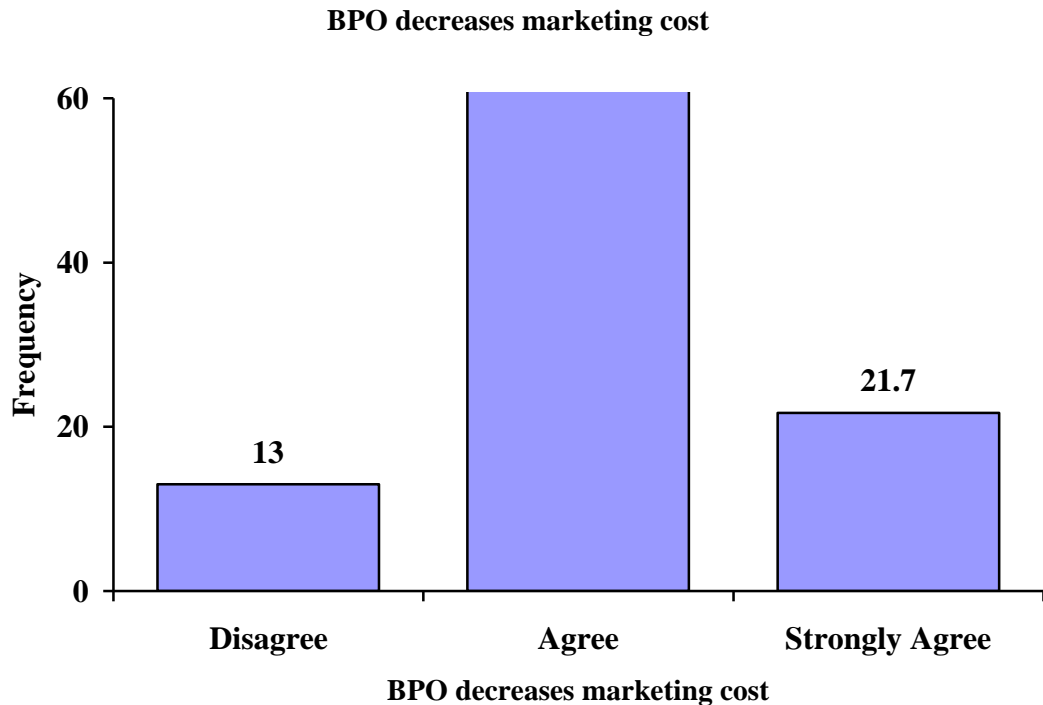
The research findings indicate that 21.7% of respondents strongly agree that BPO reduces Marketing cost, 65.3% agree, and 13% disagreed (table 12 and figure 13). From these findings it is evident that BPO reduces marketing cost.

**Table 4.13: BPO decreases marketing cost**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Disagree	3	13.0
Agree	15	65.2
strongly agree	5	21.7
<b>Total</b>	<b>23</b>	<b>100.0</b>

*Source: Research Findings, 2014*

**Figure 4.11: BPO reduces marketing cost**



*Source: Research findings, 2014*

The findings reveal that through BPO Vodacom Tanzania has managed to decrease; sales force salaries and support, major advertising campaigns, including production costs, marketing staff, sales promotion materials and cooperative advertising allowances based on prior-period sales.

It very likely that BPO has reduced sales commissions paid to sales force, brokers or manufacturer representatives, sales bonuses contingent on reaching sales goals, off-invoice and performance allowances to trade, which are tied to current volume, early payment terms (if included in sales promotion budgets) and coupon face-value payments and rebates, including processing fees.

To add Bill-backs for local campaigns (a bill-back requires customers to submit proof of performance to receive payment or credit whereas an off-invoice is simply deducted from invoice totals) are reduced.

### BPO and Security Cost

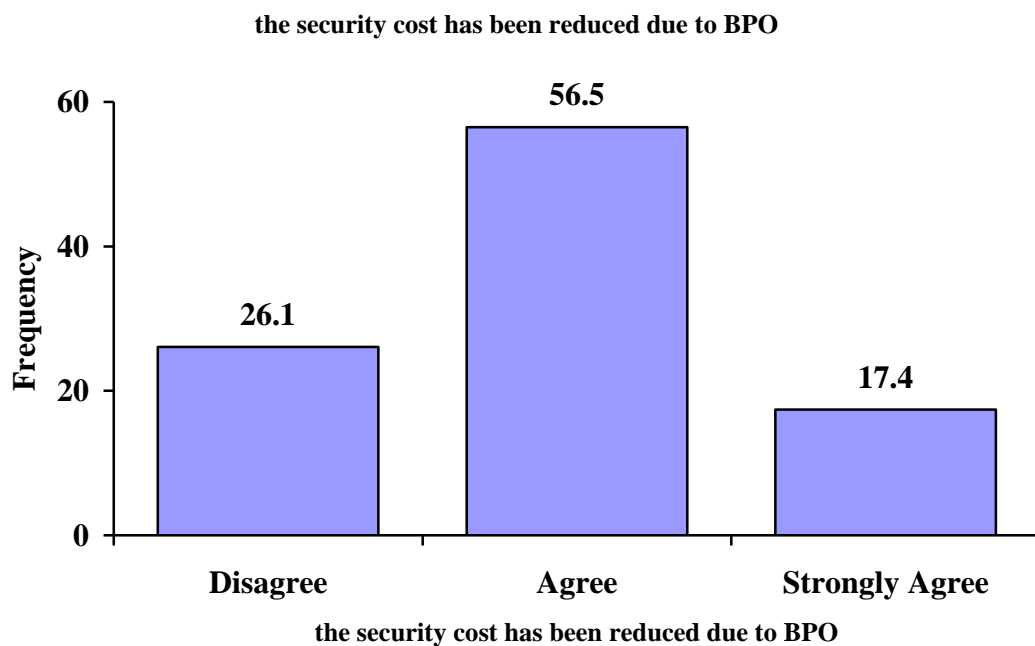
Vodacom Tanzania has outsourced a number of services including security of its facilities. A private security company has been outsourced to the third part contractor to make sure all infrastructural facilities are secure. Before outsourcing processes Vodacom had to hire security guards and allocate them in all working stations. It was the company’s expectations that the Business Process Outsourcing would reduce the operating cost. When the researcher asked respondents whether BPO reduces security costs they answered as follows; 17.4% of respondents strongly agreed, 56.5% agreed and 26.1% disagreed (table 13 and figure 14).

**Table 4.14: Reduced security cost**

Responses	Frequency	Percent
Disagree	6	26.1
Agree	13	56.5
strongly agree	4	17.4
<b>Total</b>	<b>23</b>	<b>100.0</b>

Source: Research Findings, 2014

**Figure 4.12: Reduced security Cost**



Source: Research findings, 2014

### ***BPO and Cleaning Cost***

Using specialist service providers is often cheaper than doing the same work in-house. The same logic applies to Vodacom Tanzania of her non-core business processes like payroll, accounts payable, recruitment, HR Processes and the like. It was sought that out of BPO on cleaning aspect will lead the organisation to save money, time and headaches by outsourcing those non-core functions to a third party. It was further expected that BPO to bring economies of scale.

The research findings indicate that 13% of respondents strongly agreed that BPO reduces cleaning cost, 65.2% agreed and 21.8% disagreed. This reveals that the majority (78.2%) are in agreement that BPO reduces cleaning cost (table 15 and figure 16).

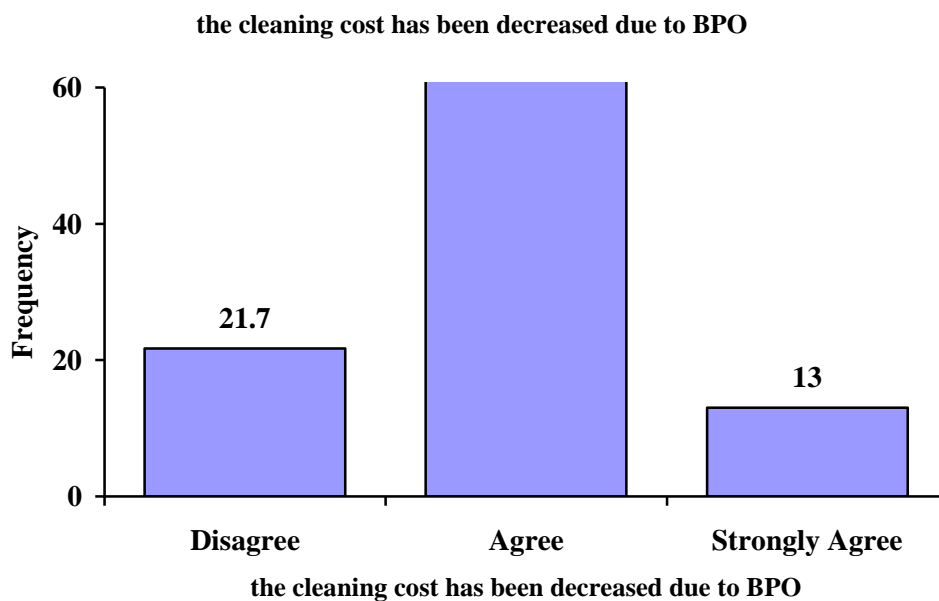
Outsourcing cleaning services gives you guaranteed reduced cost and quality while taking the administrative headaches out of managing these processes. It allows Vodacom Tanzania to convert fixed overhead costs to variable costs.

**Table 4.15: BPO and Cleaning Cost**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Disagree	5	21.7
Agree	15	65.2
strongly agree	3	13.0
<b>Total</b>	<b>23</b>	<b>100.0</b>

*Source: Research Findings, 2014*

**Figure 4.13: BPO and Cleaning Cost**



*Source: Research findings, 2014*

### **Discussion of the Findings**

Kumar, (2004) describe service quality as the difference between the product or service and customer expectations. In other words, the realization of service quality is the gap between the customer expected quality and perceived quality. Therefore, for a quality BPO service, it is important to identify the quality criteria from the perspective of the customer so that effective services are provided to satisfy and surpass the customer's expectations.

In this research the Parasunaman et al (1991) service quality dimensions of reliability, tangibility, assurance, responsiveness and empathy were used. Each aspect had its variables to measure. On average the BPO indicated that Vodacom Tanzania was doing well in all aspects of service quality dimensions as follows; reliability (77%), Tangibility (74%), Responsiveness (85%), assurance (71%) and Empathy (85%). The results reveal that overall performance of service quality dimensions is above average. However the aspect of empathy was found to be leading. This implies that service providers are listening carefully to customers, do not interrupt customers, they call

customers by names and take personal interests on customers. They use the premium rule that emphasizes on acting on the bases of what customers need.

The research findings further revealed the satisfaction level of service quality dimensions as follows; reliability (-0.76), tangibility (-0.34), responsiveness (-0.74), assurance (-0.53) and empathy (-0.04). These figures indicated represent the statistical mean differences between respondents' perception and expectations. The level of satisfaction were obtained using the following formula (Satisfaction = perception – expectation).

Based on findings it is shown that respondents on average are not satisfied with the way service providers are offering services. Since the researcher clearly indicated in conceptual framework that negative result means dissatisfaction level and all aspects have shown negative results, this means Business outsourcing process have to be reviewed to satisfy customers and other stakeholders.

The results imply that the appearance of personnel, equipment and facilities are not appealing, service providers are not performing the promised service dependably and accurately. It also implies that service providers are not willing to help customers and provide prompt service. Service providers are not knowledgeable enough and not able to inquire trust and confidence to customers. It is also important to note that individualized attention is needed for service providers to satisfy its customers.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND POLICY IMPLEMENTATION**

#### **5.0 Summary**

This study looked at the impact of BPO on service quality at Vodacom Tanzania. Generally respondents show dissatisfaction level on all dimensions of service quality. It is important for Vodacom Tanzania to consider BPO as a strategic Option and should pay a close regular check of service provider for consistency. As part of the BPO evaluation, Vodacom has to re-examine how customers perceive their outsourced services.

To evaluate the impact of BPO on service Quality outsourcing the researcher used the service quality dimensions as propounded by Parasuraman (1991), which included tangibility, reliability, assurance, responsiveness and empathy. On average all aspects received negative scores, meaning that the BPO had negative impact to the performance of the organisation.

#### **5.1 Conclusion**

The study was conducted basing on research questions. The main research question was determining the impact of BPO on service quality. Vodacom Tanzania has involved itself in BPO since five years back.

Currently Vodacom Tanzania has outsourced full network operations, taking responsibility for the existing Network Management Center and operations across the radio, transmission and core networks. The scope encompasses not just network planning, operations and optimization, but first and second line field maintenance too. Vodacom Tanzania has also transformed the management of human resources to Nokia Siemens Network.

Nokia Siemens Networks has a world- class process and long experience of transferring staff in house and making them feel part of its family. Before the changeover, Vodacom employees were kept informed through regular meetings and

presentations. “Nokia Siemens Networks was very open and honest with transferring staff members, making people feel very comfortable from day one until the transition date (Safford, 2013)”.

However the research findings have shown that BPO has affected the quality of service negatively. To conclude on the impact of BPO on service quality at Vodacom Tanzania, the researcher divided the assignment into three specific objectives; determining the existing business process outsourcing practices at Vodacom Tanzania, assessing the impact of BPO on service quality at Vodacom Tanzania and determining the effect of BPO on operational cost at Vodacom Tanzania. Conclusions have been given based on these three specific objectives.

#### **5.1.1 Business process outsourcing practices at Vodacom Tanzania**

The current BPO practices at Vodacom Tanzania have been observed to include Marketing services, engineering services, security services and cleaning services. Vodacom Company argues BPO to have raised competitive pressures on Vodacom Tanzania thus forcing its tariffs down by more than 80% while network traffic levels grew seven-fold. The outsourced service provider (Nokia Siemens Network) has managed to address these conflicting trends threatening to erode its competitiveness.

Although the Company argues Business Process outsourcing to have raised competitive advantage the researcher is in doubt whether the trend will be sustained for long time. The researcher is concluding that Vodacom Tanzania must review its outsourcing policy since outsourcing engineering and marketing services is considered as risk to the organisation.

#### **5.1.2 The effect of BPO on Quality of service delivered**

The purpose of BPO was to improve value and business benefits of Vodacom Tanzania. This was the most important potential motivation towards BPO. Respondents have shown dissatisfaction level on the effect of BPO on service quality. On average respondents gave the following scores to service quality dimensions;

reliability (-0.76), tangibility (-0.34), responsiveness (-0.74), assurance (-0.53) and empathy (-0.04). These figures indicated represent the statistical mean differences between respondents' perception and expectations.

### **5.1.3 The effect of BPO on operating cost**

The focus areas of operating cost that were observed to be affected included; marketing cost, engineering cost, security cost and cleaning cost. On average the operating cost were observed to be reduced by 80%.

## **5.2 Recommendations**

It is an undeniable fact that in recent times many organizations have come to the realization of the importance of Business Process Outsourcing as it increases the organization's efficiency and effectiveness. In order to reap the full benefits of BPO Vodacom Tanzania should ensure that the following are instituted at the work place.

### **Adopt Body Shop Outsourcing**

Under this category the management is advised to use outsourcing as a means of meeting short term requirements, such as shortage of in-house skills to meet a temporary demand. Since the operation cost of Vodacom Tanzania was seen to be rising from time to time, outsourcing was supposed to be adopted as a cost leadership strategy in short term. In this case the researcher doubt whether the adopted solution will be sustainable since it might lead the outsourced company to adopt the whole technology and open a partner organisation offering the same service and outcompeting Vodacom Tanzania.

### **Outsource Support Activity only**

From research findings it has been observed that Vodacom Tanzania outsourced full network operations that are to say from Network Management Center and operations across the radio, transmission and core networks including human resources management. As Rothery and Robinson (1995) recommend the following not to be outsourced; management of strategic planning, management of finances, management

of management consultancy and control of supplies, quality and environmental management and the supervision of the meeting of regulatory requirements such as product liability, misleading advertising, quality, environmental regulations, staff health and safety, public safety and product/service safety. The researcher recommends Vodacom Tanzania to review the type of service to outsource as the literature recommend.

### **Identify the drivers for outsourcing**

According to Safford (2013) Vodacom Tanzania opted for outsourcing to reduce the operation cost. The researcher recommends Vodacom Tanzania to evaluate other factors that are seen as important for outsourcing. These includes; quality of services offered (increased quality demands, shortage of qualified personnel, transition period), Shortage of funds for further investment in core activities and cooperation (where cooperation can lead to conflict). Moreover outsourcing can be appropriate where the available human resources may result into strong trade union that may result into opposition to institute the necessary change.

### **Implementing outsourcing**

Before implementing any outsourcing strategy Vodacom Tanzania has to ask itself the following questions; should we offer services ourselves?, can we license technology, can we buy from the best breed supplier?, can we establish a joint venture, can we enter long-term development or purchase agreement? Can we acquire best in world supplier? Can we establish cost effective Management of outsource supplies?. After answering all these questions, it should make a decision to outsource.

### **5.3 Area for Further Study**

The researcher recommends the future researchers to commit their efforts towards the following areas;

- The effect of BPO on growth of the Business
- The impact of BPO on Human Capital Development and retention

#### **5.4 Contribution to knowledge**

The findings and analysis of this study show that BPO brings a number of benefits to Vodacom Tanzania. As far as research study is concerned, the contribution of knowledge will be to the following area:

##### **5.4.1 To the researcher**

Through research study made at Vodacom Tanzania the researcher has widened his knowledge following the findings obtained due to ability of revealing the benefits and challenges and proposing solutions to the relevant study. In that facet the researcher has accumulated a lot of knowledge and will be able to carry out another related study more efficiently in broader area of study.

##### **5.4.2 To the other researcher student**

This research report will help other Human resources professionals and other managers who will be undertaking the related study to acquire knowledge and making deeper investigation on the study by making sure that they are covering the gaps not covered by the researcher hence bringing new insight.

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## **APPENDIX 1: QUESTIONNAIRE TO EMPLOYEES OF VODACOM MLIMANI BRANCH**

Dear respondent,

My name is WAZIRY DOMINIC MKUMBO a Student (Msc.HRM.) at Mzumbe University. I am doing a study on The Effect of Business Process Outsourcing on Quality of services delivered at Vodacom Tanzania. Your response to a few statements below will make this study a success. Your information will be treated confidentially and will be used for research purpose only.

### **SECTION A: RESPONDENT'S PROFILE**

Please tick in the boxes provided

#### **Personal data**

1. Gender of the respondents

a) Male

b) Female

2. Respondents level of education

a) Certificate

b) Diploma

c) Degree

d) Masters

3. Occupation.....

4. Department.....

### **SECTION B: Relationship between Business Process Outsourcing on Service Quality**

#### **Employees Expectations**

**Give a score to each Expectation out of 4 points**

The following set statements relate to your expectations about your organization. For each statement, please show the extent to which you expect your company to show on each statement.

**DIRECTIONS:** Indicate your true expectations by choosing a score from ‘1’ strongly disagree to ‘4’ strongly agree.

Scale: (1 = strongly disagree, 2= Disagree 3 = Agree 4 = strongly agree).

S/N	Question/Item	Ranking			
		1	2	3	4
1	I expect Personnel staff to neat and visually appealing				
2	I expect Equipments and materials related with services to be visually appealing				
3	I expect the Company to keep its promise in a right way				
4	I expect Personnel and staff to be sincere in answering inquiries and problems of customers				
5	I expect Personnel to get things done right the first time				
6	I expect Services offered on time				
7	I expect Personnel to offer fast and prompt services				
8	I expect Personnel to tell their customers about the services to be performed				
9	I expect Personnel to be willing to help				
10	I expect Personnel to be well informed about the products and services that they will offer				
11	I expect the knowledge and ability of the personnel to instill confidence to customers				
12	I expect Personnel to be courteous with the customers				
13	I expect individual attention to be given to customers				
14	I expect operating hours to be convenient to customers				
15	I expect staff to offer personal attention to customers				
16	I expect the company to have the customers best interest at heart				
17	I expect the staff and the company to understand the needs of customers				
18	I expect the BPO to decrease marketing cost				
19	I expect the security cost to be reduced through BPO				
20	I expect the cleaning Cost to decreased due to BPO				
21	I expect the engineering cost to decrease due to BPO				

## Employees Perceptions

### Give a score to each Perception out of 5 points

The following set statements relate to your feelings about Vodacom Tanzania. For each statement, please show the extent to which you believe Vodacom Tanzania has the feature described by the statement.

**DIRECTIONS:** Indicate your true feeling about the actual experience (perception) by choosing a score from ‘1’ Strongly disagree to ‘4’ strongly agree..

Scale: (1 = strongly disagree, 2= Disagree 3 = Agree 4 = strongly agree).

S/ N	Question/Item	Ranking			
		1	2	3	4
1	Personnel staff are neat and visually appealing				
2	Equipments and materials related with services are visually appealing				
3	The Company keeps its promise in a right way				
4	Personnel and staff are sincere in answering inquiries and problems of customers				
5	Personnel get things done right the first time				
6	Services are offered on time				
7	Personnel offer fast and prompt services				
8	Personnel tell their customers about the services to be performed				
9	Personnel are willing to help				
10	Personnel are well informed about the products and services that they offer				
11	The knowledge and ability of the personnel to instill confidence to customers				
12	Personnel to be courteous with the customers				
13	Individual attention is given to customers				
14	Operating hours are convenient to customers				
15	Staff offer personal attention to customers				
16	The company has the customers best interest at heart				
17	The staff and the company understand the needs of customers				
18	BPO decreases marketing cost				
19	The security cost has been reduced through BPO				
20	The cleaning Cost has decreased due to BPO				
21	The engineering cost has decreased due to BPO				

What activities have been contracted to the third party in your company?

- a).....
- b).....
- c).....
- d).....
- e).....

*Thank you for your cooperation*