



**ASSESSMENT THE PRACTICE OF OUTSOURCING
NON-CLERICAL JOBS IN COMMERCIAL BANK OF
ETHIOPIA (CBE)**

**By
ATKILITI TESHALE TEKA**

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**A Thesis Submitted to the School of Graduate Studies of St. Mary's
University in Partial Fulfillment the requirement for the Degree of
Master of Business Administration (MBA)**

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Addis Ababa, Ethiopia

DECLARATION

I, Atkiliti Teshale Teka, declare that this thesis entitled “Assessment of the practice outsourcing non-clerical jobs in Commercial Bank of Ethiopia(CBE) – West Addis Ababa District” is my original work.

I further confirm that this paper has never been submitted to any other university for any degree, diploma.

Finally,

I declare that all source materials used in this research has been dully recognized and acknowledged.

Atkiliti Teshale Teka

Signature _____

Date _____

CERTIFICATION OF APPROVAL

I certify that I have read “Assessment the practice outsourcing non-clerical jobs in commercial bank of Ethiopia ” by Atkiliti Teshale Teka , and that in my opinion this work meets the criteria for approving a thesis submitted in partial fulfillment of the requirement for the degree Master of Business Administration (MBA) at St. Mary’s University.

Advisor: Tewodros Mekonnen (PhD)

Signature

Date:

St. Mary's University
School of Graduate Studies

This is to certify that the thesis prepared by **Atkiliti Teshale Teka** entitled “**Assessment the Practice of Outsourcing Non-clerical jobs in Commercial Bank of Ethiopia (CBE)**”, which is submitted in partial fulfillment of the requirements for the Degree of Masters of Business Administration (MBA), complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Approved by Board of Examiners:

Advisor

Tewodros Mekonnen (Dr.) Signature _____ Date: 25/06/22

Internal Examiner

Shoa Jemal (Ass. Professor) Signature _____ Date _____

External Examiner

Tasew Shedaga (Dr.) Signature  Date: 25/06/22

Chair of Department

_____ Signature _____ Date _____

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Dedication

My special dedication to my family for allowing me time to concentrate on my studies. May this be an encouragement to you as you strive to achieve higher levels of education. The Supreme God blesses you abundantly.

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ABSTRACT

Outsourcing is simply acquiring a product or service from outside supplier rather than producing in the organization. Outsourcing in Ethiopia is actually in its infant stage. Recently the Commercial Bank of Ethiopia has begun to outsource non clerical jobs. Even though each post has its own service level standards that are agreed between the bank and the service provider, managers are frequently complaining about the services provided. The main objective of the research is assessing the effectiveness of outsourcing of non clerical jobs. In order to make the study manageable it is confined to West Addis Ababa District. In this study descriptive research design is adopted. Both primary and secondary data sources were used. The primary data were collected through questionnaire that contains both open ended and close ended questions as well as structured interview. Secondary data were collected by reading procedures, letters and bulletins of the bank. The population of the study was all managers in the district office and branches. In order to collect data the designed questionnaire were distributed among the population and are collected after duly filled by respondents. The analyses of responses from the questionnaires are carried out by using SPSS. The research reveals that outsourcing of non clerical posts is effective in minimizing management's time and effort in various HR related activities and enables them to focus on the bank's core business activities. But their involvement has to be further minimized particularly in the process of employee administration. However, the service quality is below the service level standard and the service provider is not effective in supplying the required employees as per the contractual agreement. Therefore the bank has to ensure the service provider strictly follows the contractual agreement and the service level standard of the bank in supplying employees and ensures the service quality.

Key words: Outsourcing, Service Level Standard, Core Business Activities, Non-Clerical Posts, West Addis Ababa District

Acronyms

BPO- Business Process Outsourcing

BPR - Business Process Reengineering

CATS – Customers Account and Transactions ServiceHR- Human Resources

HRO-Human Resources Outsourcing

SLS- Service Level Standard

SPSS- Statistical Package for Social Sciences

CHAPTER ONE

1.INTRODUCTION

This chapter introduces the study under the title assessment the practice outsourcing of non clerical jobs in CBE-West Addis Ababa District. It begins with the introduction of the study that briefs the definition of outsourcing, benefits of outsourcing, types, advantages and disadvantages of outsourcing, outsourcing practice in Ethiopia in general and in Commercial Bank of Ethiopia in particular. In addition the chapter includes the statement of the problem, objectives and significance of the study, scope and limitation, definition of key term and organization of the study.

1.1 Background of the study

Outsourcing is defined as from making everything inside the company to buying more products from outside. It is a greater willingness to buy more goods and services from outside vendors when they can be obtained cheaper and in better way (Kotler, 2002). It occurs when the execution of tasks, functions and processes hitherto fulfilled in-house is commissioned to an external provider specializing in a given area on the basis of long-term co-operation (Koszewska, 2004).

According to the Outsourcing Magazine Zone (2003), Outsourcing is simply acquiring a product or service from outside supplier rather than producing in the organization or it is transfer or delegation of the operation and day-to-day management of the business process to an external service provider. Similarly Quélin and Duhamel (2003) define outsourcing as the operation of shifting a transaction previously governed internally to an external supplier through a long-term contract, and involving the transfer of staff to the vendors for the firm. Outsourcing is believable for a range of business functions such as security, janitor, marketing, information technology, recruitment etc. The world of business has evolved today and more entrepreneurs are looking for methods of maximizing profitability and competitiveness. It is contract typically involves a competitive bidding process in which requests for proposals are disseminated to eligible vendors. Proposals are then evaluated and a decision is made based on either a cost or best value basis and contractor performance is then monitored vis a vis predetermined service goals (Dominic, 2014).

As contracting out activity, outsourcing involves institutional decision to contract with an external organization to provide a function or service. In the purest form the term refers to the shifting of the provision of a service from Bank institution to private sectors. The global trend of outsourcing is growing fast in terms of complexity and market whereas the growth of outsourcing in Ethiopia is at

its infant stage. It is dominated by non-core functions like Security and Janitorial service (Meresea, 2007).

Services most commonly outsourced by Bank institutions like CBE are security services, cleaning services etc. organization are focusing on outsourcing as a management strategy to delegate major non-core functions to specialized service providers. Commercial Bank of Ethiopia, just like any other Bank institution has outsourced its non-core function for the aim of improving quality of the services offered and cost savings. This research intends to examine the practice the outsourcing of non-clerical posts in one of the oldest bank in Ethiopia. The study particularly, focuses in analyzing the practice outsourcing of non-clerical posts in CBE taking West Addis Ababa District as a point of reference.

Commercial Bank of Ethiopia (CBE) is the leading bank in Ethiopia for more than eighty years from its year of establishment, 1942. The bank is playing conspicuous role in economic development of the country. Today, more than before, the CBE has aggressively expanded its presence in all directions of the country. Despite the flourishing of other private commercial banks, the CBE has remained in lead in terms of asset, deposit, capital, customer base, and branch network. For example, as of December, 31 2021 the number of its branches has reached 1700 <http://www.combanketh.com/>

After the implementation of the BPR, CBE has begun to outsource non clerical posts which are found in every units and districts of the bank. The major purpose of the outsourcing is to enable the management of the bank to focus on the core business processes. However, earlier these posts were covered by permanent employees of the bank. Therefore, the bank has both experiences of employing and managing the non-clerical posts internally and outsourcing them to the external service providers. This phenomenon attracts the attention of the researcher with the major objective of measuring the effectiveness of outsourcing of the non-clerical posts to the external service provider with respect to minimizing the managements time and effort and enable them to focus on the core business activities of the bank, quality of the provided service with respect to the SLS of the bank, the service provider's effectiveness in providing the required employees as per the contractual agreement and the benefits and challenge of outsourcing in general are assessed .Therefore, this study will fill the knowledge gap about the concept of outsourcing in general and its effectiveness in CBE- West Addis Ababa district in particular

1.2 Statement of the problem

As the environment becomes increasingly complex, faster and faster advancement of technology, with the consequent changes in the conditions in which any given enterprise functions, necessitate the search for more and newer methods which keep one ahead of one's competitors. In the past the key to success was bulk; today the importance of high quality is growing (Koszewska, 2004).

This has leading to competition in the banking industry. This competition is between private and state banks, or even state-owned banks, in that it has a large number of customers and provides quality services. In order for these companies to focus on profitability and be competent in the market, they tend to delegate or outsource some or all of their responsibilities to another company to manage.

Outsourcing is a new concept in Ethiopia, especially in relation to its presence in banking institutions. In recent years, many organizations have considered outsourcing with the assumption that they will outsource services and products to external agents if the institution cannot provide the same quality services and products as external agents at a low cost. Organizations prefer to outsource non-core functionality to external third parties allows companies to focus on important and comprehensive strategic business issues, reduce costs, improve the quality of service delivery, and enable the companies can help them reach their strategic goals and improve their bank's performance. Operational challenges can arise from service providers. Outsourcing issues related to service provider operational issues may deny or may gap certain technical expertise, skills, and ability to provide the desired quality service (Aron, Clemons & Reddi, 2005). Gilmer (1997) also shares the fact that when implementing a service, the outsourcing task shifts from service users to service providers, resulting in less benefit. This can reduce quality of service. Also, trust in the outsourcing company may not be aware of the culture / personality of the client company by most service providers and the service provider company has an offer, so the service provided fits the client's expectations and culture. The same type of service without studying the dynamic demands and cultures of different organizations may affect the process in a way that may not. If such challenges arise during the process, they will ultimately impact the company's performance in terms of core competence, and outsourcing of non-core activities will not be profitable and will lose the benefits of outsourcing and benefiting as much as possible from the services offered. In addition,

negative attitudes, resistance to new changes, and morale issues are real issues that lead to client ineffectiveness (Siegel 2000; Mobley and Maurer 1998).

These are some of the reasons why outsourcing fails. Select the wrong service provider. Write a bad contract. Overlooked staffing issues, loss of control over outsourcing activities, overlook the hidden costs of outsourcing and exit strategy planning failure. It is clear that outsourcing not only brings many benefits to the organization, but can also have some negative impacts. Successful outsourced functions require careful bidding, contracting, and management, with regular monitoring of key performance indicators.

The main goal of service outsourcing is to benefit from cost savings and deliver quality services on time enable them to focus on the core business activities of the bank, quality of the provided service with respect to the SLS of the bank and the service provider's effectiveness in providing the required employees as per the contractual agreement but some service providers have not achieved this and bank institutions continue to be confused and have broken some of the contracts with service providers. One of the agreed goals has not been achieved, which is detrimental to bank institutions. In this regards some studies has attempted to examine outsourcing and its natures in Ethiopia taking different sector of the economy. For instance, Tsega (2019) has assessed the practices of outsourcing activities taking the case of Development Bank of Ethiopia. This study has focused on understanding the types of outsourcing activities of the bank. Similarly, Genene (2020) has examined the service outsourcing and delivery effectiveness of Addis Ababa University and concluded that the outsourcing activities of the university were constrained by multiple challenges. On the other hand, the review of literature indicates that little is known about the practices and effectiveness of outsourcing activities of non-clerical jobs in Commercial banks in Ethiopia in general and in Commercial Bank of Ethiopia (CBE) in particular. Therefore, this research has attempted to examine the effectiveness of outsourcing of non-clerical posts to the external service vendor in CBE taking the case of West Addis Ababa district.

1.3 Objectives of the study

1.3.1 General Objective

The general objectives this research's is to assess the practice outsourcing of non clerical posts in CBE West Addis Ababa District

1.3.2 Specific Objectives

1. To examine the level of effectiveness of outsourcing of non-clerical jobs in CBE.
2. To assess the major reasons of outsourcing of non-clerical post in the bank.
3. To identify the major benefits of outsourcing of non-clerical posts in the bank.
4. To identify the major challenges of outsourcing of non-clerical posts in the bank.
5. To determine whether the services provided by the vendor meet the required service standard of the bank or not.

1.4 Basic Research Questions

The major research questions that the research attempted to answer re:

1. How effective is the outsourcing of non-clerical jobs in CBE?
2. What are the major reasons the bank considers in order to outsource non-clerical jobs?
3. What are the main benefits of outsourcing of non clerical posts in CBE?
4. What are the main challenges of outsourcing of non-clerical posts in CBE?
5. How do services provided by the vendor meet the required service standard of the bank?

1.5 Significance of the study

In Ethiopia, the practice of outsourcing of activities by organizations is somehow unfamiliar and undiscovered. Moreover, there are very few formal researches undertaken to find out the country's potential and the practice of outsourcing by governmental and non-governmental organizations. Therefore, the researcher believes that the research will have a great significance in creating awareness among the management and staff members of CBE at various levels about the practice and importance of outsourcing for the bank. The research will be significant in understanding the effectiveness of outsourcing of non-clerical posts and may help the bank to decide on whether to keep on the outsourcing or not to outsource these posts in the future.

Furthermore, the researcher anticipate that the research will serve as stepping stone for other researchers in similar area to fully understand outsourcing and assess its impact on some aspects. The study contribute to the outsourcing research area by identifying how the existing processes and methods in the organization must be adapted to fit the specific conditions of outsourcing. Academically, the proposed study will expected to contribute to the existing literature in the field of

outsourcing in general and its effectiveness in the banking industry in particular and helps as a source of experience to the student researchers.

1.6 Scope of the Study

This research is restricted only to the assessment of the practice outsourcing of non clerical posts that include janitor, security officers, messengers, gardener and driver in CBE West Addis Ababa District. In order to make the study manageable, it is designed only to assess the practice outsourcing of non clerical posts to the SLS of the bank and not other aspects of outsourcing.

1.7 Limitations of the Study

Outsourcing is a very vast area that may cover all the business functions. However, considering the available time, finance and related reference materials the research is limited to assess the effectiveness of outsourcing of non clerical posts and covers branches under West Addis Ababa District. However, it would have been much better and exhaustive for the study had there been a chance of covering all branches/units of the bank in the country and addressing other issues about outsourcing in addition to the assessment of the effectiveness of outsourcing of non clerical posts. However, to make the study manageable it is designed to assess the effectiveness of outsourcing of non clerical posts and cover the district office and branches under West Addis Ababa district. Since the researcher could find very few similar researches in the area locally it was difficult to actually understand and relate the practice of outsourcing in the country with the intended study. While conducting the research data was collected from the CBE's management. But it may also be important considering the management members of the service provider as a source of data.

1.8 Definition of key terms

The followings are the important terms that need operationalization in the study.

Business Process Outsourcing: - Delegation of one or more complete business processes to an external service provider (Gewaldand, 2005).

Management Outsourcing: -An outsourcing solution in which a customer outsources responsibility for the operation and maintenance of one or more facilities to an external service provider (Borisova, 2011).

In-sourcing: -Applying outsourcing discipline to internal suppliers. Often causes competition with external suppliers (Beaumont and Sohal, 2004).

Offshore Outsourcing: -Transferring locally conducted organizational activities to product and service providers in other countries (BojanandLewandowski, 2010).

Out-tasking:- indicates that a work is done outside the organization. However, the organization has full control over the operation (controlling how it is performed). In this context, the provider has no discretion and performs programmable tasks (Beaumont and Sohal, 2004).

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A clerical post: -represents posts of workers that have direct relations with the core business activities of the bank. These include the management members and professionals.

Non-clerical posts: - are posts of employees that have no direct relation with the core activities. These employees are also known as support staffs which include cleaner, security, messenger, gardener, driver, laborer etc that didn't require professional qualifications.

1.9 Organization of the Study

The final paper for the study is organized into five chapters including the introduction part of the study. The first chapter deals with the background of the study, statement of the problem, research questions, the general and specific objectives of the study, the significance of the study and limitation and scope of the study. The second chapter, literature review, deals with the theoretical and empirical literature review on outsourcing. The first part is theoretical review that explains what the literature says about outsourcing in general and reason for outsourcing advantages and disadvantages of outsourcing in particular. The third chapter deals with the data, methodology of this study. The sources of qualitative and quantitative data of the study are indicated. The fourth chapter deals with analysis of the data and presentation of the output. In the fifth chapter the researcher concludes the findings of the study and makes recommendations based on the conclusions drawn.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The literature review part is prepared in two parts, i.e. the theoretical review and the empirical review part. In the theoretical review part the theories that states about outsourcing reasons for outsourcing, advantages and disadvantages of outsourcing are discussed. The empirical literature part discusses past studies that were conducted on the area of outsourcing. In this part the variables that were included, the methodology that is used to undertake the study and the results of the study under review are discussed. Finally the whole literature review is summarized and concluded. Based on the review of related literature conceptual framework for the study is drawn.

2.1 Theoretical Literature

2.1.1 Theories about outsourcing

The outsourcing process is a complex structure consisting of numerous activities and sub activities, carrying many managerial dilemmas. It is no wonder that many theories have been utilized to help the academics to understand the nature of those activities, and to help practitioners successfully manage the process. According to Perunovic and Pedersen (2009), outsourcing can be captured under three approaches and they are indicated as Resource- Based View, Core Competency Approach, and Transaction Cost Theory. Perunovic and Pedersen (2009) described the resource-based view as the type of outsourcing that is built on the idea that an entity that does not have valuable and organized resources and capabilities would need an external provider that can assist the focal organization in overcoming its weaknesses. The resource based theory is mostly used in the preparation phase and helps to define the framework for making decisions and also in the selection of the appropriate supplier.

The organization needs to focus and concentrate on its core activities to help it maintain its competitive edge. On the other hand, Prahalad and Hamel (2013) described core activities as tasks which an organization possesses and which in turn aid the organization to have a competitive advantage. Gottschalk and SolliSaether (2005, 2006) suggest that the theory of core competences, the stakeholder theory and the neoclassical economic theory best explain the most important critical success factors of outsourcing relationships. In their later work (2006), the same authors apply cumulative theory to examine critical issues in stages of maturity in outsourcing process. They

conclude that at the beginning of an outsourcing arrangement a Cost Stage occur, which is grounded in transaction cost and agency theory.

After several years of having outsourcing the focus of the outsourcer shifts into the Resource Stage, where resource based view and core competences are the most important explanatory theories. At the end, the stage of Partnership may occur with the explanations sought in relational view, social exchange, and the stakeholder's theory.

Transaction Cost Economics: -Transaction cost economics (TCE) is perceived to provide the best decision making tools to help organizations to decide to outsource and to prepare themselves for forthcoming outsourcing arrangements. The theory has been applied in studying the managing relationship phase, at the same time the concept of switching costs made and also in the reconsideration phase. It is a sub-theory that has been applied in studying the structure and contents of outsourcing contracts, and related preparation and contract management activities. TCE is static in nature which doesn't correspond to dynamism of current business environment.

Relational View: -Relational view develops and explains how firms gain and sustain competitive advantage within inter-organizational relationships (McIvor, 2005). Its key premise, the concept of relational rents, has been explored to explain how firms choose their future outsourcing partners and preferred type of relationship. It has been also utilized in studying the transition, managing relationship and reconsideration phases. This makes the relational view to be the only theory that has been applied in the research of all the outsourcing process' phases.

Concept of Core Competences: -The concept of core competences has been developed on the basis of the resource based theory. Prahalad and Hamel (1990) defined the core competencies as the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams technologies. The concept has been predominantly used to develop and test various outsourcing decision frameworks arguing that the core activities shall remain in house.

Resource-based View: -The core premise of the resource-based view is that resources and capabilities can vary significantly across firms, and that these differences can be stable (Barney and Hesterly, 1996). If resources and capabilities of a firm are mixed and deployed in a proper way they can create competitive advantage for the firm. The resource-based view in outsourcing builds from a proposition that an organization that lacks valuable, rare, unique and organized resources and capabilities, shall seek for an external provider in order to overcome that weakness.

Evolutionary Economics: -Although mentioned for the first time in the 19th century, the

evolutionary economics experienced revival after Nelson and Winter's work in 1982. The theory develops from Darwinism and includes some assumptions transposed to the economic "species".

These assumptions include (Andersen, 1994):

- The agents (individuals and organizations) can never be perfectly informed and they have to optimize locally rather than globally
- The decision-making of agents is normally bound to rules, norms and institutions
- Agents are to some extent able to imitate the rules of other agents, to learn for themselves and to create novelty,
- The processes of imitation and innovation are characterized by significant degrees of cumulativeness and path dependency but they may be interrupted by occasional discontinuities
- The interaction between the agents are typically made in disequilibrium situations and the result is success and failures of commodity variants and method variants as well as agents
- The processes of change occurring in a context described by the above assumptions and characteristics are non-deterministic, open-ended and irreversible.

This makes the theory highly applicable in outsourcing. The phases of the outsourcing process (except the transition) have been also explored through the evolutionary economics but very scarcely.

Agency Theory: -The focus of the agency theory originally was on the relationship between managers and stakeholders (Jensen and Meckling, 1976), but had spread over the time on explaining the relationship between two inter-firm subjects. In that context it is important to associate the agency theory to understanding the relationship between outsourcer and vendor.

Knowledge-based View: -The knowledge-based view provides insight in understanding how individuals' cooperate to produce goods and services. The knowledge-based view distinguishes two ways how knowledge is shared among partners. They are knowledge generation and knowledge application. The knowledge-based view has been used in utilized in the outsourcing research to prove that knowledge sharing in managing relationship phase is positively related to the success of an outsourcing arrangement.

Neoclassical Economic Theory: -The key characteristics of the neoclassical economic theory are (Hodgson, 1994):-

- ✓ Assumption of rational, maximizing behavior by agents with given preference function
- ✓ Focus on attained, or movement towards, equilibrium states
- ✓ Absence of chronic information problem

The neoclassical theory explains the initial motives for outsourcing. However, the theory has received a significant critique for not being able to explain modern business processes. Especially, the concepts of rationality and absence of chronic information problem have been criticized. However Gottschalk and Solli-Sæther (2005) showed that the neoclassical economic theory explains critical success factors of outsourcing that are being evaluated in the reconsideration phase.

Social Exchange Theory: -The social exchange theory explains interpersonal relationships by positing the economical cost benefit analysis as precondition for social engagement and exchange. The theory presupposes that the exchange of resources (material or social) is a basic form of human interaction. Social exchange is an ongoing reciprocal process in which actions are contingent on rewarding reactions from others (Gottschalk and Solli-Sæther, 2005).

To generalize, outsourcing non-core functions can benefit an organization in many ways that a company can take advantage of. As the business environment is advanced and outsourcing is considered to be one of company's strategic advantages, it is necessary to evaluate if it is the right strategy in government owned banks found in Addis Ababa.

2.1.2 A Brief History of Outsourcing

Since the Industrial Revolution, companies have grappled with how they can exploit their competitive advantage to increase their markets and their profits. The model for most of the 20th century was a large integrated company that can “own, manage, and directly control” its assets. In the 1950s and 1960s, the rallying cry was diversification to broaden corporate bases and take advantage of economies of scale. By diversifying, companies expected to protect profits, even though expansion required multiple layers of management. Subsequently, organizations attempting to compete globally in the 1970s and 1980s were handicapped by a lack of agility that resulted from bloated management structures. To increase their flexibility and creativity, many large companies developed a new strategy of focusing on their core business, which required identifying critical processes and deciding which could be outsourced (Handfield, 2006).

The traditional outsourcing emphasis on tactical benefits like cost reduction (for example, cheaper labor 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 (Alfred et al., 2013). Characteristics of outsourcing depend on the conditions in which companies operate, and which relate primarily to the business environment, competitiveness and innovation of other companies and national economic conditions (Barbara and Hojnik, 2010).

Initially, the concept of outsourcing was more popular among the companies found in the manufacturing sector. Companies such as Boeing, BMW, General Motors and Siemens, who are in the manufacturing industry, source from smaller companies in Bulgaria. However, it has now permeated into other sectors of the economy including services and the government. In the services, telephone answering systems, customer services, and technical support, among others are also being outsourced. The business functions that are commonly outsourced are information technology (IT) and human resources (Yeboah, 2013).

The concept of outsourcing is as old as the existence of the human community. With the division of labor and specialization of occupations, the complexity of functions has become worse narrowly and clearly defined. To in-sources or outsource is strategic decision for many 21st century organizations including banking sectors. Just like any other industry, banking is also influenced by the buzzword outsourcing. Banking and financial services industry is witnessing robust growth underline influence of changing regulatory environment, rapid

technological advancements, heightened competition and consideration. This changing landscape in the banking industry is driving banks to explore the outsourcing options to achieve efficiencies. The bank ensure that their outsourcing vendors are capable to delivering the level of performance, service reliability, capability and security needs that are at least as stringent as it would expect for its own operations (Blogger, 2013)

The tasks that could be outsourced are important for successful operational performance, but are not strategically important. These tasks could safely be outsourced. They are simply not worth spending in-house time managing (Blogger, 2013). Many organizations are no longer as localized as they were in the past, instead they are finding it necessary to move their industrial plants to developing countries in order to find cheaper sources of labor and subsequently reduce production costs that enable them operating in a highly competitive international market (Sriwongwanna, 2009).

In practice the theoretical advantages of outsourcing thus often fail to materialize. Serious cost savings are often difficult to achieve, largely because the Transfer of Undertakings laws require existing staff to be retained by the new service provider on their existing terms and conditions, yet standards of service may actually decline (Torrington et al., 2005).

Besides performing the administrative services such as catering, cleaning, employee transportation, and security as outsourcing, operations of some human resource practices like training and payroll via outsourcing contribute the desired performance positively by means of only true strategy and organizational culture shaping the strategy Besides performing the administrative services such as catering, cleaning, employee transportation, and security as outsourcing, operations of some human resource practices like training and payroll via outsourcing contribute the desired performance positively by means of only true strategy and organizational culture shaping the strategy (Özer and Çiçek, 2011).

Loss of day-to-day control means that problems take longer to rectify because complaints have to be funneled through to managers of the providing company and cannot simply be addressed on the spot. It is also hard in practice to replace one contractor with another, as well as being costly, because there are a limited number of companies that are both viable over the long term and interested in putting in a bid (Torrington et al., 2005).So a great care has to be taken when adopting this course of action.

Expectations need to be managed and deals should only be signed with providers who can demonstrate a record of satisfactory service achieved in comparable organizations (Torrington et al., 2005).

These potential obstacles have not stopped a number of large corporations from outsourcing large portions of their HR functions in recent years. The service level agreements that are signed typically involve a specialist provider taking over responsibility for the more routine administrative tasks that are traditionally carried out by in-house HR teams. These include payroll administration, the maintenance of personnel databases, and the provision of intranet services which set out HR policies, recruitment administration and routine training activities. Such arrangements enable the organization to dispense with the services of junior HR staff and to retain small teams of more senior people to deal with policy issues, sensitive or confidential matters and union negotiations (Torrington et al., 2005).

According to Strategic Human Resource Management for Business Organizations, Outsourcing is another way of working that is increasing in popularity. Many large companies used to carry out various tasks in-house that they now contract out to external organizations that specialize in the field in question. In some cases, whole departments have disappeared and all the work is carried out by outside contractors. This has meant that numbers employed by the larger organizations have fallen but those employed by the smaller specialist organizations have increased (Torrington et al., 2005).

2.1.3 Definitions of Key Concepts

A. Effective Outsourcing

Effective outsourcing means clear definition of terms and conditions, understanding of obligation, and agreement on the specific business and performance objectives as the starting point (Trifkovic, 2005)

B. Outsourced Service Provider

Means the supplier of goods or services who may be related entity or independent third party.(Outsourcing Guidelines for Banks and Financial Institutions,2008).

C. 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).

2.1.3.1 Arguments on Outsourcing

Ender and Mooney (1994) identified that the greatest shortcomings of outsourcing are staff retrenchment and the resulting negative impact on institutional morale. Preferably, they devised a set of guidelines for mitigating these negative impacts of outsourcing. The guidelines are: outsourcing of management personnel only, downsizing the staff by attrition, involving employees in selecting the contractor, and re-bidding the contract often. On the other hand, the increasing use of outsourcing over the last 20 years has been fuelled by arguments from management gurus and leading academics that an organization's competitive advantage stems from its ability to identify, concentrate on and develop its core competencies and activities, and outsource anything which is non-core (Handy, 1982; Kanter, 1989; Peters and Waterman, 1982; Prahalad and Hamel, 1990). However, there is some disagreement concerning whether outsourcing should only apply to the non-core activities of an organization or if it can also include core activities. For Prahalad and Hamel (1990), core competencies and activities are the secret to an organization's success and should not be outsourced. However, to complicate the picture, it is sometimes difficult to define what is or is not a core activity Mitzberg et al., (1998). Nevertheless, regardless of which activities it embraces, or how these are defined, there is a great deal of evidence to show that outsourcing is increasingly taking over from vertical integration as the preferred approach to organizing the provision of many goods, processes and service (Domberger,1998,Gay and Essinger, 2000, and Takac, 1993)

2.1.4 Types of outsourcing

Duening and Click (2005) classifies outsourcing into three types (offshore, near shore, and onshore) based on where they are performed and what they do.

A. Offshore:- Offshore outsourcing is "transfer of responsibility for the provision of services from a different continent than where the recipient is doing business" (Buelen et al., 2006). Outsourcing companies compete on a global basis for lower costs and better efficiency.

On the contrary, off shoring is the loss of local employment due to the relocation of business units, the loss of visibility and control of the potentially expanding supply chain, the difficulty of doing business due to time zones, the difficulty of communicating knowledge, and language or culture (Alex, 2010).

B. Near shore:-Near shoring is defined as outsourcing within nearby territory, accessible by short travel or telephone in the same or neighboring time zone. Near shoring is outsourcing activities to nearby country having the same time zone and short distance that can be accessible in a simple way? Nearer countries are likely to have common cultural values and similar mindset. The time difference and the cost to travel are relatively reduced. As the result, this type of outsourcing overcomes some of the difficulties of off shoring (AlexBank, 2010).

C. Onshore: - Onshore ringing is also known as domestic outsourcing. As the name implies, it refers to the assignment of some services outside the company but locally provided by some organizations. This type of outsourcing helps organizations reduce operational costs and local workforce benefits not available with other types of outsourcing (Alex Bank, 2010).

As we see from the above definitions the three type of outsourcing differ in location of the service provider company and their benefits provided to the outsourcer organization. Both offshore and near shore outsourcing made in different countries where as onshore is realized at home country with related to the place of the outsourcer organization. The concept of all type of outsourcing could be summarized in the functions to make decisions to transfer the job to a third party, and organization focus on core activities by handing over non core activities to others who are specialist in order to increase job efficiency , cost reduction ,service quality, etc.

On the other hand, Brown and Wilson (2005:21-23)classified outsourcing into three, depending on the type of human capital and the type of tasks as described below.

1. Selective and Full outsourcing
2. Tactical and Strategic Outsourcing
3. Transformational outsourcing

1. Selective and full outsourcing

Outsourcing permits for an organization to pay attention on its center competencies as said previously. Outsourcing may be labeled into classes relying at the form of human capital and the form of work function. The first form of outsourcing is referred to as selective outsourcing and is assessed as a tactical pass to outsource undesirable capabilities inside an organization. The second form of outsourcing is extra considerable and is referred to as strategic-shift outsourcing, which makes a specialty of bringing in noticeably demanded experts which are constrained in supply. Selective outsourcing allows provider company corporations to lessen expenses even as allowing the organization to position their interest someplace else even as strategic-shift outsourcing additionally conquerors the equal dreams as selective outsourcing, however additionally seeks to create mutual benefit at the same time useful relationship because of the sheer length of the settlement and its implications for each parties. Outsourcing permits a enterprise to recognition on its number one mission, now no longer on coping with an auxiliary provider which can compete with private-region options and now no longer offer a actual go back for institutional dollar (Bartem, and sherry, 2001)

2. Tactical and Strategic Outsourcing

Tactical outsourcing is used by institutions to solve specific problems they face. Lack of financial resources for capital investment, inadequate internal management capacity or desire for miniaturization. Tactical outsourcing is a form of traditional outsourcing that is based on cost comparisons and manufacturing or purchasing decisions. This provides tangible benefits in the form of improved cost savings, minimizes future investment needs and solves staffing issues. It also includes running business processes according to existing rules. Tactical outsourcing can also be extended to outsourcing of peripheral activities that enable management to acquire industry-specific skills through partnerships with selected vendors (Hussey and Jenster, 2003). This is a common method used by large, established companies to handle large numbers of repetitive tasks and processes such as salaries, talent, and procurement. Strategic outsourcing as part of the process of redefining the organization is freeing management and refocusing on core business functions. Strategic outsourcing relationships create long-term value as clients work with a small number of top-tier integrated service providers.

3. Transformational Outsourcing

Transformable outsourcing is often used to redefine a business (Linder, 2004). This allows institutions to maintain their leadership position, build sustainable competitive advantages and create the highest value for their institutions. Some of the issues addressed by transformative outsourcing are good governance, maturity of business process knowledge, and properly created and monitored service level agreements (SLAs). The risk levels of strategic and transformative outsourcing are higher than in tactical forms. However, it is usually shared with outsourcing partners. Before reaching an agreement in this direction, you need to implement a tested risk mitigation plan, a high level of security, mature project management skills, and a proven business continuity plan need to be put in place before an arrangement can begin in this direction

2.1.5 Strategic Assessment for Outsourcing

The majority of outsourcing failures can result from organizations that do not follow or eliminate the following important strategic assessments: As a result, it cannot provide a solid foundation for objective, data-driven outsourcing decisions. As reported by Power et al. (2006) The purpose of conducting a strategic assessment is to develop a clear vision for outsourcing, set specific goals and objectives, determine how outsourcing fits into the overall business strategy, and outsource. Select and engage the lead sponsor of the venture. Identify the key features and processes that are suitable for outsourcing and decide whether to engage onshore, near shore or offshore. 2006, Power et al. He noted that the purpose of strategic evaluation is to investigate the current and future strategic position of an organization and to understand where strategic outsourcing fits. At this stage, organizations need to understand both the strengths and weaknesses of using outsourcing as a strategy. Analysis of strengths and weaknesses; whether outsourcing as a strategy fits your business needs forms the basis of your outsourcing plan. Failure to lay this solid foundation can lead to questionable consequences in the future stages of the outsourcing life cycle. As a simple example, imagine what happens if you mistakenly analyze a particular function of your organization as a candidate for outsourcing. This erroneous information is used to pass this erroneous information to the supplier through the needs analysis, supplier selection, negotiation, and contract stages. You have just put a lot of effort into making a false pre-estimate, and you have to pay a lot of money for it. Eventually, you'll have to take the work home and pay a lot of money for mistakes.

The four key elements of the strategic valuation phase include business value valuation, operational valuation, financial

A. Business-Value Assessment

There are three phases to assessing business value: analyzing the organization's core competencies, establishing a senior sponsorship team to oversee outsourcing projects, and ensuring that outsourcing plans are in line with current and future overall business strategies. It is included.

Core competencies-During a business value assessment, an organization needs to look at the business to determine its core competencies. Many companies struggle to objectively determine this true focus on their ability to do business. Core competencies are a combination of professional skills, unique technologies, knowledge, information, and unique operational processes and procedures that are integrated into the organization's products and services and are unique differentiators for the organization's customers.

Executive sponsor team is a core component of conducting a business value assessment is to have the right team in place to conduct the assessment of the executive sponsor team. It is vital that organizations have a dedicated executive level team that sponsors the outsourcing program. Strategic objectives, such as outsourcing initiatives, must be come from the top echelon of a company. Top management must articulate the goals and objectives of outsourcing initiative, and communicate how the process will benefit the company Yenus et al. (2005).Additionally; executive level teams can make several critical contributions to the strategic assessment process Power et al. (2006). The goal is to gain a broad perspective from multiple disciplines and identify key success factors and problem areas that form the basis for creating a comprehensive outsourcing business case. As reported by Power et al. (2006), the outsourcing team will be responsible for the following areas: Defining and documenting key business goals and outcomes, identifying potential outsourcing products and services, and developing an understanding of external markets, including provider capabilities and opportunities. This is the organization's business goals, roles and responsibilities. Can be used to clarify, guide and manage change. This accountability means, in effect, that the outsourcing team is responsible for creating the outsourcing business case.

Alignment with the business strategy-The final factor in assessing business value is to consider your organization's business strategy. This includes showing your current business strategy and how that strategy may change in the future. When considering whether to outsource, it is important for the organization to outline current and future strategies. The strategy also needs to consider the level of integrity and shared knowledge about the customer and the core

B. Operational Assessment

When assessing your organization's operations, you need to determine your operational base, including process functions. You need to know if your organization has mature process functions to support the proposed outsourcing initiative. Similarly, you need to measure the performance of the proposed outsourcing initiative, benchmark the data, and know if there is an established way to assess the maturity level of your organization and the competitiveness of your vendor's products. .. During this phase, the organization must be able to answer questions about the supportability of operations, such as: Does your organization understand all internal and external dependencies that relate to your overall business operations, as well as the internal and external implications associated with the proposed outsourcing initiative? Outsourcing typically involves moving one or more processes to an external vendor. Therefore, Before outsourcing, it is important to know the nature of the process. (2006)

C. Financial Assessment According to Power et al. (2006) Perhaps the most discussed reason for outsourcing is cost savings. Improving cost efficiency and profitability are important benefits of outsourcing strategies. Much of this cost savings is achieved by moving from a fixed cost model to a variable cost model.

D. Risk Assessment

If there is no risk, no administrator is needed. Risk and uncertainty are all about management. If everything was safe; therefore, because it is predictable, there is nothing to manage. Risk is always a factor in any project. Risk assessment takes an aggregated view of the organization and proposed outsourcing initiatives to identify risk-related risk mitigation strategies. If you consider that there are risks associated with all your projects, you need to categorize the risks into different categories.

2.1.6 Reasons for outsourcing

Companies outsource some of their activities or processes for different reasons. Among the most frequently mentioned reasons for outsourcing is reduction of costs. The cost aspect of outsourcing was particularly important in the past. In recent years, there is a shift from costs reasons to more sophisticated and soft reasons, while the cost aspect is only partially relevant. However, the companies also cooperate on other grounds, which have been even before costing reasons in recent years. Among the main reasons of outsourcing is focusing on key competencies and skills, lack of adequate employees, the satisfaction of end users, and company's flexibility (Barbara and Hojnik, 2010).

Successful adoption of outsourcing involves different concerned parties in making important decisions about the business they are in and the best mechanism for delivering their services to the customers. Whether organization outsource for the first time or as a renewal exercise, the initial step is to determine the primary reasons for the outsourcing (Choi, 2008). A company hires the services of the external party due to several reasons such as reduction in cost, trained employees, shortage of staff or equipments, better technology, best service quality, the ability to learn new things, contractors have better reputation, to develop better relationship with other organizations, provides flexibility as organizations focus on other important functions etc (Ashrefa, et al, 2010).

As survey or research was conducted by Miller (cited in Sriwongwana, 2009), 86 percent of respondents, including top executives, said that introducing outsourcing into their organizations could increase their overall business outcomes in many areas. The survey also found out other reasons from respondents why companies need to outsource including to concentrate on their core business activities, to more quickly attain business goals, to engage indifferent kinds of innovations, to focus on market changes in order to boost revenues and profits of the organization.

Even though organizations have their own specific reasons to outsource their functions to service providers, according to different scholars the following are the main reason for organizations to make a decision for the outsourcing a service.

A.To focus on strategy:- outsourcing non-core activities to another party allows the management of an organization to spend more time on strategic issues in order to become competent in the business environment as a company's strategy is the most priority one to do so (Bragg, 1998).

B.To focus on core functions: - A company has very small number of functions that are key to survival. To give more attention to this core functions, a company distribute non core functions among a group of suppliers who are capable of performing them well enough that company management will not be bothered with any of the details associated with running them. When an organization concentrates on carrying out its priorities, it can use its financial, human and management resources more effectively and efficiently. Outsourcing of some non-core as well as core now but later to become less important functions provides organizations with the flexibility to redirect and focus their resources on activities critical to their mission (Choi, 2008).

As Brown and Wilson (2005) stated that a company would keep only those core functions in house as long as it can do better than other supplier, which means it need to keep its functions in house if the functions are core functions as well as there is no supplier that can do it better than the company itself.

C.Improve flexibility: -Choi (2008) justify flexibility as maintaining the level of equipment and staff necessary to cover peak loads can leave organizations with under-utilized resources during off-peak periods. On the contrary, organizations may only be able to maintain resources at a level just sufficient to meet normal demand, which leads to poor customer service at peak periods. In such situation, outsourcing of functions that are subject to peaks and low economic activities in usage can provide organization with the flexibility to respond rapidly to changing demands.

D.Reduce cost: - A supplier can lower costs by centralizing the work of several companies at one location and purchase its input in large volume. So, the company can reduce its cost indirectly by transferring its function to this type of suppliers (Brown and Wilson, 2005)

E.Access to skills: - an organization may face shortage of skilled and experienced staff. Existing staff may not always have the necessary skills to keep pace with rapidly evolving change and technology. When an organization is considering providing new services, outsourcing can ease the process of building the skills and resources required to respond to these new initiatives. In some cases, outsourcing to an external service provider may be the only practical way to access the skills necessary to properly deliver services. On top of this organizations also benefit from having their staff work with the service provider's specialists (Choi, 2008).

F.Improving service quality: - Functions noncore for the outsourcer is core for the supplier, and it focus on running the process efficiently. Since it is a core activity for the supplier, it would make every effort to bring improvements in the outsourced process and deliver quality standard service than the company itself (Aran and Patel, 2005).

Bragg (1998) notice that before deciding to outsource based on one or more of the above reason, the concerned body who is making the outsourcing decision should consider that it is not necessary to outsource an entire area rather those tasks within the function that are clearly worthy of being outsourced and keep all other tasks in-house. As Domberger (1998) states contracting the provision of key parts and components can make an organization to loss its core competences. According to Brown and Wilson (2005), selective outsourcing reduces the risk of the company when the chosen supplier is not performing its task properly.

Let us see what the authors say about why companies need to outsource their non-core services in a summarized way.

Table 2.1; Summary of Reasons for outsourcing by scholars

#	Authors	Reasons for outsourcing
1	Chio 2008	<ul style="list-style-type: none"> - To be flexible - To focus on resources and activities - To get skills in human & other resources in administering the service
2	Ashrefa, et al, 2010	<ul style="list-style-type: none"> - To reduce cost - To get trained employees - To overcome shortage of staff and resources - To gain better technology - To get a quality service - To learn and adopt new things - To take advantage of better reputation - To develop better relationship with other organizations - To be flexible
3	Miller (cited in Sriwongwana 2009 from a research)	<ul style="list-style-type: none"> - To increase overall business output of a company - To concentrate on core activities - To attain business goal - To increase company's profitability
4	Bragg 1998	<ul style="list-style-type: none"> - To focus on core functions - To reduce cost of investing on non-core activities - To gain better service for lesser investment
5	Brown & Wilson 2005	<ul style="list-style-type: none"> - To reduce cost - To acquire better management on core activities

As we can see from the above summary that all authors focused on cost reduction and they take it as the major reason why company's need to outsource their lesser important activities to another company. Together with this to be able to focus on core activities, so as to make an organization as profitable as possible, is also given a higher emphasis.

To sum up the major reasons to outsource a service is for an organization to take advantage in concentrating on core businesses (strategies), to be flexible and competent in the business environment, adopt new technology and relocate and use organization's resources and also use resources from outside source. Outsourcing a service will also enable an organization to increase profitability, productivity, learn/obtain skills and encourage innovation. On the finance perspective, to reduce cost and capital of non-core functions, an organization might choose to outsource some functions.

In general there are around nine groups of reasons why companies outsource their activities. These are increasing revenues, reduce costs, business development, organizational reasons, personnel reasons, the need for greater focus on core activities, the need to improve control and reduce risk, only occasional need for particular activities and too high initial investment for the implementation of certain activities. Companies the most frequently outsource to focus on core business or activities (Barbara and Hojnik, 2010). The main factors influencing successful outsourcing understand company goals and objectives, a strategic vision and plan, selecting the right vendor, ongoing management of the relationships, a properly structured contract, open communication with affected individual/groups, senior executive support and involvement, careful attention to personnel issues, short-term financial justification (Handfield, 2006)

2.1.7 Advantages and Disadvantages of Outsourcing:

Authors are most often focusing on a rather narrow perspective, usually costs and other particularly financial benefits, but do not provide sufficiently comprehensive answers regarding the advantages and disadvantages of outsourcing strategy (Stanimirovic and Vintar, 2011). Many organizations make a decision to outsource some organizational activities. This is because they want to focus on their core competencies, and see low value in developing in-house activities outside of this core activity (Sriwongwana, 2009).

Many banks seeking to increase shareholder value outsource to take advantage of a variety of benefits. Often the rationale for outsourcing is containment or reduction. Bank management's desire to obtain external expertise is another principle reason for outsourcing.

outsourcing can bring fresh minds to the business of the bank, and it can also free time up for innovation and other vital tasks, another factors to motivate bents going for outsourcing is management desire to focus on its core competences. Other benefits outsourcings include brand building and marketing of bank products, introducing new products and services, access to new technology, and less capital investment and effective recycling of funds (Blogger, 2013). Outsourcing has the potential to empower managers, allowing them to focus on strategic activities that add more value to their organization (Özer and Çiçek, 2011, Sriwongwana, 2009). Outsourcing is wide spread tool in companies of all sizes to achieve different goals, such as flexibility, competitiveness, efficiency and effectiveness as well as innovativeness, while the primary purpose of outsourcing is to contribute to the company's efficiency (Bradač and Širec, 2008).

The most known advantages of outsourcing are acquisition of new skills, access to better management, focusing on strategy, avoiding large investments, to support rapid growth, improve flexibility, and improve the financial situation, beginning a new strategic initiative to improve business performance, reduce costs, and acquire credibility (Barbara and Hojnik, 2010). The ability, skill and knowledge of the service providers are better than that of in-house services. Thus, organizations will benefit from the service providers because the specific service activities are their core competencies (Sriwongwana, 2009). Many studies support the ideas of outsourcing proponents that outsourcing allows companies to enhance expertise, improve service quality, streamline the process, lower costs and reduce the administrative burden and saving time (Alfred et al., 2013).

There are several advantages of outsourcing work to independent contractors:

- The organization only has to pay for what it gets
- The contractor may be negotiable on rates of pay or fees, especially if the organization is competing with others for the same contracts
- Contracts can be written precisely to reflect needs and can include clauses to invoke time or quality penalties
- Often the outsourcing permits both the buyer and seller of the service to specialize
- Long-term relationships can be built up between buyer and contractor.

Outsourcing is not free from drawbacks service providers might misstate their capabilities, their process technology might be obsolete or performance might not meet the buyers' expectations. In other cases the supplier might not have the capability to produce the product to a single supplier and exposure to unforeseen problems due to unexpected natural disasters might worsen the situation. Companies who outsource also risk losing key skills and technologies that are part of their core competencies (Bosire et al., 2013). On the other hand, the outsourcing trend affects employees through the loss of fixed-employment opportunities and results in an increasing number of part-time and contract workers typically earning less pay than permanent workers and without health, life, short-and long-term disability, and retirement benefit (Elmuti et al., 2010). Although the potential economic benefits of outsourcing are thought to be considerable, a growing number of evaluation studies show disappointing outcomes. Cost savings tend to be less than expected and quality sometimes declines. A reason for these outcomes may be that - just like with downsizing and mergers-acquisitions in earlier days - managers tend to focus almost exclusively on economic aspects, ignoring the human and social impacts (Hoefeld et al., 2005).

One of the significant drawbacks of outsourcing is that the quality of outsourcing vendors. Poor performance by outsourcing vendor results in poor quality of services to the customers. Another drawback of outsourcing is that when a particular business process is outsourced by the bank, the employees of the bank may lose interest and motivation for expertise and innovation which will adversely affect the bank productivity. Also, pricing by outsourcing vendor cannot be valued correctly as the price quoted by one vendor is different from another on account of differences in product process, services, technology, reputations etc (Blogger, 2013, Sriwongwanna, 2009).

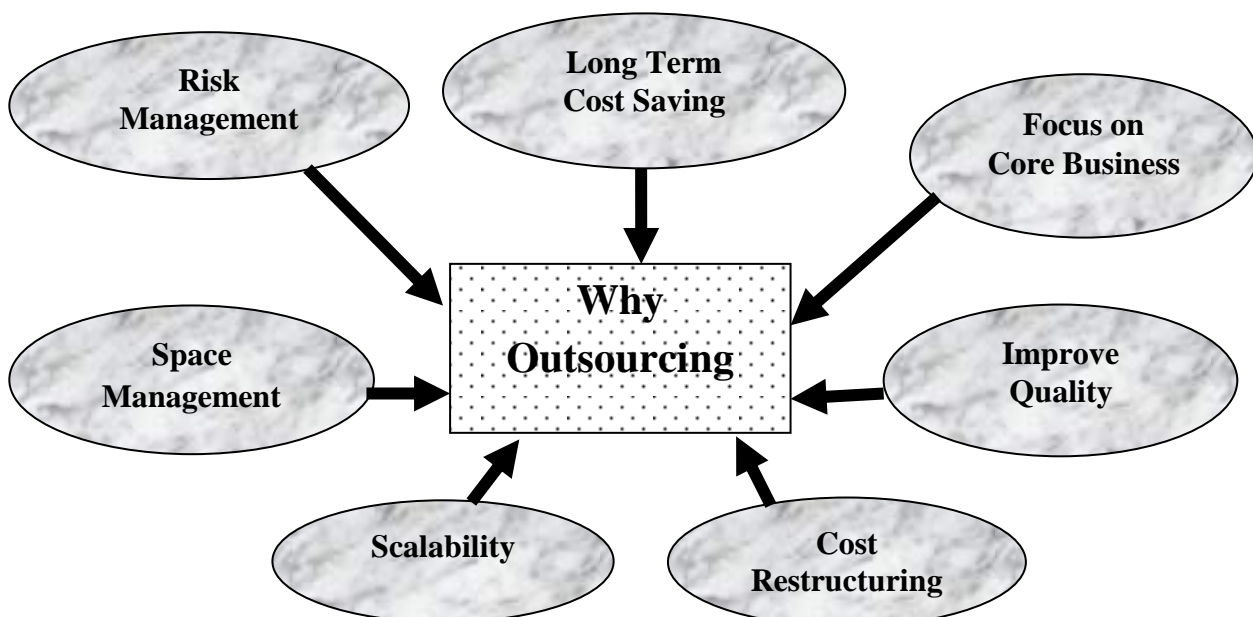
Other negative effects of outsourcing are: high hidden costs, difficulties in developing new management skills and decision-making capacity, errors in identification of key and support activities, poor management of the outsourcing relationship, loss of control over critical functions, problems with the quality, and dependency on partners (Barbara and Hojnik, 2010). Outsourcing can produce negative feelings in employees that remain in-house, and these feelings can impact on organizational culture.

There is some evidence to suggest that in-house employees may suffer from job insecurity, decreased productivity, decreased employee morale, decreased employee loyalty, increased absenteeism, and increased employee turnover. Not only that, if not managed well, outsourcing of HR activities can

result in interpersonal and group conflict between the external and internal employee groups (Sriwongwana, 2009).

Most of the criticism concerning outsourcing has been primarily in the areas of changing employment patterns, globalization of the labor force, and its effect on individuals and organization (Elmuti et al., 2010). Outsourcing increases both unemployment and the labor income risk of unskilled workers in the home country. In addition, even if outsourcing increases employment in the aggregate, it may cause net welfare loss through resource misallocation (Aubuchon et al., 2012). Such findings have resulted in a wide range of propositions to reduce outsourcing, either by discouraging it by using an appropriate tax policy or by directly imposing a cap on the proportion of jobs that can be sent abroad to offshore firms (Aubuchon et al., 2012). Outsourcing, by increasing productivity, may result in downsizing (Elmuti et al., 2010).

Figure 1 Outsourcing: Pros and Cons



Source: Outsourcing in Banking Industry [Online]. BLOGGER 2013

As accommodation costs have risen sharply and regulations relating to the health and safety of those at work have been introduced, the scale and skills required of the task of managing, say, the head office, has increased. It is not unusual, therefore, to find that this task is outsourced to a specialist facilities management company which, in return for fee (which may or may not include items such as rates and energy charges), take over the responsibility (and liabilities) associated with managing the building. The owner or occupier of the building may have to employ or appoint one member of staff to act as liaison with the contractor, but does not then have to appoint staff such as caterers, maintenance engineers, decorators, etc (Blogger, 2013).

In case of CBE, if it demands special expertise like construction, maintenance, and new IT technologies etc has contracted or subcontracted rather than outsourcing the whole activity to the external service provider. However in recent years the bank has begun to outsource some non clerical posts for various reasons.

Outsourcing can represent real savings in expensive office space and the other additional costs of employing people direct. Staff numbers can be reduced whilst still getting the work done. Outsourcing is not suitable for all functions, although in theory any function can be outsourced. Where work is of a 'core' nature that is vital to the organization, most companies prefer to keep these functions in-house. Similarly, work of a particularly confidential or secret nature is usually kept in-house (Marquez, 2005, Blogger, 2013). According to Association of Business Executives (2008) many functions that were traditionally the domain of internal labor are now outsourced. These include: catering services, information technology services, printing and stationery, specialist advisory units and etc....

2.1.8 Service Level Standard of the CBE

The bank has Service Level Standard (SLS) which is agreed with the service provider signed with the contractual agreement. The purpose of this SLS is to clearly set the minimum required/expected service levels by the CBE. The SLS serves as the basis for subsequent management of the outsourced services and create mutual understanding between the CBE and the service provider. As a result the CBE can control the performance of the service provider by using the SLS. Therefore the SLS has a role of ensuring accountability. Service Level Standard of CBE (2018).

There are some required inputs to ensure the required SLS. The major required inputs are the non-clerical employees supplied shall be qualified, disciplined, and efficient, should be a person of integrity, trustworthy, respectful, and attentive, free from addiction of any drug.

The service provider should ensure each of the employees meet the education, experience, health, training, special requirements and being free of criminal record. The age of the employees shall be between 18 and 55 years and shall be given adequate orientation about the services in particular and the CBE in general.

The non clerical employees of the service provider shall conduct themselves in accordance with the rules and regulations of the CBE. In addition to the breach of the required SLS mentioned so far inappropriate conduct of non-clerical employees while on duty includes, but not limited to, unauthorized use of resources, theft, submitting false official documents, gambling, offensive exchange of words with CBE personnel or customers, office disturbing conduct etc... Service Level Standard of CBE (2018)

These are the general SLS for all non clerical employees supplied by the service provider. There is a particular SLS for the security service provided to the CBE. These include the Security guard secure office, buildings, vehicles and other properties 24 hour a day and 7 days a week. Safeguard property, personnel of the CBE and customers using the services of the CBE, deter the commission of crimes and communicate instantly within a maximum of 30 minutes. The security guards are also endeavor to prevent occurrence of fires, explosions, collapse and other catastrophes. The security guard performs deter customers or gusts entering, provide escort and special assistance, and perform all security tasks within the branches or district offices as indicated in Service level Standard of CBE (2018).

2.2 Empirical Review

Hereafter, published articles which are written on the area of outsourcing are presented. These will help to see where the literature on this area and how this study will add to the existing literature. Accordingly, the articles are discussed as follows.

2.2.1 The Impact of Outsourcing on Lead-Time and Customer Service in Supermarkets in Nairobi-Kenya

This study explored the impact of Outsourcing on Lead-Time and Customer Service in supermarkets in the City of Nairobi-Kenya. The study used a descriptive survey design to obtain information on the extent to which supermarkets outsourced services and the impact of outsourcing on lead-time.

In order to gain a competitive advantage companies need to be flexible and innovative in their modes of operations. Outsourcing may be used to gain competitive advantage and has been adopted widely. It is beyond the mere common purchasing and consulting contracts because not only are the activities transferred, but also resources that make the activities occur. The resources include people, facilities, equipment, technology, and other assets. An entire function may be outsourced or some elements of an activity may be outsourced, with the rest of the activities being kept in-house. Identifying a function as a potential outsourcing target, and then breaking that function into its components, allows decision makers to determine which activities are strategic or critical and should remain in-house and which can be outsourced (Bosire et al., 2013).

Even though the reasons why companies decide to outsource vary greatly companies are increasingly seeking outside firms to perform activities previously conducted in-house in order to achieve time, progress and cost advantage. the services most easily outsourced are those that are resource-intensive, relatively discrete, require specialist competencies, characterized by fluctuating work patterns in loading and throughput, subject to quickly changing markets (for which it is costly to recruit and retain staff), and subject to rapidly changing technology requiring expensive investment (Bosire et al., 2013).

The analysis of the findings indicated that marketing and advertising were outsourced by supermarkets to a very large extent in Kenya. Consultancy and training, Administration of information and systems maintenance, Security, Facilities maintenance and General maintenance & repair were outsourced by supermarkets to a large extent. Fleet operations and Freight brokering and Audit were outsourced by supermarkets to a small extent. Payroll processing, Recruitment/Staffing and General Accounting were outsourced to no extent.

However outsourcing of security, guard and janitor services is common in Kenya (Bosire et al., 2013) According to the research findings 90.6% of the supermarkets committed mistakes included: outsourcing from inefficient firms, underpayment or overpayment, avoiding accountability, ignoring the customers' unique needs and not involving other stakeholders in outsourcing. From the research findings the impact of outsourcing on lead time components influenced queue time to a very large extent whilst Set-up time, Problem solving time, Run time, and Waiting time were influenced to a large extent. The Relationship between Outsourced services and the Lead-Time components were positively correlated.

The researchers conclude that Supermarkets management should consider outsourcing as it reduces lead time and make them flexible in meeting varied needs of the customers. They should also implement variables that manifest Customer Service Management (CSM) to retain their customers, remain competitive and increase their market share. When outsourcing, supermarkets should consult other stakeholders to minimize mistakes committed.

2.2.2 Personnel Outsourcing and Corporate Performance

This paper was carried out by Dapper, Edwin M. (2013) to study personnel outsourcing and corporate performance. The researcher uncovered that there is a significant effect of personnel outsourcing on corporate performance. The researcher further recommended that as a result of the findings, that organizations should see outsourcing of personnel function and other areas very important as it contribute to the transfer of knowledge from external vendors to internal employees, and makes the organization to reduce their cost of operation and make them stand out in a competitive ground (Dapper, 2013).

According to Dapper (2013), outsourcing can be defined as an organization delegating their non-core functions to an external organization that provides a particular service, function or product. Outsourcing is no longer confined to information technology (IT) services, but has expanded to financial services, banking services, engineering services, creative services, data management services, hospitality and clinical laboratories or laboratory medicine, and human resource management. Outsourcing the personnel function is one of many ways to improve an organization's efficiency.

Outsourcing the personnel activity is one of many strategies used by business executives to meet the organization's demands and objectives; including cost reduction, increasing flexibility, gaining access to advanced technologies, and a focus on core activities personnel outsourcing ranges from simply transferring non-core activities such as payroll and benefits administration to external providers, to the outsourcing of recruitment, training and even personnel strategic planning. Personnel managers are expected to be more flexible, responsive, and efficient and to contribute to the strategic decision of their organizations. In response to this paradigm shift, many personnel managers are turning to outsourcing as a way of meeting these demands (Dapper, 2013).

2.2.3 Benefits of Outsourcing Personnel

As indicated in the research article, cost saving is the first reason for many organizations to outsource their internal personnel function. There is also evidence that shows organizations can avoid a huge investment because they can deal with cost-effective personnel providers. Outsourcing the personnel function may help organizations forecast their personnel activities budget because providers are paid on a monthly or yearly basis. Another cited benefit of outsourcing the personnel function is a more efficient service. It is argued that the ability, skill and knowledge of personnel providers is better than that of in-house personnel staff. Thus, the organization will benefit from HRO providers because personnel activities are their core competencies. Another significant benefit from outsourcing the personnel function is that the organization can focus on core business or core competencies (Dapper, 2013).

Outsourcing has encompassed a wide spectrum of activities from manufacturing operations, research and development logistics, information technology, personnel management and accounting. Personnel management as one of them and this popularity also, is fast gaining ground in great measure, to the need for personnel department to play a much more strategic role in organizations. Outsourcing allows firms to focus on their core competencies by relocating limited resources to strengthen their core product and services. Results from the study shows that personnel outsourcing gives a firm an opportunity to concentrate more on its core activities while leaving the non-core activities to be handled by external vendors (Dapper, 2013).

The researcher of this article concludes that the sourcing of personnel functions from outside vendors enhances organizations performance. When organizations/firms outsource personnel functions, it gives employees relief from such stress and makes them to concentrate more on the organization's core competencies. In other words, when employees task are reduced by delegating some to external service providers, it makes them to be less busy with things that are not necessary, thereby increasing the level of their performance which in the long-run, increase the productivity level of the firm as well as the realization of organization goals.

Finally the researcher recommend that organizations should see outsourcing of personnel functions and other areas very important as it contributes to the transfer of knowledge from external vendors to internal employees, and make the organization to reduce their cost of operation and make them stand out in a competitive ground. On the other hand before organizations implement the process of outsourcing, they should first of all establish a training to make sure that employees have the knowledge and an idea of the process and enable to establish a good relationship between internal employees and external employees (Dapper, 2013).

The CBE has outsourced all of non clerical posts to the external service vender. Currently the service provider has more than 1500 employees who are working in various branches and the district office at various posts under West Addis Ababa District. The posts include janitor, security guards, gardener, messenger and driver. Therefore the major purpose of the research is measuring the effectiveness of the outsourcing of those posts in CBE, West Addis Ababa District by answering the four research questions developed.

2.3 Conceptual Framework

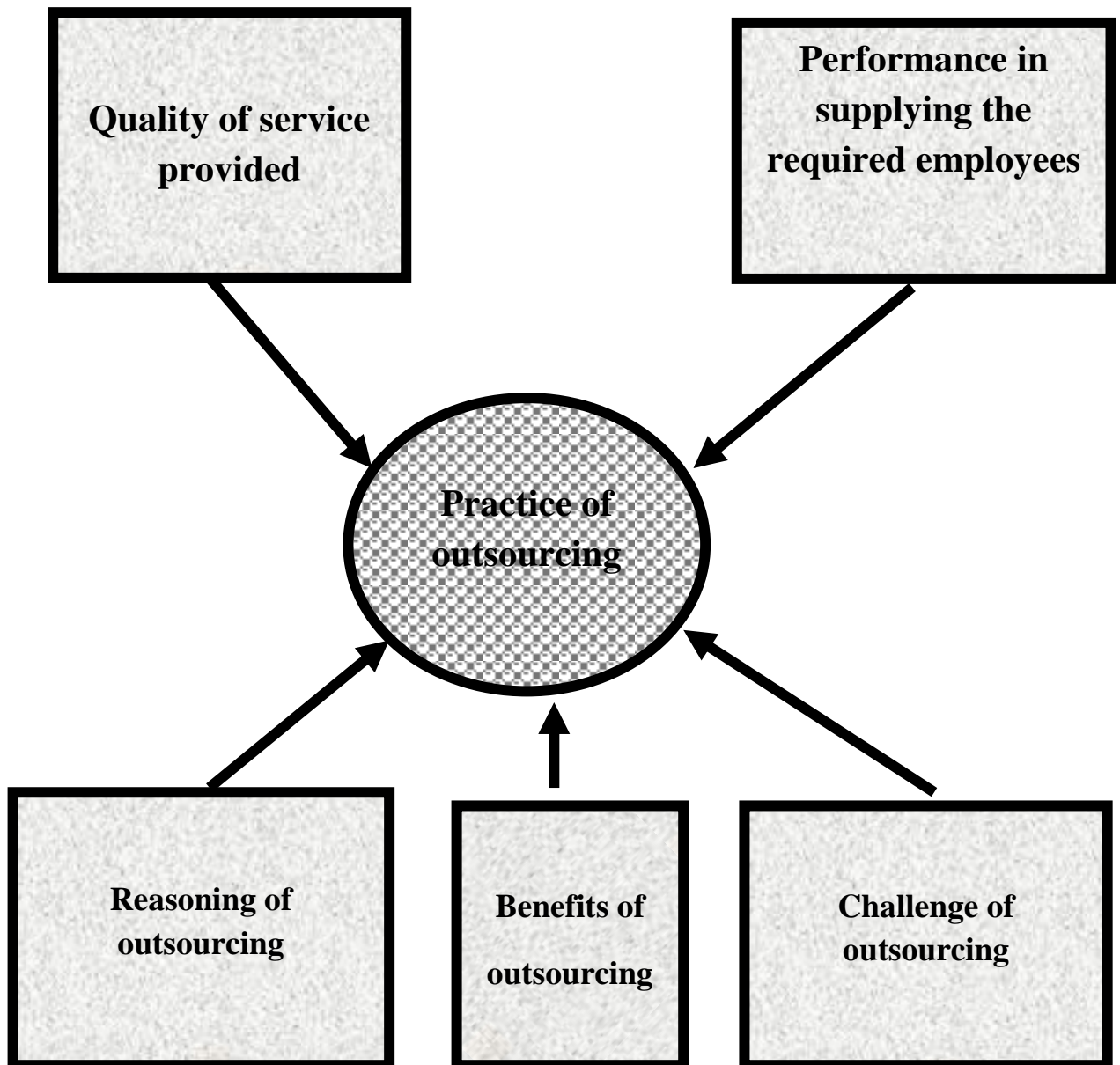
Because the business environment in which organizations are operating is highly competitive, rapidly changing in technology and economic condition outsourcing is necessary (Bosire et al., 2013, Wanjiru, 2013). The most frequent mentioned reasons of outsourcing are cost reduction, focus on key competencies, flexibility, service quality, in need of external expertise, free internal resources for other purposes, share risk with Partner Company (Barbara and Hojnik, 2010, Sriwongwana, 2009, Aubuchon et al., 2012).

On the other hand outsourcing has also drawbacks. Some of the common drawbacks of outsourcing includes the service providers might misstate their capabilities, technology might be out of date or performance might not meet the buyers expectation (Bosire et al., 2013). Outsourcing also affects employees through the loss of fixed employment opportunities and results in increasing contract workers who earn relatively a lesser wage (Elmuti et al., 2010, Elmuti, 2003). Another drawbacks of outsourcing are employees of the bank may lose interest and motivation for expertise and innovation, difficulty in developing new management skills and decision making capacity, poor management of outsourcing relationship, loss of control over critical functions and problem with the quality (Blogger, 2013, Sriwongwana, 2009, Barbara and Hojnik, 2010).

The CBE has SLS which is agreed with the service provider signed with the contractual agreement. Its purpose is to clearly set the minimum expected service level. The major requirements by the SLS include the employees supplied shall be qualified, disciplined and efficient, should be a person of integrity, trustworthy, respectful and attentive, free from addiction of any drug in general. However, each post has its own respective minimum educational, related work experience, age requirements as clearly stipulated in the SLS of CBE (2018).

The proposed theoretical framework for this study is effectiveness of outsourcing of non clerical posts in relation to the quality of the provided service, effectiveness of the service provider in providing the required employees as per the SLS of the bank, effectiveness of outsourcing in minimizing the managements' time and effort, and the benefits of outsourcing to the CBE.

Figure 2. Conceptual Framework



Source: Adopted from the review of literature

CHAPTER THREE

RESEARCH DESIGN AND METHODS

This part describes the methodologies that will use in this study: the choice of particular research designs, sampling techniques, sources of data and data collection tools along with an appropriate justification associated with each approach.

3.1 Research Approach and Design

There are three types of research approach: quantitative, qualitative and mixed method. Mixed methods research is an approach that combines or associates both quantitative and qualitative forms (Dawson, 2002). It helps to see the problem from multiple directions and provides a mechanism of collecting, analyzing different categories of data and makes triangulation of findings easy. In addition, the research questions raised in chapter one of the study are answered using a mixed methods research approach. Hence, in this study both qualitative and quantitative (mixed methods) of research approach is used. The research design that the researcher followed is mainly descriptive design. The researcher has used descriptive research design to describe the existing state of affairs regarding the effectiveness of outsourcing activities of CBE based on the analysis of quantitative and qualitative data.

3.2 Population and Sampling Procedure

3.2.1 Population

The population for this study is commercial bank of Ethiopia west Addis Ababa District branches managers. The total number of branches in west Addis Ababa district is 105 and total management staff 430. The researcher believes that pertinent information could be obtained from the management member of each branch and district office since they have direct relationships with the non clerical employees that are being outsourced to the external service vendor. Therefore, the population of the research was all management members of branches that include district manager, branch managers (BM) and customer service managers (CSM).

3.2.2 Sampling method

As described by Sekaran and Bougie (2010), a random sampling technique is the basic sampling technique where a group of subjects are selected for a study from a larger group or the population. In this study it is adopted in selecting the management staff of the banks and employees assigned by the service provider.

The purposive sampling technique (which is a technique where respondents are selected for a particular purpose) was also adopted in selecting management staff of Commercial bank of Ethiopia's west Addis Ababa district office interview questions.

3.2.3 Sampling size

This study was conducted in Commercial Bank of Ethiopia selected branches found under West Addis Ababa District. By using Yamane (1967:886) formula $N/1+N(e)^2$ with an error of 5% and 95% of confidence level, the total sample size is 207 from Commercial Bank of Ethiopia branch managers and district manager are taken as a sample for the study according to their proportion. In addition, the researcher selected managers of the banks purposively for an interview. This is because the researcher believed that the managers are best sources to provide valuable information which cannot be obtained from other respondents.

3.3 Data Type and Data Collection Tools

The study has employed both primary and secondary data collection techniques. The primary data is collected through questionnaire that contains both open ended and close ended questions as well as structured interview. The open ended types of questions will be used to help the respondents to express themselves, without limiting the answers which they can supply. The data gathered using these questions is helpful in order to gather in-depth data or information, at the same time, help in order to support those data gathered using the close-ended type of questions. Review of operational manuals, the contractual agreements and the SLS of the bank and other relevant documents of the bank have been used as the sources for the secondary data collection.

To distribute and collect the questionnaire one contact person will be assigned in each branch. In addition the researcher has taken the responsibility of administering the distribution and collection of the questionnaire to and from the representatives of each respective branch. Face to face interview with randomly selected management members of branches will be conducted by the researcher.

3.4 Methods of Data Analysis

As the major objective of the data analysis will to evaluate the effectiveness of outsourcing of non clerical jobs in CBE, important conclusions and recommendations will be drawn from the collected data which will be analyzed using both qualitative and quantitative methods. In the analysis of responses from the questionnaires the Statistical Package for Social Sciences (SPSS) will be utilized. In presenting the data gathered frequency distribution and descriptive statistics (mean and standard deviations) will be used to illustrate the quantitative data and presented by using tables. On the other hand qualitative data will be analyzed by content analysis.

3.5 Validity and Reliability

Checking the validity and reliability of data collecting instruments before providing to the actual study subject is the core to assure the quality of the data (Creswell.J. 2009). To ensure validity of instruments, initially the instrument is prepared by the researcher with guidance from the advisor. The questionnaire is developed with due care containing multiple questions, and discussion questions. Maximum effort is applied to create logical link between the items in the questionnaire and the research questions as well as the objectives of the study.

Table 3-1 Reliability Coefficients of the Research Variables

Item	Number of items	Cronbach Alpha
Challenge of outsourcing	3	.77
Minimizing Management time and effort	4	.73
Service quality	6	.81
Effectiveness of the service provider in supplying the required employees	2	.72
Benefits of outsourcing of Non clerical employees	7	.79

(Source: questionnaire, 2022)

3.6 Ethical considerations

The interviews that the researcher prepares doesn't cause harm to the participants. The research questions do not require the participants to give any information that are risky for them; if there are answers or information that might put the participants in danger, the researcher will follow the necessary procedures, before using the information given for the study and inform the participants the probability of being in risk, to ensure and get the approval to use the information as a data for the research. The other consideration is on the interview and observation that is the confidentiality and protection of creative new ideas and privacy of the participants.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Return Rate of the Questionnaires

This chapter deals with analysis, discussion and interpretation of the data collected through both questionnaire and interview. Out of the two hundred seven (207) questionnaires distributed to respondents one hundred seventy-five (175) were returned. From the collected questionnaires eight were found to be invalid and twenty four (24) were unreturned where as the remaining one hundred seventy-five (175) responses were valid and used for the analysis purpose. This accounts for 84.5% of response rate. Thus, based on the responses obtained from the respective respondent's data presentation and analysis were made as follows.

4.2 Demographic Characteristics of the response

The demographic distribution of the respondents that are analyzed in this study includes work experience, educational qualification and current position of the respondents in the bank.

When the respondents are more experienced and educated, they have a better opportunity to understand the case outsourcing and expected to give a better response.

Table 4-1 Educational Qualification

S.No	Qualification	Frequency	Percent	Cumulative Percent
1	First-degree	80	45.7	45.7
2	Second Degree	90	51.4	97.1
3	Other	5	2.9	100
Total		175	100	242.8

(Source: Questionnaire, 2022)

As indicated in Table 4-1, as the respondents are working on a senior and managerial position, their education level begins from degree. Among those 80(45.7%) were degree holders and the rest 95(54.3%) were above degree on their educational status.

The other demographic factor analyzed in the study is the work experience of respondents in the bank.

Table 4-2 Work Experience

S. No	Work Experience	Frequency	Percent	Cumulative Percent
1.	1 to 3 Years	4	2.29	2.3
2.	3 to 6 Years	22	12.57	14.9
3.	6 to 10 Years	58	33.1	48.0
4.	More than 10 Years	91	52	100
Total		175	100	165.2

shown in Table 4-2 more than 100 respondents have a work experience that ranges from 3 to 10 years that accounts for around 67% of the respondents. On the other hand, 18% of the respondents have a work experience of more than 10 years. The rest are workers who have below 3 years of work experience. This means around 85% of the respondents have a work experience of more than three years.

Table 4-3 Current position in CBE

S. No	Position	Frequency	Percent	Cumulative Percent
1.	Managerial	164	93.7	93.7
2.	Professional	11	6.3	100
Total		175	100	193.7

Source: questionnaire, (2022)

Regarding the professional position of the respondents Table 4-3 around 93.7% hold managerial posts and 6.3% are professional workers. This reveals that the respondents have frequent work relations with the non-clerical employees that are currently outsourced.

4.3 Descriptive Statistical Analysis

As it was discussed in the methodology part, the designed method is descriptive statistical analysis to analyze the findings with respect to the research questions developed. Therefore, the discussion of the findings will answer the basic research questions and meets the stated objectives of this study. For the analysis of all these variables, mean and standard deviations are used. Particularly mean value of the respondents has considered as an important indicator for the evaluation of each variable.

In the analysis of the descriptive statistics the mean values approaching to 2.50 and less indicate the respondents disagree with the specific item, if the mean value falls between 2.50 And 3.50 the respondents are in mode stand if the mean value is more than or equal to 3.50 It indicates the respondents agree with the specific variable and it becomes stronger as it approaches to 5.00. In addition to the quantitative analysis, the qualitative information obtained through interviews used to analyze the issues as follows.

4.4 Non-Clerical jobs outsourced by the CBE

The available jobs in CBE are categorized into clerical and non-clerical jobs/posts. Clerical employees include posts like managerial and professional jobs. However, other jobs that support the core business activities of the bank are commonly categorized as non-clerical posts that include security guards, drivers, cleaner, messenger, gardener, janitor, carpenter, and cash office messenger. Recently the CBE has begun to outsource those posts to the external service provider. The availability of these posts differs from branch to branch based on the business volume in a specific branch.

Table 4-4 Non clerical posts outsourced

S. N	Outsourced jobs	Frequency	Percent	Cumulative Percent
1.	Janitor and Security Officer	71	40.5	40.5
2.	Janitor, Security Officer and Messenger	16	9.1	49.6
3.	Security Officer Only	25	14.3	63.9
4.	Janitor, Security Officer, Messenger and Driver	30	17.1	81
5.	Janitor, Security Officer, Messenger, Driver and Gardner	33	19.0	100
Total		175	100	335

Source: Questionnaire, (2022)

Various non-clerical jobs are outsourced in CBE West Addis Ababa District. These include janitor, security officer, messenger, driver, and gardener posts. The outsourcing of these posts varies from branch to branch based on their demand to the specific post. As shown in Table 4-4 about 40.5% of the respondents outsource janitor and security officer posts, 17.1% of the respondents outsource janitor, security officer, messenger, and driver posts. Around 14.3% of the respondents outsource only security officer posts. On the other hand, 19.0% of the respondents outsource all non-clerical posts mentioned earlier. The rest 9.1% of the respondents use Janitor, Security Officer and Messenger workers from the service provider. This indicates that number of non-clerical posts outsourced vary from branch to branch.

4.5 Number of Years CBE has Outsourced Non-Clerical posts

Previously all the non-clerical posts were covered by internal employees of the bank. However, recently the bank has begun to outsource these posts to the external service provider. The service provider is responsible to supply the required employee both for the new branches and the existing one whenever any vacant post arises.

Table 4-5 Numbers of years using employees from outside supplier

S. No.	No. of years using employees from outside	Frequency	Percent	Cumulative Percent
1.	Below 1 year	4	2.3	2.3
2.	1 to 7 years	81	46.3	48.6
3.	Above 8 Years	90	51.4	100
Total		175	100	150.9

Source: Questionnaire, (2022)

Concerning about the experience of the bank in outsourcing (Table 4-5) about 51.4% of the respondents have above eight years of experience using employees from outside service provider. Around 46.3% of the respondents have one to seven years of experience using employees from outside service provider.

The rest 2.3% of the respondents have less than a year of experience in this regard. Therefore around 97.7% of the respondents have at least a year experience of using non clerical employees from outside service provider.

4.6 Number of Service Providers

Table 4-6 Number of Service providers

S. No.	Service providers	Frequency	Percent	Cumulative Percent
1.	Single	175	100	100
2.	Two	0	0	0
Total		175	100	100

Source: Questionnaire, (2022)

As depicted in Table 4-6 about 100% of the respondents have got the outsourced non-clerical services from only a single service provider. From the conducted interview with the bank officials, the earlier service provider was one Dejen Human Resource Supplier P.L.C. that was supplying employees to pilot branches. Later the district has stopped working with it. Currently the service provider is Commercial Nominees P.L.C. which supplies the required employees for each post.

4.7 Major Reason(s) of Outsourcing in CBE

The most prominent reasons for outsourcing include desire to achieving special competence, improvements in quality, save time, save money, and lack of experience. Besides, there was also an attempt to see whether these motives that usually prompt people to outsource vary according to different functions of an organization (Mahmud et al., 2012). One of the most attractive benefits of outsourcing is increasing the focus on core competence activities (Shahanaghi and Mohammad 2009). Benefits of outsourcing are reduced costs, better service and access to new technology, as well as enabling staff to focus their efforts on higher-value work thus improving output (Baldwin et al., 2001). Outsourcing the personnel activity is one of many strategies used by business executives to meet the organization's demands and objectives; including cost reduction, increasing flexibility, gaining access to advanced technologies, and a focus on core activities (Dapper, 2013).

Table 4-7 Major Reason(s) of Outsourcing in CBE

S. No.	Reason(s) of Outsourcing	Frequency	Percent	Cumulative Percent
1.	Focus on the core business activities	129	73.7	73.7
2.	Reduction of Cost	32	18.3	92.0
3.	In need of external expertise	5	2.9	94.9
4.	To improve service quality	9	5.1	100.0
Total		175	100	360.6

Source: Questionnaire, (2022)

As indicated in Table 4-7 around 73.7% of the respondents the major reason of outsourcing is to enable the bank to focus on the core business activities of the bank.

However, 18.3%, 5.1%, and 2.9% of the respondents the bank is outsourcing these posts for reduction of cost, to improve service quality and in need of external expertise respectively.

From the data it is learned that the major reason of the bank to outsource the non-clerical jobs is due to the preference of the bank to focus on the core business activities of the bank. This is also supported by existing body of knowledge on outsourcing. Ahrefa et. al., (2010) stated that a company outsource its non-clerical jobs for a number of reasons but the primary reason is to focus on its core and strategic areas of the business. This implies that the bank has outsourced its non-clerical jobs to focus on its strategic business area.

4.8 Quality of the Services Provided as compared with the SLS of the CBE

The bank has Service Level Standard (SLS) which is agreed with the service provider signed with the contractual agreement.

The purpose of this SLS is to clearly set the minimum required/expected service levels by the CBE. The SLS serves as the basis for subsequent management of the outsourced services and create mutual understanding between the CBE and the service provider. As a result, the CBE can control the performance of the service provider by using the SLS. Therefore, the SLS has a role of ensuring accountability as clearly stipulated in Service level Standard of CBE (2018).

Table 4-8 Services provided are in the best standard of the bank

S. No.	Service Quality	Frequency	Percent	Cumulative Percent
1.	Yes	79	45.1	45.1
2.	Indifferent	36	20.6	65.7
3.	No	60	34.3	100
Total		175	100	210.8

Source: Questionnaire, (2022)

The respondents were requested to evaluate the service provided by the outsourced employees to the service standard level of the bank; as indicated in Table 4-8 above 45.1% of the respondents say the services provided are to the best standard of the bank. However, more than half of the respondents didn't agree with the service quality is to the expected standard of the bank. If the provided services by the outsourced employee are not to the best service level standards of the bank, respondents are also asked to identify which service category (jobs) is/are to the best service level of the bank. From this group of respondents few of them (around 28%) respond that relatively security guard job service is provided in a better way. While (17%) of the respondents say janitorial service is in a better service level standard of the bank. The rest respond that none of the jobs are to the service level standard of the bank.

4.9 Effectiveness of outsourcing in minimizing management time

Before a few years ago, Commercial Bank of Ethiopia was engaged in employing and managing employees of non clerical jobs internally to carry out the respective services. Due to the branch expansion tasks and in order to focus on the core business activities the bank has begun to outsource these non clerical posts. As indicated in the literature review part managers are keen to focus all their energies on their core business activities, by which they mean those activities which are the source of competitive advantage and which determine the success or failure of their organizations. There is thus a desire to minimize the amount of management time and effort which is spent carrying out more marginal activities (Torringtonetal, 2005). In evaluating the effectiveness of outsourcing in minimizing management time and effort the involvement of management members of the bank in HR activities like recruitment and selection, employee assignment and transfer, administration, and legal issues are presented as follows.

Table 4-9 Effectiveness of outsourcing in minimizing management time

Description	N	Mean	SD
Outsourcing has minimized involvement and management Time in process of Recruitment and Selection	175	4.18	0.665
Outsourcing has minimized involvement and management Time in process of Assignment and Transfer	175	4.06	0.708
Outsourcing has minimized involvement and management Time in Administrative issues	175	3.33	1.079
Outsourcing has minimized involvement and management Time in Legal Issue	175	4.09	1.045
Total			

Source: Questionnaire, (2022)

From Table 4-9 respondents agree with outsourcing of non clerical posts is effective in minimizing involvement and management time and effort in various HR activities since their mean values of the respondent are above 3.00. From the interview conducted with managers and as depicted in Table 4-9 due to the branch expansion work of the bank, outsourcing of non-clerical posts becomes important in minimizing the involvement of the management of the bank in recruitment and selection activities.

Regarding the mean value the effectiveness of outsourcing in minimizing management members' involvement and time in recruitment and selection, legal issues and assignment and transfer issues are 4.18, 4.09, and 4.06

respectively. This indicates that respondents agree with the effectiveness of outsourcing in minimizing the bank's management involvement and time.

However, the mean values of effectiveness of outsourcing in minimizing involvement and management time in administrative issues which have a mean value of 3.33 indicates many respondents are moderately agree with the issues. From the interview respondents from many branches argue that since the administrative issues like attendance, service quality follow up and reporting to the service provider and to the banks outsourcing administration etc... are tasks left to the branch/district management members. This indicates there is an involvement of the banks management member in related tasks. In general outsourcing of non-clerical posts enabled the management of the bank to focus on the core business activities by minimizing involvement and management time in recruitment and selection, assignment and transfer, administrative issues and legal issues since the mean value of the respondent is above the average mean score 3.00.

4.10 The service quality of the outsourced jobs

The nature and standard of services that the external company provides are determined by the service level agreement that is signed. This will usually follow on from a competitive tendering exercise in which providers of outsourced services compete with one another to secure a specified period contract. If the standards of service fall short of those set out in the agreement, the outsourcing organization is then able to look elsewhere, and can in any case sign a new agreement with a different provider at the end of the contract (Torrington et al., 2005). In the same way CBE has a required service level standard (SLS) for each post that are agreed and signed with the service provider. The purpose of this SLS is to clearly set the minimum required/expected service levels by the CBE. The SLS serves as the basis for subsequent management of the outsourced services and create mutual understanding between the CBE and the service provider. As a result, the CBE can control the performance of the service provider by using the SLS. Therefore, the SLS has a role of ensuring accountability as indicated in the Service level Standard of CBE (2018).

Table 4-10 Service quality of the outsourced jobs

Description	N	Mean	SD
The bank has expected standard level for each post	175	3.87	0.986
The employees are well aware about the expected Standard level of the bank.	175	2.8	1.004
The employees of outsourced jobs are highly Motivated and feel belongingness.	175	2.04	1.042
The services provided are to the expected service Standard of the bank.	175	2.87	1.034
The satisfaction level of branches/units with the Service provided	175	2.75	0.941
Effectiveness of service by the outsourced employees Vs internal employees	175	2.17	1.086
Employees of the outsourced posts lack knowledge And skill of the post they are assigned	175	3.15	1.068
Total			

Source: Questionnaire, (2022)

In practice the theoretical advantages of outsourcing thus often fail. Loss of day-to-day control means that problems take longer to rectify because complaints have to be funneled through to managers of the service providing company and cannot simply be addressed on the spot. It is also hard in practice to replace one contractor with another, as well as being costly, because there are a limited number of companies that are both viable over the long term and interested in putting in a bid. So great care has to be taken when adopting this course of action (Torrington et al., 2005)

In evaluating the service quality of the outsourced jobs, it is below average as shown in Table 4-10. For instance the evaluation of service provided by outsourced employees with the service standard of the bank and with that of the internal employees has scored a mean value of 2.87 and 2.17 respectively which is below the moderate. This is due to the outsourced employees' motivation and feeling of belongingness is very low, lack knowledge and skills of the post they are assigned and the awareness level about the expected standard level of the bank is low since the mean value of each item is 2.04, 3.15 and 2.8 respectively.

The interview conducted with the bank's officials also supports the idea identified from the questionnaire that most services provided by the outsourced employee do not meet the expected service level standard of the bank. This is because most of the outsourced employees are not motivated and lack sense of belongingness as compared with internal employees. Similarly, the awareness level of the outsourced employees about the service level standard of the bank is very low.

There are no developmental trainings and awareness creation sessions by the service provider. They simply employ and supply the required employees with a minimum qualification. The developmental work and the correction of weak performances done whenever complain arise from the bank. Due to this there is a high turnover of the outsourced employees from various branches under West Addis Ababa District that creates frequent but temporary gaps among various posts.

The response from the interviews also reveals that there is a disparity among the service equalities among the outsourced jobs. Supply of security officers (guards) is relatively better than other posts. On the other hand, the service provided by outsourced drivers is poor since there is a frequent car accident at various branches and mistreatment of vehicles as compared with the internally employed drivers of the bank.

4.11 Performance of the service provider in supplying the required employees

As indicated in the Service Level Standard of the bank and the contractual agreement made between the CBE and the service provider, the major requirements are the non-clerical employees supplied shall be qualified, disciplined, and efficient, should be a person of integrity, trustworthy, respectful, attentive, and free from addiction of any drug.

The service provider should ensure each of the employees meet the education, experience, health, training, special requirements and being free of criminal record. The age of the employees shall be between 18 and 55 years and shall be given adequate orientation about the services in particular and the CBE in general. In addition to the breach of the required SLS mentioned so far inappropriate conduct of non-clerical employees while on duty includes, but not limited to, unauthorized use of resources, theft, submitting false official documents, gambling, offensive exchange of words with CBE personnel or customers, office disturbing conduct etc...as indicated in the Service Level Standard of CBE(2018).

As clearly stipulated in the non-clerical employee supply agreement, the contractual agreement between the bank and the service provider contains various terms and articles. Among this duration of the contract is 3 years and subject to the CBE’s yearly renewal. In case the bank failed to exercise its renewal right, the service contract shall be presumed to be renewed for the next service year of the duration.

Table 4-11 Performance of the service provider in supplying the required employees

Description	N	Mean	SD
The Service provider is effective in providing required Employee for each post.	175	3.04	1.086
The Service provider supply employees as per the Contractual agreement.	175	3.27	0.928
Total			

Source: Questionnaire, (2022)

From Table 4-11 the performance of the service provider in supplying the required employees as per the contractual agreement has a mean score of around 3.3. This indicates that the service provider is on average score in supplying the required employees as per the contractual agreement and its effectiveness is on averages score in this regard. The conducted interview also reveals that there is a failure of supplying employees as per the contractual agreement. For instance, the service provider frequently supplies employees who are retired by re-employing them by violating the agreements for age and other minimum requirements.

4.12 Benefits of outsourcing of non-clerical posts in CBE

If a job is outsourced to a service provider (outsourcing partner), the amount of management time devoted to that process can be reduced in order to focus on core business activities. One can devote the time spent agonizing over the job to instead considering the outputs and, more importantly, the outcomes. That is probably the greatest benefit of outsourcing (Davies, 2005, Dapper, 2013). The decision to outsource is made easier by the fact that specialist security, cleaning and catering companies are often in a position to provide a higher-quality standard of service at a lower cost than can be achieved by in-house operations. This is because for them the provision of ancillary services is the core business and they have the expertise, up-to-date equipment, and staff to run highly efficient operations. Moreover, their size means that they can benefit from economies of scale that are not available to the far smaller locally run operations (Torrington et al., 2005).

According to Federal Reserve Bank of New York (2001), reasons to outsource include reduced costs, enhanced performance, and ability to access superior expertise and industry best practices, and a desire to devote scarce human resources to core businesses. A third-party service provider may provide better performance at a lower cost than in-house providers because of economies of scale, specialization and tactical focus. In addition, outsourcing can provide immediate access to expertise and best business practices that may be too expensive to build internally or hire— particularly in areas such as technology.

It could be said that cost saving is the first reason for many organizations to outsource their internal personnel function. There is also evidence that shows organizations can avoid a huge investment because they can deal with cost-effective personnel providers. Another benefit of outsourcing the personnel function is a more efficient service. The ability skill and

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knowledge of personnel providers is better than that of in-house personnel staff (Dapper, 2013, Bonifazi et al., 2006).

Table 4-12 Benefits of Outsourcing

Description	N	Mean	SD
Outsourcing has minimized involvement and Management time in process of Recruitment and Selection	175	4.18	0.67
Outsourcing has minimized involvement and Management time in process of Assignment and Transfer	175	4.06	0.71
Outsourcing has minimized involvement and management time in Administrative issues	175	3.33	1.08
Outsourcing has minimized involvement and management time in Legal Issue	175	4.09	1.05
Outsourcing has enabled the bank to get external expertise	175	2.21	0.88
Outsourcing has enabled flexibility	175	3.84	0.91
Outsourcing enabled the management to focus on core business activities	175	3.92	0.89
Total			

Source: Questionnaire, (2022)

From Table 4-12 the benefit so outsourcing in minimizing management’s time and involvement in HR activities like recruitment & selection, assignment and transfer of non clerical employees that have a mean score of 4.18 and 4.06 respectively. On the other hand in the process of administrative issues has an average 3.33 mean values.

The former score indicates that outsourcing of non-clerical posts has enable the bank to minimize the management's time and involvement in recruitment & selection and assignment and transfer issues of non-clerical employees since have a mean score of more than 4 indicates that the respondents agree or strongly agree with the issues. Therefore, the CBE is effective in this regard.

However, the later score which is around the average indicates that outsourcing enables the bank in minimizing the management's time and effort in employee administration issues. From the interview conducted with branch managers there is management's involvement in administration of the outsourced post employees like taking attendance, supervising them when they are at work, day to day follow up of the employees and reporting the results to the service provider and the bank's outsourcing administration monthly is left to the respective branch managers.

The other benefit of outsourcing is minimizing management's time and effort in legal issues which has a 4.09 mean value. As identified from the conducted interview before the beginning of outsourcing of non-clerical jobs, the bank was covering any temporary vacant posts by contract (temporary) non-clerical employees. This resulted in frequent accusation of the bank by the employees to be a permanent employee of the bank. This leads the bank to incur costs in legal issues. But after the outsourcing this problem has totally solved since the bank can get any required non-clerical employee whenever any vacant post is arisen.

Currently if any vacant post is occurred because of various reasons or if an individual employee is inefficient for the post he/she is assigned, the manager of the respective branch can request for a replacement with in a very short period of time without any preconditions. Therefore, the outsourcing enables flexibility. As shown in Table 4-12 the outsourcing has enable flexibility in Commercial Bank of Ethiopia since it has a 3.82 mean score.

By evaluating the above discussed benefit so outsourcing, one could conclude that outsourcing of non-clerical posts has enabled the management of the bank to focus on the core business activities. As indicated by various researchers one major benefits of outsourcing is to enable the management of an organization to focus on their respective core activities (Dapper, 2013, Yeboah, 2013, Norman, 2009). In the same way from Table 4-12 outsourcing has enabled the management of CBE to focus on core business activities since it has a 3.92 mean score which is more than the average score.

As indicated in Table 4-12 among the benefits of Outsourcing in Commercial Bank of Ethiopia outsourcing enabled the bank to get external expertise has got a least 2.21 mean score. This indicates that outsourcing is below average in this regard. From the conducted interview the researcher realized that employees supplied have no extra ordinary skills than that of the internal employees and the posts by themselves doesn't require extra expertise.

However, as indicated by various researchers outsourcing allows accessing specialized talent or expertise that does not exist within the firm. The most frequently outsourced business functions include information technology (IT) and HR (Yeboah, 2013). It is a strategy of augmenting limited resources and skills while enabling the contractor to concentrate on their main area of expertise. What is bought in outsourcing is the ability to do the job; capacity, expertise and time (Wanjiru, 2013).

4.13 Challenges of Outsourcing of non-Clerical in CBE

Table 4-13 Challenges of the bank in outsourcing non-clerical posts

Description	N	Mean	SD
Lack of appropriate trainings and awareness about outsourcing Lead the bank to failure	175	3.12	1.072
The bank is becoming successful in the outsourcing of non clerical jobs	175	2.77	1.091
The outsourcing has enabled the bank to improve service equality	175	2.65	1.124
Total			

Source: Questionnaire, (2022)

In selecting the best supplier activities training, assessment of supplier's operations, provision of incentives to improve supplier performance and most importantly buyer-supplier information feedback should be considered (Wanjiru, 2013). The SLS of the bank (2018) indicates that the service provider should ensure each of the employees meet the education, experience, health, training, special requirements and being free of criminal record and shall be given adequate orientation about the services in particular and the CBE in general.

The effectiveness of outsourcing of non-clerical posts in CBE in general is moderate since the mean score of the success of outsourcing is 2.77. However, it is effective in minimizing the management's time and involvement by compromising the service quality that has a mean score of below average (2.65). From table 4-13 and from the interview conducted the awareness level of the outsourced employees about the purpose of outsourcing and about a particular post they are assigned is low. In addition, lack of appropriate trainings and awareness creation sessions are widening the gap and may lead the bank to failure in this regard as it has a mean score of 3.12 which is within the average mean score.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The purpose of this study is to assess the effectiveness of outsourcing of non clerical jobs in CBE West Addis Ababa District. Based on the quantitative and qualitative data analysis, discussion of results with respect to the basic research questions, the following are the summary of major findings of this study.

- The educational qualification frequency distribution of the respondents shows that about of the respondents are above degree holders. 97.7% of the respondents have more than three years of work experience and 93.7% of the respondents are managers and the rest are senior officer in the district office. Therefore the respondents' educational qualification, work experience and the professional position in the bank are suitable demographic criteria in order to get relevant information for the study.
- The CBE is outsourcing non clerical jobs like Janitor, Security Officer, Messenger, Driver and Gardner at various branches and the district office. Around 97.7% of the respondents have an experience of outsourcing non clerical posts for more than a year and recently there is a single service provider that is supplying employees under West Addis Ababa District.
- The main reason of outsourcing of non clerical jobs in CBE is to enable the bank to focus on the core business activities. However, more than half of the respondents didn't agree with the quality of the services provided by the outsourced employees is to the SLS of the CBE.
- Outsourcing of non clerical jobs is effective in minimizing management's time and effort in the process of recruitment and selection, legal issues and assignment and transfer of non clerical employees since the mean value of each item is 4.18, 4.09, and 4.06 respectively. However, the effectiveness of outsourcing in minimizing management's time and effort in administrative issues that has a mean value of 3.33 indicates many respondents are moderately agree with the issue.
- The service qualities of the outsourced jobs are below average since each variable has a mean score of less than 3.0. For instance the evaluation of service provided by outsourced

- Employees with the service level standard of the bank and with that of the internal employees has scored a mean value of 2.87 and 2.17 respectively which is below the moderate. This is due to the employees' motivation and sense of belongingness is very low, lack knowledge and skills of the post they are assigned and the awareness level about the expected service level standard of the bank is low among the employees since the mean value of each item is 2.04, 3.15 and 2.8 respectively.
- The research also reveals that there is a disparity among the service qualities among the outsourced jobs. Service provided by security officers (guards) is relatively better than other posts. On the other hand the service provided by drivers is poor since there is a frequent car accident at various branches and mistreatment of vehicles as compared with the internally employed drivers of the bank.
- The effectiveness of the service provider in supplying the required employees as per the contractual agreement has a mean score of around 3.3. This indicates that the service provider is on average score in supplying the required employees as per the contractual agreement. For instance the service provider frequently supply employees who are retired by re-employing them by violating the agreement set for age and other minimum requirements.
- The major benefits of outsourcing is minimizing management's time, effort and involvement in non-clerical employee recruitment, selection, assignment, transfer, legal issues and other HR related activities. The major benefit of outsourcing of non-clerical posts in CBE is to enable the management of the bank to focus on the core business activities.

5.2. Conclusions

Based on the results of the study and summary of the findings the following conclusions are given.

Outsourcing of non clerical posts is effective in minimizing management's time and effort in various HR related activities like recruitment and selection, assignment and transfer and legal issues of employees of non clerical jobs since each has more than 4.0 mean values. However, the effectiveness of outsourcing in minimizing involvement and management time in administrative issues has an average mean value. This indicates the respondents moderately agree without sourcing contributes in minimizing management's time and effort in administrative issues. Since the awareness level of the outsourced employees about the expected service level standard of the bank is low and due to lack of skills in some non clerical posts, the service qualities of the outsourced jobs are below average. The research also reveals that there is a disparity among the service qualities among the outsourced jobs. Supply of security officers (guards) is relatively better than other posts.

On the other hand the service provided by drivers is poor. The service provider is on average score in supplying the required employees as per the contractual agreement and its effectiveness is on average score in this regard. There is a problem of supplying employees as per the contractual agreement.

The major benefits of outsourcing of non clerical posts in CBE West Addis Ababa District is minimizing management's time, effort and involvement in non clerical employee recruitment, selection, assignment and transfer, and legal issues.

In addition faces a challenge in confidentiality issues because as the employees lack belongingness to the banks, they may not be as honest to the bank's confidential documents.

The bank's main reasons to outsource are to reduce overhead and operational cost, to save managers time, to enable them to focus on the bank's core strategies, to be flexible in utilizing resources and to increase their productivity.

The effect of outsourcing on the overall performance of the banks is positive given the circumstances. It enables the banks to increase their profitability through focusing on core strategic issues by saving their time from the outsourced services.

5.3. Recommendations

On the basis of the findings and conclusions reached, the following recommendations are forwarded in order to improve the service quality of the outsourced posts and further utilize the employees of the outsourced posts.

- The service provider is not effective in supplying the required employees as per the service level standard of the bank and the contractual agreement. Therefore, the bank has to ensure that the service provider strictly follows the terms of the SLS in the contractual agreement in supplying the required employees.
- The service qualities of the outsourced jobs are poor as compared with the service level standard of the bank. Therefore, the bank needs to ensure the service quality by evaluating the performance of each employee as per the contractual agreement and the SLS and communicate with the service provider.
- On the other hand in order to improve the awareness of the outsourced employees about the service level standard of the particular post they are assigned, to improve their motivation and sense of belongingness and enhance their skills the service provider has no awareness creation sessions and training programs. Therefore the bank needs to ensure the service provider conducts employee development programs and arrange awareness creation sessions.
- To further utilize the benefits of outsourcing the bank has to work to improve the relationship between the management of the bank and the service provider and also among the employees of the bank and the outsourced post employees.
- The duration of the contract between the bank and the service provider is 3 years and is subject to the bank's yearly renewal. The renewal period of the contract is reasonable and the bank has the right to change a service provider within a short period of time in case of any failure. Therefore, the bank has to strictly evaluate the performance of the service provider before consecutive annual contract renewal.

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ST. MARYS UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Master of Business Administration (MBA)

First of all I would like to thank for administering this questionnaire honestly and reliably. The questionnaire is designed to collect the necessary information to undertake a research on the topic “Assessment of the effectiveness of outsourcing of Non Clerical posts in Commercial Bank of Ethiopia case of West Addis Ababa District” for the partial fulfillment of the requirements of the degree of Masters of Business Administration(MBA).

Finally, I would like to confirm you that all the information you provide in this questionnaire will be confidential and will entirely be used for research purpose.

Thank You

Atkiliti Teshale

Email: Atkilititeshale@gmail.com

Tel: 0932212491

Please put "v" Mark for the following questions on the space provided

1. Educational Background

Diploma First Degree
 Second Degree Other (please specify)

2. For how long are you working in CBE?

0 to 3 Years 6 to 10 Years
 3 to 6 years More than 10 Years

3. What is your current position in CBE?

Managerial Clerical
 Professional

4. Which is non clerical posts are outsourced in your branch?

Janitor Gardner Security
 Driver Messenger Others

5. From how many service vendors are you getting those services?

Single Two More than two

6. For how long has your branch been using employees from the outside service provider (outsourced employees)?

For one Year 3 to 5 years
 1 to 2 Years More than 5 years

7. In your view, what is/are the major reason/s for outsourcing of the non clerical posts in CBE?

Focus on the core business activities of the bank.
 Reduction of cost
 In need of external expertise
 To improve service quality in this regard.

▪ Please Specify, if any other,

8. Are the whole services provided are in the best service level of the bank?

Yes Indifferent No

9. If your answer for the above question is **No/Indifferent**, which service category (posts) is/are to the best level of the service standard of the bank?

a. _____
 b. _____

10. If there are disparities among the service categories in your branch, what are the major problems at your end?

1. Questions related to the Effectiveness of outsourcing services in minimize mgt time.

#	Justification for making the decision	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	Outsourcing has minimized the involvement management time in process of recruitment and selection					
2	Outsourcing has minimized the involvement management time in assignment and transfer					
3	Outsourcing has minimized the involvement management time in administrative issues					
4	Outsourcing has minimized the involvement management time in payment and benefit management					
5	Outsourcing has minimized the involvement management time in legal issues					

2. Questions related to the Service quality of jobs.

#	Justification for making the decision	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	The bank has expected standard level for each post					
2	The employees are well aware about the expected Standard level of the bank.					
3	The employees of outsourced jobs are highly Motivated and feel belongingness.					
4	The services provided are to the expected service Standard of the bank.					
5	The satisfaction level of branches/units with the service provided					
6	Effectiveness of service by the outsourced employees vs. internal employees					
7	Employees of the outsourced posts lack knowledge and skill of the post they are assigned					

3. Questions related to the performance of the Service provider in supplying the require employees

#	Justification for making the decision	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	The Service provider is effective in providing required employee for each post.					
2	The Service provider supply employees as per the contractual agreement.					

4. Questions related to the Benefit of outsourcing non clerical jobs.

#	Justification for making the decision	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	Outsourcing has minimized involvement and management time in process of Recruitment and Selection					
2	Outsourcing has minimized involvement and management time in process of Assignment and Transfer					
3	Outsourcing has minimized involvement and management time in Administrative issues					
4	Outsourcing has minimized involvement and management time in Legal Issue					
5	Outsourcing has enabled the bank to get external expertise					
6	Outsourcing has enabled flexibility					
7	Outsourcing enabled the management to focus on core business activities					

5. Questions related to the Challenge of outsourcing of non clerical in CBE

#	Justification for making the decision	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	Lack of appropriate trainings and awareness about outsourcing lead the bank to failure					
2	The bank is becoming successful in the outsourcing of non clerical jobs					
3	The outsourcing has enabled the bank to improve service equality					

Interview Questions

1. How the bank categorizes the available jobs (posts)?
2. From how many service providers are you getting employees?
3. How do you evaluate the service quality of the outsourced posts?
 - ✓ Is there a disparity among the services provided?
 - ✓ If so which service categories are to the best standard of the bank and which are not?
 - ✓ What are the reasons for these disparities?
4. Is the service provider is effective in supplying the required employees timely, as per the contractual agreement?
5. In your view what are the major benefits of outsourcing to CBE?
6. Do you think outsourcing is important for CBE? Why?