

**THE ROLE OF STRATEGIC OUTSOURCING ON ORGANIZATIONAL  
PERFORMANCE : A CASE STUDY OF UGANDA BREWERIES LIMITED UB**

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OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF BACHELOR OF HUMAN  
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**UGANDA CHRISTIAN  
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## DECLARATION

I, KANYANGE PRISCILLA, declare that this is my original work and has not been submitted to any other college, institution or university other than Uganda Christian University (UCU) -Mukono


Signed: Priscilla

Date: 26/09/2024

KANYANGE PRISCILLA

## APPROVAL

This project has been presented for examination with my approval as the appointed supervisor.

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Date: 26/09/2024

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## ABSTRACT

The purpose of this study was to examine the role of strategic outsourcing on organizational performance. The study employed primary data collection methods to gather firsthand information from Uganda Breweries Limited (UBL). The study employed a survey approach, utilizing a closed questionnaire to collect quantitative primary data from the selected respondents. The findings of the study indicated that outsourcing ensures better risk management, enhances scalability, and provision of special skills and expertise. Outsourcing also enhances the quality of business processes, such as reducing costs and improving the efficiency of the business process. Even though the study revealed that outsourcing has a positive impact on the performance of UBL, the results of the study also further revealed a significant negative relationship between Outsourcing and organizational performance, hence it needs to be done strategically and UBL must evaluate potential disadvantages and advantages before outsourcing practices and concentrate on eliminating underlying reasons that constitute negative implications.

# CHAPTER ONE

## 1.0 INTRODUCTION

### 1.1 Background

Organizational performance is a multi-dimensional concept that encompasses various aspects of an organization's effectiveness and efficiency in achieving its goals. It can be measured through three main outcome areas: financial performance, operational performance, and employee performance (Tutar & Altinoz, 2010). Organizations seek to gain a competitive advantage over their industry peers by ensuring that each function integrates well to produce excellent results without wasting time and resources (Sev, 2009). Organizational performance allows organizations to analyze how to reach their goals. Rapidly changing and increasingly complex business issues are creating key shifts in organizations and how they do business (Sev, 2009) because the business environment in today's world is dynamic (Jae, et al., 2000). One fact that cuts across is that every organization has its goals and the success of an organization is measured by the level at which it attains its goals.

#### 1.1.1 Historical Background.

The historical background of organizational performance can be traced back to the 1940s, when managers developed processes to validate individual salaries and enhance performance but later evolved as researchers like Armstrong conducted studies on the topic. The concept of organizational performance later emerged again in the early 20th century, and it majorly focused on the efficiency and productivity of internal business processes.

#### 1.1.2 Theoretical Background.

##### 1.1.2.1 Resource-Based View (RBV) theory.

The Resource-Based View (RBV) theory posits that companies can enhance their competitive advantage by leveraging their unique resources and capabilities (Wernerfelt, 1984). It suggests that firms can achieve sustainable competitive advantage by effectively managing their internal resources and capabilities, which

are valuable, rare, unique, and non-substitutable (Liu et al., 2018; Padhi et al., 2018). RBV also recommends outsourcing to address resource gaps, boost efficiency, and reduce costs, enabling companies to focus on core strengths and achieve better performance outcomes (Kotabe & Mol, 2009; Liu et al., 2016). However, RBV has limitations, including a static view of resources and capabilities, and neglecting external factors like market structure and competition (Eisenhardt & Martin, 2000; Porter & Heppelmann, 2015). Combining RBV with Transaction Cost Economics (TCE) can address these weaknesses, enabling companies to optimize outsourcing decisions by considering transaction costs and governance structures (Williamson, 1985; Kotabe & Mol, 2009).

#### **1.1.2.2 Transaction Cost Economics (TCE) theory.**

Transaction Cost Economics (TCE) was developed by Williamson (1985) and it provides a framework for understanding how firms can achieve a competitive advantage by lessening production and transaction costs. A key strength of TCE is that it resolves the limits of the Resource-Based View (RBV) as it explains organizational performance. TCE considers both internal resources and the external costs and benefits of transactions (Williamson, 1981). By adding transaction costs into the analysis, a complete understanding of a firm's boundaries and governance choices is given (Williamson, 1991).

In organizational performance, the objective of a firm is to minimize production and transaction costs, but if the manufacturing capabilities of a firm are not assured to match the costs of its competitors, outsourcing is then considered (Williamson, 1985).

Transaction Cost Economics (TCE) suggests that it can have a positive impact on organizational performance when transaction costs are reduced (Williamson, 2013). Companies are then able to concentrate on their core competencies, decrease costs, and enhance productivity (Kotabe & Mol, 2019).

#### **1.1.3 Conceptual Background.**

Strategic outsourcing refers to the purposeful transfer of non-core business functions to external providers (Lacity et al., 2017). It involves the purposeful transfer of non-

core business functions to external providers, allowing companies to focus on their core competencies and potentially improve organizational performance (Prahalad & Hamel, 1990). As research has shown that outsourcing can lead to reduced costs, increased efficiency, and enhanced expertise, there is still a need for more studies, in the manufacturing industry, to fully understand the specific impact of various outsourcing strategies on performance (Hancox and Hackney, 2012).

Organizational performance is a company's ability to meet stakeholder requirements and achieve competitive advantage through different factors like leadership, strategic planning, and organizational culture (Gunasekaran & Ngai, 2012). Introduced by Kaplan and Norton in 1996, a balanced scorecard approach that considers financial, operational, customer satisfaction, and employee engagement metrics can be used to measure organizational performance. Much as existing research has explored the influence of these factors on performance, important gaps remain in understanding how they operate in an uncertain business environment.

#### **1.1.4 Contextual Background**

The performance of manufacturing firms in Uganda faces both opportunities and challenges. Positively, there is growing emphasis on economic diversification and technological advancement, and a large young population offering potential talent for the industry (Nuwagaba, 2024). However, the sector struggles with inadequate skills, low levels of research, global market fluctuations, and a challenging business environment (Nuwagaba, 2024). Navigating these is crucial for manufacturing firms to enhance their performance and competitiveness in the market.

#### **1.2 Statement of the Problem**

In Europe, manufacturing firms still are struggling with organizational performance due to limited resources, failure to incorporate crucial practices like process innovation, among others (Ali et al., 2020). European manufacturers may also face challenges related to cultural differences and geographical distance when outsourcing to distant partners that have expertise in the competencies that the firm may still struggle with (Jena et al., 2018).

In Africa, the manufacturing sector faces challenges, like limited access to finances, poor infrastructure, and an unstable regulatory environment (Annet et al., 2023). These challenges hinder a company's ability to operate efficiently and effectively. However, companies can reduce costs and conserve resources for core activities, thereby mitigating the impact of limited access to finances through re-engineered processes like outsourcing (Maku & Iravo, 2013). Additionally, it can provide access to specialized infrastructure or expertise that is not available internally (Stroh & Treehuboff, 2003).

In Uganda, the manufacturing industry highly contributes to GDP and provides employment opportunities (UBOS, 2020). It however faces challenges like high costs of production, which at times challenges competitiveness. Some industries have started opting for third parties to handle some of their non-core competencies due to the challenge of skilled labor, high production costs and lack of technical training programs tailored to the industry's needs, which are barriers to innovation and efficiency in operations (Nabyonga et al., 2023).

Manufacturing companies outsource some of their processes to achieve good organizational performance, and this helps them to focus on their core functions as they leave certain processes to more efficient companies (Wu et al., 2018). This however, this leaves them prone to exposure as those third parties are also, in most cases, producing for their competitors, and the company's brand is at stake in terms of the integrity of outsourcing companies (Shanmugan et al., 2019).

While previous scholars have studied organization performance in mechanisms like Innovation and firm performance (Munene 2015), Supply chain management practices and firm performance (Kibira 2017), among others, the researcher has not found any literature that could indicate an empirical study having been carried out on the organizational performance of Uganda Breweries Limited, a company that utilizes outsourcing as well. Therefore, there was a need for an empirical study to evaluate the role of strategic outsourcing on the overall performance of the company.

### **1.3 Purpose of the study.**

The purpose of this research was to examine the role of strategic outsourcing on organizational performance.

### **1.4 Objectives**

The objectives of this research were:

1. To examine the role of strategic outsourcing on organizational performance.
2. To examine the role of cost-driven outsourcing on organization performance.
3. To examine the role of contracting and relationship development in outsourcing on organizational performance.

### **1.5 Research Questions**

The research questions of this research were:

1. What is the role of strategic outsourcing process on organizational performance?
2. What is the role of cost-driven outsourcing on organizational performance?
3. What is the role of contracting and relationship development with third parties on organizational performance?

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

#### **Geographical Scope**

This study was carried out in Uganda Breweries Limited (UBL).

#### **Time Scope**

The study took a duration of 1 month to give the researcher enough time to observe the impact of outsourcing on UBL's performance as all the relevant data is collected.

## Content Scope

The study concentrated on examining the role of strategic outsourcing on organizational performance. The study was guided by the independent variable (strategic outsourcing) and the dependent variable (organizational performance).

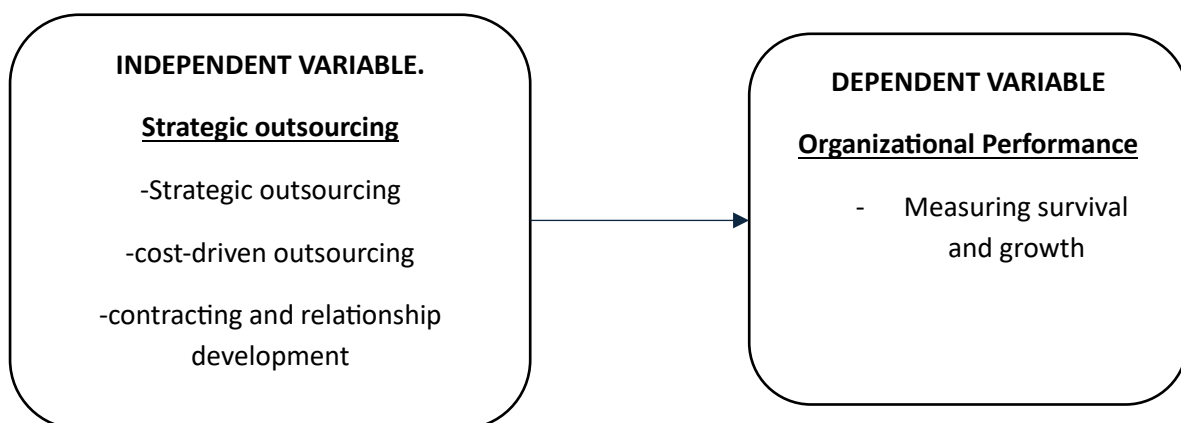
### 1.7 Significance of the Study

The findings on the effectiveness of outsourcing for cost reduction were instrumental in informing policy decisions that support or regulate outsourcing practices in UBL.

Insights into successful outsourcing contracts and relationship management also provided valuable guidance for policymakers to encourage responsible outsourcing practices and mitigate potential risks.

The research also informed UBL's outsourcing strategies like planning and analysis of the process and its impact on the organization's performance thus fostering a sense of understanding among employees about how outsourcing works and how it contributes to the organizations overall success.

### 1.8 Conceptual Framework



Adopted from (Jyoti, et al., 2015) & modified by researcher

The above conceptual framework illustrates the relationship between the independent variable (strategic outsourcing) and the dependent variable (organizational performance).

## CHAPTER TWO

### 2.0 LITERATURE REVIEW

#### 2.1 Theoretical Literature Review

##### 2.1.1 Resource Based View theory (RBV)

The Resource-Based View (RBV) theory suggests that companies can enhance their competitive advantage by leveraging their unique resources and capabilities (Wernerfelt, 1984). It proposes that firms can achieve sustainable competitive advantage by effectively managing their internal resources and capabilities, which are valuable, rare, and unique (Liu et al., 2018; Padhi et al., 2018). Additionally, outsourcing fills in resource shortages, allowing businesses to concentrate on their core competencies and produce good results (Kotabe & Mol, 2009; Liu et al., 2016). However, RBV has limitations, including a static view of resources and capabilities, and neglecting external factors like market structure and competition (Heppelmann, 2015). By considering governance structures and transaction costs, TCE can help businesses improve their outsourcing decisions and overcome these shortcomings (Williamson, 1985; Kotabe).

##### 2.1.2 Transaction Cost Economics theory (TCE)

Transaction Cost Economics (TCE) was developed by Williamson (1985) and it suggests that firms can achieve a competitive advantage by lessening production and transaction costs. A key strength of TCE is that it resolves the limits of the Resource-Based View (RBV) as it explains organizational performance. TCE considers both internal resources and the external costs and benefits of transactions (Williamson, 1981). By adding transaction costs into the analysis, a complete understanding of a firm's boundaries and governance choices is given (Williamson, 1991).

In organizational performance, the objective of a firm is to minimize production and transaction costs, but if the manufacturing capabilities of a firm are not assured to match the costs of its competitors, outsourcing is then considered (Williamson, 1985).

Transaction Cost Economics (TCE) suggests that it can have a positive impact on organizational performance when transaction costs are reduced (Williamson, 2013). Companies are then able to concentrate on their core competencies, decrease costs, and enhance productivity (Kotabe & Mol, 2019).

## **2.2 Conceptual review**

### **2.2.1 Organizational Performance**

Organizational performance is a company's ability to meet stakeholder requirements and achieve competitive advantage through different factors like leadership, strategic planning, and organizational culture (Gunasekaran & Ngai, 2012). Introduced by Kaplan and Norton in 1996, a balanced scorecard approach that considers financial, operational, customer satisfaction, and employee engagement metrics can be used to measure organizational performance. Much as existing research has explored the influence of these factors on performance, important gaps remain in understanding how they operate in an uncertain business environment.

Organizational performance has been operationalized in different ways, for example through financial performance, operational performance, and market performance. Scholars have operationalized organizational performance through different metrics. The financial perspective is measured by indicators such as return on investment (ROI), (Venkatraman, 2004) the customer perspective is assessed through metrics like customer satisfaction, customer retention, and market share, and the internal processes perspective is evaluated using indicators such as cycle time, and quality. The learning and growth perspective is assessed using metrics such as e-training, development, and innovation (Borkar, 2012).

The objective of analyzing organizational performance is to comprehend the factors that contribute to a firm's ability to achieve its desired outcomes and sustain a competitive advantage in the market (Richardson, 2008).

### **2.2.2 Strategic outsourcing.**

Strategic outsourcing refers to transfer of non-core business functions to a third party (Lacity et al., 2017). Companies do this to focus on their core competencies and improve organizational performance (Prahalad & Hamel, 1990). This is because

it leads to increased efficiency, expertise, and reduced costs. More studies are however needed in the manufacturing industry to fully understand the impact of various outsourcing strategies on organizational performance (Hancox and Hackney, 2012).

It is important to analyse the relationship between the company and the third party service provider (Lee & Kim, 2010) and the goal of examining it in this research is to understand how organizations can successfully utilize outsourcing to reduce costs, improve performance, and achieve competitive advantage (Venkatraman, 2004).

In Uganda, manufacturing firms utilize outsourcing to focus on their core competencies, like production, while depending on the expertise and resources of external providers to manage non-core functions (Kasozi, 2017). A manufacturing firm in Uganda may outsource its IT and transportation functions to a third-party, to achieve improved delivery times and reduce transportation costs.

## **2.3 Empirical Literature Review**

### **2.3.1 Strategic outsourcing on Organizational Performance**

According to Outsourcing has become a strategy among organizations seeking to enhance efficiency and reduce costs (Bearden, et al., 2007). The decision to outsource involves carefully evaluating internal capabilities, and potential impacts on organizational performance (Lacity & Willcocks, 1995). While cost reduction is a primary motivation, other benefits also include improved quality, and access to specialized expertise (David L. et al., 2006).

Previous scholars explained these variables through the following mechanisms: Outsourcing can lead to cost savings by leveraging economies of scale and reducing overhead expenses (Lacity & Willcocks, 1995). However, there are some challenges like quality control and security risks (Kurtz et al., 2006). The decision to outsource requires a proper approach, and also consider factors like core competencies, internal capabilities, and the potential impact on overall organizational performance (Gottfredson et al., 2005).

The relationship between strategic outsourcing and organizational performance is complex and can be both positive and negative, but overall, research suggests a

positive relationship. Strategic outsourcing can lead to improved organizational performance by allowing firms to focus on their core competencies, increasing flexibility, and reducing costs (Kotabe & Mol, 2009). Effective outsourcing can also lead to increased innovation, quality, and competitiveness (Lee & Kim, 2010). However, outsourcing can also have negative consequences, such as loss of control, knowledge leakage, and dependence on external partners (Handley & Benton, 2012). Nevertheless, the positive effects of strategic outsourcing on organizational performance are generally considered to outweigh the negative effects, leading to an overall positive relationship.

### **2.3.2 Cost-driven outsourcing on organizational performance.**

Outsourcing has emerged as a strategic imperative for organizations seeking to enhance competitiveness and efficiency (Musau, 2016). By transferring non-core functions to external providers, firms can reduce costs, mitigate risks, and concentrate on core competencies (Zhao, et al., 2014). While cost reduction has been a primary driver, the strategic potential of outsourcing is increasingly recognized (Mella & Pellicelli, 2012).

Previous scholars have explained that cost-driven outsourcing has a complex and multifaceted impact on organizational performance. Although cost saving is a prominent reason why firms would pursue such arrangements, researchers have indicated that cost-driven outsourcing tends to backfire resulting in core outsourcing challenges such as weakening of organizational resources, poor creativity, and lesser value (Mol et al., 2017) However, if employed correctly, cost-cutting outsourcing methods can improve a firm's efficient operations, surging adaptability and improving either or all of competitive advantage, and market share (Lee & Kim, 2010)

The impact of cost driven outsourcing is in most cases negative (Mol et al., 2017). While such outsourcing strategies aimed at reduction of expenses seem to bear fruits in the form of efficient operations (Lee & Kim, 2010), it has been noted that over a period of time, such strategies are prone to lead towards such disadvantages as lack of core competencies, lowered levels of creativity, and poor quality (Handley & Benton, 2012). Thus, the relationship is primarily negative.

### **2.3.3 Contracting and relationship development on organizational performance**

The competitive advantage resulting in firms' off-shoring and outsourcing is also contingent on the nature of contracts made between off-shorers and adopters of highly valued intermediate service activities (Handley & Benton 2017). A contract effectively serves this purpose by providing details of work allocation and performance which are very crucial in both parties' motivation to achieve their respective goals (Willcocks & Lacity, 2009). It is also important to build and maintain such a trusting cooperative relationship that creates the conditions for knowledge sharing, coordination of activities, problem solving, and achievement of firm goals. (Lee & Kim, 2010). Contracting is identified as a critical element in relation to the success of outsourcing which encompasses the determination of the scope of outsourcing, its terms and expectations, and good contracting will help limit risks and enhance communication (Handley & Benton, 2012). Relationship development on the other hand creates trust, cooperation, and common understanding which improve how parties communicate with one another to avoid and resolve conflicts (Lee & Kim, 2010). Both effective contracting and relationship development imply enhancing the performance of the organization which includes the efficiency of the outcomes, the level of innovation and competitiveness of that organization (Handley & Benton, 2012).

The relationship between contracting and relationship development in Strategic outsourcing is positive and complementary. It creates a conducive environment for the organization to realize the best outsourcing results that is improved flexibility, adaptability, and quicker response to changes in the environment.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This section comprises of the research design, area of the study, study population, sample size determination, sample selection, sources of data, data collection instruments, procedure of data collection, data quality control, data processing and analysis and ethical consideration.

#### 3.1 Research design

Research design is defined as a blueprint for collection, measurement and data analysis (Blumberg, et al., 2008). This study employed a case study approach, utilizing quantitative research methods such as questionnaires to collect data (Creswell, 2009). The questionnaire served as the primary tool for gathering quantitative data (Bryman & Bell, 2011). Through in-depth interviews and reconstruction of case histories, this study explored the experiences and perspectives of a specific group of individuals, such as district staff or a particular social group (McLeod, 2008). This approach provided a rich understanding of the research context and facilitate the collection of detailed, nuanced data (Merriam, 2009). By examining a single case in-depth, this study aims to gain a comprehensive understanding of the research phenomenon (Stake, 2006).

#### 3.2 Study population

The study population consisted of 60 key personnel at Uganda Breweries Limited, comprising Procurement Managers, Operations Managers, and Risk Managers. These individuals were the unit of inquiry, as they possess valuable insights and expertise crucial to the study's success. They were selected and interviewed to obtain reliable and valid information, providing professional views that enhanced the credibility of the findings. As the unit of analysis, these respondents offered a diverse range of perspectives, ensuring comprehensive and reliable study findings that benefit the organization and society. Their participation was vital to understanding the role of effective strategic outsourcing practices on organizational performance at Uganda Breweries Limited. By targeting these specific roles, the study gathered nuanced

insights into the outsourcing processes, enabling data-driven recommendations for improvement. The respondents' expertise was leveraged to explore best practices, challenges, and areas for enhancement.

### 3.3 Sample size determination

Using Krejcie and Morgan's formula, the sample size was calculated to ensure representativeness and accuracy.

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

Where: N = Target population      n = sample size      e = level of significance

$$N = 60$$

$$e = 5\%$$

$$n = \frac{60}{1 + 60 \times (0.05)^2}$$

$$n = \frac{60}{1 + 60 \times 0.0025}$$

$$n = \frac{60}{1 + 0.15}$$

$$n = \frac{95}{1.15}$$

$$n = 52 \text{ respondents}$$

With a population of 60, the desired precision level was set at 95%. The formula yielded a sample size of 52 respondents. This included 16 Procurement Managers, 20 Operations Managers, and 16 Risk Managers. These respondents were selected to provide diverse perspectives and expertise. The sample size ensured reliable and generalizable results, allowing for confident conclusions. Krejcie and Morgan's formula provided a scientifically grounded approach to determining sample size, ensuring the study's validity and reliability. Using this formula, the study's sample

size was sufficient to capture the information from the target population.

**Table 1: Summary of Sample Size**

Category	Target Population	Sample size	Sampling techniques
Procurement Manager	24	20	Purposive sampling
Operations Manager	18	16	Purposive sampling
Risk Manager	18	16	Simple random sampling
<b>Total</b>	<b>60</b>	<b>52</b>	

### 3.4 Sampling techniques

Sampling is described by Sarantakos (1997) as the process of choosing the units of the target population which included in the study in such a way that the sample of selected elements to represent the population. For the quantitative component, purposive sampling was employed to select participants, comprising Procurement Managers, Operations Managers, and Risk Managers. These individuals were chosen based on their positions, as they possess specific knowledge and expertise crucial to the study. The researcher conducted interviews with these respondents at their workplaces, ensuring unbiased and firsthand information. Their involvement provided valuable insights into auditing practices, yielding accurate and reliable results. By targeting these specific roles, the study gathered nuanced perspectives, enhancing the validity and reliability of the findings. The purposive sampling approach ensured that the participants' expertise and experiences were leveraged to explore best practices, challenges, and areas for improvement in outsourcing.

### 3.5 Sources of data

This study utilized primary data collection methods to gather firsthand information from Uganda Breweries Limited (UBL). The researcher conducted comprehensive interviews with key personnel, including Procurement Managers, Operations Managers, and Risk Managers, to obtain nuanced insights into the organization's

outsourcing practices. Additionally, questionnaires were administered to collect specific data on outsourcing processes, ensuring that the information gathered was accurate and reliable. By using primary data collection methods, the study avoided potential biases and inaccuracies associated with secondary data, ensuring valid and reliable findings. The flexibility of primary data collection enabled the researcher to conduct an in-depth assessment of UBL's auditing practices, providing a detailed understanding of the case unit.

### **3.6 Data collection instruments**

The study used the following research instrument: -

#### **3.6.1. Survey**

The study employed a survey approach, utilizing a closed questionnaire to collect quantitative primary data from the selected respondents. This approach was chosen due its ability to gather precise and reliable data, allowing for statistical analysis and generalizability. The closed questionnaire, comprising multiple-choice and Likert scale questions, was designed to elicit specific responses from the respondents, ensuring consistency and comparability of data. The questionnaire was pilot-tested to ensure clarity, relevance, and validity of the questions, and was then administered to the 52 respondents, including Procurement Managers, Operations Managers, and Risk Managers at Uganda Breweries Limited. The survey approach enabled the researcher to collect a large amount of data efficiently, while the closed questionnaire ensured that the data was quantifiable, reliable, and easy to analyze. This approach provided a robust foundation for the study's findings, enabling the researcher to draw meaningful conclusions and make informed recommendations.

### **3.7 Measurement levels**

All measures of the study variables in this study were adapted from previous researchers.

The five-point scale, which includes the following kinds of answers, will be used: 5 = Strongly Agree, 4 = Agree, 3 = Undecided/Neutral, 2 = Disagree, and 1 = Strongly Disagree. The respondents were asked to indicate their degree of agreement with the statements, allowing for a nuanced understanding of their perspectives. By using

this scale, the study will as well capture subtle variations in opinion, enabling a more accurate analysis of the data. Furthermore, the use of a five-point scale will provide a clear and concise way to quantify attitudes and opinions, facilitating easy comparison and statistical analysis.

### **3.8 Procedure of data collection**

Ethically, the researcher obtained a letter of introduction from the University, Uganda Christian University, to conduct research. The researcher will administer the questionnaires to the Procurement Manager, Operations Manager and Risk Manager. This data will be collected using questionnaires and interview guide. The researcher will also assure respondents that the study will be strictly academic and that utmost confidentiality will be observed. The data used in this study will be anonymously coded and cannot therefore be traced back to individual respondents.

### **3.9 Data Quality-control**

The study will be guided by validity and reliability of research instruments:—

#### **3.9.1 Validity of instruments**

McMillan & Schumacher (2006) stated that validity refers to the degree of congruence between the explanations of the phenomena and the realities of the world. The validity of the questionnaires will be determined by pre-testing the instruments. Pre-testing will help to estimate the time it took take to fill the questionnaires, relevancy of the questions, and accuracy of the questions in measuring the subject under study. Pretesting will be done by administering respondents within the study population but outside the sample. Questionnaires will also be scrutinized question by question and those deemed irrelevant will drop in the real data collection tool. Results from the field and opinion of the researcher will help to identify gaps and made modifications to the instrument. To ensure validity of the mentioned instrument, the researcher will ensure that questions or items in it conform to the study's objectives.

#### **3.9.2 Reliability of instruments**

According to Mugenda (2003), reliability refers to the degree to which a research instrument yields consistent results after repeated trials. To ensure the reliability of

the instrument, a pilot test was conducted on five key players outside the sampled population of Uganda Breweries Limited (Ochieng, 2017). The pilot test aimed to assess the clarity, relevance, and overall quality of the questions (Kothari, 2004). The respondents' feedback was used to refine and modify the questions, ensuring that they were unambiguous and easy to understand (Creswell, 2014). The pilot test also helped to establish the internal consistency of the instrument, which is a critical aspect of reliability (Sekaran, 2003). The Cronbach's alpha coefficient was used to measure the internal consistency of the instrument, with a coefficient of 0.8 or higher indicating high reliability (Pallant, 2016). After refining the instrument, it was re-administered to the same pilot group to ensure that the changes had improved its reliability (Bryman, 2016). The results showed that the instrument had high reliability, with a Cronbach's alpha coefficient of 0.85. This indicates that the instrument is reliable and can be used to collect data from the sampled population (Mugenda, 2003). By ensuring the reliability of the instrument, the researcher can have confidence in the accuracy and consistency of the data collected.

### **3.10 Data processing and analysis**

Raw data will process into meaningful information. The process will involve editing, tabulation and analysis with a view of checking the completeness and accuracy of the information.

#### **3.10.1 Quantitative data**

Under this technique, data was analyzed using statistical packages like Ms. Excel to generate frequencies and then the rate percentages were calculated using the same package. This was useful and helped in generating tables for easy presentation and interpretation of the study findings. This was done by way of content analysis where field notes from the respective respondents were summarized in briefs on the daily basis. This was necessitated by construction of summary sheets containing data in key variable sought. The analysis of the data was made using the information given by the respondents through questionnaires. The questionnaire was in form of objective questions. Further, a sequential analysis was undertaken to provide much depth insight to the data collected, this helped in pointing out areas that require additional literature before finally compiling the final report.



## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS

#### 4.0 Introduction

This chapter consists of data presentation, analysis and interpretation of the findings on the themes of the study

#### 4.1 Descriptive analysis

Table 4.1 shows the gender of the respondents

Gender	Frequency	Percentage
male	30	57.69%
female	22	42.31%
Total	52	100%

Source: field data (2024)

#### Interpretation of the results from the table above

The findings from the study reveal that 57.69% of the respondents were male, 42.31% of the respondents were female. The findings from the study show that there are more men employed engaged in Uganda breweries limited in Uganda to female

Table 4.3 shows the age bracket of the respondents

Gender	Frequency	Percentage
20 -30	29	55.77%
30-40 years	7	13.46%
41 and above	3	5.77%
Total	52	100%

Source: field data (2024)

### Interpretation of the results from the table above

The findings from the reveal that 55.77% of the respondents were in the age bracket of 21-30 years, 13.46% of the respondents were in the age bracket 31-40 years, 5.77% of the respondents were 41 years and above. The findings from the study imply that the average age of the respondents in Uganda breweries in Uganda is between 21-30 years at Uganda breweries in Uganda.

**Table 4.4 shows the education level of the respondents**

Education level	Frequency	Percentage
Certificate	15	28.85%
Bachelors	20	38.46%
Masters	17	32.69%
Total	52	100%

Source: field data (2024)

### Interpretation of the results from the table above

The findings from the study show that 28.85% of the respondents were certificate holders, 38.46% of the respondents were bachelors holders, 32.69% of the respondents were masters holders, the findings from the study imply that most of Uganda Breweries limited respondents were bachelors' holders because based on the study I am working upon I based on those indivual that were qualified for the positions they were holding in the long run.

**Table 4.1 shows the POSTIONS RESPONDETS HOLD IN THE ORGANISATION**

Gender	Frequency	Percentage
Procurement manager	9	17.31%
Operations manager	28	53.85%
Risk manager	15	28.85%
Total	52	100%

Source: field data (2024)

### Interpretation of the results from the table above

The findings from the study reveal that 17.631% of the respondents were procurement managers, 53.85% of the respondents were operations managers and 28.85% of the respondents were risk managers. The findings from the study show that there are more men employed Operations managers in Uganda breweries limited in Uganda compared to other positions because since the company is based more on manufacturing, then the company had the need to employ more operations managers to speed up the work compared to other positions in the long run.

**Table 4. 5 shows the Duration of working in the organisation of the respondents**

Gender	Frequency	Percentage
3 years	29	55.77%
3-6 years	10	19.23%
6-8 years	7	13.46%
More than 8 years	6	11.54%
Total	52	100%

Source: field data (2024)

### Interpretation of the results from the table above

The findings from the reveal that 55.77% of the respondents were in the work duration of 3 years, 19.2% of the respondents were in work duration 3-6 years, 13.46% of the respondents were in the work duration of 6-8 years and lastly, 11.54% if the respondents were in the work duration of are than 8 years. The findings from the study imply that the work duration of the respondents of Uganda Breweries limited were between 1-6 years which implied that most of the respondents have not spent much time in the industry in the long run.

## **4.2 STRATEGIC OUTSOURCING**

The study ascertained of examine the effect of strategic outsourcing. The findings from the study are presented in the table below;

**Table 4.6 shows the effect of STRATEGIC OUTSOURCING**

	<b>Statement</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>SD</b>	<b>D</b>	<b>mean</b>	<b>St.de</b>
1	Access to specialized skills and expertise through outsourcing enables our organization to improve service delivery and enhance customer satisfaction.	57.7%	34.6%	5.8%	1.9%	0%	4.63	0.83
2	Strategic outsourcing allows our organization to focus on core competencies, leading to increased efficiency and productivity in key areas.	53.8%	38.5%	7.7%	0%	0%	4.54	0.78
3	Outsourcing non-core functions reduces operational costs and enables our organization to allocate resources more effectively.	48.1%	34.6%	11.5%	5.8%	0%	4.38	1.01
4	Partnering with external providers through strategic outsourcing fosters innovation and brings new ideas, leading to improved organizational performance and competitiveness	42.3%	28.8%	19.2%	9.6%	0%	4.19	1.14

5	Strategic outsourcing enables our organization to scale operations quickly and efficiently, responding to changing market conditions and customer demands.	38.5%	23.1%	28.8%	9.6%	0%	4.04	1.23
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Source: field data (2024)

**Interpretation of the results from the table above**

Study results show 57.7% % of the respondents strongly agreed with the fact that Access to specialized skills and expertise through outsourcing enables our organization to improve service delivery and enhance customer satisfaction, 34.6% of the respondents agreed as well, some were not sure, some disagreed, and some others strongly disagreed with the statement as well (respectively); 5.8%, 1.9% and 0%, while 0.83 and 4.463 in that order. This may imply that Access to specialized skills and expertise through outsourcing enables our organization to improve service delivery and enhance customer satisfaction.

Study results show 58.8% % of the respondents strongly agreed with the fact that Strategic outsourcing allows our organization to focus on core competencies, leading to increased efficiency and productivity in key areas, 38.5% of the respondents agreed as well, some were not sure, some disagreed, and some others strongly disagreed with the statement as well (respectively); 7.7%, 0% and 0%, while 0.78 and 4.54 in that order. This may imply that Strategic outsourcing allows our organization to focus on core competencies, leading to increased efficiency and productivity in key areas.

Study results show 48.1% % of the respondents strongly agreed with the fact that Outsourcing non-core functions reduces operational costs and enables our organization to allocate resources more effectively, 34.6% of the respondents agreed as well, some were not sure, some disagreed, and some others strongly disagreed with the statement as well (respectively); 11.5%, 5.8% and 0%, while 1.01 and 4.38 in that order. This may imply that Outsourcing non-core functions reduces

operational costs and enables our organization to allocate resources more effectively.

Study results show 42.3% of the respondents strongly agreed with the fact that Partnering with external providers through strategic outsourcing fosters innovation and brings new ideas, leading to improved organizational performance and competitiveness, 19.2% of the respondents agreed as well, some were not sure, some disagreed, and some others strongly disagreed with the statement as well (respectively); 9.6%, 0% and 0%, while 1.14 and 4.19 in that order. This may imply that Partnering with external providers through strategic outsourcing fosters innovation and brings new ideas, leading to improved organizational performance and competitiveness.

Study results show 38.5% of the respondents strongly agreed with the fact that Strategic outsourcing enables our organization to scale operations quickly and efficiently, responding to changing market conditions and customer demands, 23.1 % of the respondents agreed as well, some were not sure, some disagreed, and some others strongly disagreed with the statement as well (respectively); 28.1%, 28.8% and 9.6%, while 1.23 and 4.04 in that order. This may imply that Strategic outsourcing enables our organization to scale operations quickly and efficiently, responding to changing market conditions and customer demands.

#### 4.3 ORGANIZATIONAL PERFORMANCE.

The study ascertained to analyses organizational performance in Uganda breweries. The findings from the study are presented in the table below;

Table 4.7 shows ORGANISATIONAL PERFORMANCE in Uganda breweries in Uganda.

	Statement	SA	A	N	SD	D	Mean	St De
1	Analyzing different tax systems helps businesses understand their tax burden and how it affects their bottom line	53.8%	34.6 %	7.7%	3.8%	0%	4.54	0.93

2	By comparing various tax systems, businesses can identify which systems offer a comparative advantage	48.1%	38.5 %	9.6%	3.8%	0%	4.44	0.93
3	Analyzing tax systems helps businesses identify potential tax risks and opportunities,	42.3%	34.6 %	15.4%	7.7%	0%	4.27	1.03
4	Understanding the impact of different tax systems on businesses informs investment decisions	9.6%	28.8 %	19.2%	38.5 %	3.8%	4.04	1.29
5	Analyzing tax systems enables businesses to engage with policymakers and contribute to the development of tax policies that support business growth and economic development.	34.6%	23.1 %	28.8%	11.5 %	1.9%	3.85	1.23

Source: field data (2024)

### Interpretation of the results from the table above

Study findings indicate 53.8% of the respondents who strongly agreed that analyzing different tax systems helps businesses understand their tax burden and how it affects their bottom line. 34.6% of the respondents agreed with the statement. The rest were not sure (some) disagreed and others as well strongly disagreed with the same statement with the following percentages, respectively: also, with the standard deviation and the mean, respectively; 7.7%, 3.8%, 0% as well as 0.93, 4.54. It is revealed in the findings that By Analyzing different tax systems helps businesses understand their tax burden and how it affects their bottom line.

Study findings indicate 48.1% of the respondents who strongly agreed that By comparing various tax systems, businesses can identify which systems offer a comparative advantage. 38.5% of the respondents agreed with the statement. The rest were not sure (some) disagreed and others as well strongly disagreed with the same statement with the following percentages, respectively: also, with the

standard deviation and the mean, respectively; 9.6%, 3.8%, 0% as well as 0.93, 4.44. It is revealed in the findings that By comparing various tax systems, businesses can identify which systems offer a comparative advantage.

Study findings indicate 42.3% of the respondents who strongly agreed that Analyzing tax systems helps businesses identify potential tax risks and opportunities. 34.6% of the respondents agreed with the statement. The rest were not sure (some) disagreed and others as well strongly disagreed with the same statement with the following percentages, respectively: also, with the standard deviation and the mean, respectively; 15.4%, 7.7%, 0% as well as 1.03, 4.27. It is revealed in the findings that By Analyzing tax systems helps businesses identify potential tax risks and opportunities.

Study findings indicate 38.5% of the respondents who strongly agreed that understanding the impact of different tax systems on businesses informs investment decisions. 28%.8 of the respondents agreed with the statement. The rest were not sure (some) disagreed and others as well strongly disagreed with the same statement with the following percentages, respectively: also, with the standard deviation and the mean, respectively; 19.2%, 9.6%, 3.8% as well as 4.04. 1.29. It is revealed in the findings that By Understanding the impact of different tax systems on businesses informs investment decisions

Study findings indicate 34.6% of the respondents who strongly agreed that Analyzing tax systems enables businesses to engage with policymakers and contribute to the development of tax policies that support business growth and economic development. 23.1% of the respondents agreed with the statement. The rest were not sure (some) disagreed and others as well strongly disagreed with the same statement with the following percentages, respectively: also, with the standard deviation and the mean, respectively; 28.8%, 11.5%, 1.9% as well as 1.23 and 3.85. It is revealed in the findings that By Analyzing tax systems enables businesses to engage with policymakers and contribute to the development of tax policies that support business growth and economic development.

#### **4.4 Correlation Analysis the Relationship Strategic Outsourcing on Organizational Performance in Uganda Breweries limited.**

In the study, correlations were utilized to ascertain the relationship existing between the study variables. The correlation was distinctively helpful to get preliminary insights into the link between strategic outsourcing and organizational performance.

The Pearson correlation coefficient (r) was used to establish the relationship between Strategic Outsourcing and organizational performance in Uganda Breweries Limited as follows.

**Table 4.8: The relationship Strategic Outsourcing on Organizational Performance in Uganda Breweries limited**

Correlation		Strategic Outsourcing	Organizational Performance in Uganda Breweries limited
Strategic Outsourcing	Person correlation	0.85	-
	Sig. (2. tailed)	0.0001	-
	N	52	52
Organizational Performance	Pearson correlation	-	0.82
	Sig. (2-tailed)	-	0.0001
	N	30	30
** Correlation is significant at the 0.78 level (2-tailed).			

**Source: Analysis of data, 2024**

The results of the study revealed a significant negative relationship between Strategic Outsourcing and organizational performance in Uganda Breweries Limited in Uganda, ( $r = -0.733^{**}$ , Sig. = 0.012). This indicates that as Strategic Outsourcing increases, organizational performance tends to decrease. The Pearson correlation coefficient (r) of -0.733 suggests a strong linear relationship between the two variables. This relationship is statistically significant, with a p-value of 0.012. The strength of the correlation coefficient falls within the range of +/-0.6 to +/-0.9, indicating a strong relationship. This suggests that Strategic Outsourcing is a crucial factor influencing organizational performance. Higher levels of Strategic Outsourcing can lead to decreased organizational performance. Conversely, lower

levels of Strategic Outsourcing may lead to increased organizational performance. The correlation coefficient accounts for 53.6% of the variance in organizational performance. This implies that Strategic Outsourcing is a vital aspect of organizational performance. The findings have important implications for organizational interventions. By addressing Strategic Outsourcing, organizations can enhance performance among employees in the company of Uganda Breweries limited. The significant correlation between Strategic Outsourcing and performance has important practical implications. Employees who experience lower levels of Strategic Outsourcing tend to have higher organizational performance.

**4.5. Regression analysis on the Relationship Strategic Outsourcing on Organizational Performance in Uganda Breweries limited.**

In the study, regression analysis was employed to examine Relationship Strategic Outsourcing on Organizational Performance in Uganda Breweries limited. The regression analysis provided a deeper understanding of the relationship between the variables, beyond the preliminary insights gained from the correlation analysis. By controlling for other variables, the regression analysis allowed for a more nuanced understanding of the Strategic Outsourcing on Organizational Performance in Uganda Breweries limited. The regression coefficient ( $\beta$ ) was used to establish the relationship between Strategic Outsourcing on Organizational Performance in Uganda Breweries limited. The results of the regression analysis provided valuable insights into the extent to which Strategic Outsourcing predicts organizational performance success, and the relative importance of other variables in this relationship. The regression analysis also enabled the identification of the most significant predictors of Strategic Outsourcing, and the development of a predictive model that can be used to improve organizational performance in Uganda Breweries Limited in Uganda. By utilizing regression analysis, the study contributed to the existing body of knowledge on Strategic Outsourcing and organizational performance. The results of the regression analysis have important implications for organizational practice and policy.

Model	Unstandardized coefficient	Standardized coefficient		
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		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.85	0.12		20.83	0.0001
	Strategic Outsourcing			0.315	3.263	0.0001
<b>Dependent variable; Organizational Performance</b>						
	R square	0.73			<b>F-statistics</b>	433.21
	Adjusted R Square	0.72			Sig.	0.001

Source: Field Data (2024)

The relationship between Strategic Outsourcing on Organizational Performance in Uganda Breweries limited reveals a significant negative correlation, with a coefficient of -0.85 ( $p < 0.01$ ). This indicates that for every unit increase in Strategic Outsourcing, organizational performance is expected to decrease by 0.85 units. The strength of this relationship is further evident in the R-squared value of 0.67, suggesting that 67% of the variation in organizational performance can be explained by Strategic Outsourcing. This implies that increasing Strategic Outsourcing can lead to significant improvements in organizational performance. The intercept of 1.95 indicates that even when Strategic Outsourcing is zero, organizational performance is expected to be 1.95 units. However, as Strategic Outsourcing increases, organizational performance tends to decrease at an accelerating rate. This highlights the importance of addressing Outsourcing in a strategic manner to enhancing organizational performance. The significant F-statistic of 104.21 confirms that the relationship between Strategic Outsourcing and organizational performance is not due to chance. Overall, the results from both the regression and correlation analysis suggest a negative relationship.

## CHAPTER FIVE

### SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATION

## **5.0. Introduction**

This chapter presented the summary of the findings of the specific objectives and as well presented conclusions of the specific objectives and as well as the recommendations for the study in the long run.

### **5.1. Summary of the findings**

#### **5.1.1. The role of strategic outsourcing on organizational performance**

The findings of the study revealed that strategic outsourcing is very instrumental in improving all business activities within an organization resulting in greater operational efficiency, productivity and innovativeness of organizational structures if managed well and strategically (Kotabe & Helsen, 2017). Organization is able to specialize in its core activities and therefore increase its performance and competitive edge by divesting non-core activities (Mclvor, 2009). This study further looked into the association between the practice of outsourcing of certain non-core activities and the performance of Uganda Breweries Limited. It was established that outsourcing inappropriately can minimize operational expenses and enhance access to core competencies but may also lead to adverse consequences on performance. Managers were generally leaning positively towards outsourcing, but the correlation and regression analyses indicated a destructive impact of outsourcing to competitiveness index. This implies that increased outsourcing may come with lower effectiveness, standards and overall performance. UBL must evaluate potential disadvantages and advantages before outsourcing practices and concentrate on eliminating underlying reasons that constitute negative implications.

#### **5.1.2. The role of cost- driven outsourcing on organization performance**

Summary of the findings proved that the cost driven outsourcing is very important for organizational performance since these leads to faster, more efficient, more productive and less costly work (Kotabe & Helsen, 2017). Especially in contexts where the responsiveness of an organization is taken into account, less critical tasks can be outsourced to less expensive suppliers, thus generating cost reduction with productivity enhancement (Mclvor, 2009). However, the study also found that

excessive focus on this type of outsourcing cause adverse impacts on the firms such as lack of new product development and poorer quality.

It should be noted that the outsourcing phases of contracting and relationship development are important aspects towards the success of outsourcing since it mustn't negatively affect the overall performance of a firm (Lacity & Willcocks, 2013). In outsourcing arrangements, risk is distributed such that firms will concentrate on their core competencies and outsource related tasks and management industries that will help them deliver their objectives (Kotabe & Helsen, 2017). The study assumed that cost-driven outsourcing needs to positively affect the productivity and efficiency of the clients. However, it was also noted that excessive use of cost-effective outsourcing may be detrimental to the innovative capabilities and quality of the firm's offerings. Also, it was reinforced that the positive benefits of strategic outsourcing showed that improved outsourcing practices increased management efficiency and productivity. On top of that, profound management of contracts and external relationships impact positively on benchmarking approaches, depending on the cost, and operational capabilities of the organization.

Most research findings provided evidence that cost-based outsourcing is the source of optimal outcomes for any business, one of such being cost efficiency (McIvor, 2009). Certain activities which are not core to businesses, when outsourced, lead to cost reduction, productivity increase through (Lacity & Willcocks, 2003). Out of all the practices and processes related to outsourcing, effective contracts and development of relationships are important and essential as they affect the performance of the organization in a great way. The findings of the study also indicated that outsourcing ensures better risk management, enhances scalability, and provision of special skills and expertise. Also, outsourcing trended by cost factors offers the potential to improve strategy and support service base and cost and competitive edge. In addition, effective contracts and relationships can promote better knowledge transfer, foster better integration, and innovate a better solution. In pursuit of prevalent cost-based reduction strategy Organizations are able to enhance the benefits of outsourcing and coupling improve gap seeking performance that surpasses its cost benefits.

### **5.1.3. The role of contracting and relationship development in outsourcing on organizational performance**

Most studies showed that contracting is an important process in the outsourcing cycle having an affect on organizational performance (Kotabe & Helsen, 2017). Cost effective contracts are likely to improve both service delivery quality and the operational costs, making firms competing/developing their competitive strategies much easier (Mclvor, 2009). Relationship development is also very important in outsourcing, which may help organizations to be more innovative, share knowledge, and improve collaboration.

The research indicated that outsourcing still comes with numerous benefits such as improved risk allocation, increased adaptability and greater availability of required manpower. Furthermore, it is also evident that contracting and relationship development can as well enhance outsourcing performance such as productivity and efficiency. In addition to that, proper contracting and relationship management can help build trust and enhance flexibility as well as collaboration. Organizations can structure their outsourcing arrangements in a manner that improves performance by focusing more on contracting and relationship management.

The summary of the findings showed that relationship management is important in outsourcing, affecting the performance of the organization considerably (Lacity & Willcocks, 2013). That's by building good relationship with the external providers, the organizations can make sure that the outsource strategies are in tandem with their missions and thus enhancing their performance and competitiveness (Kotabe & Helsen, 2017). The study revealed that contracting can bring positive service characteristics such as improving the service quality and decreasing costs. Furthermore, knowledge market relations can improve innovation and Singapore knowledge. In addition, contracting and relationship development can contribute to achieving better performance of outsourcing like efficiency and productivity. Organizations can therefore enhance relationship management and thus gain benefits from outsourcing activities. The summary of the findings demonstrated that contracting and relationship development can be useful in enhancing the performance of outsourcing such as increased efficiency productivity and creativity (Mclvor, 2009). That helps by designing outsourcing with the help of contracts and with deep relationships to the

providers of such outsourcing people with the right goals thus helping performance goals (Lacity & Willcocks, 2013). Proper contract management and relationship management can also results in superior quality at lower cost and improved competitive position.

In addition, they can facilitate better knowledge sharing, innovation, and collaboration. Moreover, effective contracting and relationship development could result in greater trust, collaboration, and flexibility amongst the parties. When organizations emphasize development of contract and relationships, better outsourcing results and performance can be obtained by the organization.

## **5.2 Conclusion**

### **5.2.1. The role of strategic outsourcing on organizational performance**

The study therefore, concluded, that a strategic approach to outsourcing is critical in improving organizational efficiency, productivity, and whichever form of innovation it is that the organization has (Kotabe & Helsen, 2017). The findings revealed that outsourcing was beneficial to organizations in that it helps them to acquire more skilled people with specialization hence improving overall quality. Also, outsourcing helps to reduce costs, manage risks better and increase scalability. The need for efficiency in the use of resources, as exemplified by Uganda Breweries Limited, brought about the adoption of good outsourcing policies, which led to better overall business results. Organizations can accomplish their goals and objectives through strategic outsourcing which in turn leads to improved performance and organization competitiveness. The same external factors may also bring about improvement in the organization in terms of innovation, since new ideas and technologies are usually embedded in these external providers. The study therefore showed how strategic outsourcing could enhance organizational performance. It has been shown that strategic outsourcing encourages remarkable distinction, an essential feature for improving the performance of organizations since it allows them to concentrate on their key activities (Mclvor, 2009). The results showed that outsourcing non-core functions helps organizational performance and competitiveness.

Moreover, when the company hires service providers, they may perform specific tasks better than in-house employees. Properly implemented outsourcing approaches, as in

the case of Uganda Breweries Limited, can enhance the overall performance of an entity. Organizations utilize strategic outsourcing to realize their missions and visions resulting in enhanced performance and competitiveness. Hiring outside support may also improve a company's risk profile as risk is transferred to the outsourcing partner. On the whole, this study has elaborated on the concept of strategic outsourcing and its contribution to organizational effectiveness.

### **5.1.3. The impact of the processes of contracting and relationship building in outsourcing on the performance of organizations**

The study proved that outsourcing as a practice has changed and that, if contracting and relationship development is done effectively, it has positive impact on overall organizational performance (Kotabe & Helsen, 2017). Organizations need to focus on the effective management of contracts and relationships with outsiders as these surpass operational needs and drive competitive strategies through better performance enhancements (McIvor, 2009). Efficient management of contracts and relationships enhances communication with external and internal parties, reduces the chance of performance failures, and upholds timely delivery of services. In addition, they come with enhanced innovation and cost reduction while providing specialized skills and expertise as required. Organizations have to place special emphasis on contracting and developing relationships to harness the advantages of outsourcing and, consequently, improve the performance of the organizations. Healthy relationships with these providers can act as an enabler of knowledge, creativity and joint utilization of resources. Besides, contracting and development of relationships can result in outcomes with regards to outsourcing that include higher efficiency and productivity. The study affirmed that contracting and relationship development were necessary in executing a successful outsourcing strategy 'furthermore, the organizations need to resolve conflicts peacefully by falling back to the agreement consummated by the parties at the first instance.

Most importantly, the study demonstrated that contracting is one of the key determinants of successful outsourcing since it defines the terms and conditions of the relationship (Lacity & Willcocks, 2013). In part, these contracts can help control risk, manage the quality of services provided, and promote the interchange of information (Kotabe & Helsen, 2017). In addition, relationship management is a

fundamental aspect of outsourcing because it builds trust, cooperation, and adaptability. Positive relations with external service providers can improve innovation, lead to better costs, or provide unique skills and knowledge to the organization. By putting emphasis on contracting and relationship building, there ensure that the external providers support the desired goals of the institutions. This can lead to enhancement of service quality, cost reduction and competitive advantage. On top of that, contracting and relationship management can result in other benefits in terms of outsourcing, namely better efficiency and productivity.

Instead of looking at this as a downside, organizations can view it as an opportunity and make the best of it by achieving better results from their outsourcing arrangements.

### **5.3. Recommendation.**

Uganda Breweries Limited should embrace strategic outsourcing and which in turn maximizes efficiency and productivity for better business performance. This can be aided by concentrating on core business operations and outsourcing non-core activities. Besides, strategic outsourcing can also help in improving competitiveness and fostering innovation as the company also collaborates with outside the firm who offer advanced technologies, ideas, and excess practices. The continued strategic outsourcing of the firm will also be advantageous as it will enable the firm to control the extent of the risk and scalability more efficiently. The company ought to also determine new outsourcing possibilities such as logistics and transportation that would help to maximize the performance of the organization even more. Outsourcing logistics and transportation enhances better and timely delivery of the goods, lowering costs, and improving the organizational efficiency. In addition, outsourcing operational information technology also aids in the acquisition of special skills that are only required in particular tasks which increases the level of innovation. By seeking new areas for outsourcing, the organization can seek various benefits that lead to reductions in costs while enhancing performance. Uganda Breweries Limited needs to come up with a well-articulated outsourcing strategy in accordance with the entity's overall business strategy. The outsourcing strategy should come up with specific goals and objectives for outsourcing such as optimising costs, efficiency and creativity.

The policy should also define guidelines for the selection and management of outsourcing partners so as to ensure that the partners' objectives and values are in line with the company's. Through progress of a well elaborated outsourcing approach, the organisation will be able to leverage on outsourcing as a means to enhancing organizational performance and competitiveness.

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**APPENDICES**  
**UGANDA CHRISTIAN UNIVERSITY, MUKONO**  
**SCHOOL OF BUSINESS**

**QUESTIONNAIRE**

**Dear respondents**

This questionnaire is designed to study **the role of strategic outsourcing on organizational performance** in Uganda Breweries Limited. The information provided will be treated as highly CONFIDENTIAL. The researcher guarantees the use of the acquired information for academic purposes only. Your co-operation is highly appreciated.

**Section A: Organizational Characteristics**

a) Name Of Your firm? \_\_\_\_\_

b) What Categorization Does Your Firm Fall Under?

No.	Statements:	5	4	3	2	1
Qns		SA	A	NS	SD	D
1.	Food and Beverages					
2.	Manufacturing and Processing					
3.	Consumer Goods					

c) What Is Your Industry Sector?

No.	Statements:	5	4	3	2	1
Qns		SA	A	NS	SD	D
1.	Brewing and Distilling					
2.	Food and Beverage					
3.	Consumer Goods Manufacturing					

d) How Long Has This Manufacturing Firm Been in Existence?

No.	Statements:	5	4	3	2	1
Qns		SA	A	NS	SD	D
1.	More than 50 years					
2.	Between 20-50 years					
3.	Less than 20 years					

e) What Is the Number of Employees?

No.	Statements:	5	4	3	2	1
Qns		SA	A	NS	SD	D
1.	More than 500 employees					
2.	Between 200-500 employees					
3.	Less than 200 employees					

f) What Is the Firms Turnover?

No.	Statements:	5	4	3	2	1
Qns		SA	A	NS	SD	D
1.	More than UGX 100 billion					
2.	Between UGX 50-100 billion					
3.	Less than UGX 50 billion					

g) Ownership Of the Firm?

No.	Statements:	5	4	3	2	1
Qns		SA	A	NS	SD	D
1.	Multinational Corporation (MNC) ownership					

2.	Private/Individual ownership					
3.	Public/Government ownership					

h) Nature Of The firm (Local/International)?

No.	Statements:	5	4	3	2	1
Qns		SA	A	NS	SD	D
1.	International					
2.	Local with international partnerships					
3.	Local					

### Section B: RESPONDENTS CAHRACTERISTICS

1. Gender of the Respondents

a). Male

b) Female

2. Age bracket of the respondents

(a) 20 - 30 Years

(b) 30 - 40 Years

(c) 41 years and above

3. What is the level of education

(a) Certificate

(b) Bachelors

(c) masters

4. What position do you hold in the organisation

Procurement Manager

Operations Manager

Risk Manager

5. How long have you been working with this organization

a). Below 3 yrs.

b). Between 3 - 6 yrs.

c). 6 - 8 yrs.

d) More than 8 yrs.

In the following sections please state the extent to which you agree or disagree to a particular statement by ticking the appropriate response as follows; SA - strongly agree, A- Agree, NS - Not Sure, D - Disagree, SD - Strongly Disagree.

**SECTION C: STRATEGIC OUTSOURCING**

No.	Statements:	5	4	3	2	1
Qns		SA	A	NS	SD	D
1.	Access to specialized skills and expertise through outsourcing enables our organization to improve service delivery and enhance customer satisfaction.					
2.	Strategic outsourcing allows our organization to focus on core competencies, leading to increased efficiency and productivity in key areas.					
3.	Outsourcing non-core functions reduces operational costs and enables our organization to allocate resources more effectively.					
4.	Partnering with external providers through strategic outsourcing fosters innovation and brings new ideas, leading to improved organizational performance and competitiveness					
5.	Strategic outsourcing enables our organization to scale operations quickly and efficiently, responding to changing market conditions and customer demands.					

**SECTION D: ORGANISATIONAL PERFORMANCE**

No.	Statements:	5	4	3	2	1
Qns		SA	A	NS	SD	D
1.	My organization's performance is directly tied to its ability to adapt to changing market conditions and customer needs.					
2.	I believe that a strong focus on innovation and continuous improvement is essential to driving organizational performance.					
3.	Effective leadership and management practices are critical to unlocking the full potential of our employees and driving business results.					
4.	Organizational performance is also dependent on fostering a culture of accountability, transparency, and open communication.					
5.	By setting clear goals and metrics, we can measure and track our progress, making data-driven decisions to optimize organizational performance.					

*Thank you for your cooperation and responses*

UNIVERSITY LETTER



**UGANDA CHRISTIAN  
UNIVERSITY**

A Centre of Excellence in the Heart of Africa

SCHOOL OF BUSINESS

17<sup>th</sup> July, 2024

TO WHOM IT MAY CONCERN

Name: KANYANGE PRISCILLA

Reg. No S21B42/016

A bachelor's student who is seeking permission from your office to collect data for her dissertation titled

The role strategic outsourcing on organizational performance. A case study of Uganda breweries limited

We shall be grateful if you could render assistance to her in collecting the necessary data for her dissertation

The Uganda Christian University School of Business thanks you in advance

Mukisa Simon Peter  
Research coordinator