

EFFECTS OF OUTSOURCING ON PUBLIC SECTOR PERFORMANCE IN KENYA: A CASE OF THE NATIONAL TREASURY HEADQUARTERS

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ABSTRACT

Most of the times an organization outsources because it cannot handle all aspects of the business process internally. The reasons for outsourcing are varied including when the targeted processes are or tasks are temporary and when the organization does not intend to hire in-house professionals to perform the tasks.

The objective of this study was to establish the effects of outsourcing on public sector performance in Kenya with a focus on the National Treasury headquarters.

Specifically, the study sought to establish the effect of outsourcing of information technology (IT) infrastructure, security services, of experts' consultancy and the outsourcing of cleaning services on performance of the National Treasury.

Descriptive survey design was conducted on a stratified random sample of 169 drawn from a target population of 2700. Data collection was done using semi-structured questionnaires which were administered by the researcher to the respondents, and the collected data analyzed using Statistical Package for Social Sciences (SPSS). It was found that

the predictor variables significantly explained variation in performance as shown by the F statistic, F

(4, 164)

=

14.396

, $p < 0.001$. It is concluded that outsourcing of information technology (IT) infrastructure, Security Services, expert consultancy services and cleaning services has a significant influence on performance at the National Treasury Headquarters. However, though IT outsourcing had significant positive influence on performance, outsourcing of cleaning services had a significant negative influence while outsourcing of security services and expert services had no significant influence on performance. It is recommended that the management at the treasury and in indeed in other organizations' increase the extent of outsourcing of the non-core functions whose outsourcing was found to positively influence performance since this would spur the performance of the firms. Further, the fact that outsourcing of cleaning services negatively influences performance need further empirical examination.

Key words: Information technology infrastructure, Security services, Expert Consultancy Services, Cleaning services, Performance

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