

# Management of Transparency in Outsourcing - A Case of ZCAS

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## Abstract

This paper contributes to the on-going studies on outsourcing, as within the recent past, most of the outsourcing-related studies have focused on process control and the understanding of decision determinants of process control. With respect to outsourcing, this has been an attractive option for management, as its specific objectives impacts on the organisation's performance and stakeholder value. However, management of transparency in outsourcing still requires more confirmation from research. Whenever researchers look at public and private organisations' reports with regard to abuses, it bears negatively on economic impact. Much of the evidence that has been found is often based on process-related measures, with little discussion on management of intra-organisational relationship. These reports on outsourcing effects raise some questions that are fundamental for empirical research. Considering the impact of transparency in outsourcing on the organisation's operational performance measures and perceived value, management's focus has been on strategic perspective with the tactical role given little attention. This study has been done with a focus towards empirical examination of the impact of management's role in ensuring transparency in outsourcing of goods and services on the organisations' performance and value. The results are based on a sample of 299 respondents from ZCAS taken through a survey of the stakeholders for the outsourced services. The reference point of concern requiring transparency and management influence is from the publicly-available auditor's report showing abuses and other vices. This is to help understand why and what similar management challenges facing departments operating in the public sector and how these challenges affect the institutions with regard to transparency in outsourcing. This research has made a number of contributions to both theory and practice. First, it has provided some insight to the empirical studies by examining the role of management in ensuring transparency in outsourcing and how transparency impacts on firms' performance for the achievement of perceived value for stakeholders. Secondly, an empirical study on management relations in outsourcing for the stakeholder trust has been covered.

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Thirdly, this study is aimed at influencing management to take a leading role in ensuring transparency in outsourcing in order to obtain value. The paper's conclusion is based on management assumptions on the inadequate communication with employees concerning rationale for outsourcing decisions.

**Key terms:** management; transparency; outsourcing; trust; communication; effectiveness.

## **1. Introduction**

Transparent management control systems are considered as the norm for organisations which desire to achieve goals of securing organisational conformity with stakeholder expectations in outsourcing [4] and for accountability. It is a source of legitimacy for transactions and for securing resources. The legitimacy of the goals and how management aims to reach them should be shaped by management's understanding of transparent outsourcing with other stakeholders as this will be a guide to decision making. In today's global economies, businesses have become increasingly interdependent, and organisations are all facing maximum pressure to ensure that they maximise on profitability and productivity. However, outsourcing of public sector services to the private sector has taken place consistently and increasingly over the last 20 years [7]. This is done as a means by which firms can focus on their core activities and extend their capabilities by leveraging vendors [4]. Management's decision to outsource is based on the growth in supply chain surplus which is provided by a third party, despite the increase in risks associated with using a third party.

### ***1.1 Background of the study***

The call for greater organizational transparency has become a mantra chanted by the press, practitioners and scholars as a promising potential cure for the frequent ethical lapses in business outsourcing. The lack of openness with stakeholders has increased scepticism while decreasing trust and confidence with concerns that organizations operate within the constraints of social, ethical, and environmental standards. In addition, both external and internal stakeholders are becoming even more empowered by advancements in information and communication technology, thereby making everyone "always-on, always connected" and creating transparency as a routine expectation. In an environment in which many stakeholders have become increasingly vigilant of organizations, it is imperative to understand and become more skilful in approaches for reducing scepticism. Improving transparency holds promise for being one such solution. Transparency should serve as a foundational tool for addressing stakeholder distrust and improving responsible management practices of organizations [4]. Ethical behaviours are commonly evaluated in terms of assessments of "right" or "just" standards of behaviour between parties in a situation. However, the management of outsourcing strategies that are adopted reflect the need for the institution to align current national and global practices, and hence, the results from this study could be generalized in a theoretical model.

#### ***1.1.1 Outsourcing based on growth in large surplus output***

Management as a corporate body should consider outsourcing if the growth in surplus output is large with a small increase in risk. Performing of the function in-house is preferable if the growth in surplus output is small or the increase in risk in outsourcing is large. As stated by [13], outsourcing is a strategic approach used by an

organisation's management to bring resources from outside to perform the activities that might be usually handled by internal sources and giving the organisation a gain in the operation that may otherwise be uneconomical. Management is also expected to deal with vendors in a more responsive and accountable manner within the organisations [18], as some of stakeholders may have a perception on the services provided by the outsourced firm to be of sub-standard. Accountability initiatives among the members of staff should be part of a package of the strategies that are expected by stakeholders to gain better service delivery for the organisation, and this includes mobilisation, advocacy, intermediation, self-provisioning and participation. There should be an examination of initiatives that are explicitly oriented towards monitoring, and demanding for transparency and accountability during the outsourcing process to ensure good performance in service delivery. This is for the reason that transparency has been touted as the ideal solution for reducing corruption and stakeholder mistrust by bringing issues into the open that are usually left in the dark. This paper will review the theoretical arguments concerning the management of transparency, the skills that are required and expected for the managers to manage the intra-organisational relationship, and the implications of the relationships during outsourcing. But the achievement of the public service's aim for the savings on finances and its streamlining of its operations are all purported in the goals for outsourcing to improve on projects that are meant to deliver bottom line results, including cost savings, faster product delivery times, and higher fulfilment rates nurtured by collaborative culture to inspire funds generation and cycles of innovations.. Despite a high failure rate of outsourcing, it has been noted that not pursuing it may be due to the unexpected costs that might be incurred due to the inability to manage vendors and for management to meet expectations of stakeholders due to lack of transparency and inadequacy in budgetary discipline. However, as organisations there should always be a consideration of the national economies where the institutions could be competing for competitive advantage. Because of such it should be noted that, there is a need for the expected increase to maximise profitability through generation of revenue and reduction of costs, and this can be achieved through outsourcing of non-core activities in order to focus on core activities to extend capabilities and leveraging of vendors. Outsourcing is now considered as an umbrella that encompasses a spectrum of external sourcing arrangements with far-reaching impact. The Zambia Centre for Accountancy Studies (ZCAS) was established in 1989 by the Zambian Government through an Act of Parliament, ZCAS Act 1, with the sole purpose of helping to train professional accountants who were in short supply in the country at the time. Among its objectives were to help promote research and advancement of learning in Accounting, Finance, and Business-related fields as well as offer consultancy and advisory services to the public. At its inception in 1989, the Centre received donor support from the European Union (EU), NORAD, and DANNIDA. However, for the past 26 years, the Centre has been running as a self-financing organisation without government grants. In 201, ZCAS incorporated ZCAS University as a special purpose vehicle to provide higher education. ZCAS now runs both professional and academic courses and it has become a centre of excellence in Zambia and the Southern Africa region. Currently, it has a student population of about 3000 students and the faculty members number about 100. Courses comprise undergraduate, postgraduate, and professional diploma programmes in Human Resource, IT, Purchasing and Supply, Marketing, Accounting, Finance, Banking, Law, and other allied programmes. This paper therefore examined the process of outsourcing at the Centre in order to establish whether outsourcing is done in a transparent manner.

## **2. Approaches for Outsourcing**

Outsourcing is a benefit which enables an organization to focus on its 'core competencies' and shed activities that do not fit into its daily operations [10]. The organisation will likely benefit from cost saving from transparent outsourcing based on the differentials in production costs between principal and supplier for which specific processes or products will bring to it. Complementary or intermittent outsourcing may be decided by management to use a vendor as an extra capacity often for a limited period or for a single operation. The observation made in some cases is that outsourcing prevents a company from developing its internal capacity notwithstanding the fact that outsourcing enables competent suppliers to supply component parts more efficiently. Hence, management strategy should be to ensure that major non-core functions are transferred to efficient external specialists and providers with the most up-to-date technology and the ability to provide the services more cheaply than the outsourcing company can itself provide for. For the reasons, management should decide to outsource non-core activities to third parties for cost and efficiency reasons.

### ***2.1.1 Transparency in outsourcing***

However, while looking at management of outsourcing and the challenges that go with it with regard to transparency, the review of the outsourcing literature has identified that risk is a central concern in outsourcing research. The specific focus of this research on outsourcing is on the complexity of outsourcing created by the presence of technological and administrative systems that are highly critical of the outsourcer. For management, the increase in complexity of the business process and the increase of the likelihood of challenges and risks [11] are concerns to the private sector. Even though there may be some consideration that the outsourcee may be representing the interest of the general public in terms of achieving value for money, managements of most organisations as the outsourcer focuses on expected gains from lower costs of production and getting specialized providers in an attempt to cut costs, or to increase service delivery while achieving cost effectiveness. At the same time, stakeholders may be looking towards the benefits expected from transparent information sharing, improved efficiency and competitiveness in outsourcing. Management is expected to be working towards ensuring that high ethical practices are upheld in transactions to maintain trust and confidence of its varied stakeholders [11].

### ***2.1.2 Management of information sharing***

Management is not just expected to be giving lip service to ethics and moral behaviour when focusing on transparency in outsourcing. It should be expected to be putting its ideas into writing and distributing these guidelines for everyone in the organisation to read and follow. This is in order to improve the moral climate of the organisations and later win back the public's confidence. Unethical practices in the organisations outsourcing have a corrosive effect on free markets and free trade, which are fundamental to the survival of the free enterprise system. These lapses in the process subvert the laws of supply and demand, hence short-circuiting competition based on classical ideas of product quality, service, price, and the need for constant improvement in products or services.

### ***2.1.2 Contract terms of outsourcing***

To ensure that risks in outsourcing are managed and that there is transparency, some typical contract terms should be drawn as regards service quality level agreements: confidentiality should be upheld to protect either party in cases where both parties (supplier and buyer) need to give each party access to information about operations. A confidentiality clause should define 'confidential information' and provide that the other party will take all proper steps to keep such information confidential. In cases requiring stricter confidentiality, there may be a separate 'non-disclosure agreement', to be appended as a schedule to the main contract; this calls again for intellectual property protection where the clause will be designed to protect either party's ownership of (and rights to exploit) ideas, processes, designs and other intangible assets- which might be shared as a result of outsourcing.

### ***2.1.3 Contract Management***

The final part of the outsourcing process requires management to ensure that the contractor is adequately managed. This is a key consideration as the signing of the contract should not be seen as the end of the outsourcing process. It is important to continue controlling and monitoring to ensure that the overall business and operational objectives are achieved with respect to cost and service performance. This requires the nomination of a manager from within the user organisation who will be responsible for the management of the contract in order to ensure that cost and service targets are met, and to develop opportunities and initiatives for continuous improvement.

## ***2.2 Ethical complexity for transparency***

Regulatory compliance to the issues of outsourcing is of importance in ensuring transparency. Management should ever be working for the implementation of the ethical codes of principles [20]. The values that are supposed to govern the behaviour of a person or group in a contract should be considered in line for good or bad (or right and wrong) decisions are made for seeking understanding and transparency in outsourcing. Ethical questions are of importance especially in outsourcing of services because of their effect on employees in the organisation. This also applies to external stakeholders who get affected by the choices made by management or the procurement officers in organisations.

## ***2.3 Theories of transparency***

According to [12], scholars suggest that multiple theories should be applied in outsourcing, with some of the theories being the theory of Planned behaviour, Expectancy theory, Agency theory, Stakeholder theory, Harmon's model, Mendelow's Stakeholder Matrix, and Stewardship theory, among many others.

### ***2.3.1 Agency theory for outsourcing relationship***

However, with regard to the reasons for the research on management role in outsourcing, it has been considered that the agency theory will be used. According to the theory, the focus is on the relationship between managers

and stakeholders [12]. This stems from the transactions that public service has been employing with regard to outsourcing involving principal (both internal and external stakeholders at the institution) who have been hiring the services of “agents” (employees and-management) to carry out actions on the principal’s behalf. Agency theory assumes that the agents (workers-public officials or management) will have different goals and interests with regard to outsourcing decision from the principals (citizens and taxpayers- stakeholders).

### ***2.3.2 Stakeholder theory***

The stakeholders as a group or individuals of the institution are those who feel affected by the outcomes of the organisation’s objectives [12]. Strategic managers have to respond to the issue of competitiveness of the organisation by engaging them in outsourcing decision making. The institution is supposed to put the interests and needs of the employees as well as every stakeholder into consideration whenever outsourcing tasks as their influence is likely to impact the operations and affect policies. The focus of the stakeholder theory is towards decision making by management which may be influenced by the stakeholders.

### ***2.3.3 Vroom’s Expectancy Theory***

Employees and other stakeholders need to be motivated for them to put in their very best towards the success of outsourcing, as without the support of the stakeholders, the outsourced tasks will face resistance in their implementation [12]. Vroom’s expectancy (1964) theory suggests that stakeholders are supposed to be motivated, and is provided as a function of three constructs: a person’s expectancy theory examined from the perspective of people’s choice for some particular behaviour with the examination of estimating the effort that is likely to lead to the success in the valued outcome and also weighing the probability in achieving that outcome. Management in institutions are supposed to enhance the stakeholder’s perceived expectancy of value for the outsourced tasks, as a sequence of anticipated effort, performance, and outcome. This is to be achieved by valuing the employees’ behavioural outcome [2], believing in the behaviour and situational variable that is desired for transparent outsourcing. There should be an instrument for the achievement of the outcome where the individuals expect particular conduct in a particular way for the transparent outsourcing outcome to be positive.

## ***2.4 Conceptual framework relationship of variables***

The examination of the variables of relationships is about the relationship of management’s role with other stakeholders, focusing on establishing management relationships, management of outsourcing collaboration, and sustainable corporate ownership during the outsourcing, and the intention factors covering the management-stakeholder relationships and transparency. The framework is structured with the constructs of: management outsourcing relationship as independent variable, corporate governance and ownership as an intervening variable, and stakeholder perceived value as the dependent variables [18]. Bringing outsourcing intentions into the analysis has important implications in relation to the previous outsourcing practice and stakeholder relationship management literature. Three variables of stakeholder perceived value construct as dependent variable is considered as the main benefit where performance and interaction with management will provide

support and operational benefit. In order to increase the significance in the level of interdependence between managers who are managing the relationships and organisations in the outsourcing relationship, management is required to have multiple facets of the principle of agency relationship for further exploration beyond the traditional organisational boundary [14]. The recognition of practical implication for the appropriate measure of management knowledge of transparency in outsourcing is provided in the context of holding management knowledge as part of the competitive advantage of the organisation [14]. Once a person's attitude towards transparency in outsourcing is motivated for the better, then there is cultivation of a fair trade for the trading partnership based on dialogue and respect that seeks greater equity in trade. This as the intervening variable for management to ensure that stakeholders contribute to sustainable development by offering better conditions to, and securing the rights of, marginalised products and workers as this will increase the emphasis on the ethics of product, meaning greater competition for the public attention. The corporate ownership strategy is to ensure transparency and for sharing the vision of innovation that corporate leadership may be wishing to achieve. The vision must be clearly articulated by the organisation's leaders, ensuring that the ethical behaviour is determined and formalised in the code of ethics. The board's ethics based expectations must be clearly communicated to the firm's top level managers and other stakeholders to whom interactions are necessary [20], and then the specific objectives are developed by the managers and employees of the organisation. It is a well-known fact that corporate ownership results from the creative talents of the people in the organisation, and the employees need to know about and understand the vision towards achieving of a transparent process in outsourcing.

### **3. Method of study**

Qualitative data was applied for the study of the variables involved in the study of perceptions, beliefs, or feelings amongst the stakeholders with regard to transparency in outsourcing. The method has also been used for gathering data through interviews in order to obtain the understanding of the institution's description of its procedures and documentation as well as its rationale through focus groups. This is also for analyzing qualitative themes of the study (i.e. holistically), and also with the inclusion of content analysis of the outsourcing with the application of grounded theory. The quantitative data was gathered from questionnaires, in a survey and used for data analysis using descriptive statistics in the form of frequency tables, pie and bar charts, histograms diagrams, and analysis of percentages. Data collection was effected using both secondary sources of published internal and external sources, and primary sources such as: questionnaires, focus groups, and semi-structural interviews. The samples had been drawn in such a way as to be representative of the population covering the 6 government departments, with the approaches of data collection and analysis applied from the deductive approach while seeking the use of existing theory to shape the approach that is to be adopted in the qualitative research process and to the aspect of data analysis. The inductive perspective was included to seek a buildup of a theory for management of outsourcing for adequate grounding in the data. Just as it is impossible to question or collect data from every member or element of the population involved, and even if it is possible, it would be prohibitive in terms of time, cost and other resources. Random sampling was considered as a way to reduce bias, and to ensure that the sample used was truly representative of the views of the parent population where it was taken. Hence, the target population of 1343 was considered for the research to make inferences based on sample statistics. From the 1343 of the target respondent population within the institution, a sample size consisting of 299 respondents was considered consisting of employees working in various areas of the

institution, students at the institution, from both undergraduate and post-graduate cohorts, management, and vendors, based on the direct interest of the institution outsourcing.

### ***3.1.1 Sampling***

A sample had been considered as a part of the for a group of participants involved in the research. Generally, the selection reflected the characteristics of the population concerned with effectiveness of transparency in outsourcing. With careful analysis, stakeholder satisfaction with regard to transparency was gauged. The sample that was selected and analyzed was expected to bring about an outcome for transparency confidence. The sampling was considered for selecting a few respondents of 299 (a sample) from a bigger group 1343 (the sampling population). This was to become the basis for estimating or predicting the prevalence of the unknown piece of information about management's effectiveness in ensuring transparency in outsourcing at the institution.

### ***3.1.2 Questionnaire***

The questionnaire as a very systematic and old fashion way to generate data through which a series of questions has been providing alternative answers from the respondents were chosen. The structured questionnaires were self-administered to 299 respondents to collect quantitative data. The responses to the questions were quantified, categorized and subjected to statistical analysis.

### ***3.1.3 Benefits of a questionnaire***

Self-administering of the questionnaire was considered as beneficial for gathering the data referring to how outsourcing was being managed at the institution. The targeted sample population was within the parameters of the institutions, and the students were also usually assembled in one place, with an assurance for a very high response rate, and those who showed no willingness to participate were of an insignificant number. The purpose for the data collection was to determine management's effectiveness in ensuring transparency in outsourcing and its relevance.

### ***3.1.4 Selection of interviewees***

The categories that were considered for the interviews were based on their particular direct interest in the institution's affairs. [3] Considered the category selection of various interviewees to help generate data that would assist in meeting research aims and objectives. Similarly, interviews are deemed as an appropriate method to answer questions for several reasons, like understanding the participant's own perspectives, as clients and providers have similar or different perceptions. Interviews were also seen as appropriate for seeking participation from busy or high-status respondents when seeking answers to questions as the subject matter was sensitive especially that the researcher was more concerned with the quality than quantity of responses.

## ***3.2 Construct Reliabilities in the Current Study***



The test for reliability analysis for consistency was based on the respondents being scored in the questionnaire in the same way. Different respondents with same attitudes were able to identically score the survey, and some of the data was collected from self-reported questionnaires and might have included individual bias. Hence, reliability scale had been considered as a survey validity test prerequisite. In this research, Cronbach's Alpha was considered for the assessment of consistency or average correlation of items in a survey instrument of the internal scale to gauge the reliability by using —SPSS (Statistical Package for the Social Sciences). Cronbach's Alpha of 0.983 was obtained. Cronbach's Alpha was considered for reliability of a coefficient showing a degree of consistency within the variables and with an assumption that assessment is of one-dimensional construct of a latent.

#### **4. Structural Equation Modelling (SEM)**

The SEM model as a composition of normal variables with no direct evaluation and whose existence was mostly to deduce the basis of the relationships to the set of the variables that had been measured was used. SEM was also considered for the study as a powerful alternative that was likely to account for the measurement errors, correlated independents, and multiple latent independents; and the unobserved variables, referred to as SEM are the constructs or factors called latent factors. SEM has the characteristics that are different when compared with other kinds of the multivariate – data analysis techniques like: the ability of estimating relationships of multiple and interrelated dependencies; the ability of representing unobserved concepts in the relationships and of correcting measurement errors when estimating processes; and the ability of defining a model that is providing explanation for the entire set of relationships. The Bartlett's Test of Sphericity also reached statistical significance ( $P = .000$ ) for the presence of correlations among the variables (as the significant value needs to be 0.05 or smaller), providing support for the factorability of the correlation matrix. Factor analysis was also considered appropriate to give confidence that was required to perform the factor analysis for the role of management in the outsourcing study. The SPSS version 20 application for the constructs of validity was used in order to obtain the measure of sampling adequacy for strength of relationship between variables by using Bartlett's Test of Sphericity value of 0.000 that is less than 0.05 thus proving that the analysis was significant. The Kaiser-Mayer-Olkin measure of sampling adequacy of 0.939 was found to be excellent, as stated by Hair and his colleagues (2010),  $KMO = 0.5$  is mainly acceptable value, whilst values  $0.5 < KMO < 0.7$  is mediocre,  $0.7 < KMO < 0.8$  is considered as good, and  $KMO > 0.8$  as excellent. The approximation of Chi-square is 8557.323.

##### ***4.1.1 Principal Component factoring analysis***

Principal axis factoring with subsequent rotation (Varimax) was conducted on the 13 items from a questionnaire completed by ZCAS staff and vendors selected for their outsourcing stakeholder's concerns as stakeholders. The correlations were in excess of 0.30 and both the KMO and Bartlett's test produced criteria that supposed the application of PCA. Following rotation, the factor was loaded on 13 items that reflected general coping ability and accounted for 85.978 % of the variance, with each of the remaining factors controlling small amounts of variance not significant but between them accounting for the remaining 11.177%. The outcome in view of stakeholders' values aligning with the values of policy makers for the Bartlett's Test of Sphericity and

the KMO revealed that both were highly significant and concluded that this variable was appropriate for the factor analysis.

#### ***4.1.2 Structural Equation Modelling***

The use of a multivariate statistical approach by applying structural equation modelling (SEM) from the Principal Components Analysis (PCA) to test the theories with regard to the hypothesised causal relationship between the variables was considered for the study as it was able to provide a representation of a melding of factor analysis into the methodology with the measurement model indicating the relationship for the observed variables to the latent variables [1]. The latent variables from the observed variables were measurable. The CFA structural model for the constructs taken from the questionnaire provided the specification of high goodness of fit for causal relationship [17] on the hypothesis that the model is a multiple regression with the model fit indices from AMOS.

### **5. Analysis of Capabilities and capacities for monitoring**

The feeling of the respondents with regard to how management get involved in a framework for outsourcing transparency needed to have the task of how to increase the employees' value influence in the outsourcing policy processes for the entire institution, and how it should ensure that information sharing should enable knowledge exchange in every institution.

#### ***5.1.1 Performance management for outsourcing transparency***

The analysis showed that management could be operating more in isolation with little information flowing for the benefit of the rest of the organisational stakeholders. Communication as was observed on information sharing is required to enhance competencies in order to enable the organisation overcome isolation and powerlessness in its structure. Information is required to strengthen stakeholder's competencies and institutional transparency in order to obtain stronger stakeholders' influence over policies [19]. This is for the reason that where there is imbalance in information between stakeholders and policy makers, as stated by [15], then it is likely to contribute to misalignment of values in the organisation because of information asymmetry. Hence, the analysis clearly shows that stakeholder expectation of management has not been receiving favourable implementation befitting of transparency requirements.

#### ***5.1.2 Performance management in planning for outsourcing***

While performance management in outsourcing planning is for the benefit of every stakeholder, the observations like in most organisations are that in some instances, some of the running contracts are not given enough time for the renewal review; hence decisions that may be taken to either renew or to quickly contract another vendor which may only be known by a few management staff raises concerns, as it had been observed that management decide where and when they are to provide outsource of their requirements.

#### ***5.1.3 Perceived losses from outsourcing***

The rating of outsourcing requires cost transparency to determine its benefit. The respondents in the questionnaire were asked to consider the aspect of reduction in cost based on capital outlay. Some of the responses were of the view that if more is done in cost transparency [19], it will result in effective decision making and a choice behaviour where the stakeholders' expectations will be met and satisfaction will reach its maximum. The analysis has shown that management should be taking decisions especially at tendering where open tendering is considered as a better way to get better offers that could be competitive for the organisation to reduce on unnecessary costs. The other observation was that management should control and monitor vendors to avoid fraudulent activities and abuse of responsibilities amongst some members of staff as the certificates of completion are being signed.

#### 5.1.4 Effective management of transparency in outsourcing

However, with regards to supplier selection, the analysis showed a need to improve on the tendering than the observed selective method to allow for competition among vendors, hence management should develop a cultural intelligence system during the course of outsourcing of a project [16]. The development of a cultural intelligence system will lead to a negotiated culture which will be characterised by trust – based interpersonal relationships, effective resolution of organisational differences, and the existence of a shared understanding.

Confirmatory factor analysis for stakeholder perceived value

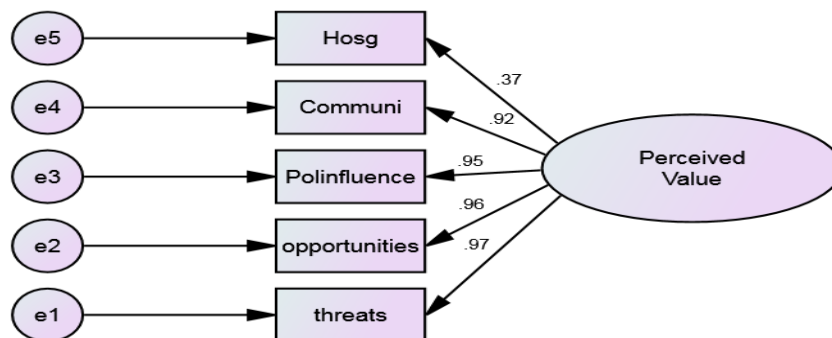


Figure 1

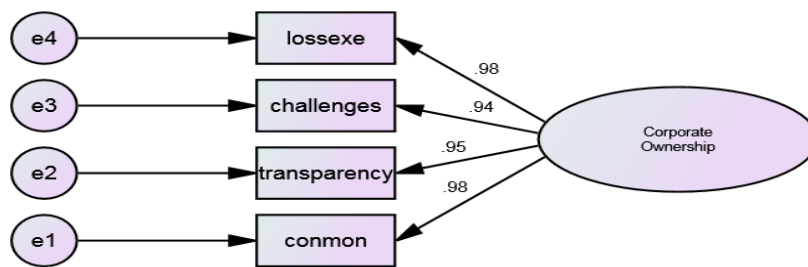
The AMOS CFA model analysis of perceived value constructs yielded high goodness of fit indices. For example, the perceived value model had shown a relatively close fit of  $\chi^2/df = 2.637$ , root mean square error of approximation (RMSEA) = 0.07, a comparative fit index (CFI) = 0.999, normed fit index (TLI) = 0.9916, (GFI) = 0.99, and root mean square residual (RMR) = 0.075. The result from the overall respondents as indicated had shown that the null hypothesis has not been supported and has no positive relationship with the stakeholder perceived value. The standardised regression coefficient which was noted has left a statistical significance ( $p < 0.05$ ), where there are concerns.

**Table 1**

Indices	$\chi^2$	$\chi^2 /df$	GFI	RMR	CFI	TLI	RMSEA (with 90% Confidence Interval)
Values	104.137 (p=0.)	2.637	0.996	0.010	0.999	0.991	0.07 (p=0.104)
Criteria		$\leq 5$	$\geq 0.9$	$\geq 0.9$	0.9		$\leq 0.08$

Communication affects performance and statistical relationship. The hypothesis for the study with the considered sample size has been supported for the outcome as from the previous study [22] where the correlation in the PCA analysis were significantly negatively correlated: the need to define communication strategy tailored to meet the needs of all affected organisational and external stakeholders. Increasing levels of trust by management is required to help with the collaboration among stakeholders. Trust in any of the business does focus on the passive manifestation of vulnerability in the form of reliance-based behaviour, but on developing from the iterative reciprocation of the parties' trusting acts.

Confirmatory factor analysis for corporate ownership



**Figure 2**

The CFA model AMOS analysis of corporate ownership constructs yielded high goodness of fit indices. For example, the model has showed a fit,  $\chi^2 /df = 2$ , root mean square error of approximation (RMSEA) = 0.06, a comparative fit index (CFI) = 0.99, normed fit index (TLI) = 0.996, Goodness of fit index (GFI) = 0.985, and root mean square residual (RMR) = 0.018. The result from the overall respondents as indicated has provided that the null hypothesis has not been supported and has no positive relationship with corporate ownership,

**Table 2**

Indices	$\chi^2$	$\chi^2 /df$	GFI	RMR	CFI	TLI	RMSEA (with 90% Confidence Interval)
Values	4.547 (p=0.)	2	0.967	0.018	0.999	0.996	0.06 (p=0.103)
Criteria		$\leq 5$	$\geq 0.9$	$\geq 0.9$	0.9		$\leq 0.08$

The result of this hypothesis analysis is consistent with the empirical research by a [23] for the community sample with the negative effect discussing: encouraging active participation of major stakeholders on the project steering team preferably or as minimum and insisting on a consultative role sign off by project team of cost budget, accountabilities and timelines for senior management and key stakeholder support The outsourcing motive by the organisation should be consistent with stakeholders taking responsibility for the happenings in the organisation [23], especially with regard to perception of losses from the outsourcing when the make or buy decision is being put in place. As the institution invests resources for development, a spirit to develop relationship processes of interaction arises. Coordination, cooperation, communication, and integration with every stakeholder should be cultivated as per variable corporate governance and ownership in the intervening variable. Confirmatory factor analysis for management of outsourcing relationships

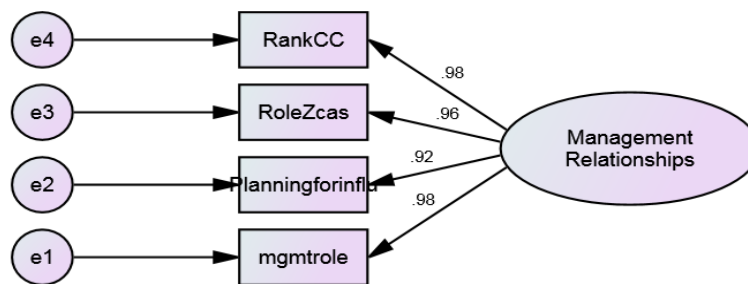


Figure 3

Management outsourcing quality relationship with other stakeholders has potential to provide a positive influence on the transparent operations at institutions.

Table 3

Indices	$\chi^2$	$\chi^2/df$	GFI	RMR	CFI	TLI	RMSEA (with 90% Confidence Interval)
Values	8.689 (p=0.)	1	0.985	0.004	0.999	0.996	0.06 (P=0.003)
Criteria		$\leq 5$	$\geq 0.9$	Close to 0	$\geq 0.9$	$\leq 0.08$	$\leq 0.08$

The predicted management outsourcing quality relationship with stakeholders provided a positive influence on the transparent operations at the institution giving a negative with the directional test of the null hypothesis test allowing for the rejection with the weak experimental evidence. The value was greater than the population mean by standard errors. The relationship was as expected significant ( $P < 0.05$ ) to suggest for some positive association with the dependent variable. The t – result for management ranking was negative -0.308 and with significance of 0.758, and the rating of management’s role also being -0.907 with significance of 0.058. There is statistically significant difference between management of outsourcing quality relationships with the perceived stakeholder; the alternative hypothesis was accepted, and rejecting the null hypothesis. The results for hypothesis test summary SPSS analysis in figure has provided the results from the questionnaire that there are

statistically significant differences among the items, and hence accept the null hypothesis as a fact of expression of chance variation invoking the test against the conventionally acceptable levels of statistical significance [21]. With the rejection of the hypothesis, the knowledge will be advanced as the results will make management aware that their operation belief as postulated does not hold.

### ***5.2 A transparency model for influence***

The relationships for the institution should be considered as necessary for all stakeholders in order to influence policy processes and as a way to provide assessment of their quality outcomes. As an organisation, it is important for management to visualise the organisation's relationship as a necessity for making outsourcing transparency the relevant institutional system [19]. However, it is good for management to ensure that the viable system models being employed are closely scrutinised as they make apparent what is expected between stakeholders and policy makers, and the following relationships become necessary for the units in the organisation.

### ***5.3 Lack of administrative transparency in outsourcing***

Lack of administrative transparency in outsourcing often results from management's lack of awareness of its importance to stakeholders, and often not employing appropriate procedures that meet the test of scrutiny when deciding on programs and outsourcing decisions [20]. However, sometimes managements refrain from clarifying their considerations to members of their organization, either because they think their actions are obvious, thus making transparency superfluous, or because they believe that their authority gives them the license to issue orders to subordinates without having to share any information.

### ***5.4 Recommendations***

While equating transparency with information availability or assuming that it is an objective condition to which organisation must adapt, it is important for management to look at transparency as a social phenomenon shaped by expectations and strategies among corporate actors. However, management is expected to play pivotal role in ensuring transparency, as this is of a central value in the business landscape, but the question on which information to provide and in which form is an important strategic issue.

### ***5.5 Conclusions***

Management is expected to play a pivotal role in ensuring transparency, as this is of a central value in the business landscape. However, the question of which information to provide and in which form is an important strategic issue [6]. Has pointed out that "a primary mechanism for management to achieve transparency is expressive communication with stakeholders", and this expressiveness claimed is mostly organised around the organisation's identity. From this point of view, it should be considered that transparency should reflect the expectations of the stakeholders and the belief of these stakeholders about the institution that reflects accurately the internally-held identity. It is important for management of an organisation to realise that when the operations of the institution are not transparent [9], then it becomes difficult to estimate the fundamental inputs that will be

required to be examined for the purpose of the firm's performance value. Hence, from the provided observation in the study where workers alluded to the fact that processes and status of the outsourcing are rarely communicated to the stakeholders by management, then the trust for managers in this firm with the invisible assets becomes difficult and complex [8]. So, it is important that the managers, who may fear to communicate because of any reason, should not risk their long-term credibility. However, it has been discovered that there is usually complexity in businesses due to the managerial decisions made, where solutions can only and quickly be arrived at by developing measures of opacity of the processes. The reason for complexity as it has been noted is that [5] managers have the tendency to use complexity of the processes to hide unpleasant or bad news (e.g. losses, debts, abuses), and this may result in more negative surprises than positive ones.

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