

ASSESSING THE ROLE OF OUTSOURCING IN A FINANCIAL INSTITUTION: THE CASE OF PRUDENTIAL BANK LIMITED (GHANA)

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Abstract

Outsourcing has been growing both domestically and internationally in recent years. Contemporary highly competitive business environment today acts as strong stimulus for firms to go outsourcing. In addition, economic globalization facilitates the process of looking for opportunities on the global market to outsource some of the firm's activities instead of performing them on their own. However, there are challenges associated with the practice. Methodology used was questionnaires, interviews and observations to collect data for the research work. Interestingly, certain findings were discovered which include benefits and challenges faced by the bank in outsourcing some of their activities. Some of these challenges were known to be quality problems; inability to nurture-in-house talent, poor supplier selection, high cost, loss of managerial control, failure to conduct outsourcing exercise, lack of proper planning and understanding the core activities from non-core activities. The assessment and evaluation of the findings clearly identified that Prudential Bank Limited outsources its non-core activities and its benefit can be seen in obtaining improved performance, cost savings, access to world class capabilities, accelerated re-engineering benefits, shared risks, free resources for other purposes, improve quality of service and adequate time for management. The study also further identified some of the non-core activities outsourced as security services, catering services, front desk staff, fuel usage and cash picks and species. The research was concluded with the statement that notwithstanding the challenges, outsourcing plays an important role at Prudential Bank limited, since it enables the organisation to enjoy a lot of benefits and also concentrate on their core activities.

Keywords: Outsourcing, Financial Institution, Core and Non-Core

1. BACKGROUND OF STUDY

Outsourcing refers to a system of hiring business services from the outside world, which were previously provided internally or from within the country. Today, organisations increasingly hire services such as legal services, music recording, book transcriptions, information technology, security, teaching etc. from the foreign countries. Generally, services are outsourced by the companies in developed countries to developing or underdeveloped countries. Outsourcing is one of the measures that management of various companies adopt to cut down operation cost. Every company is established with a goal or mission and based on this the companies have core-businesses or jobs and non-core businesses or jobs within the organization (Lyson, 2007). In light of this, most companies try to outsource its non-core businesses or activities to a third party who can perform it effectively and efficiently. The non-core activities of a company are those departments or units that do not form the core businesses of the company.

2. RESEARCH PROBLEM

The problem with this practise is that companies may not have the technical competence as well as the financial strength to undertake all their core and non-core activities or functions

and in such a situation there is the need for organizations to contract out or outsource their non-core functions or activities and then concentrate on their core activities. This will in the long run allow them to cut down cost of production, enjoy technical and quality services from experts and many more. It is in this respect that the researchers, has decided to undertake this study to actually find out some of the activities outsourced by prudential bank and if possible examine some of the benefits and challenges associated with outsourcing at prudential bank.

a. Research Objective

The research was set to achieve the following objectives:

- i. Identify the activities outsourced by Prudential Bank Limited.
- ii. Examine the effects (positive and negative) that Prudential Bank Limited derives from outsourcing.
- iii. Identify the challenges that Prudential Bank Limited goes through in outsourcing.

b. Research Questions

The research sought to address the following research questions:

1. What are the activities that are outsourced by Prudential Bank Limited?
 - i. What are effects of outsourcing on the operations of Prudential Bank Limited?
 - ii. What are the challenges identified as Prudential Bank Limited outsources?

c. Justification and Significance of the Study

This research will identify possible gaps and benefits to be derived from outsourcing and it will serve as a policy guide for many financial institutions springing up in Ghana and Africa as a whole.

3. LITERATURE REVIEW

a. Definition of Outsourcing

Outsourcing is defined as a contractual relationship between an external supplier and an enterprise in which the supplier assumed the responsibility of one or two functioning or departments of the enterprise (White and James, 1993). Chartered Institute of Purchasing and Supply (CIPS) defines outsourcing as “the process of identifying the most suitable expert third party service provider to undertake the management, administration and provision of the service in question”. The ISO 9001 2008 sub clause 4.1 also defines the outsourced process as a process that the organization needs for its quality management system and which the organization chooses to have it performed by an external party. “Kotler and Keller (2000) also define outsourcing as “buying more goods and service from outside domestic or foreign vendors” However in the view of Raiborn and others “outsourcing refers to having work performed for one company by an off-site non-affiliate supplier.” In the words of Donald et al the term outsourcing has evolved to connote the buy site of the make-or-buy decision. Likewise, according to Monczka Trent and Handfield, authors of the purchasing and supply chain management (2nd edition, page 199) states that outsourcing as a business decision is whether to produce a component, assemble, process or service internally (in sourcing) or whether to purchase the same component, assemble, process or service from an outside supplier (outsourcing).

b. Areas to be outsourced

When an organisation decides to outsource, there has to be an in-depth understanding of its core competencies. Secondly, there should be intent to build or enhance the organisations' competitive advantage. In most companies, management normally outsourced departments that are not core to the establishment of the company. Some companies outsourced areas or departments that they do not have distinctive competence to specialize. This is because companies are normally set-up with the main aim of making profit or breaking even. In view of this general aim, management of companies see it as beneficial to outsource some of its none-core areas or departments to enhance the activities of the company.

i. Company Non-Core Activities

According to Baily et al (2002), non-core activities are areas that not are directly involved with the main aim or objective under which a company has been established or better still departments which are not involve in the production of the company's main products or services. The non-core activities is the supporting activities within a company like the cleaning, security, transport, catering etc.

ii. Company Core Activities

Ibid (2002) of purchasing and supply chain management defined core activities as those that a company has established with the aim of achieving their objectives or goals. The core activity is where the company has the expertise for its organizational activities. Based on these principles, companies do not outsourced their core activities but their none-core activities. The core activities of a manufacturing company may include the production, marketing and supply chain departments.

iii. Selection of Non-Core Activities/Jobs

Normally, management of various companies organize series of meeting on how to outsource their non-core departments or activities. Upon the meetings held by management decisions are taken to outsource departments or sections of the company whose activities are deemed not to be core. Also management evaluate the outsourcing candidates based on the following:

c. Outsourcing Management

Outsourcing Management is a continuous and regular action or succession of actions occurring or performed in a definite manner; a systematic series of action or operations directed to some end, Shorter Oxford English Dictionary (2007). According to Horongren et al, survey of companies indicates that managers should consider quality, dependability of suppliers and cost as the most important facts in management make –or-buy decision. According to sourcingmag.com, the process of outsourcing generally encompasses four stages which are stated below;

1. Strategic thinking, to develop the organization's philosophy about the role of outsourcing in its activities.
2. Evaluation and selection, to decide on the appropriate outsourcing projects and possible areas for the work to be executed and the third party to do it.
3. Contract development, to draw out the legal pricing and service level agreement (SLA) terms.
4. Outsourcing managements or governance, to refine the ongoing working relationship.

Burt et al (2010) has also stated that the starting point that most companies used in conducting the strategic outsourcing analysis are to identify the major strength of the company and build on them. The question to ask is what is it that no one can match us? It is essential to conduct a competitive analysis before commencing the outsourcing analysis. This will allow the firm to appreciate its position, relative to the market, industry and competitors.

d. Reasons for Outsourcing

According Lyson (2007), there are numerous benefits or advantages that firms can derive from outsourcing. Some of these benefits are outlined as;

- Lower Wages
- More Resources for Core Business Processes
- Lower Regulatory Costs
- Improve Business Focus
- Access to World Class Capabilities
- Access to Technical Skills and Quality Human Resource
- Accelerated Re-Engineering Benefits
- Shared Risks
- Improved Performance
- Skilled Manpower at Affordable Prices

e. Challenges of outsourcing

Belcourt (2006) believes that outsourcing is the best solution when an organization needs experts but it cannot employ or train them. Many organizations are looking for financial saves, hiring experts or technologies; so they outsource part of their processes. Consequently, some believe that outsourcing is a way to keep or increase organizational advantages; and some consider it as one of the main causes of employees' job insecurity (Weidenbaum, 2005). In past, organizations apparently outsourced their side activities; today, we are observing an increase in outsourcing scale. Nowadays, organizations outsource any process from technology management to human resource management (Belcourt, 2006).

According to Stephenson (2007) there are many challenges associated with outsourcing or contracting out a business. Some of these challenges are as follows;

- Lack of Proper Planning
- Failure to Conduct Outsourcing Exercise
- Loss of Control
- Poor Supplier Selection
- Lack of Understanding the Core Departments from None-Core
- High Cost
- Quality Problems
- Chance to Nurture In-House Talent Is Lost

4. RESEARCH METHODOLOGY

The researchers used both primary and secondary sources of data. Structured and Unstructured Interviews were conducted for Individual and Group Interviews. The target population of this research comprises mainly the staff and workers of Prudential Bank Limited, Kumasi – Atonsu branch. Comprising of senior staff, junior staff, and staff of the transport and procurement departments. Out of a total population of 120, a sample size of 50

was chosen for the study. The sample size covers the staff and workers within the procurement department of Prudential Bank Limited. The sampling techniques adopted by the researchers for the research was purposive and random sampling. Also with the random sampling, the simple random was used. After this was done, the researcher used statistical package for social science (SPSS) to construct the frequency and percentage tables for the study. Excel the 2010 version was also used to draw the tables, graphs, histograms and all diagrams related to the research work. Quantitative and qualitative methods of analyzing statistical data were employed in the analysis of the data. Percentage values, which are not round figures, were approximated to the nearest whole numbers. Regression and mean were used for the analysis of statistical summaries of the results and tables.

a. Limitations of the Study

The research scope should have covered the entire financial institutions in Ghana to give adequate grounds for generalization of the research findings but due to limited time frame the research was limited to Prudential Bank Limited branch at Atonsu in Ghana.

4.1 Data Analysis, Presentation and Interpretation

The researchers intend to analyze some of the activities outsourced by Prudential Bank Limited, the benefits derived from outsourcing these activities and challenges Prudential Bank Limited go through in outsourcing some of their activities.

Gender of Respondents

Table 4.1 Gender of the Respondents

Gender	Frequency	Percentage (%)
Male	30	60
Female	20	40
Total	50	100

RESEARCHERS FIELD

Survey (2013)

This data was obtained from fifty (50) staff from Prudential Bank limited, which comprised of staff from the supply chain department and some administrative staff. It was made up of thirty (30) males and twenty (20) females. In percentage terms the males were 60% whilst females were 40%.

4.2 Educational Background

The responses obtained from table 4.2 shows the educational background of the respondents as indicated on the table below.

Table 4.2 Shows the Educational Background

Levels of education	Frequency	Percentage (%)
Basic Education	-	-
Tertiary Education	43	86
Secondary Education	7	14
Total	50	100

Source: Researchers' Field Survey (2013)

From the table 4.2 above, forty-three (43) out of the total number of respondents had tertiary education representing 86% whilst seven (7) of them had secondary education representing 14%. This means that majority of the respondents had educated themselves up to the tertiary level.

4.3 Age Group of Respondents

Table 4.3 below shows the ages of respondents ranging from below 20years, 21 – 30, 31-40, and 41 years.

Table 4.3: A frequency table showing the age of the respondent

Ages	Frequency	Percentage (%)	Mean	Std. Deviation
Below 20 years	-	-	2.7800	.974
21-30years	10	20		
31-40 years	31	62		
41years and above	9	18		
Total	50	100.0		

Source: Researchers Field Survey, (2013)

Similarly, the average age was (mean 2.780, standard deviation 0.974), thus indicating that, the age was within 21 years to 40 years. This implies that respondents are mature enough and have good knowledge towards this study.

4.3.1 Number of Years Worked

The responses obtained from the respondents as indicated on the table 4.5 below shows the number of years each respondent worked with Prudential Bank Limited.

Table 4.4 Number of years worked

Years	Frequency	Percentage (%)	Mean	Std. Deviation
1-5 years	40	80	1.2800	.60744
6-10 year	6	12		
11-15year	4	8		
Total	50	100.0		

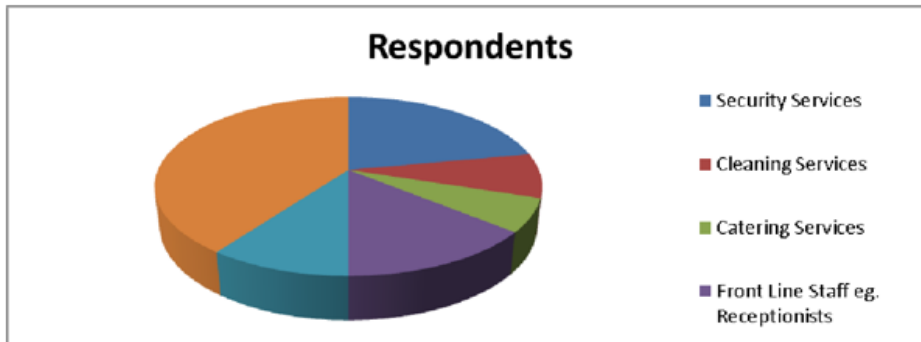
Researchers field survey, (2013)

The average years (mean score 1.280 and standard deviation 0.60744). This revealed that respondents have been working for the company for 1-5 years, mathematically three years' experience in the organization. This implies that respondents have experienced in the company and any information they gave can be used for making decisions

4.3.2 Activities outsourced by The Prudential Bank Limited

The prudential bank outsources a number of their non-core activities in order to concentrate on the bank's core competencies to deliver efficient services to their numerous clients. The figure below is diagrammatical presentation of such activities outsourced.

Figure 4.1: Activities Outsourced by the Prudential Bank Limited



Researchers field survey, (2013)

From figure 1 above, 22 % (11) of the respondents were of the view that one activity outsourced by Prudential Bank Limited is security services. According to these respondents the issue of security is very critical in the banking environment that is why prudential bank has outsourced this activity to a specialist company. The specialist company is responsible for providing adequate security in the banking hall and its environs. Prudential Bank Limited will hold the specialist company responsible if they fail to provide the necessary security to protect the bank and its facilities. Cleaning services were also mentioned as one of the activities outsourced by Prudential Bank Limited. Prudential Bank limited as a bank will always want to concentrate on his core activities such as mobilizing savings and granting of loans, in view of this a non-core activity such as cleaning of the bank is always given to a third party specialist to handle. This was the view of four (4) of the respondents representing 8%. Additionally, three (3) of the respondents representing 6% mentioned catering services as one of the activities outsourced by Prudential Bank Limited. To avoid uninterrupted service to customers of the bank, the bank has contracted a catering firm that regularly provides catering services to the bank. This catering service basically consists of lunch provided to the staff of the bank during every working day of the bank.

Sometimes to avoid employing so many professionals, Prudential Bank limited contracts its front line staff employees to a third party Specialist Company. These front line workers include receptionists, labourers, office clerks, messengers and many others. The employment of these front line workers helps often to reduce the cost associated with employing a whole number of workers at the bank. The above assertion was made by seven (7) of the respondents representing 14%. The usage of fuel is one that can accelerate the expenditure of a company if care and strict monitoring is not done. Therefore to avoid or curtail this expenditure Prudential Bank Limited outsources its fuel usage to a third party specialist or firm. This was the claim made by five (5) of the respondents representing 10% of the total respondents. Finally, (20) representing 40% of the respondents were of the view that one of the activities outsourced by Prudential Bank Limited is cash picks and species. Cash picks and Species are responsible for conveying all cash generated by the various branches of prudential bank to the headquarters and then to the Bank of Ghana. They are responsible for providing their own security and vehicle for this exercise. The third party specialist will be held responsible by Prudential Bank limited if in the course of conveying cash from one branch to another something happens on the way. According to Baily et al (2002),” non-core activities are areas that are not directly involved with the main aim or objective under which a company has been established or better still departments which are not involved in the production of the company’s main products or services.

The non-core activities is the supporting activities within a company like the cleaning, security, transport, catering and what you departments.

Therefore, one can vividly conclude by saying that the analysis concerning activities outsourced by prudential bank limited done in figure 1 above is real and conforms to existing literature.

4.3.3 Effects (benefits) of outsourcing

As has been discussed earlier, outsourcing has a great number of benefits to an organisation. In view of this the researchers have found some benefits in relation to the bank’s core operations. These are explained by the researcher using the correlation table below.

Table 4.5: The regression and correlation analysis of Reason/benefit of outsourcing
Source: Researcher field survey, (2013)

Reason/benefit of outsourcing	Star rating Pearson (2-tailed) r (p) N	Location ANOVA-Test F(p)	Std error	T	Sig	Mean Square
Improve Business Focus	0.1400.6750	2.734; (0.67)	.168	5.218	0.67(a)	1.181
Access to World	0.181(*)0.4850	4.004;(0.48)	0.246	.001	0.048(a).	2.5530
Accelerated Re-EngineeringBenefits	0.1350.14050	2.205; (.140)	.147	8.4112	0.140(a)	.733
Shared Risks	0.315(*)0.01850	6.710;(0.018)	.304	3.390	.018(a)	3.628
Free Resource for	-0.1500.0050	3.744; (0.00)	.144	6.218	0.77(a)	2.182
Improve quality of service	-0.1010.0050	5.04;(0.00)	0.186	.68	0.00(a).	2.880
Adequate time for management	-0.1530.0050	2.205; (0.00)	.170	7.4112	0.00(a)	.844
Reduced cost	0.2100.0150	5.710;(0.01)	.204	2.390	0.01(a)	4.628

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

A. Predictors: (Constant), outsourcing

B. Dependent Variable: shared risk, cost, time management, business focus, and resource and world classcapabilities.

As shown in the above table, Pearson correlation analyses of the test indicate that, there exists a relationship between the outsourcing activity and its benefit in relations to improve business focus as shown coefficient (r= 0.140). This means that outsourcing has a positive effect toward improving business focus. This is because outsourcing helps to provide third party specialists with specialized skills and expertise which results in improved performance and also helps increase revenue and as well as enhance customer satisfactions. However, Sig (2-Tailed) value which is (0.67) and one-way ANOVA (F= 2.734, p = 0.67), it can conclude that, there is no statistically significant outsourcing and its benefit in relations to improve business focus. In other words there is no quantitative proof, as a result it will be difficult to predict outcomes of improve business performance in the organization.

Also coefficient of the above test revealed r= 0.181 (*) which shows that there is a relationship between outsourcing and its benefit in relations to access to world class capabilities. This means, through acquisition of third party with specialized skills and expertise enable organizations to gain competitive advantage over its competitors. These expertise and skill might be in the form of manpower, equipment, facilities and many more

that prudential limited as an organization might not be privileged to have. In addition, Sig (2-Tailed) value which is 0.48, it can be determined that, there are no statistically significant relationships between outsourcing and its benefit in relations to access to world class capabilities and as determined by one-way ANOVA ($F= 4.004$, $p = .048$).

Moreover coefficient of the correlation analysis $r = 0.135$ showed that, there is relationships between outsourcing and its benefit in relations to accelerate re-engineering. This means that business process re- engineering enables firms and organization to quickly release the anticipated benefits of re-engineering by partnering an organization that has already re-engineering to world class status. In addition, Sig (2-Tailed) value which is 0.140 concludes that, there is no statistically significant correlation between outsourcing and its benefit in relations to accelerate re-engineering.

Besides, it shows coefficient of $r = 0.315$ (*) shows that there is a relationship between outsourcing and its benefit in relations of sharing of risk. This means that, as prudential bank continues to practices outsourcing, risk spread among organization that involve. In other words, the more organization continues to outsource from another organization, risk reduced according to this study. In addition, Sig (2-Tailed) value which is 0.018, it can conclude that there is a statistically significant relationship between outsourcing and its benefit in relations of sharing of risk. Also, as determined by one-way ANOVA ($F= 5.710$, $p = .018$), However, the relative importance of this factor does not significantly differ among the benefit of outsourcing.

Further, it also shows coefficient of $r = (-0.150, -0.101)$ shows that there is no relationship between outsourcing and its benefit in relations to free resource for other purposes, and improve quality of service. This means that, outsourcing will not actually help prudential bank to get free resource for purposes. In other words, it shows a negative link towards free resource for other purposes and outsourcing does not really improve the quality of service for the company. In addition, Sig (2-Tailed) value which is 0.00, it can conclude that there is no statistically significant relationship between them, hence no quantitative proof, as results it will be difficult to predict quality of service in the organization.

Lastly, the test indicates that, there is relationship exist between the outsourcing and its benefit in relations to reduce cost as shown coefficient ($r= 0.210$). This means that outsourcing has a positive effect toward the cost. This means that when company outsource, it has a direct effect on the cost of expenditure; this is because the cost associated with an in-house employee is always higher than the cost of an outside service provider, especially where the outside service provider has the necessary skills, manpower and the raw materials to provide particular good or render a particular service. However, Sig (2-Tailed) value which is (0.01) and one- way ANOVA ($F= 5.710$, $p = 0.01$), it can conclude that, there is statistically significant outsourcing and its benefit in relations to cost saving. In other words there is quantitative proof, as a result, it is not difficult to predict that cost can be reduced through outsourcing.

4.3.4 Challenges of outsourcing in an organization

The research sought to identify challenges of outsourcing in an organization and assess the relative importance of the pertinent problem to know if Prudential Bank Limited should continue outsourcing it non-core functions. The challenges include: Quality problem, Chance to nurture in-house talent, poor supplier selection, high cost and loss of control, failure to conduct outsourcing exercise, proper planning and lack of understanding. Data was

analyzed using Mean Scores (MSc.) and Standard Deviations (Std. Dev.). Mean Scores were used to determine the extent to which the respondents considered each to be an effect/result of outsourcing. The scale ranges from “very important” (1) to “not applicable” (4), Standard deviations was used to assess the relative importance of the pertinent problem. However the score of “very important” and “important” was equivalent to 1 to 2.5 and the scores “not important and not applicable” is equivalent to 2.6 to 4.

Table 4.6: One-Sample Statistics

Challenges of outsourcing	N	Mean	Std. Deviation	Std. Error Mean
Quality problem	50	2.140	1.1782	.1666
Chance to nurture – in house	50	1.760	.8221	.1162
Poor supplier selection	50	2.340	.9606	.1358
High cost	50	2.060	1.1322	.1601
Loss of control	50	1.920	1.0466	.1480
Failure to conduct the outsourcing exercise	50	1.720	.9044	.1279
Proper planning	50	1.600	.8329	.1178
Lack of understanding	50	2.080	1.0069	.1424

Source: Researchers field survey, (2013)

Table 4.7 One-Sample Test

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Quality problem	12.843	49	.000	2.140	1.8052	2.4748
Chance to nature – in house	15.137	49	.000	1.760	1.5263	1.9937
Poor supplier selection	17.224	49	.000	2.340	2.0670	2.6130
High cost	12.865	49	.000	2.060	1.7382	2.3818
Loss of control	12.971	49	.000	1.920	1.6225	2.2175
Failure to conduct outsourcing	13.448	49	.000	1.720	1.4630	1.9770
Proper planning	13.582	49	.000	1.600	1.3633	1.8367
Lack of understanding	14.607	49	.000	2.080	1.7938	2.3662

Source: Researchers field survey, (2013)NB; df; degree of freedom

Sig. (2-tailed); significant relationship

The results in Table above indicates that the challenges of outsourcing; quality problem was considered to be important by respondents when dealing with outsourcing in prudential bank which shown a mean score of 2.140. However, the relative importance of this challenge (quality problem) significantly differed among the practice of outsourcing as reflected in the standard deviation of 1.1782 (Std. Dev. >1.0). In addition, chance to nurture in- house talent also was very important as expressed by respondents in prudential bank as it shown a mean score of 1.760. However, their degree of consideration does not significantly differ among the practice of outsourcing (Std. Dev. < 1.0). Also, poor supplier selection was important by respondents in the bank as it is shown a mean score of 2.340. Conversely, their degree of consideration does not significantly differ among the practice of outsourcing (Std. Dev. < 1.0). High cost, loss of control, failure to conduct outsourcing, lack of planning and lack of understanding were considered to be important by respondents when dealing with

outsourcing in prudential bank which shown a mean score of 2.140, 2.060, 1.920, 1.720, 1.600 and 2.080) respectively. On the other hand, the relative importance of these challenges does not significantly differ among the practice of outsourcing as shown by a greater standard deviation (Std. Dev. <1.0) in relations to high cost, loss of control and lack of understanding. With regards to **Sig. (2-tailed)** values; it can be concluded that, there is no statistically significant effect of outsourcing on these challenges. In other words there is quantitative proof as to predict the likelihood of a particular challenge. All these challenges are associated with the practices of outsourcing and altogether add up to put outsourcing projects at risk.

Stevenson (2007) outlines a number of challenges associated with outsourcing. Some of these challenges include high cost, lack of managerial control, inability to develop in-house talents and much more. It can therefore be concluded by saying that there are challenges faced by Prudential Bank Limited with respect to outsourcing and therefore conforms to existing literature.

5. INTRODUCTION

This chapter deals with a summary of the main findings, conclusion and recommendations that could help Prudential Bank Limited in assessing its role from outsourcing.

6. SUMMARY OF FINDINGS

From the assessment and evaluation of the findings, it is clearly identified that Prudential Bank Limited outsources its non-core activities and its benefit can be seen as obtaining improved performance, cost savings, access to world class capabilities, accelerated re-engineering benefits, shared risks, free resources for other purposes, improve quality of service and adequate time for management. The following difficulties were identified: quality problems, inability to nurture-in-house talent, poor supplier selection, high cost, loss of managerial control, failure to conduct outsourcing exercise, lack of proper planning and lack of understanding the core activities from non-core. Security services, catering services, cleaning and sanitation services are some of the non-core activities being outsourced. The others are cash picks and spices, advertising services and transport and fuel usage services.

7. CONCLUSION

The researchers would like to conclude by saying that notwithstanding the challenges associated with outsourcing, outsourcing plays an important role at Prudential Bank limited, since the Bank enjoys a lot of benefits and is also able to concentrate on their core activities.

8. RECOMMENDATIONS

From the viewpoint of the respondents and available information, the following recommendations including others if properly adhered to could help improve the performance of Prudential Bank Limited and successfully enable the organization to implement outsourcing.

In order to gain more benefits from outsourcing, management of Prudential Bank limited should select the right third party specialists who have the skills and expertise in the area or department they want to outsource in order not to waste resources.

Also management of Prudential Bank Limited should have a procurement department which will be responsible for outsourcing instead of management or administration being in charge of outsourcing. The procurement department have more expertise and knowledge on how best outsourcing can be done and the processes and procedures involved in outsourcing. Management of Prudential Bank Limited should put in place measures that will help in dealing with problems or challenges associated with outsourcing when it arises. The staff and workers of Prudential Bank Limited should be educated and informed on the activities that the bank outsources in order for them to have more knowledge about outsourcing and give adequate information when any staff is asked a question about outsourcing. Management of Prudential bank Limited should enhance and as well as strengthen a good personal relationship with its service providers in order to gain more from each other through solving of problems that arises from outsourcing. Finally, management of Prudential Bank Limited should frequently assess and appraise their third party specialists whom they contract some of their non-core activities and those who are not living up to standard, their contract should not be renewed. This practice will always help the bank as an organization to enjoy better and quality services from third party specialists.

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