



**UNIVERSITY OF  
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**INYUVESI  
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**Exploring the effects of public sector outsourcing on  
support service workers: The cases of two  
outsourced companies in KwaZulu-Natal**

**By**

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Law and Management Studies

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## DECLARATION

“I, Zamazulu Mthembu, student number 9508882, declare that:

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Zamazulu F Mthembu

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Dr. Sybert Mutereko

10 March 2020

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## **DEDICATION**

This dissertation is dedicated to my children Usiphile Mthembu and Wandisile  
Mthembu

## LISTS OF ACRONYMS AND ABBREVIATIONS

ART	Antiretroviral Therapy
AG	Auditor General
B-BBEE	Broad-Based Black Economic Empowerment
BCCCI	Bargaining Council for Cleaning Services Industry
CCMA	Commission for Conciliation Mediation and Arbitration
COGTA	Cooperative Governance and Traditional Affairs.
DoL	Department of Labour
DPW	Department of Public Works
DRDLR	Department of Rural Development and Land Reform
EU	European Union
FGR	Focus Group Respondent
HIV	Human Immuno-deficiency Virus
IMF	International Monetary Fund
KZN	Kwa-Zulu Natal
IR	Individual Response
MEAT	Most Economically Advantageous Tender
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
PMMH	Prince Mshiyeni Memorial Hospital
pa	public administration (government activities)
PA	Public Administration (as a discipline)
PFMA	<i>Public Finance Management Act</i>
PPP	Public-Private Partnership
PPPFA	<i>Preferential Procurement Policy Framework Act</i>
PPR	Preferential Procurement Regulations
RDT	Resource Dependency Theory
SCM	Supply Chain Management
TR	Treasury Regulations
UIF	Unemployment Insurance Fund
UK	United Kingdom
US	United States

## ABSTRACT

Evidence found in the literature suggests that New Public Management is among the most important approaches to effect reform in the public sector by promoting reliance on the private sector for the delivery of services. Data from several studies suggest that the public sector has engaged private companies by outsourcing the non-core services for improving service delivery, lowering government expenditure and creating opportunities for employment. Recently, the public sector has been encountering labour unrest by contract workers, protesting against the outsourcing of support services. The research to date has tended to focus more on outsourcing to improve efficiency rather than its impact on all parties involved. This research sought to explore how the employees and contract companies perceive outsourcing and how outsourcing has affected them.

Using a concurrent mixed method approach, this study collected data from two private contract companies that are providing cleaning services to various government departments in KwaZulu-Natal. The study conducted three in-depth interviews with managers, held two focus group discussions and undertook 51 surveys with workers from the two companies. While some participants in this study were conveniently selected, others were purposefully selected. The analysis showed that outsourced workers perceive outsourcing as a government initiative to create job opportunities and to reduce its costs, but it has somehow resulted in their exploitation. In as much as workers appreciate that they receive their wages and benefits in accordance with the employment agreement, they expressed their dissatisfaction with their monthly wages, which cannot meet most of their basic needs. Another reported problem was the lack of meaningful benefits. A three-year contract of employment, may imply that their future is uncertain. They may also be working in an unhealthy environment. The statistical analysis of the data gathered in this study compared the responses of workers from the two companies and there was insignificant variation that was evident between the two sets of responses.

The upshot of this study is that government departments and policymakers need to understand the experiences of the outsourced workers with regard to how outsourcing has affected them socially and economically. A key ethical implication of this study is that outsourcing may be benefitting the contract companies with little benefits to outsourced workers. Instead, it might have led to unethical as well as unintended exploitation of these workers by their employers. An implication of this is that the conditions of employment of contracted workers should be revisited by policymakers. Practitioners in both the private sector and the government should seriously consider the plight of such workers in the planning and implementation of outsourcing. Although this study was limited in terms of scope and in the number of cases studied, hopefully, it provides valuable theoretical and practical insights that future studies on outsourcing can draw on.

**Key words: Outsourced workers, outsourced companies, government departments, wages, working conditions.**

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## CHAPTER 1: INTRODUCTION TO THE STUDY

### 1.1 Introduction

Prior to the 1970s, the public sector had been the main mechanism to carry out the state functions (Dzimhiri, 2008). As the state became the main driver in socio-economic development, it was involved in too many activities and this weakened the public sector. In order to achieve efficiency, there was a need to transform the public services by moving from the public sector to privatisation. Thus, Public-Private Partnerships (PPP) and outsourcing were introduced as an alternative tool to provide services. While outsourcing was introduced with the purpose of reducing government expenditure, increasing efficiency and creating employment opportunities, it has had adverse effects on contractors and employees employed by contracting organisations (Liff, 2014., Alonso *et al* 2015). This study adopts a mixed methodology approach to investigate the impact of the outsourcing of public services. More specifically, it seeks to understand the perception of outsourced companies in KwaZulu Natal (KZN), and how this has affected them as well as their employees.

### 1.2 Background of the Study

The public sector in South Africa, during the apartheid government system, was characterised by fragmented structures, unequal allocation of financial and human resources, a dearth of co-ordinated policy frameworks and neglect of a democratic need for public accountability. This opened up opportunities for unethical behaviour like maladministration and corruption (Kuye, 2006). Cooper *et al.*, (2004) maintain that during this era, the society in South Africa was characterised by discriminatory practices and that it was segregated in terms of race. The Blacks in South Africa were denied their social, economic, political and health rights. The democratic government post-1994 was faced with extensive challenges which included, but were not limited to, lack of access to basic services. Kuye (2006) further reminds us that with the apartheid government, the levels of service delivery differed among various population groups. Therefore, there was a need to transform the public service by improving service delivery imbalances among the previously disadvantaged societies.

Public sector reformation took place in various stages. The first stage focused on the development of policies and legislation. Kuye (2006) claims that the first legislation developed was the *Public Service Act of 1994*, which, amongst other things, made provision for the organising and administering of the public services and regulated conditions of employment. “The democratic government gave rise to the development of the *Constitution of the Republic*

of South Africa. The Constitution replaced unfair and discriminatory laws that were endorsed by the pre-democratic government.” (Endoh, 2015:72-73). Chapter 13 of the *Constitution* provides for “the protection or advancement of persons or categories of persons, disadvantaged by unfair discrimination”. Additionally, the *White Paper on National Strategy, notice 13 of 1995* was also enacted for the purpose of “creating an enabling environment for small enterprises to develop, facilitate greater education of income, wealth and earning opportunities, address the legacy of apartheid-based disempowerment of black business, support the advancement of women in all business sectors, create long-term jobs and stimulate sector-focused economic growth”. To this end, “*the Broad-Based Black Economic Empowerment (BBEE) Act 53 of 2003* was formulated with an aim to:

“...increase the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training”.

To date, the public sector has engaged the private sector in public service delivery to meet the needs of the society.

This study examines the contract company referred to in this study as ‘Company A’, which is providing cleaning services to the Department of Cooperative Governance and Traditional Affairs and the office of the Premier in Pietermaritzburg. The company is located at 13 Capital Park, Hillhead Drive in Mount Edgecombe in Kwa-Zulu Natal. The company specialises in industrial chemicals and household detergents; cleaning of educational, industrial, commercial and hospital institutions. Furthermore, the study examined another contract company referred to as ‘Company B’, providing cleaning services to the Departments of Public Works and Provincial Treasurer. Company B is located at 9 Bristol House, 1A Delamore Road, Hillcrest, Kwa-Zulu Natal.

### **1.3 Research problem statement**

The government of South Africa has an obligation as directed by the supreme law of the country, the *South African Constitution* to, among other things, ensure the provision of services to society in a sustainable way and to enhance economic and social development. Furthermore, the *Constitution (Section 217, I)* obligates the national legislatures to determine a framework that provides preferential procurement to redress the historical economic and social inequities. To achieve the goals of the *Constitution*, the *BBEE Act 53 of 2003* was enacted for the purpose of socio-economic transformation to facilitate the participation of black people in the economy. The *Cooperatives Act No. 14 of 2005*, provides for the establishment of primary cooperatives

with the aim of providing employment and services in order to enhance community development. Skelcher (2005:354) argues that the government can opt to provide services through contracting out the services to private firms or by providing them directly through public employees. Contracting out as described by the author, is “the logical outcome of a competitive tendering or market testing process in which the public provider is deemed not to offer the best solution” (Skelcher (2005:354). Similarly, Alonso *et al.*, (2015) argue that competition should reduce costs and increase efficiency.

It is now well-established from a variety of studies that outsourcing has a number of unintended consequences. Although outsourcing has been introduced with the aim of improving the quality of service, reduce government expenditure and increase efficiency, it has had an adverse effect on all parties involved (Liff, 2014). Outsourcing has been criticised because there is very little evidence to suggest that it lowers costs (Petersen & Hjelmar 2014). Similarly, Heires (2014) demonstrates that the competition that comes with tendering compels the private vendors to reduce their costs while they want to show the value of their services compared to their contestants and this results in private vendors cutting down on the earnings and fringe benefits of employees, which costs the society dearly. Consequently, the contracting out of public services has had harmful effects on the workers. This includes lowering of wages which exacerbates inequalities between workers (Heires, 2014; Luckett and Mzobe, 2016). Ndaliso (2016) reports violent protests by disgruntled outsourced employees in government hospitals demanding full-time government jobs. These workers pointed out that they were tired of greedy contractors who enjoy state money by exploiting them. In support of this, Luckett and Mzobe (2016) views outsourcing as an exploitative practice. Overall, this shows that even though outsourcing was introduced as a mechanism to improve service delivery, it has had unintended consequences.

Unfortunately, the research on outsourcing to date has tended to focus more on outsourcing to improve efficiency rather than its impact on all the parties involved. Several scholars have conducted research on contracting out and outsourcing of services, but the motives for outsourcing of services by government departments have not been investigated to any great extent. The effects of contracting out on private providers and outsourced workers have not been studied extensively. Consequently, the understanding of the costs and benefits of outsourcing is based on conjecture or mere speculation. Drawing on a case study of two contract companies in KwaZulu-Natal, this study seeks to explore these issues in detail in order to provide a source of evidence-based decision-making and to broaden the scholarly and



theoretical discourse.

#### **1.4 Research Questions**

This study is underpinned by four overarching questions:

- How do employees of private contractors who provide services to KZN Provincial Departments perceive outsourcing?
- What are the working conditions like within the outsourced companies?
- What role has been played by the trade unions in enforcing compliance with labour standards?
- What are the effects of outsourcing support services on the contract companies in KZN?

#### **1.5 Research Objectives**

- To explore the perceptions of outsourcing on the part of the employees of private contractors who provide services to KZN Provincial Departments;
- To determine the conditions of service of the employees of private contractors who provide services to KZN Provincial Departments;
- To determine the role played by the trade unions in enforcing compliance with labour standards; and
- To explore the effects of outsourcing support services to the contract companies in KZN.

#### **1.6 Significance/Importance/Contribution**

This study should be beneficial to the government departments to assess the efficiency and the effectiveness of outsourcing of support services. It should also generate new insights for the government to understand how the outsourced workers are affected by being employed by private providers and how this affects them socially and economically. It is believed that the study will strengthen the existing knowledge in the field of Public Administration and other related disciplines and add a case based knowledge to the broader body of knowledge surrounding the outsourcing. Additionally, it will serve as a guide to future investigators who might have an interest in examining the effectiveness and efficiency of outsourcing support services within the public sector.

#### **1.7 Justification/Rationale**

Based on secondary literature, the review established that one of the greatest challenges with the outsourcing of services is its impact on the workers employed by the private service providers. Challenges associated with the outsourcing of public services are lowered wages,

poor working conditions, and the exacerbation of inequalities between poor black and rich white people (Heires, 2014). The aforementioned challenges are a problem in a country like South Africa, which is still addressing the effects of past discriminatory laws, which brought about inequalities between whites and black people. Outsourcing as it emanates from NPM has had unintended consequences. This study will hopefully bridge the gap between the ideal and the reality of outsourcing by attempting to bring awareness to the government of the effects of outsourcing. Moreover, these challenges may have serious implications for the government itself which, if left unattended, it will be likely to influence service delivery within the public sector.

## **1.8 Definition of concepts**

### ***Outsourcing***

In this dissertation, the terms outsourcing and contracting-out are used interchangeably. Drawing from the work of Baily, *et al.*, (2008:115), “outsourcing is the strategic use of outside resource[s] to perform activities traditionally handled by internal staff and resources”. Further, they state that “outsourcing is essentially, the contracting out of non-core activities and it basically means the handing over of activities which are non-core to third-party specialists to allow the organisation to focus better on its core competencies”. This definition is similar to that of Lysons and Farrington (2012:392) however they add that central to outsourcing are make-or-buy decision, partnerships between the purchasers and suppliers – as outsourcing relationships are often unequal, and they suggest that such an arrangement should be termed co-outsourcing. Lysons & Farrington (2012:392-400) recommend that organisations outsource activities that are (a) resource intensive (requiring high labour or capital costs) (b) relatively discrete and (c) require specialist competences. They further point out that outsourcing mostly relates to services, for example, catering, cleaning, security and waste disposal services.

### ***Insourcing***

Insourcing can be defined as the provision of a service internally (Monczka, Handfield, Giunipero, & Patterson, 2011). Organisations should take a decision as to what to outsource and what to insource and on that note, Lysons & Farrington (2012:392-400) hold the view that for services like financial management and strategic planning management, organisations may consider to insource such services.

### ***Supply Chain Management***

There are many definitions of the term Supply Chain Management (SCM). As described by De Villiers *et al.*, (2012:4,6) SCM refers to the “management of materials flows across organizational

borders. It covers the flow of goods from supplier through manufacturing and distribution chains end-user". SCM can be also defined as "the task of intergrating organizational units along a supply chain and coordinating material, information and financial flows in order to fulfill customer demands with the aim of improving the competitiveness of a supply chain as a whole" (Stadtler & Kilger, 2008:11).

### ***Procurement***

One of the functions for SCM is procurement. Several definitions of procurement have been proposed. For Stadter & Kilger (2008), it is the sourcing of products from multiple suppliers. On the one hand, De Villiers *et al.*, (2012:20) defines it as a "determinant of revenues, costs and supply chain relationships and it supplies the goods and services that are either transformed or reshaped into saleable goods and services", On another hand, Hila & Dumitrascu (2014:329) define it as "the process of attaining products and services from preparing and processing a requisition up until the receiving and payment of an invoice and it is highly linked to SCM". Furthermore, some authors have distinguished between purchasing and procurement. Whereas purchasing involves the actual acquiring of the materials required by the organisation by issuing of purchase orders, procurement broadly encompasses a range of supply chain activities and is more proactive and strategic (Hila & Dumitrascu, 2014; De Villiers *et al.*, 2012:20). Two types of procurement have been identified, and they are written price quotations and competitive bidding (tender). While the former is required by the institutions for contracts over R10 000 but under R500 000, the latter should be obtained for contracts over R500 000 (Bolton, 2008).

## **1.8 Dissertation Layout**

### **Chapter one**

The overall structure of the study takes the form of six chapters. The first chapter gives a brief overview history of outsourcing. It then goes on to outline the problem statement, the research objectives and research questions underpinning this study. The chapter also presents the significance and justification of the study and concludes by outlining the chapters of the entire study.

### **Chapter two**

Chapter two begins by laying out the theoretical dimensions of outsourcing and looks at the reasons that motivate organisations to choose outsourcing, how decisions are made whether to outsource or to keep the services internally, the impact of outsourcing on all parties involved, the benefits of outsourcing and PPP as one of the reform strategies in the public sector. Subsequently, the chapter presents the theories associated with outsourcing. These theories are: the traditional

public administration, the NPM theory; the RDT and lastly, the transaction-cost theory. Furthermore, as outsourcing emanates from NPM theory, the chapter provides a detailed description of NPM theory, looking at the origin of the theory; the empirical studies on the theory, the characteristics of the theory, a critical analysis as well as the justification of the theory.

### **Chapter three**

The third chapter discusses a contextual perspective of outsourcing in South Africa. It begins by giving a brief overview of the development of outsourcing in South Africa. Subsequently, it presents the legal frameworks that regulate outsourcing. Outsourcing is part of SCM strategy, therefore, the next section in this chapter discusses the SCM processes. The remaining part of the chapter proceeds as follows: the procurement process and other activities that are carried out in procuring goods and services which are the tendering process, the invitation of bids, and the awarding of tenders, are discussed. The chapter concludes by highlighting the challenges of outsourcing in South Africa which includes corruption in SCM processes, inefficient procurement processes and the outsourcing processes.

### **Chapter four**

The fourth chapter is concerned with the methodology used in this study to gain insight into the challenges of outsourcing. It begins by describing the research paradigm that was adopted for the study. Furthermore, it describes a research approach that was employed to understand the experiences of outsourced workers and managers of private contract companies. The chapter analyses the strategy that was adopted, the target population and the sample size and the recruitment strategy. The chapter goes on to describe the methods, instruments and techniques employed in collecting data. The chapter concludes by noting the ethical issues to be considered for the study.

### **Chapter five**

Chapter five analyses the results of the survey, interviews and focus group discussion conducted in this study. By using figures, tables and matrices, the chapter presents data comparing the views of the respondents from Company A and Company B.

### **Chapter six**

The sixth chapter outlines the summary of the findings and conclusion of the study. The chapter first recalls the research objectives and research questions of the study. This is followed by a summary of the chapters for the entire dissertation. The chapter presents the results of the study

and then draws conclusions, discusses the implications and ends by making recommendations for future research.

## CHAPTER 2: CONCEPTUALISING OUTSOURCING IN THE PUBLIC SECTOR

### 2.1 Introduction

The first step in understanding how the workers employed by the contractors and the private service providers perceive the outsourcing of support services was to review literature that relates to the outsourcing of services. This chapter will examine the reasons that prompted government management to opt for outsourcing services and the impact of outsourcing. It will present what previous scholars have established on outsourcing. This is crucial in understanding the challenges associated with outsourcing in order to explore the study context. The section will begin by examining the reasons for outsourcing, then move to outsourcing decision-making, followed by the impact and benefits of outsourcing. Furthermore, it will review how contracts are managed especially within the public sector. Lastly, it will explore theories that are relevant to outsourcing.

### 2.2 Reasons for outsourcing

Recently investigators have examined various benefits to organisations choosing to offer services through private providers. The main reason why institutions opt for contracting out services, it is to reduce the operational costs. For instance, Cali *et al.*, (2015:115) point out that “in the private sector, managers are able to lower costs, bring on new techniques to deliver services including new technology. In their research conducted in a Botswana hospital, they suggest that the benefits for contracting out encompasses saving the costs for the hospital in equipment, supplies, human resource, training and management since these costs are no longer borne by the hospital. Of particular concern, these authors have observed that literature around contracting out support services is not definite in stating whether outsourcing actually reduces costs and increases efficiency”. In the same way, Doellgast & Pannini (2015) claim that the choice to contract out or not is frequently grounded on the fact that newer firms can accomplish efficacy by investing and specialising in modern technologies.

However, while acknowledging that lowering the costs is often the motive for outsourcing, Heires (2014) reports that savings are insignificant and in general, the costs are greater when the service is rendered by contractors than when it is rendered in-house. Further, he states that savings are temporary and after some time they diminish because of the dearth of competition and some other issues.

A study of Cali *et al.*, (2015:117) has been able to show additional benefits which include less effort and time in managing cleaning staff employees; hospital cleaning guidelines being adhered to, thus a better quality of cleaning services was realised. Furthermore, their study discovered that “contracting out is more costly when taking into consideration other costs which

are indirect, but it provides great money value in that it improves the service quality. They further point out that even if it may be more costly to outsource than rendering the service internally, it is still justifiable if it brings a notable rise in quality level of the service” (Cali *et al.*,2015:117). Similarly, a recent study by Agrawal *et al.*, (2016) conducted in Senegal suggests an improved performance as a result of outsourcing in that health commodities were easily accessible following the outsourcing of supply chain logistics to private contractors. Subsequently, Agrawal *et al.*, (2016) contended that there were no reported incidences of commodities that ran out of stock. The authors offer the advice that the effective service delivery that is managed by the contract companies, relies on clarified roles, the strong commitment of government, effective collaboration of multi-stakeholders and accountability mechanisms. The evidence presented here suggests that ideally outsourcing was meant to benefit organisations, and it is useful in understanding the rationale behind public service organisations opting for outsourcing support services.

### **2.3 Outsourcing decision-making**

It is now well-established from a variety of studies that the decision to contract out services should be informed by different factors. For instance, Cali *et al.*, (2015:121) in their study gives emphasis on “the importance of hospital management to make an assessment, before deciding to outsource, whether contracting out will offer greater money value than keeping the service internally. Further, they state that it is vital to establish the tasks to be outsourced and to have an insight into how the hospital can use the services of the private contractor”. On the other hand, Kahouei *et al.*, (2016:37), add that the risk manager should “analyse the risks involved with outsourcing, and the risk manager plays a key role in employing the tools to mitigate the risk which impacts [on] the effectiveness of the outsourcing decision”. This evidence complements the work of Skelcher (2015) who stated that the government ideally should define which services to contract out and which ones to keep internally. This is also of value for informing the importance of management within the public service departments to conduct a profound cost-benefit analysis before a decision of which services to outsource is made.

### **2.4 Impact of outsourcing**

The existing body of research on outsourcing suggests that outsourcing has affected the workers employed by the contract companies negatively. For example, Heires (2014:2) points out that “outsourcing of public services has impacted negatively on the community. The author argues that the contractors frequently attain their savings by dropping the earnings and fringe benefits of the workers and this occurs at a great cost to the community”. He then concludes by saying

that outsourcing has reduced employees' wages and aggravated inequality. This is consistent with Lucket & Mzobe (2016:94) who recorded "how universities, in an endeavour to lower public spending, had undertaken tremendous retrenchment of workers and contracting out all support services such as catering, cleaning and maintenance. Further, Lucket & Mzobe argue that with contracting out, some employees were terminated as university employees and were then employed by private contractors. They note that the outsourced services were 'non-core' services which were predominantly performed by blacks, while the core services were performed by skilled personnel and were mostly white and middle class. Therefore, the authors infer that outsourcing strengthened the social and economic segregation that was experienced during the apartheid governance. Consequently, outsourcing had a material adverse effect on employees and when matching the wages of workers prior- and post-outsourcing, the authors concluded that the workers' earnings were greater before outsourcing".

In the same vein, Doellgast & Pannini (2015) observed the effect of outsourcing services on wages of call-centre workers. In their study conducted with internal employees and sub-contractors' employees, they found that wages for internal employees were higher by 18 per cent compared to sub-contractors' workers. Moreover, variations in the job quality were also noted in that sub-contractors hired a huge number of temporary and part-time employees. The dismissal rate and labour turnover were higher suggesting growing levels of work precariousness. Additionally, the authors offer the "reasoning behind the gap in conditions of work and pay in call centres. Firstly, sub-contractors were pressured by their customers to maintain low cost and high flexibility, meanwhile they have to demonstrate the worthiness of their service compared to their contestants. Secondly, there was absence of collective bargaining institutions, therefore sub-contractors avoided implementing collective agreements, and this gave them unilateral control over wage payments and working conditions. The features of the call centres are such that it is not easy for trade unions to organise workplaces or to employ collective actions to enhance conditions of work and pay (Doellgast & Pannini, 2015:120-122)". The evidence presented here is useful for this study in providing insight into challenges faced by private service providers, and consequently how the outsourced workers are affected.

## **2.5 Public Private Partnership: A global perspective**

Outsourcing is associated with other reform strategies in the public sector such as Public Private Partnership (PPP) and privatisation which have become popular tools in delivering public services (Hodge & Greve, 2018). Both state that institutions can outsource a service by hiring a private vendor to render a certain service or they can collaborate with a private sector company



whereby a private party provides a public service.

Data from several studies suggest that PPP varies from country to country. For instance, Ismail (2013) examines the significance of the key factors that made PPP to be successful in Malaysia. He argues that good governance, a favourable legal framework, commitment of the public/private sector, sound economic policy and the availability of a finance market were the top key success factors. In contrast, Osei-Kyei & Chan (2017) observed that since PPPs were introduced in Ghana, support by government, strong support and relationship from the society, openness and on- going communication, project effectiveness and capable private partners are the essential success aspects for constructing PPP projects.

On the other hand, Venkatesan (2016) explores agriculture and food security programmes with the aim of enhancing income and to ensure food security in low-income communities. The author describes how ensuring food security has given rise to PPP and different programmes have been implemented as a means to promote nutrition in Malawi. At the core of his paper are limitations that hamper the success of PPP in Malawi such as the dearth of technical skills to manage the PPP projects and programmes, insufficient legal and regulatory framework for PPPs, unfavourable investor perception of country risk, insufficient infrastructure, and insufficient financial markets.

A study by Fomundam *et al.*, (2014) examined how adherence to HIV treatment has improved through PPP in Zambia. In implementing HIV prevention interventions, they hold the view that rolling out of Antiretroviral Therapy (ART) has been a challenge due to inadequate human resources, and this has had an adverse effect on the quality of care being given to the community. Further, in their paper, they show how the challenge of the inadequate human resource has led to the government engaging into partnership with Livingstone General Hospital and four private pharmacists to ensure counselling and monitoring of treatment. These private pharmacists provide counselling to patients, issue medication and they monitor any side effects. Finally, their conclusion shows how this intervention has led to increased adherence to ART and improved patient outcome. Overall, these studies provide different perceptions of PPP by different countries. Information provided helps one to understand the advantages of engaging in PPP and also the constraints that hinder the efficiency and effectiveness of PPP.

Drawing on Fombad's (2015) work, this study argues that PPP is a governance tool to enhance infrastructure networks and to improve service delivery. Osei-Kyei & Chan's (2017) emphasis on the key success factors of PPP is particularly of use in the analysis of this study as it makes one think through the factors that enhance the effectiveness of PPP. To this end, Nel's (2013) conceptualisation of PPP is useful for grasping how PPP has become an alternative mechanism

to deliver services.

## **2.6 Drivers for outsourcing**

### **2.6.1 Tactical outsourcing vs strategic outsourcing**

Recent evidence suggests tactical and strategic reasons why organisations embark on outsourcing. A case study on firms of Iran, for example, focuses on investigating the best practice of outsourcing in the construction industry. His research focuses on four characteristics of outsourcing. In particular, these are: reasons of outsourcing; types of outsourcing; levels of outsourcing; and the success of outsourcing (Akbari, Clarke, & Maleki, 2017). His study established that operational expertise was the top outsourcing reason. Organisations choose to outsource to reduce operational cost. Similarly, Rho (2017) offers four forces that drive privatisation. Firstly, due to the governments encountering fiscal problems, it is believed that privatisation enhances cost effectiveness of state services. However, he adds other reasons such as, depoliticising bureaucracy in order to enhance the participation of the third party and the public. Moreover, since the government spending forms a great part of the economy, it must be directed to the private providers. Lastly the author believes that that privatisation is one of the ways to enable the public to have a choice in public services.

A study of Popoli (2017) shows strategic reasons for outsourcing. His work examines the influence that the organisational culture exerts on an institution's choice to outsource. By reviewing existing research, the author focuses on answering three interrelated questions: Firstly, the question of what the dimensions are of organisational cultures that condition the choice of whether to opt for outsourcing or not; secondly, in what way do these identified factors act upon the choice of outsourcing and thirdly, in what way does the organisational culture condition how the partnership relationship between the outsourcer and outsourcee is structured. In particular, he seeks to find answers to these questions in a context of 'strategic outsourcing' with an aim of sharing resources and skills with the contractor and to establish a partner relationship. This is opposed to 'tactical outsourcing' where the choice to outsource is based on cost effectiveness. Finally, the author concludes by identifying three cultural factors that condition the choice of whether or not to opt for outsourcing namely: the degree of path dependency, uncertainty avoidance and the degree of trust between the potential partners. In concurrence with Popoli, Akbari *et al.*, (2017) add that other reasons include improving financial performance and finding competencies that are not available within the organisation.

One criticism of much of the literature on the drivers for outsourcing is that it fails to offer a full explanation of the cultural factors. This then leaves the reader with uncertainty as to the results of

his research. He should have unpacked them further to give the reader a full understanding. Moreover, their research was conducted using the large construction firms in Iran as a target population without including the small firms. Furthermore, authors did not cover the risks that are involved with outsourcing, whether they were identified or not (Akbari *et al.*, 2017). Despite this limitation, this suggests to the researcher that organisational culture determines how the organisation behaves and makes choices. In particular, this will assist the researcher as she seeks to determine the factors that the government departments should consider before decisions are taken whether to provide the service in-house or to provide it through an external private provider. It is very relevant for this thesis and it will assist the researcher in making an analysis of the reasons for outsourcing and of the success of outsourcing.

## **2.7 Benefits of outsourcing**

A recent empirical study of Wekullo (2017) has examined the effectiveness of outsourcing considering that it has become the norm in higher education institutions. The author's research focuses on answering the question of whether outsourcing services, for example, to book stores, dining and cleaning services, teaching, remedial classes and the management of the institution. is beneficial or not. Furthermore, he establishes what is known and not known about outsourcing. In conclusion, the author's findings reveal that the effects of outsourcing differ from institution to institution and depend on the activities being outsourced. Of particular concern to the author was that, as institutions carry on with outsourcing, cost-saving cannot be achieved due to the profit factor that is intrinsic to the private enterprise. Additionally, he found that although outsourcing enhances the quality of outsourced services, these services have become more expensive and therefore unaffordable to the students. This view is also supported by Heires (2014) and Cali, Cogswell, Buzwani, Ohadi, and Avila (2015), as they observed that literature around outsourcing support services is indefinite in asserting whether or not outsourcing actually reduces costs or increases efficiency.

The evidence presented here suggests that, ideally, outsourcing was meant to benefit organisations and it is useful to understand the rationale behind public service organisations opting for outsourcing support services. The author provides a strong theoretical view, also supported by Coupet & McWilliams (2017), that private companies are invited because it is believed that they have a potential to provide services more effectively and efficiently than they can be provided in-house. The author based his study on the empirical articles published between the period of 2000 and 2011 and it is likely that he is building on literature that may be out-dated and irrelevant. Notwithstanding this weakness, **Coupet & McWilliams' (2017)** work will be very useful as the

researcher's study seeks to, among other things, investigate the effectiveness of outsourcing support services.

## **2.8 Contract management: The relationship between outsourcer and outsourcee**

The existing body of research on outsourcing identifies gaps in contract outsourcing. The most recent work of Vyas (2016) studies the perceptions of bureaucrats (government) and agents (contractors) in Hong Kong and how they influence the contractual relationships which eventually determine the effectiveness of outsourcing. While outsourcing is considered as a means to reduce costs and to increase efficiency, Vyas points out that failure to manage contracts may result in heightened costs and consequently, this may also result in a reduction in the quality of service. Furthermore, the author contends that managers lack the competency to manage the contracts. To determine the suitability of being awarded with a contract, he suggests the development of a system to track previous service records of bidders. This is also cumbersome as contractors are not faithful in disclosing some of the information prior to being awarded a contract. Moreover, the author raises some concerns that contractors manifest opportunistic behaviour by offering low prices during the bidding process so as to win the contract and then, when they have been awarded the contract, offer substandard services. On the one hand, Rho's (2017) work on bureaucracy and outsourcing, portrays privatisation as the remedy to inefficient government programmes. On the other hand, he recognises obstacles to outsourcing such as minimal competition in markets for public goods, a weak relationship between the government and the contractor (conflicting interests between government and contractor); additional transaction cost to ensure an effective transaction.

Recently attention has focused particularly on outsourcing public services (Argento, 2016). Argento (2016) describes outsourcing as a complex activity which emanates from a political decision that needs to consider the pros and cons of outsourced public services. The author expresses four main ideas. Firstly, in terms of the *Organisation for Economic Co-operation and Development (OECD)*, the government can opt for outsourcing by buying services to be used as inputs into its own operations. Alternatively, it can choose to outsource by paying the service provider to provide the service directly to the end user. Secondly, the author goes further to point out the importance of the signing of contracts to regulate the relationship between the purchaser (which is government) and the service provider. In particular, the contract will entail clear targets, service quality standard, penalties, monitoring and incentives for the purpose of lessening the risks of opportunistic behaviour on the side of the provider. Additionally, the author identifies risks involved with outsourcing; however, he maintains that, for outsourcing to be effective, governments should design proper contracts. Moreover, within this contractual relationship, the government requires competencies to manage the contract. Interestingly, the article notes that

outsourcing doesn't only involve the purchaser and the provider but it also involves the consumers of the service, the regulators that control the purchaser and provider, and the political principals who develop and review outsourcing policies. Thirdly, the article points out that competition is vital to effective outsourcing and that the competitiveness of public service markets is dependent on the service being outsourced. Fourthly, and lastly the article concludes by mentioning that there is a wide range of types of providers and that they vary in forms and sizes.

Authors provide strong evidence that there is no one-size-fits all for outsourcing as it can either improve service delivery or be a disaster. It all depends on the conditions of the market and contract management efficacy. The main weakness with this evidence is that data was collected from the principals, i.e. public managers without including the public servants as part of participants. In spite of these limitations, the study certainly adds to the researcher's understanding of the importance of effective contract management which largely depends on outsourcer and outsourcee relationship.

## **2.9 Theoretical Framework**

Another step in understanding the factors that led to the outsourcing of support services in the public sector and the impact thereof was to assess the theories associated with outsourcing. This section will examine different theories relating to outsourcing. The section will begin by examining the theory of traditional public administration then move to the New Public Management (NPM) theory, governance network theory, resource dependency theory and end with transaction cost theory.

### **2.9.1 Traditional public administration theory**

Various scholars have demonstrated how the traditional field of public administration (pa) has been operating and the sources of its failure. The traditional model of public administration has been characterised by a bureaucratic system that emphasised the top-down control in the form of monocratic hierarchy. With this system, the administrators were accountable and subordinate to one superior political person (Benz, 2004). Bertucci (2009) presents how the United Nations contributed to the improvement of pa and in his work, he argues that between the period of 1948 and 1970, the state has been understood as the required apparatus for socio-economic development. During this period, effectiveness was seen as a crucial agent in formulating plans and programmes for development and the implementation thereof. Weaknesses in management mechanisms as noted by Bertucci (2009) became a major hindrance in achieving efficiency and consequently, many developing countries became independent and the state became the single

driver in bringing about economic and political liberation to the people. Similarly, Dzimbiri (2008) notes that during this period the public sector became the main apparatus in executing the state functions and moreover, he mentions that the state became involved in too many activities such as infrastructure development, provision of basic services like water, electricity, housing, and telecommunications. He points out that the involvement of the government in too many activities made it weak. Consequently, disappointing results were evident in the implementation of development programmes for the state (Bertucci, 2009).

### **2.9.2 New Public Management: theoretical argument**

Deficiencies of the traditional public administration approach to public service delivery led to the emerging of the New Public Management (NPM). The NPM aimed to remedy the old bureaucracy that was hierarchically structured and to eliminate authority-driven hierarchical systems (Benz *et al.*, 2004). In the history of the development of Public Administration (PA), the NPM has been thought of as the key factor in reforming the public sector. Due to the economic and financial crisis experienced by the state in developed countries, the state embarked on cost-cutting measures with an aim of reducing the budget deficit (Alonso *et al.*, 2015). Bertucci (2009) argues that in socio-economic development the state had been the core driver. Dzimbiri (2008) adds that the state had been investing directly, not only in public utilities and infrastructure but also in agriculture, the operation of industries and other commercial activities. Several scholars such as Alonso *et al.*, (2015), Dzimbiri (2008) and Bertucci (2009) maintain that NPM emerged in 1970 with a view to addressing the fact that the state had become too large and that it was becoming involved in too many activities rendering it inefficient. Through the NPM, there was a greater reliance on the private sector and delivery of services was done through contracting out and outsourcing (Dzimbiri, 2008).

NPM has its roots in a number of theories. Gruening (2001) reports that NPM has its roots in managerialism and in the public-choice theory which looks at the transferring of marketing ideas from the private to the public sector (Gruening, 2001 & Simonet, 2015). NPM is also supported by the principal-agent theory which looks at the provision of incentives to monitor the relationship between the principal (for this study, the government) and agent (the contractor). Furthermore, the transaction cost theory influences NPM which evaluates whether the hierarchy or the market is the most efficient form of organisation (Simonet, 2013).

#### ***The origin of NPM***

Some scholars have traced the NPM movement back to the late 1970s and early 1980s. Frederickson, Smith, Larimer, & Licari (2012), argue that NPM has a strong base in Western Europe, Australia, New Zealand as well as in the United States. In a similar vein, NPM emerged in Municipal governments, in the United State (US), that had suffered a great deal from economic recession (Gruening, 2001). Due to the economic crisis, the governments in the European Union embarked on strategies to curtail its expenditure as part of the austerity measures (Alonso, Clifton, & Diaz-Fuentes, 2015). The fiscal crisis resulted in the intervention of the International Monetary Fund (IMF) as early as the 1970s (Simonet, 2013). The OECD, being a strong advocate for NPM has encouraged countries to adopt its principles Frederickson *et al.*, (2012), with an aim to balance government budget and to improve the quality of the public service (Simonet, 2015 and Alonso *et al.*, 2015). Gruening (2001) reminds us that the first practitioners of the NPM movement emerged in the United Kingdom under the Prime Minister Margaret Thatcher. Thatcher argued that the government should be more efficient and effective by becoming more business-like and furthermore, argued that the public servants were too bureaucratic, thus making the processes too cumbersome. Thatcher's approach supported the emerging NPM (Draai, Van Rooyen, & Raga, 2017).

### ***Empirical studies of NPM***

There are quite a number of scholars that have reviewed NPM. For example, Simonet, (2015), determined the impact of the application of NPM on the health care system in United Kingdom (UK). To be specific, his work looks at its impact on health care institutions as well as on patients and at whether or not NPM prevents opportunism and wastage in health care. The author used a semi-structured interview to understand the health care givers' behaviour, the types of reform that are reliant on the institutional heritage in the U.K and lastly capitalism in all its forms. Further, the author points out that the implementation of NPM in the U.K gave rise to the outsourcing of the management of state hospitals to private companies. The author concludes that the adoption of NPM in the U.K was not successful in ending the socio-economic discrepancies and opportunism. There have been unintended side effects to the implementation of NPM in the U.K.

Alonso *et al.*, (2015:643) evaluate the effect of NPM on the size of the public sector. In making this evaluation, the authors use two major components of NPM, which are, outsourcing and decentralization. Under each component, the author derives two sets of hypotheses. For outsourcing, the author hypothesises that the "government contracting out policies result in public sector size reduction and government contracting out may not necessarily involve reducing the public sector size. For decentralisation, it is hypothesised that a greater degree of decentralisation leads to a reduced public sector size and a degree of decentralisation leads to a larger public sector

size”. In testing these hypotheses, the author employed an unbalanced data set of the European Union (EU) involving 15 countries during the period 1983 to 2011. Firstly, the authors did not find any link between outsourcing and a reduction of public sector size in respect of expenditure and employment. Secondly, the author found that administration decentralisation led to a smaller public sector with regard to expenditure, but it did not lead to a reduction in public sector employment. Although the authors’ research covers a limited number of countries, they provide useful insight for the researcher into the impact of NPM implementation. Moreover, the paper touches on the issue of outsourcing which is the core issue of the researcher’s study.

Uwizeyimana and Maphunye's (2014) purpose is to understand the link between PA, NPM and governance and also how these were manifested in Africa. The authors follow a qualitative approach to review the scholars’ arguments of how Public Administration as a discipline has developed from one theory to another within the public sector over the past 100 years. Furthermore, the authors point out the attributes of each theory, with a critique and analysis of the factors that led to failure, particularly of NPM and governance theory. The main weakness for NPM expressed by the authors is that it failed to demonstrate the ‘public service ethos’ which differed from the traditional PA that it was seeking to replace. As a consequence, the governance theory emerged and the authors point that governance was also not immune to failure. In conclusion, the development of PA had mixed consequences as a result of colonialism of pa in Africa.

Van de Walle and Hammerschmid (2011) in their paper offer an academic assessment and the impact of NPM-style reform programmes. The main ideas expressed here are two sets of NPM style changes and reforms. The first set of changes being the NPM as a managerial innovation and the second set being the NPM’s ideas about the role of government. The authors contend that both sets of changes have had a number of intended and unintended effects. On one hand, while the managerial innovation had a positive effect on the economy, it created problems of coordination and fragmentation. On the other hand, the government’s role didn’t only instil the spirit of entrepreneurship within the public sector, but it also had an adverse effect on equity and social cohesion.

Nitzl, Sicilia & Steccolini, (2018) look at the NPM’s cultural orientation and how it affects the relationship between the organisational performance and the use of performance information. The authors’ research focused on testing four hypotheses. For the first three, the authors hypothesize that “monitoring uses of performance information; attention focusing on uses of performance information; strategic decision-making, uses of performance information, are positively linked to organizational performance”. However, for the fourth one, “legitimising uses of performance information is negatively linked with organizational performance. The authors’ study employed



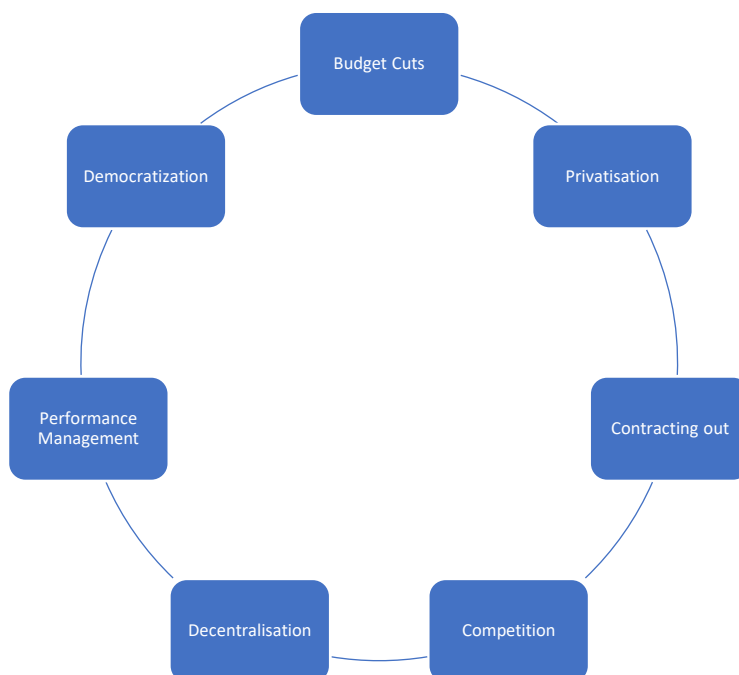
surveys to collect data from Italian municipal managers who are directly responsible for providing public services. Finally and in conclusion, the study found that NPM orientation positively moderated the relationship between monitoring and attention focusing uses of performance information with organizational performance, however it negatively moderated that of strategic decision making and legitimizing uses of performance information.” (Nitzl, Sicilia, & Steccolini, 2018:686-708). The main limitation of the paper is that the study was focused on a neo-Weberian country that has not fully adopted NPM, but instead that it still has the features of a traditional public administration system. Notwithstanding this limitation, the study provides the researcher with insight into how NPM’s cultural orientation affects organisational performance. The information provided is up-to-date as the study was conducted in 2018.

Verbeeten & Spekle (2015) view the effectiveness of the OECD-NPM approach as a working theory of management control. Three core pillars of NPM are expressed by the authors. Firstly, performance improvement requires a results-oriented cultural change and must focus on outcomes rather than input. Secondly, public sector organisations should introduce performance management systems which will set out targets, monitor performance and reward good performance so as to encourage public sector employees to be result-oriented. Thirdly, the public sector organisations should create an enabling environment for managers to manage by accomplishing internal deregulation which requires the removal of rules and regulations that were employed by the old traditional system of governance. In particular, the paper tests the validity of these pillars using ninety six Dutch municipalities. In conclusion, the study found a positive relationship between result-oriented culture and performance. Amazingly, the study found a positive link between reliance on rules and regulations and a result-oriented culture which is contradictory to the view held by the OECD-NPM. Furthermore, the study found that decentralisation and result-oriented culture have a negative effect on performance and overall, the authors suggest that the OECD-NPM reform should be reviewed. The authors in this paper provide a strong theoretical and empirical view of NPM’s approach. Although the study was exclusively conducted in Dutch municipalities, it has given the researcher a broader insight into the effectiveness of NPM.

Dan & Pollitt (2015) in their paper review NPM with the purpose of evaluating the effectiveness of public sector reforms in Central and Eastern Europe (CEE). The authors review the impact of NPM based on the previous empirical studies conducted in CEE over the past 10 years. The scholars of these studies had argued against NPM and criticised it for failing to deliver. The main idea expressed in this paper is the evaluation of specific NPM reforms and instruments. In conclusion and of particular interest, Dan and Pollit in their work present an NPM picture which

is more favourable and suggest that it is successful. Further, although NPM has not always been effective, the authors assert that there is evidence to show that NPM has resulted in improved public service delivery across the region. The authors provide a positive view of NPM which can assist other countries who have experienced challenges in implementing NPM instruments.

### 2.9.3 Features of NPM



#### ***Budget cuts***

It has been explained explicitly in this chapter that NPM is more focused on efficiency. As rightly said by Gruening (2011), a budget cut is ideal in times of financial shortage. Due to financial constraints, governments engage in reducing spending as part of cost-cutting measures (Alonso *et al.*, 2015). This is also supported by Pollitt (1995) who writes that as part of the reform agenda, governments in many developed countries embarked on austerity measures in order to reduce government expenditure. NPM has adopted the managerial style of the private sector which, among others, includes rightsizing and downsizing. The aim behind this was to create a smaller and effective public sector and to reduce salary expenditure (Romzek, 2000) The budget cuts included the reforming of financial management systems which ensured that governments aligned their expenditure to the budgeted amount. Additionally, reforms in financial management fostered accountability in that the public officials were held answerable for their actions. As a mechanism

to ensure government accountability, transparency is also significant (Tanzi & Ludger, 2000; Felie & Steane, 2002; Pollitt, 1995).

### ***Privatisation***

Privatisation is one of the most important aspects of NPM and Vyas (2016) defines privatisation as a phenomenon whereby the role of government is reduced and the involvement of the private sector is enhanced. NPM supports the use of the private sector as an alternative method to deliver public services. Due to the weaknesses of the public sector there was a great need to shift from the state to private sector in order to improve efficiency (Dzimbiri, 2008). Privatisation has its root in public choice and in free-market theories. On the one hand, public choice theory argues that the bureaucrats are not the sole drivers in delivering public services but they should utilise the public utilities in order to maximise their goal. On the other hand, the free market theory argues that markets are the best method of producing goods and services rather than the government.

### ***Contracting out***

Gruening (2001) argues that contracting out is a reflection of both a humanist and a rationally-oriented management. Contracting out is also known as public tendering and Marshall and Abresch (2016) hold the view that it is the practice in public management that gained popularity in the 1980s. Primarily, the aim of contracting out was to increase effectiveness and efficiency by encouraging the use of private firms and consequently to reduce costs. Public tendering represented a shift from the bureaucracy to the capitalist market. Outsourcing is one of the components of the NPM approach. When assessing how the NPM impacted on the size of the public, Alonso *et al.*, (2015:656) noted that “outsourcing was introduced as part of the NPM movement from the 1980s to reduce the size of the public sector and ultimately government expenditure”. Of particular concern, however, was the fact that “a reduction in the size of the public sector was not experienced through outsourcing, neither was there a reduction of government expenditure”. Actually, Alonso maintained that it was through decentralisation that the government experienced a smaller public sector size and eventually a reduction in its spending.

### ***Competition***

Argento (2016) holds the view that competition is crucial for contracting out to be successful and it is a necessity for public service delivery to be effective. Likewise, Olowu (2002) believes that NPM is characterised by the use of market and competition in providing public services

which is achieved through commercialisation, privatisation and contracting out. Alonso *et al.*, (2015) observed that outsourcing forced activities and services that were provided in-house to be subjected to new, positive incentives provided by competition and market discipline. The external private providers would normally compete for contracts and the bidder that quoted the best price and quality will be awarded with the contract. Competition is therefore, critical in order to gain efficiency (Argento, 2016).

### ***Decentralisation and Disaggregation of units***

Drawing on the work of Simonet (2013) NPM has also been characterised by decentralisation of decision-making as opposed to centralised decision-making which characterised the traditional, bureaucratic system of administration. Furthermore, Simonet points out that efficiency has been achieved through the disaggregation of units by splitting bigger bureaucracies into smaller units to make them more manageable. Decentralisation and disaggregation according to Mongkol (2011) and Alonso *et al.*, (2015), was part of the approach to restructure and reduce the size of the public sector. Effectiveness and efficiency, as noted by Marshal & Abresch (2016), was to be realised through disaggregation of services. Alonso *et al.*, (2015) suggest that outsourcing and decentralisation were introduced from the 1980s as part of a broader NPM movement to reduce the size of the public sector. One of the critiques of the traditional public administration was that the government over-supplied the provision of public services and that the public administration was over-staffed since the political principals used the provision of service as an instrument to maximise their own individual political power. Hence, to counter this, Alonso *et al.*, (2015) believed that decentralisation and outsourcing were the most effective way to reduce the public sector size because outsourcing forces activities and services that were provided in-house to be subjected to new, positive incentives provided by competition and market discipline.

### ***Performance Management***

The performance Management system that was adopted during the NPM era focused significantly on performance measurement. It believed in setting out targets for individual employees, measuring performance, appraising performance and in the linking of performance of individual employees to strategic goals and objectives for the organisation in order to increase efficiency (Dzimbiri, 2008). This view is also supported by Marshal & Abresch (2016) who noted that NPM values the managerial practice are typical of having a vision and of setting goals. The authors

further add that performance management moves the employees from achieving simple tasks towards achieving bigger and measurable results.

### ***Democratisation and enhanced citizen participation***

A study of Gruening (2001) offers the view that democratisation and enhanced citizen participation was developed during the New Public Administration (NPA) and that it originated from the public-choice theory. Part of the reformation process has included the role of the public and, drawing from the work of Polidano & Hulme (1999), the rate of economic growth and the quality of government is mainly determined by the society. The authors contend that ideally citizens should push for effective governance through their political parties. Bryson, Crosby, and Bloomberg (2014) have adopted three aspects that encompasses public value and they argue that that these are what the citizens expect from their government. These include (a) public entities that achieve societal goals effectively and efficiently, (b) fair and just operation of public entities resulting in fair conditions of the citizens, (c) public bureaucracies that are service-oriented and highly performing. As highlighted above, transparency was imperative in order to hold public officials accountable and this is supported by Gruening (2001) who adds that transparent financing systems created opportunities for citizens to make their choices.

#### **2.9.4 A critique analysis of NPM**

The NPM has not escaped criticism from academics. As has been seen above, one of the features of NPM is decentralisation of power and decision-making, however, Mongkol (2011) argues that decentralisation is ironic, and to explain what he means by this, the author states that giving power to the principals to manage programmes has led to centralisation of decision-making amongst them instead of decentralisation as NPM envisaged it. Moreover, Mongkol argued that while NPM encourages the use of private sector management methods, there are risks related to employing private sector practices. This is simple because most private sector administration areas have different constitutional, political, social and ethical dimensions that make the private sector distinct from the public sector. Additionally, due to the contextual variances between the public sector and private sector, it may be detrimental to employ the models of the private sector in the public sector. The order of relationship between the public sector management and political leadership differs from any relationships in the private sector (Mongkol, 2011). In the same vein, Simonet (2013) advocates that not all the recipes for the private sector can be transferred to the public sector due to contextual differences. However, he adds that the budget within the private sector can be reviewed at any given time, whereas in the public sector, budgets must be determined and planned in advance. Moreover, public sector

budgets are made using incremental budgets, meaning that they are prepared using the previous year's budget.

NPM has also been censured for attracting the elite people such as senior public servants and politicians while neglecting the layman (Simonet, 2013). The author maintains that the NPM implementation was condemned by the public because the drivers and values of NPM reforms were not debated publicly. Instead the NPM reforms were exclusively implemented in health and education sectors.

One more criticism of NPM revolves around the issue of ethics. Although NPM promotes transparency so that corrupt and unethical behavior can be detected, it has led to corrupt practices. Drawing from the work of Mongkol (2011), the freedom for public managers to manage the public organisations has opened up opportunities for more corrupt behaviour. To be specific, he points out that one of the corrupt issues involves contracts. Supposedly, contracts should improve accountability, however, due to commercial research reasons, government contracts have been awarded secretly, thus countermanding transparency. Additionally, these corrupt practices, including nepotism, are more prominent in developing countries and this hampers the implementation of NPM reforms. This view is supported by Uwizeyimana & Maphunye (2014) who write that NPM has failed to display a 'public service ethos' that is different from the traditional PA it was seeking to replace. To illustrate this point, they note that 'the continuing discipline of compliance management' which characterises the traditional PA, was still maintained by the NPM.

### **2.9.5 Justifying NPM for this study**

Notwithstanding the stated weaknesses of NPM, Rosta (2011) believes that the NPM movement is like a shopping centre whereby public managers can pick and choose the instruments that best suits their tastes in order to attain positive results. As has been seen elsewhere in this paper, a number of scholars have considered the positive impact of NPM. To name a few, Alonso *et al.*, (2015) portrays NPM as a cost-cutting measure for the government. This is also complemented by Rosta (2011) who notes that NPM has reduced the government spending and by introducing privatization in the form of contracting out, marketisation and competition has been strengthened. Consequently, this has led to accomplishing quality standards in the public services. To this end, the NPM movement and its strengthening of privatisation is important for understanding how the public sector has partnered with the private sector in achieving public service delivery.

NPM is also of value for being more result-oriented and its focus on the importance of performance management. For example, a study by Dan & Pollitt (2015) evaluated the NPM reforms and instruments and they suggest that the NPM movement has led to improved service delivery. Furthermore, their study shows that quality improvement and performance management as one of the NPM reform measures, have resulted in improved service delivery across the central and eastern European countries

### **2.9.6 Resource dependence theory**

In order to achieve societal goals, the government has invited the quasi-markets to provide public services because it is believed that private providers can provide the services more efficiently than the government can (Coupet & McWilliams, 2017). For them, efficiency means achieving desired goals at the lowest cost. One of the major concerns as shown in their study is whether or not efficiency is achieved by the quasi-markets. Furthermore, the priority for these quasi-markets is to maximise profit. However, this profit maximising behaviour has constrained these quasi-markets from meeting the societal goals that the government has set itself. The resource dependence theory (RDT) means that to respond to the inefficiency of the private providers, the government should control the operation of the quasi-markets in order to ensure that societal goals are met. As the government regulates how private firms should operate, the private firms become dependent on the government as the source of their resources. Private firms operate effectively as long as they accept to be regulated by the government and this increases their costs and reduces their profits. Coupet & McWilliams (2017) conclude that RDT assists in understanding how quasi-markets continue to operate effectively with both public and private providers in the delivering of services.

This study draws on the RDT to make the argument that the government can achieve efficiency by outsourcing public services. On the other hand, RDT's emphasis on controlling the operations of the private firms in order to meet societal goals is particularly of use to the analysis of this study, as it makes a researcher ponder on the constrained relationship the private firms have with the government which has reduced their profit and increased their costs. Furthermore, it will also be useful in this study to make an analysis of whether or not the increased costs force the private firms to minimise their spending by reducing employees' wages and benefits as argued by Heires (2014). To this end, RDT's conceptualisation of factors influencing the operations of private firms in order to achieve efficiency is generative for grasping how private firms in KZN have become dependent on provincial government departments as providers of

their resources.

### **2.9.7 Transaction cost theory**

According to Perard (2009), the choice of whether to opt for the public or for the private provision of services is based on, amongst other things, the transaction cost of outsourcing. In his study, he suggests that transaction costs should be considered when a decision is made to contract out services. A study by Coupet & McWilliams (2017:5) maintain that “transaction costs cannot be avoided and is a characteristic of every contract agent. Furthermore, they theorise that private providers are efficient drivers of economic activity if the costs of the transaction in the market make the cost of economic activity higher than with the organisation itself”.

In RDT, it is theorised that government gains efficiency by outsourcing services. Coupet & McWilliams (2017) argue that by so doing, the government takes on ‘probity hazards’, which is an extra transaction cost involving negative social consequences of profit maximising behaviour. These costs are usually associated with opportunism which according to Coupet & McWilliams (2017) relates to when managers act without regard to how their actions may adversely affect others”. The study draws on the transaction cost theory which argues that the choice whether to opt for the public or private provision of services is based on the transaction cost of outsourcing. It is here also that Coupet & McWilliams’ (2017) attention to transaction cost theory is of value for informing the importance for organisations to consider transaction costs for outsourcing.

## **2.10 Chapter Summary**

The aim of this chapter was to review literature that relates to outsourcing of support services. Firstly, the chapter examined the reasons that drove the government to outsource these services and the impact of outsourcing on human resources. Secondly, the chapter looked at outsourcing as a concept. The third and the last part of the chapter covered the theoretical framework associated with outsourcing. The theories reviewed include traditional public administration, NPM, RDT and transaction-cost theory. The chapter went into details when discussing the NPM theory as it is the theory from where outsourcing and privatisation emanates. The chapter examined the origin of NPM, empirical studies of NPM, the features of NPM a critique analysis of NPM and justification of NPM.



## **CHAPTER 3: OUTSOURCING IN SOUTH AFRICA: A CONTEXTUAL PERSPECTIVE**

### **3.1 Introduction**

The previous chapter presented a literature review on the concept of outsourcing and privatisation. The overall objective of the study is to investigate the impact of outsourcing support services on the workers employed by the private companies. This chapter begins by giving an overview of the background and development of outsourcing in South Africa. The remaining part of the paper proceeds as follows: the legislative frameworks that underpin outsourcing in South Africa are described; outsourcing processes in South Africa that include the supply chain processes; challenges of outsourcing in South Africa; and finally the outsourcing protests in South Africa are described.

### **3.2 Background and development of outsourcing in South Africa**

The public sector during the apartheid system of government had always been characterised by fragmented structures, uneven allocation of financial and human resources, lack of policy framework and public accountability. As has been mentioned above, this opened up opportunities for corruption and mismanagement. Under apartheid South African society was racially divided, segregated and the majority were discriminated against. The black South Africans were denied their social, economic, political and health rights (Cooper *et al.*, 2004). The apartheid labour regime was characterised by racial division of labour and furthermore, “the government procurement system in South Africa favoured big and well-established white-owned businesses (Bolton, 2008)”. Moreover, the apartheid system enforced a colour bar on jobs and wages. Consequently, the labour market was racially segregated such that black workers occupied the positions of labourers and assistants while the whites were holding positions of managers and artisans. To be specific, the University of Wits reflected this racial segregation whereby the Africans were employed to provide support services, while the whites were employed as supervisors and professors (Bezuidenhout & Fakier, 2006).

Post-1994, the democratic government of South Africa introduced quite a number of Acts with the aim of transforming the public service. These included the *Constitution of the Republic of South Africa*, the *Public Finance Management Act (PFMA)*, the *Preferential Procurement Policy Framework Act* and *BBBEE Act* which were developed to replace the unjust laws that were endorsed by the apartheid government (Endoh, 2015). Since the abolishment of the apartheid system, public procurement has been a useful policy instrument to correct the history of South

Africa (Bolton, 2008).

### **3.3 Outsourcing Legal Framework**

Outsourcing in South Africa is underpinned by several legal frameworks. In this study, eight items of legislation that govern outsourcing were identified, and these are: the three acts identified in 3.2 above together with the *Treasury Regulations (TR)*; the *Prevention and Combating of Corrupt Activities Act 12 of 2004*; the *B-BBEE Act 53 of 2003*; the *Municipal Systems Act 32 of 2000* and the *Preferential Procurement Regulations 2017*.

These legal frameworks are discussed in the section below:

#### **3.3.1 *The Constitution of the Republic of South Africa, Act 108 of 1996***

Section 217 (1), (2) and (3) of the Constitution of the Republic of South Africa, stipulates that “when an organ of the state in the national, provincial and local sphere of government or any other institution identified in national legislation, contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective. Subsection (1) does not prevent the organs of state from implementing a procurement policy providing for (a) categories of preference in the allocation of contracts; and the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination”.

#### **3.3.2 *Public Finance Management Act 29 of 1999 (PFMA)***

The PFMA came into effect as a means to reform the apartheid procurement practices of South Africa (Ambe & Badenhorst-Weiss, 2012). In compliance with section 217 (3) of the *Constitution*, the *Public Finance Management Act (PFMA)* was enacted and it provides that “the accounting officer of the department must ensure that the department has and maintains an appropriate procurement and provisioning system, which must be fair, equitable, transparent, competitive and cost-effective”. Furthermore, it dictates that “the AO must report immediately any irregular or wasteful and fruitless expenditure involving the procurement of goods or services to the relevant board”. PFMA regulates public procurement in 3 spheres of government, that is, regional, provincial and national government. Evidence suggests that the implementation of PFMA has not been successful in public schools. For example, Mestry (2013) argues that the PFMA directs the public school to allocate their budgets as follows: 50 per cent for learning and teaching support material and 50 per cent for service rendered including maintenance and repairing of school. However, Mestry (2013) contend that while PFMA seeks to promote equity and fairness, a large number of schools in rural areas are still without resources due to underspending of funds.

Additionally, he notes that this has had serious consequences for the education quality which ultimately has resulted in poor matric results. Mestry's work indicates that the challenges of inequity and unfairness, that characterised the apartheid government, cannot be redressed unless the provisions of PFMA are adhered to.

### **3.3.3 *Preferential Procurement Policy Framework Act 5 of 2000***

This was enacted to give effect to the goals of the *Constitution Section (1)* which states that, “an organ of the state must determine its preferential procurement policy and implement it within the legislated framework”. Since outsourcing involves competitive tendering (Skelcher, 2005), the PPPFA prescribes the preferential point system that must be followed when awarding a tender (Table 3.1). The Act provides that “the contract should be awarded to the tenderer who scored the highest score”. Furthermore, the goals of the Act include “contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of gender, race or disability. Recently, the *Auditor General's Report (2018)* has revealed “an increased level of noncompliance in implementing SCM legal frameworks”. Because of this non-compliance, the procurement of goods and services has been compromised as a process. This includes failure to use competitive processes for quotations and bids and incorrect use of the preferential point system.

### **3.3.4 *Preferential Procurement Regulations 2017***

Preferential Procurement Regulations (PPR) is a brand new prescript that has recently been enacted for the purpose of empowering certain categories, for example, Small, Medium and Micro Enterprises (SMME); Co-operatives; Township and Rural Enterprises. The PPR has introduced the pre-qualification criteria in the tendering process, which allows for the advancement of these categories by limiting competition to only amongst them. The PPR provides that, “an organ of state must determine and stipulate in the tender documents the preference point system applicable to the tender as envisaged in regulation 6 or 7. Further, it must state on the tender document if the pre-qualifying criteria to advance certain groups will apply and if tenders will be evaluated on functionality”.

### **3.3.5 *Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003***

To achieve the goals of the *Constitution*, the *B-BBEE Act* was promulgated to “promote the economic transformation in order to enable meaningful participation of black people in the economy”. Additionally, the act was formulated for the purpose of “increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage

existing and new enterprises and increasing their access to economic activities, infrastructure and skills training”. *The Department of Rural Development and Land Reform (DRDLR), SCM policy (2018)* notes that the B-BBEE Act means “the economic empowerment of black people through diverse but integrated socio-economic strategies that amongst others includes the following:

- Increasing the number of black people who manage, own and control enterprises and productive assets;
- Providing Human resource and skills development, to achieve productive assets by communities, workers, cooperatives and other collective enterprises;
- Facilitating ownership and management of enterprises and productive assets by communities, workers cooperatives and other collective enterprises;
- Ensuring preferential procurement; and
- Investing in enterprises that are owned or managed by black people”.

### **3.3.6 Treasury Regulations**

*Paragraph 16A6.2 of the Treasury Regulations (TR)* stipulates that a supply chain management system should “provide for the establishment, composition, and functioning of bid specification, evaluation and adjudication committees, selection of bid adjudication committees to adjudicate bids and lastly the approval of bid adjudication committee recommendations. Moreover, paragraph 16A6.3 of the TR also compels the accounting officer (AO) to ensure that the bid documentation and the general conditions of a contract are in accordance with the instructions of the National Treasury”.

### **3.3.7 The Municipal Systems Act 32 of 2000**

This Act regulates the Municipalities to “provide a municipal service through a service agreement. A municipality must select the service provider through selection processes which allow all prospective service provider to have equal and simultaneous access to information relevant to the bidding process, minimise the possibility of fraud and corruption, takes into account the need to promote the empowerment of small and emerging enterprises”. The Act further states that “after the prospective service provider has been selected, the municipality must on the basis of bidding documents negotiate the final terms and conditions of the service delivery agreement with the preferred service provider”.

### 3.3.8 Prevention and Combating of Corrupt Activities Act 12 of 2004

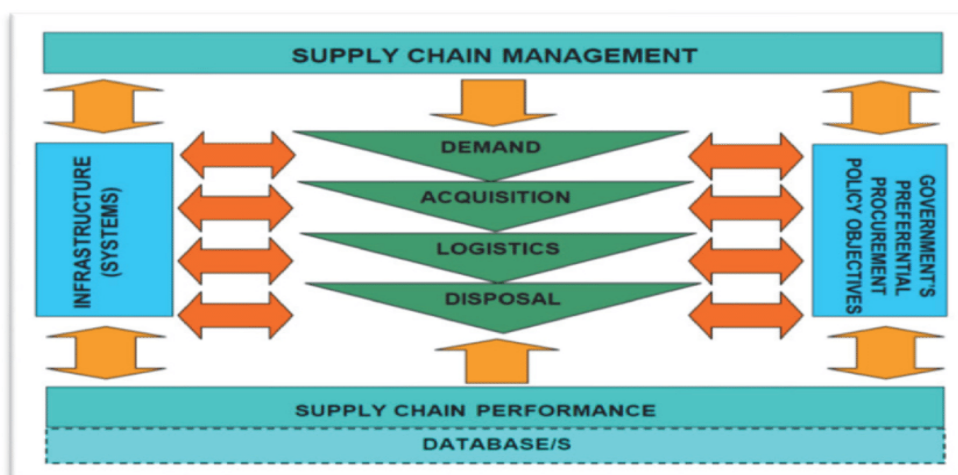
The *Corruption Act*, as it is referred to, “provides for offences with regard to corrupt activities relating to contracts”. The act declares it an offence for any person to directly or indirectly

- “accepts or offers to accept any gratification from any other person, whether for the benefit of himself or for the benefit of the other person;
- or agrees to give to any other person any gratification whether for the benefit of that other person in order to improperly influence, the promotion, execution or procurement of any contract with a public body, private organisation, corporate body or any other organisation.
- Or agree to give any other person any gratification in order to induce and influence another person to act or award a tender in relation to a contract for rendering a service [to] or performing any work [for] a particular person”.

## 3.4 The Outsourcing process in South Africa

### 3.4.1 Supply Chain Management

Outsourcing is part of supply chain management (SCM) strategy. In terms of *TR 16A*, SCM consists of six elements as illustrated in figure 3.1 below. These are: demand management, acquisition management, logistic management, disposal management, SCM risk management and SCM policy performance and monitoring. The section below explores SCM processes further.



Source: Moeti (2014:148)

Figure 3.1: Generic Elements of Supply Chain Management

Outsourcing forms part of acquisition management, hence the study focused on this element.

According to the National Treasury (NT), acquisition management involves, among others:

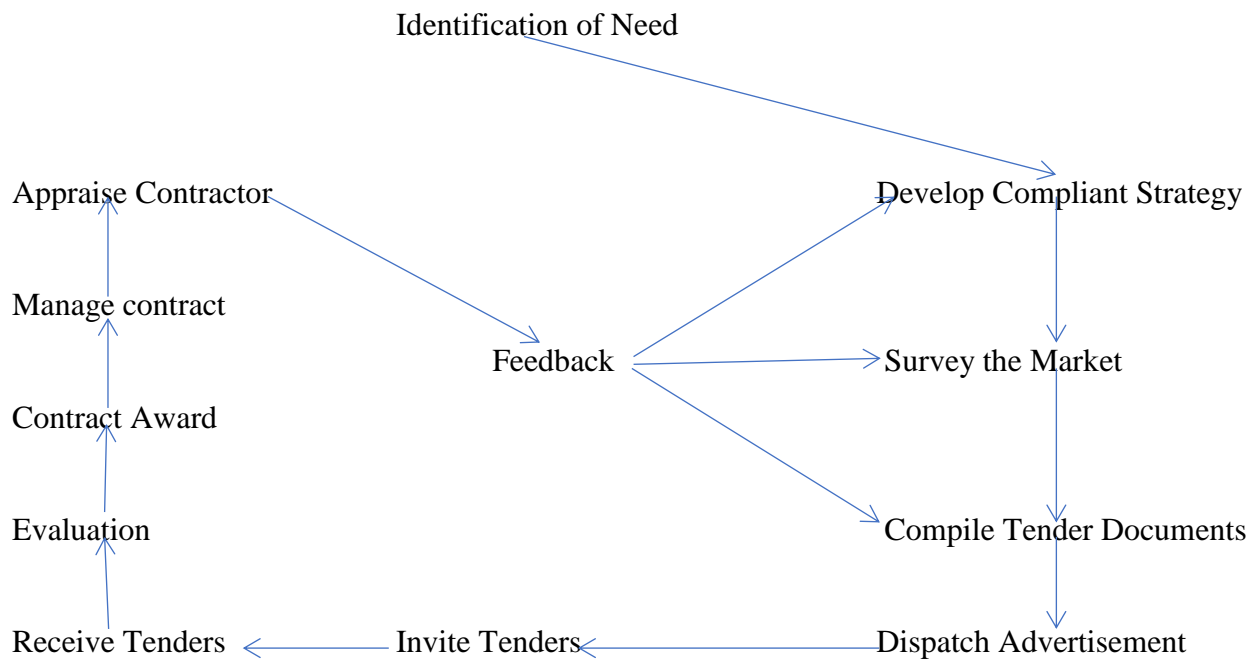
deciding on the manner in which the market will be approached; evaluating bids in accordance with published criteria; and ensuring that proper contract documents are signed (National Treasury, 2004).

### **3.4.2 Procurement process**

The procurement of goods and services involves quite a number of steps and these are referred to as the procurement process. The PFMA and PPPFA direct the AOs of the departments to “make sure that departments have and maintain an appropriate procurement and provisioning system, which is fair, equitable, transparent, competitive and cost-effective”. Procurement of goods and services is achieved through a quotation or a tendering process. Hence, tendering is part of procurement. Tendering is discussed further in the section below.

### **3.4.3 Tendering**

From a procurement viewpoint, Lysons & Farrington (2012:561) refer to tendering or competitive bidding as a “purchasing procedure whereby prospective suppliers are called to make a unambiguous offer of the price and terms on which they will supply specified goods and services, which upon acceptance, shall form the foundation of a subsequent contract”. Additionally, in some instances tenders will be based on a specification of requirements and terms and conditions of the contract as provided by the buying institution. According to Moeti (2014:142), a tender is “a proposal to provide a good or service in competition with other potential suppliers”.



**Source: Baily, et al. (2008:98)**

**Figure 3.2: Tendering process**

### ***Determining the needs and specifications***

A user can be any department that requires a product or service. Numerous methods exist whereby the user department may convey its order to the Procurement Department and these may include a purchasing requisition and a bill of materials used in conjunction with a materials requirement planning system (De Villiers *et al.*, 2012)

### ***Bid Documents***

In compiling bid documents, the AO should ensure that all PPPFA and TR are adhered to. The basis for bid evaluation and selection should be clearly outlined in the instructions to bidders and/or in the specifications. The institutions should use the appropriate *Standard Bidding Documents (SBD)* which is issued by National Treasury and must be customised to address the needs of the contract or project. All bid documents should have a standard wording of the general conditions of the contract. The bidding documents should clearly “state the type of contract to be entered into and must contain the appropriate contract provisions” (*National Treasury SCM Guide 2004:18*).

### ***Invitation for bids***

In terms of the PPR, the first step in the tendering process is to invite bidders. Importantly, prior to inviting the bids, the AO should properly plan for the acquisition of goods and service by

estimating the costs. This is done in order to determine the appropriate preferential point system to be used in the adjudication of bids. This is also confirmed by Moeti (2014:142) who advises that before managers call for tenders, they should ensure that the money to complete the tender contract is available, hence, budgeting is crucial to public procurement. Depending on the nature of the product or service, bids must be invited on the basis of functionality as a criterion. When the bidders are invited on the basis of this criterion, the AO must state clearly on the bid documents the following aspects: (a) evaluation criteria for measuring functionality, (b) weight of each criterion, (c) applicable value (d) minimum qualifying score for functionality.

Bids are advertised for a minimum of 21 days on the Government Tender Bulletin (GTB), e-Tender publications portal and/or departmental websites as per approved timeframes. The closing date should not be on a weekend or public holiday. Bidders have an option to submit their bids through mail or to hand-deliver them. The closing time for submission has been standardised to 11h00. In respect of construction-related acquisitions, projects are advertised in terms of the *Construction Industry Development Board (CIBD)* regulations (National Treasury Public Sector SCM Review: 2015).

### ***Awarding of tenders***

In an effort to reform the inefficient procurement systems of the apartheid government, the ANC government has channeled its reform strategies into two areas of focus. These are, “enhancing the principles of good governance and the introduction of a preference system to address historically created racial and socio-economic discrepancies” (Moeti 2014:142). In terms of PPPFA, contracts are granted by following a tender procedure and evaluation is based on a preferential point system (Bolton, 2008). In his analysis of the South African public procurement system, he points out that the point system is a dual scale in the sense that more preference points are awarded to contracts with lower value and less points for contracts with higher value.

### ***Preferential point system***

The *PPR 2017* has determined the calculation of points and this is illustrated in the table 3.1 below:



**Table 3.1: B-BBEE Score calculation**

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points out of 20</b>	<b>Number of points out of 10</b>
1	20	10
2	18	9
3	14	6
4	12	5
5	8	4
6	6	3
7	4	2
8	2	1
Non-compliant contributor	0	0

Table 3.1 above shows an 80/20 point system and a 90/10 point system. In line with the B-BBEE and as showed by Bolton (2008), 80 points are awarded for a price and a contractor can be awarded points to a maximum of 20 in respect of a tender with a rand value equal to or above R30 000 and up to a rand value of R50 million, inclusive of all applicable taxes. In terms of the 90/10 point system, 90 points are awarded for a price and a contractor can be awarded points to a maximum of 10 in respect of a tender with a rand value above R50 million, inclusive of all applicable taxes. Importantly, these scales are applied to contracts for an Historically Disadvantaged Individual (HDI) and subcontracting with HDL. In terms of the PPR 2017, a tender must obtain a minimum qualifying score for functionality as indicated in the tender documents in order to be accepted as a tender. Furthermore, a tenderer must submit proof of its B-BBEE status level of contributor.

***Selection of a tenderer: evaluation process***

According to De Villiers *et al.*, (2012), the following factors should be looked into when evaluating and selecting a potential tenderer:

- Financial. Price and financial stability. Avoid a supplier with a poor financial record;
- Quality: includes life of the product, ease of repair, maintenance requirements, ease of use and dependability; and
- Capability. Does the supplier have sufficient qualified personnel and can its infrastructure produce the quantities and quality desired.

On the other hand, Lysons & Farrington (2012) hold the view that tenders must be evaluated on

an agreed basis, that is, the most economically advantageous tender (MEAT) or the lowest bid. In the awarding of tenders, TR paragraph 16A6.2 dictates that the bid specification, bid evaluation and bid adjudication committees must be established. An AO should ensure the adjudication of bids through the adjudicating bid committee. The bid adjudicating committee is delegated to adjudicate and award tenders. Additionally, Ambe & Badernhost-Weiss' (2012) study reveals that all three levels of government, that is, the national, provincial and local governments are permitted to develop their own policies within the parameters of the national regulatory framework. Furthermore, they point out that public procurement has been decentralised to these levels of government and on that note, the NT states that the state organs can establish their own bid specifications, bid adjudication and bid award committees in selecting the tenderer.

### ***Contract Management***

A contract is an agreement reached with the intension of creating a legal obligation with resulting enforceable rights and duties (De Villiers *et al.*, 2012:37). In contract management, there are two things that must be managed: you have to manage the content of the contract and you have to manage the contract process. Furthermore, there are a number of contracts that stem from a procurement process. As noted by Monczka *et al.*, (2009), contracts can be classified into two categories, that is long-term contracts and non-traditional contracts. The authors explain that long-term contracts are purchases for a prolonged period that normally takes several years or that lasts even for an indefinite period. Whereas, the non-traditional contracts have special requirements of buying information systems, service providers and consultants. According to Baily, *et al.*, (2008:419), contract management refers to “the activities of a buyer during a contract period to ensure that all parties to the contract fulfill their contractual obligations”. Furthermore, they point out the importance of post-contract management in order to realise the true benefits contained in the contract.

## **3.5 Challenges of Outsourcing**

### **3.5.1 Corruption: SCM processes**

Previous studies have explored the relationship between the supply chain processes and corruption. For example, Munzhedzi (2016) explores the relationship between procurement and corruption. The intention of the South African public procurement process has been to redress the procurement practices of the apartheid government that discriminated against the disadvantaged black people. However, of particular concern, the author notes that corruption has impeded the good intentions of the government. Furthermore, Munzhedzi (2016) contends that oftentimes corruption occurs in the process of procuring goods and services whereby the public officials

inflate prices and award contracts to family members and friends. Members of bid committees often do not declare their interests during the adjudication of tenders. Additionally, the author maintains that corruption happens due to non-compliance with the legislative prescriptions that regulate SCM and the dearth of skills on the part of the SCM officials. In conclusion, he proposes solutions in dealing with corruption, which among others is a call to government to punish SCM officials who are not adhering to SCM policies.

In a similar vein, Pillay (2016) examines the causes of corruption in municipalities. The author reports on numerous incidences of corruption in various parts of South African municipalities. For the purpose of this section, the focus was on procurement. Pillay (2016) notes that corruption mostly involves the senior principals, politicians and companies. In particular, he mentions that SCM is one of the corrupt departments within the municipalities. Furthermore, the author defines the conditions that facilitate corruption and argues that due to weak organisational systems and lack of control measures within the SCM divisions, it has opened up opportunities to the public officials to take advantage of the situation. Additionally, corruption within SCM has happened in various ways which include public officials being bribed, fake invoices and quotations, ghost service providers, manipulation of the list of service providers, dishonest evaluation and awarding of tenders, manipulating the arrangement of BBBEE and the public officials pretending to be members of the private companies. The author concludes by stating that in addressing corruption, ethics for politicians and public administrators must be strengthened.

### **3.5.2 Inefficient procurement processes**

While some scholars have presented the corrupt practices within SCM components, others have looked at the factors that have led to inefficient procurement processes. An example of this is the study carried out by Magadzire, Wark, Leng, & Sanders (2017) wherein they explored the procurement challenges that have led to medicine being out of stock in the Western Cape Province of South Africa. The main idea expressed in their paper is that the crisis which happened due to inefficient procurement processes has resulted in the inability of patients to have access to medicines and the authors point out that this has dire consequences for their health. The results showed that the stock outs were as a result of, among other things, delayed awarding of tenders, service providers not meeting their contractual obligation, and a lack of contracts for particular medicines that appear on the provincial code list. In conclusion, the authors propose for these procurement challenges to be addressed by the awarding of tenders timeously and by managing the performance of service providers.

Similarly, a recent study conducted by Fourie & Poggenpoel (2017) analysed the report of the Auditor General (AG) and Public Service Commission (PSC) with a purpose of establishing the recurring public sector challenges over a period of nine years from 2004 to 2013. The results showed that, amongst others, unfair and uncompetitive processes recurred most frequently. Moreover, the findings revealed deficient internal control measures in managing expenditure which Fourie & Poggenpoel associate with incapacitated and unskilled finance officials in government entities. Ambe & Badernhost-Weiss' (2012) analysis of procurement challenges in South Africa notes that the inadequacy of capacity and skills for SCM employees is a problem that impedes the effectiveness of South African public procurement.

As has been indicated elsewhere in this chapter, *Section 217 of the Constitution of The Republic of South Africa* prescribes that the organs of the state, in all the spheres of government, must ensure that the procurement of goods and services must be conducted in a manner that is fair, equitable, transparent, competitive and effective. The recent evidence presented thus far is of value for demonstrating the current practices within the public procurement divisions which do not comply with the provisions of the *Constitution* or with other legislation that has been enacted to regulate public procurement processes. The authors' emphasis on reinforcing ethics and discipline in public officials and politicians is especially useful to this study as it allows one to think through strategies that the government can employ to combat corruption within the procurement processes in the public sector (Munzhedzi, 2016 & Pillay, 2016). Furthermore, the recurring challenge of expenditure management due to lack of skills indicates a need for the state organs to strengthen the capacitation of the officials that are involved in financial management and SCM processes.

### **3.6 Outsourcing protests in South Africa**

Over the past few years, the government departments and higher learning institutions have experienced disruption of critical services due to the protests by the outsourced workers demanding to be employed by the government. This has been seen in the case of Prince Mshiyeni Memorial Hospital (PMMH) in Umlazi, South of Durban. It is reported that the disgruntled cleaning, security and catering outsourced workers were seen picketing outside the gate of the hospital. They were protesting against the poor working conditions, low wages and outsourcing of their services. To be specific, their complaint was that the "greedy contractors have used millions of government money to gratify themselves while exploiting them". The news report stated that they were demanding that the government must do away with outsourcing and that it

must absorb them into its payroll (*Daily News Report*, 2016).

A recent study by Luckett & Mzobe (2016) illustrates how university staffs in South Africa won the victory of insourcing university employees. South Africa during the year of 2016 was engulfed with protests against the increase of tuition fees and the authors report that while the protests were on fees, it ultimately extended to the demand by students, united with outsourced workers to put an end to outsourcing. The authors' study showed that this victory over insourcing was eventually won. It is also evident from the news that the outsourced workers in various universities protested against outsourcing. Most of the universities are still outsourcing their services despite the commitment to end it. While some universities have partially insourced the workers others are indicating that it is an expensive process (*NEWS24*, 2019).

### **3.7 Chapter Summary**

The purpose of this chapter was to explore outsourcing in the context of South Africa. The chapter listed the legislative Acts that govern outsourcing in South Africa. Further, it presented the SCM processes as the strategy employed to outsource. As part of SCM, the chapter described the procurement processes that include tendering, evaluating and awarding of tenders. The last part of the chapter presented the challenges facing outsourcing in South Africa.

## CHAPTER 4: RESEARCH METHODOLOGY

### 4.1 Introduction

The previous chapter provided a South African perspective on outsourcing. The overall objective of the study was to investigate the impact of outsourcing support services on the workers employed by the two outsourced companies in KZN. This chapter sets out to describe in detail the methodology that the researcher employed to understand the challenges of outsourced workers employed by these companies. The research methodology was aimed at supporting or rebutting existing theories, perceptions and experiences of workers that are contracted in the public sector outsourcing programmes. This chapter covers the: research methods employed; research paradigms; research design and strategies; the study site; the target population and sampling methods; recruitment strategies; data collecting instruments; data quality control; measurements; data analysis. It then concludes by explaining the ethical considerations and limitations of the study.

### 4.2 Research Paradigms

According to Du Plooy-Cilliers *et al.*, (2014:19) a paradigm, also referred to as research tradition or worldview, is described as “a cluster of beliefs and it dictates which for scientists in a particular discipline influence what should be studied, how research should be done, and how the results should be interpreted”. Du Plooy-Cilliers *et al.*, (2014:19) state that “by following a particular paradigm, researchers adopt a specific way of studying a phenomenon relevant to their field”. On the other hand, Creswell (2014:6) defines a worldview as “a basic set of beliefs that guide action”. Whilst Du Plooy-Cilliers (2014) lists three paradigms that are dominant namely positivism, interpretivism, and critical realism. Creswell (2014:6) distinguishes between four types of paradigms that can be explored and they are: post-positivism, constructivism, transformative design and pragmatism.

For the purpose of this study, pragmatism was adopted as a paradigm to guide the research. Pragmatism according to Creswell (2014:11) “is not committed to any one system of philosophy and reality. It applies to mixed methods research in that researchers draw liberally from both quantitative and qualitative assumptions when conducting research”. Pragmatists according to Creswell (2014:11) “do not see the world as an absolute unity and they also agree research always occur in social, historical, political and other contexts”. This paradigm was useful to the researcher, since a mixed method was employed in approaching the research, to understand the views and experiences of all parties affected by the outsourcing of services. According to Du Plooy-Cilliers *et al.*, (2014), paradigms are better understood when explored in terms of their

epistemological, ontological and axiological positions.

#### **4.2.1 Epistemology of pragmatism**

Epistemology refers to the “study of knowledge and it deals with the nature of knowledge and the different ways of knowing.” (Du Plooy-Cilliers *et al.*, 2014:23). Epistemologically, this study assumes that the best method is the one that solves the problems of outsourcing public services with the aim of changing the situation.

#### **4.2.2 Ontology of pragmatism**

On the other hand, ontology is the “study of reality, what reality is and how one knows what is real” (Du Plooy-Cilliers *et al.*, 2014:23). Ontologically, the study assumes that the reality of the reasons for outsourcing and how it has impacted on all the parties involved is constantly renegotiated, debated and interpreted considering its usefulness in new unpredictable situations (Patel, 2015).

#### **4.2.3 Axiology of pragmatism**

Axiology is “the study of values, value judgements and it gives the researcher an insight into what is valued within a particular paradigm” (Du Plooy-Cilliers *et al.*, 2014:23). Axiologically and consistent with pragmatist’s views, this study assumes that values are tentative and are constructed from the experience and they can change according to time and space. These values are created by human beings and they are not predetermined (Patel, 2015). For this study, the respondents in their respective environments create their values.

### **4.3 Research approach: Mixed methods**

In order to evaluate the impact of outsourcing support services from a pragmatist perspective, this study adopted a mixed method design. According to De Vos *et al.*, (2005), mixed method studies “are those that integrate the quantitative and qualitative approaches into the research methodology of a single study or multiphase study. Furthermore, they point out that mixed method studies use triangulation as a way of combining quantitative and qualitative approaches”. This study seeks to understand how the outsourced companies perceive the impact of outsourcing support services and whether or not the intended objectives of outsourcing are being fulfilled, therefore a mixed method was useful in this study. These methods are discussed individually below.

### **4.3.1 Quantitative method**

As noted by Du Plooy-Cilliers *et al.*, (2014:148), the aim of quantitative research is to “generalize the results to a broader population and often it is to find a cause-effect relationship or correlations that can be generalized”. Furthermore, they state that quantitative methods use surveys as a data collection method. Creswell (2014) argues that “a quantitative method emphasizes objective measurements and the statistical, mathematical, or numerical analysis of data or by manipulating the pre-existing statistical data using computational techniques so as to generalize the results. Further, in this method, the researcher has limited interaction with subjects by controlling the environment setting”. This study used surveys as a tool to collect data and a description of this tool is outlined in section 4.1.9 of this study.

### **4.3.2 Qualitative method**

According to Du Plooy-Cilliers *et al.*, (2014) a qualitative research “deals with the in-depth experiences of a human being, including all the personal and subjective peculiarities that are characteristic of individual experiences and the meanings associated with a particular phenomenon”. Wellman *et al.*, (2005:8) state that “qualitative data are presented in language instead of numbers and they deal with subjective data that are produced by the minds of respondents of interviewees (i.e. human beings)”. This method was particularly useful to allow a deeper insight into the experiences of outsourced workers, and how the contractors themselves perceive outsourcing.

## **4.4 Research Strategy**

Creswell (2014:12) provides a clear description of a research strategy and states that “it is a type of inquiry within quantitative, qualitative and mixed methods approaches that provides specific direction for procedures in a research design”. The research strategies relating to the mixed method, according to Creswell (2014), vary from the convergent parallel mixed method, exploratory sequential mixed method and transformative design. This study adopted a convergent parallel mixed method.

Convergent parallel as described by Creswell (2014:15) “is a form of a mixed method strategy whereby the researcher merges the quantitative and qualitative data in order to provide a comprehensive analysis of the research problem. The researcher in this design collects data concurrently from both designs, analyses them separately, and then compares the results to see if the findings confirm or disconfirm each other”. The advantage of this approach is that it is time-efficient since the researcher collects and interprets data concurrently to determine if there



are incongruent findings from both approaches. Therefore, to understand the impact of outsourcing support services, the researcher collected data using survey questionnaires while at the same time she conducted one-to-one in-depth interviews with the participants.

#### **4.5 Study Site**

The study was conducted at four different sites due to the fact that the two outsourced companies being studied, render the cleaning services to various government departments. Firstly, it was conducted at the offices of the Department of COGTA located at 271 Church Street in Pietermaritzburg and the Premier's office premises located in Langalibalele Street inside the city of Pietermaritzburg where Company A provides cleaning services. Furthermore, the study was also conducted at the Department of Public Works (DPW) KZN, situated at OR Tambo House, 191 Prince Alfred Road, in Pietermaritzburg and Provincial Treasury premises located at Inkosi Albert Luthuli Street. DPW and Provincial Treasury offices are inside the city of Pietermaritzburg and Company B provides cleaning services to these government Departments. All the above-mentioned government entities have outsourced their cleaning services to private companies.

#### **4.6 Target Population**

According to Wellman *et al.*, (2005), the population “comprises of (sic.) individuals, groups, organisations, human products and events or the conditions to which they are exposed”. Du Plooy-Cilliers *et al.*, (2014:131) define a population as the “total group of people or entities from whom information is required”. The target population for this study is the outsourced workers employed by the two contract companies as well as members representing the management of the contract companies. For this study, the target population consisted of 136 people. Of the 136 people, 47 were the workers and 3 the members representing management in Company A. The population also included 80 workers and 6 management members from Company B.

#### **4.7 Sampling strategies**

Sampling strategies are methods the researcher uses to select the study sample from the population. Two types of sample designs are probability sampling methods (simple random, stratified random, cluster and systematic) and non-probability sampling methods (convenience, quota and purposive). This study employed a non-probability sampling method.

Non-probability sampling was employed because “it is nearly impossible to determine who the

entire population is or because it is difficult to gain access to the entire population” (Du Plooy-Cilliers *et al.*, (2014:137). Du Plooy-Cilliers further provides six different methods of non-probability sampling, namely, “accidental sampling, convenience sampling, purposive sampling, quota sampling, snowball sampling and volunteer sampling. This study employed a convenience sampling technique for respondents that participated in a survey and focus group discussion. Convenience sampling consists of elements that are known or are easily accessible” (Du Plooy-Cilliers *et al.*, 2014:142). The researcher in this study used the participants that were readily available on the day scheduled to collect data. Additionally, the study employed purposive sampling method to collect data from management representatives of contract companies. The purposive sampling was “based entirely on the judgement of the researcher in that a sample was composed of elements that contain the most characteristics representative or typical attributes of the population.” (De Vos *et al.*, 2005:202). For this sampling method, the researcher purposefully selected the supervisors as they represent the managers of the contract companies. Out of a population of 47 in Company A, the study used a convenience sample of 28 outsourced workers and a purposive sample of 2 management representatives. Furthermore, from a total of 80 population in Company B, the study used a convenience sample of 35 outsourced workers and a purposive sample of 1. (See Table 4.1).

#### 4.7.1 Sample size

The sample for this research consisted of 66 participants. Out of the 66 participants, 28 were the workers providing cleaning services from Company A, two were the supervisors from Company A, 35 were the workers from Company B and there was only one manager from Company B. The sample consisted of 66 participants surveyed because this is the number of participants that gave consent to partake in the study. The sample size is illustrated in Table 4.1.

**Table 4.1: Sample size description**

Organisation	Population	Sample	Sampling method	Data collection method		
				Interview	Focus Group	Survey
Company A	47	28	Convenience		1(7)	21
Management of Company A	3	2	Purposive	2		
Company B	80	35	Convenience		1(5)	30
Management of Company B	6	1	Purposive	1		
<b>Total</b>	<b>136</b>	<b>66</b>		<b>3</b>	<b>12</b>	<b>51</b>

#### 4.7.2 Recruitment Strategy

Following the acquiring of gate keepers permitting the researcher to conduct the study from Company A and Company B, the researcher made telephonic calls to the respondents as the study date approached. The researcher also handed over the posters to be placed on the notice boards where the respondents sit which were going to serve as reminders (see Appendix D).

#### **4.7.3 Data collection methods and instruments**

Data can be collected using various methods. Data in this study were collected using primary data and secondary data. Primary data included survey questionnaires, focus groups and in-depth interviews and secondary data were collected from the government documents.

##### **Survey questionnaires**

The study used survey questionnaires to collect data. According to Du Plooy-Cilliers *et al.*, (2014:152) “questionnaires uses closed-ended questions, checklists and rating scales and they are more useful because they simplify and quantify responses”. The basic objective of questionnaires was to “get facts and views about a phenomenon from people who are informed on a particular issue (De Vos *et al.*, 2005:166)”. Surveys “provide a numeric description of trend or opinions of a population by studying a sample of that population (Creswell 2014)”. The advantage of using surveys is that a researcher can collect data from the participants at any time and a survey can be conducted in almost any setting and surveys are inexpensive and less time-consuming. Another reason for using questionnaires was that they could be completed anonymously which encourages response to sensitive issues (Du Plooy-Cilliers *et al.*, 2014). For this study, surveys were conducted with 51 respondents of which 21 were from company A and 30 were from company B. Prior to collecting data, the researcher translated the questionnaire from English to isiZulu. With an understanding of the level of education of the respondents it was important for the researcher to translate the questionnaire into a vernacular language (see Annexure A2).

##### **Focus group**

A “group interview used to determine the attitudes, behaviour and preferences of the participants who are interviewed simultaneously by a researcher. It usually comprises of between six to twelve numbers of people who are gathered for the purpose of getting them to express their opinions regarding open-ended questions related to a phenomenon.” (Du Plooy-Cilliers *et al.*, 2014:183). The main reason for this method was that it allowed the researcher to collect data simultaneously, evidence about the feelings and experiences that were shared by people in a similar situation (Du Plooy-Cilliers *et al.*, 2014:184). For this study, there were two focus groups. One comprised seven (7) respondents from Company A and the other consisted

of five (5) respondents from Company B. A voice recorder was used as a tool to collect data and a focus group schedule was employed to give guidance to the group interview (see Appendix B).

### **In-depth interview**

Furthermore, the researcher collected data using in-depth interviews. An in-depth interview was an unstructured one-to-one interview which was a conversation with a purpose to understand the experiences of other people and meaning they make of that experience (De Vos *et al.*, 2005). This method “allowed the researcher to ask participants to clarify a point and to provide a more detailed explanation with an aim to learn more about their opinions and views.” (Du Plooy-Cilliers *et al.*, 2014:188). To solicit the views of the two outsourced companies on the impact of outsourcing of support services and to understand whether or not outsourcing benefits the private contract companies, the researcher had a one-to-one interview with two (2) supervisors of Company A and one (1) manager of Company B. The researcher recorded the conversations which assisted in remembering the process of the interview. Further, the researcher prepared the interview guide which was used as a guide in the collection of data in order to have a clear direction (see Appendix C).

### **Document analysis**

Document analysis refers to “official and structured documents that are collected and maintained on an ongoing basis by big organisations such as government institutions. Document analysis approach was chosen because of its relatively low cost and the fact that the researcher did not need to speak to the respondents (De Vos *et al.*, 2005:317-318). The researcher reviewed government documents that regulate contracting out of services such as *Treasury Regulations*, the *B-BBEE Act* and *DRDLR SCM* policies. As already seen in this thesis, outsourcing is one of the SCM strategies, the TR dictates that the SCM system should provide for the functioning of bid specification, bid evaluation and bid adjudication to adjudicate outsourced tenders. The *DRDLR-SCM policy* outlines the procurement processes. These processes include competitive bidding processes, criteria for evaluation of bids, preference for categories of bidders such as those disadvantaged by unfair discrimination and the management of contract. Additionally, the *B-BBEE Act* provides for the economic empowerment of the previously disadvantaged black community. All together, these documents state that the procurement processes for outsourcing should be conducted in a fair and transparent manner.

#### 4.7.4 Data Quality Control

To determine the quality of the data collection method, this study used reliability, validity, and trustworthiness as factors.

##### **Reliability and validity**

In this research, reliability was used to refer to the fact that “different participants being tested by the same instrument at different times should respond identically to the instrument” (Du Plooy-Cilliers *et al.*, 2014:254). On the other hand, validity was about determining if the research measured what it was supposed to measure. In other words, research was valid if the findings reflected what was happening in the given situation. For this study, the researcher ensured reliability by taking care that the questions for the survey were in simple language and without ambiguity. The researcher carefully selected the sample size to be able to generalise the results in order to ensure the validity of the study.

##### **Trustworthiness**

Du Plooy-Cilliers *et al.*, (2014) suggest four categories of trustworthiness and these are transferability, credibility, confirmability, and dependability. To determine the quality of data collection techniques, this study adopted credibility and dependability. For Du Plooy- Cilliers *et al.*, (2014:258) credibility refers to the “accuracy with which the researcher interprets that data collected from the participants”. In this study, the researcher ensured credibility by spending prolonged time with the participants so that she gained their trust and confidence. The researcher also determined the dependability of the study. Du Plooy- Cilliers *et al.*, (2014:259) refer to dependability as the “quality of the process of integration that takes place between the data collection method, data analysis and the theory generated from the data”. To promote dependability of the study the researcher double-coded data. Double coding according to Krefting (1991) is the process of coding a set of data and re-coding the same data after a certain period of time in order to compare the results with the first ones.

#### 4.7.5 Measurements

This study adopted a Likert scale as a measurement. A Likert scale, according to Du Plooy-Cilliers *et al.*, (2014:159), “requires respondents to indicate the extent to which they agree or disagree with a statement related to an attitude or object”. To measure respondents’ attitude a five-point Likert scale was used, where 1 was strongly disagree, 2: disagree, 3: somewhat agree, 4: agree, and 5: strongly agree (see Appendix A). The Cronbach alpha coefficient of reliability was 0.73.

#### **4.7.6 Data analysis**

According to De Vos, *et al.*, (2005:333), data analysis is the “process of bringing order, structure and meaning to the mass of collected data”. The following section illustrates how data analysis was conducted both for quantitative and qualitative approaches.

##### **Quantitative data analysis**

The quantitative data analysis that was used for this study was adopted from Creswell (2014:162-165). Data analysis presented the results in tables or figures and interpreted the results from the statistical test. An interpretation of quantitative research meant that the researcher drew conclusions from the results of the research questions and the larger meaning of the results. This involved two steps:

- Report how the results answered the research question
- Discussing the implications of the results for practice or for future research on the topic. This required drawing inferences and conclusions from the results. It involved discussing theoretical and practical consequences of the results. The focus was on whether or not the research questions were supported.

Furthermore, the chi-square test was used to analyse the relationship between two categorical variables. When the variables are nominal, chi-square becomes one of the best statistics for testing an hypothesis (McHugh, 2013). The study employed cross-tabulation by presenting an emergent theme of the research question with Company A and Company B concurrently to compare and analyse the results between Company A and Company B. The chi-square value that was more than 0.05 was considered to be insignificant.

##### **Qualitative data analysis**

The data analysis technique that was employed in this study was thematic analysis. Thematic analysis involved identifying the core themes that emerged from the field notes taken during in-depth interviews (Kumar, 2010). Kumar provides four steps involved in thematic analysis technique and they are outlined in the section below:

##### **Step 1: Identifying the main theme**

The researcher in this step went through the responses provided by the participants in order to understand the meaning they were conveying (Kumar, 2010).

##### **Step 2: Assign codes to the main theme**

This step involved allocating a code to each theme identified in step 1, which was done using

numbers and keywords to represent a theme.

### **Step 3: Classify responses under the main theme**

In this step, the researcher went through the notes of all participants for focus group and in-depth interview and the responses were classified under the different theme.

### **Step 4: Integrate themes and responses into the text of your report**

Finally, the researcher integrated the main themes and the responses classified under them into the report.

## **4.8 Ethical Considerations**

According to Du Plooy-Cilliers *et al.*, (2014:263) “ethics are a moral and professional code of conduct that sets a standard for one's attitudes and behavior. Ethics affect all the stakeholders in research, therefore, they are [very] (sic.) crucial”. Since research involves people, the researcher protected the participants, promoted the integrity of research and guarded against misconduct that might reflect badly on their companies (Creswell, 2014:87). To protect the image of participants’ companies, the researcher kept the names of the respondents and the names of the outsourced companies anonymous. For this study, the ethical issues that guided the researcher were informed consent, gate keeper’s letter and dealing with confidentiality versus anonymity.

### **4.8.1 Informed consent**

Participants should be aware that they are part of a research study and they should give their consent. Prior to the interview sessions, the researcher clarified what was expected of the participants, this included how their identities would be protected and how their responses would be used (Du Plooy-Cilliers *et al.*, 2014:264). All documents would be kept for record purposes. In this study, the researcher put this information in writing in the form of consent letters. She made the participants sign the consent letters and kept the documents for record purposes. Before the survey, focus group discussion and interviews were conducted, the researcher translated the consent form into isiZulu as the vernacular language of the respondents (see Annexure E2).

### **4.8.2 Gatekeeper’s letter**

For this study, gatekeepers were obtained from the authorities of M & J Chemicals and Rainbow

Moon Service companies (see Annexure F and G).

### 4.8.3 Confidentiality versus anonymity

Du Plooy-Cilliers *et al.*, (2014:267) distinguish between confidentiality and anonymity, in that, “when confidentiality is assured, one undertakes that even though participants’ identities could be matched to their research responses, information is known only to the researcher and will be made available to no one else”. On the other hand, when anonymity is promised, the researcher undertakes that “the participants’ names are not be recorded at any stage of the research process and that there is no way that their identity can be matched to their research responses” (Du Plooy-Cilliers *et al.*, 2014:267). For this study, confidentiality was maintained by storing data in a secure place while anonymity was guaranteed by not identifying the names of the respondents when they were answering the questionnaires. The codes that were used in the study to ensure anonymity are shown in Table 4.2.

**Table 4.2: Description of codes**

<b>Organisation</b>	<b>Code</b>	<b>Description</b>
Company A	FG1R1	Focus group 1 respondent 1
	FG1R2	Focus group 1 respondent 2
	FG1R3	Focus group 1 respondent 3
	FG1R4	Focus group 1 respondent 4
	FG1R5	Focus group 1 respondent 5
	FG1R6	Focus group 1 respondent 6
	FG1R7	Focus group 1 respondent 7
	IR1	Individual respondent 1
	IR2	Individual respondent 2
Company B	FG2R1	Focus group 2 respondent 1
	FG2R2	Focus group 2 respondent 2
	FG2R3	Focus group 2 respondent 3
	FG2R4	Focus group 2 respondent 4
	FG2R5	Focus group 2 respondent 5
	IR3	Individual respondent 3

## 4.9 Limitations of the study



Du Plooy-Cilliers *et al.*, (2014:275) describe limitations as “constraints or limits in a research study that are out of the researcher’s control”. A major limitation of this study was that the respondents felt that their participation in the study won’t change their plight as outsourced workers, therefore most of them withdrew from participating in the study thus reducing the sample size of the study. Secondly, the informants representing the management were merely supervisors and are not literally involved in the managing of the contract companies and as such they could not answer or they speculated in some of the questions relating to how the managers of contract companies perceived outsourcing. Thirdly, the study was limited in that the translation of the questionnaires and consent forms from English to Zulu was not done using a double-blind method to ensure that it can be translated back to the original language. One more limitation in this study was time constraint. The researcher had to collect data during the respondents’ lunch breaks, which was very limited and interviews were hastily conducted which might have compromised the quality of responses received. Regardless of these limitations, the researcher was able to prove that she understood what was required to work systematically and use the generated data to make reasonable deductions.

#### **4.10 Chapter summary**

This chapter presented a comprehensive account of the methodology that the researcher employed to understand the challenges of outsourced workers employed by the private contract companies. The chapter discussed the research methods employed; research paradigms; research design and strategies; the study site; the target population and sampling methods; recruitment strategies; data collecting instruments, data quality control; measurements; data analysis. It then concluded by explaining the ethical considerations and limitations of the study.

## **CHAPTER 5: DATA PRESENTATION AND ANALYSIS**

### **5.1 Introduction**

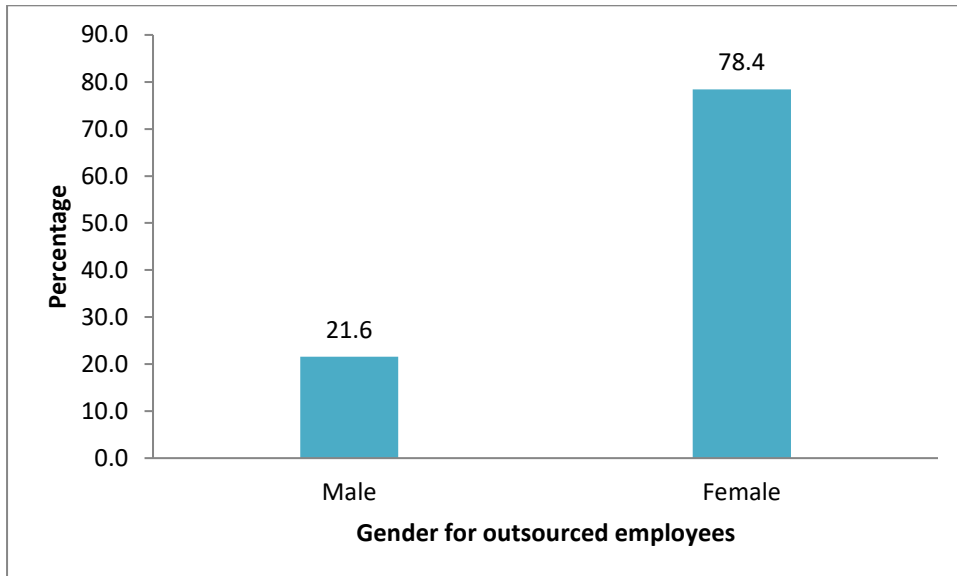
The preceding chapter presented the research methodology that was employed in this study. The overall objective of the study was to investigate the impact of outsourcing support services on the workers employed by the private companies. The purpose of this chapter is to present and analyse the results of the survey, interviews and focus group discussion conducted in this study. The chapter employs figures and tables to present data. As seen in chapter 4 of this study, data was collected from two private contract companies providing cleaning services to government Departments, therefore this chapter presents views of the respondents from different companies and the findings are then compared.

This chapter begins by giving a biographical analysis of the respondents. Subsequently, it presents data relating to four broad questions of the research. Firstly, the chapter presents data collected from the respondents relating to how the employees of private contractors perceive outsourcing. Secondly, it outlines data relating to the conditions of employment within the outsourced private companies. This is followed by the presentation of data relating to the factors affecting the conditions of employment. Fourthly, the chapter discusses data relating to the perception of managers on outsourcing of support services within the private contract companies. Lastly, the chapter analyses the findings based on the observation of previous authors on outsourcing. The chapter is concluded by outlining the summary of the findings.

### **5.2 Biographical data**

#### **5.2.1 Gender**

One of the most important issues in research is to know the gender of respondents who are outsourced workers. For this study, it helped in understanding which gender is mostly employed as cleaners. Figure 5.1 shows gender of the respondents.

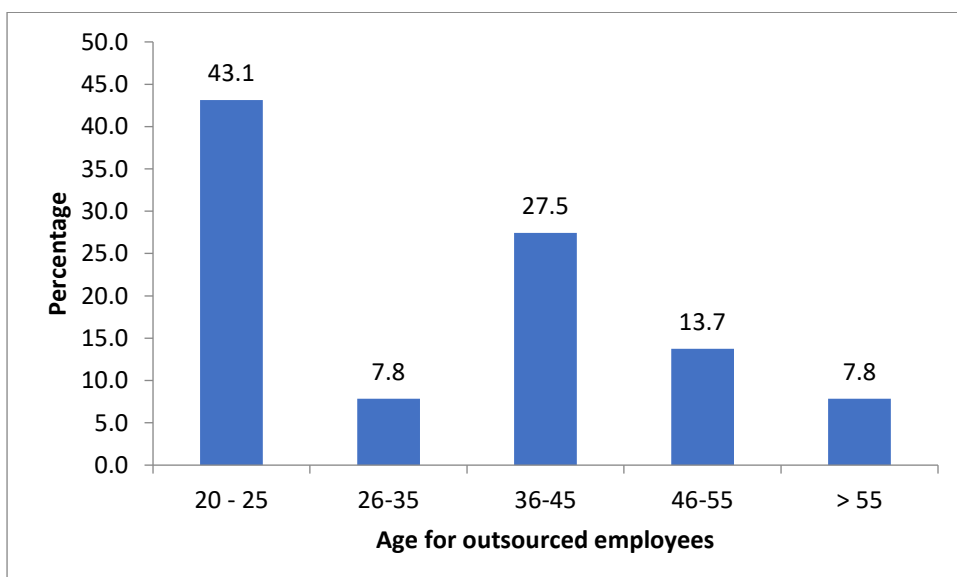


**Figure 5.1: Classification of respondents according to their gender**

From Figure 5.1 above, it can be seen that by far, the female respondents outnumber the male respondents. The percentage of males is 21.6 per cent while the percentage for females is 78.4 per cent. Although cleaning is work that is commonly associated with the female gender, these results may also suggest that females are highly concentrated in unskilled and low paid jobs like cleaning. One other possible explanation could be that the recession currently hitting South Africa has necessitated females to be financially independent so that they are able to provide for their families. Moreover, it is likely that females have become the breadwinners in their households.

### 5.2.2 Age categories

The researcher believes that the age has an effect on the way respondents think and therefore it was important to know the age categories of the respondents. Figure 5.2 below shows the classification of respondents' ages.

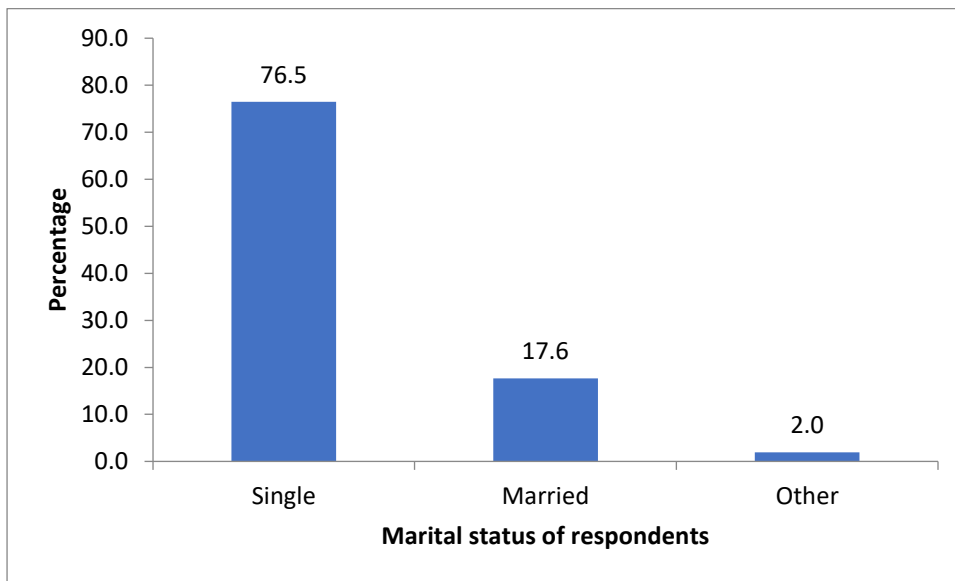


**Figure 5.2: Classification of respondents according to their age.**

As can be seen from Figure 5.2, the respondents were above the age of 20. The percentage of respondents between the age groups of 20 and 25 was 43.1 per cent, while the percentage of respondents between the age of 26 and 35 was 7.8 per cent. The percentage of respondents between the age of 36 and 45 was 27.5% and for those between the age of 46 and 55 was 13.7 per cent. The percentage of those who were above 55 was 5.9 per cent. It is apparent from the graph that the majority of the respondents were between the age of 20 and 25, followed by those between 36 and 45. It is rather unexpected to see the majority of outsourced workers performing cleaning duties being the youth. This may suggest the level of youth unemployment within South Africa.

**5.2.3 Marital status**

The researcher also believes that being single or married affects the way a respondent answers in a survey, therefore the researcher needed to know the marital status of the respondents. Figure 5.3 below categorises the respondents according to the marital status.

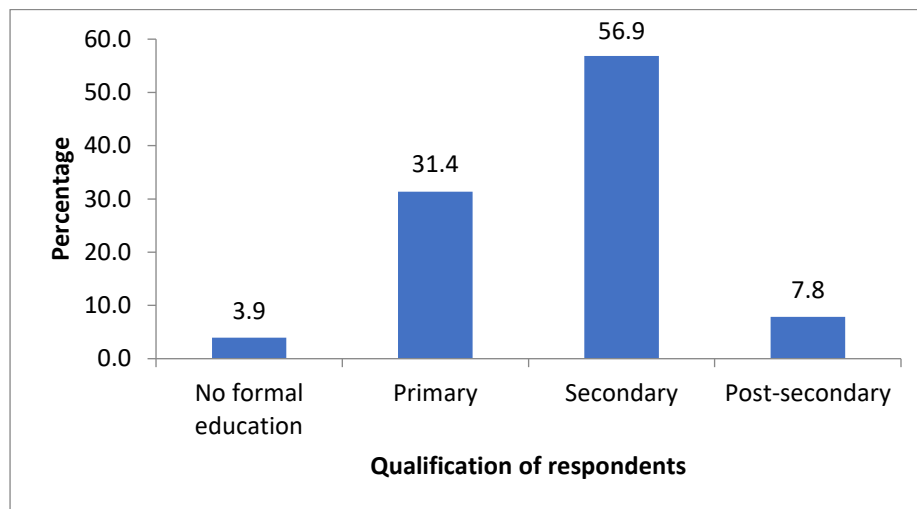


**Figure 5.3: Classification respondents according to marital status**

It can be seen from Figure 5.3 that the percentage of single respondents was 76.5 per cent, while the one for married respondents was 17.6 per cent. Two respondents did not respond to the question of marital status. It is apparent from Figure 5.3 that the majority of respondents were single. This could possibly be due to the fact that the majority of the respondents were still at a young age between the age group of 20 and 25.

**5.2.4 Level of Education**

It was important for the researcher also to know the level of education of the respondents. The researcher believes that the level of education can influence a person's thinking, therefore it can have an effect on the results of the survey. Figure 5.4 below classifies respondents according to their educational levels.



**Figure 5.4: Classification of respondents according to their qualifications**

It can be seen from figure 5.4 above that a majority of respondents had a secondary level of education with 56.9 per cent. Only 3.9 per cent of respondents were reported to have no formal education, while 31.4 per cent of respondents had primary education and 7.8 per cent had post-secondary education. From these results, it is important to note that the majority of outsourced workers that participated in this survey have secondary level of education, which is between grade 8 and matric (Grade 12). The most likely cause for this is lack of funds for the youth to further their studies thus they resort in working as cleaners. This suggests a high rate of uneducated and unskilled people in South Africa.

Mostly the respondents in this study were single youths with secondary education and were dominated in numbers by the females. These findings may help the government to understand the level of youth unemployment in South Africa, the level of uneducated youth in South Africa and gender inequalities. Of great concern is that these results seem to suggest that the youth is becoming more concentrated in informal employment.

### **5.3 Perception of employees on outsourcing support services**

The first question in this study intended to explore perceptions of employees of private contractors who provide services to KZN provincial Departments regarding outsourcing. In this question, a number of themes emerged. The first one is the motives for outsourcing support services, followed by the impact of outsourcing support services on workers and the call for the termination of

outsourcing support services. Using a questionnaire and interviews, respondents were asked how they perceive outsourcing and the sections below present their responses.

### 5.3.1 Outsourcing as a means to reduce costs.

Prior studies have noted that the reason behind the outsourcing of support services involves, among others, reducing the government spending. In exploring the perception of employees, the researcher wanted to understand the perspective of employees on what motivated the government Departments in South Africa to outsource support services. To be precise, the researcher wanted to know if outsourcing support services reduces the government operating costs. Table 5.1 illustrates the views of the respondents.

**Table 5.1 Outsourcing reduces costs by company**

			Outsourcing reduces costs					Total
			SD	D	SWA	A	SA	
Company	Company A	Count	5	7	1	4	4	21
		% within Company	23.8%	33.3%	4.8%	19.0%	19.0%	100.0%
		% within Outsourcing reduces costs	26.3%	63.6%	50.0%	40.0%	44.4%	41.2%
	Company B	Count	14	4	1	6	5	30
		% within Company	46.7%	13.3%	3.3%	20.0%	16.7%	100.0%
		% within Outsourcing reduces costs	73.7%	36.4%	50.0%	60.0%	55.6%	58.8%
Total	Count	19	11	2	10	9	51	
	% within Company	37.3%	21.6%	3.9%	19.6%	17.6%	100.0%	
	% within Outsourcing reduces costs	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

SD = Strongly Disagree, D = Disagree, SWD = Somewhat Agree, A= Agree, SA= Strongly Agreed. Source: Field Survey 2019. Sample size = 51.

A minority of respondents (19.6%) agreed with the statement that the reason why government decided to outsource support services to private companies was to reduce costs (Table 5.1). The majority of the respondents (37.3% and 21.6%) did not agree with the statement. The results obtained from these responses can be further compared in Table 5.1. The table illustrates that 46.7 per cent of all the respondents in company B strongly disagreed with the statement that reducing costs was the reason why government outsourced support services. It also shows that 73.7 per cent of all the respondents who strongly disagreed were in company B. On the other hand, 23.8 per cent of all the respondents in company A strongly disagreed with the statement while 26.3 per cent of all the respondents who strongly disagreed were from Company A. From this analysis, it is apparent that a highest number of respondents who strongly disagreed were from company B,

however, the views of the respondents were insignificantly related to the company of respondents as shown in Chi-square test ( $\chi^2 = 4.133$ ,  $df = 4$ ,  $p = 0.388$ ). Therefore, it can be concluded that the variations were a result of chance.

Turning to the interview discussion on the same theme, some workers agreed that the government outsourced support services to reduce its expenditure while others reported that the motive was to create job opportunities for people and to reduce the level of unemployment.

Remarks below show the interviewees' comments.

*The government was avoiding paying out pension[s] to the employees upon retirement (FG1R1).*

*The majority of people are unemployed, therefore the government wanted to reduce [the] unemployment rate and crime (FG2R1).*

*The government wanted to create more job opportunities for those who are unemployed and do not have qualifications (FG1R2).*

Commenting on the reasons for outsourcing, managers and/or supervisors reported that:

*The government wanted to ease the burden because in outsourcing you need to consider a lot of things e.g. acquiring cleaning chemicals. The government paid the companies to take care of all that so the private companies take care of everything. Further, it was for creating job opportunities because private companies employ more than government could do (IR1).*

*The government is running away from paying the benefits, which has detrimental effect to the workers (IR2)*

In summary, while the respondents surveyed did not agree that outsourcing reduces costs, the respondents interviewed showed varied views why the government embarked on outsourcing support services. While some interviewees indicated that the government outsourced these services for the purpose of creating more job opportunities thus reducing the rate of unemployment, both workers and managers perceived that the government outsourced services to avoid paying benefits to the employees and in that way reducing its expenditure.

### **5.3.2 Impact of outsourcing on workers**

The introductory chapter of this study, reports that outsourcing has had negative impact on the outsourced employees. The researcher also needed to understand how the outsourcing of support services has impacted the employees of outsourced companies. Table 5.2 below illustrates the feelings of the respondents.

**Table 5.2 Impact of outsourcing as an outsourced worker by company**

			Impact of outsourcing as an outsourced worker					Total
			VB	B	SWG	G	E	
Company	Company A	Count	15	6	0	0	0	21
		% within Company	71.4%	28.6%	0.0%	0.0%	0.0%	100.0%
		% within Impact of outsourcing	60.0%	33.3%	0.0%	0.0%	0.0%	41.2%
	Company B	Count	10	12	2	4	2	30
		% within Company	33.3%	40.0%	6.7%	13.3%	6.7%	100.0%
		% within Impact of outsourcing	40.0%	66.7%	100.0%	100.0%	100.0%	58.8%
Total		Count	25	18	2	4	2	51
		% within Company	49.0%	35.3%	3.9%	7.8%	3.9%	100.0%
		% within Impact of outsourcing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

VB = Very Bad, B = Bad, SWG = Somewhat good, G = Good, E = Excellent Source: Field Survey 2019.

Sample size = 51.

It is evident from Table 5.2 that a majority of respondents (49%) reported that the outsourcing of support services has had very bad impact on them while 35.3 per cent reported that it has had bad impact on them as outsourced workers. The evidence from these results suggests that outsourcing has adversely affected the employees of private contractors. A possible explanation of these results may be due to poor working conditions for these workers and wages. Further analysis shows that, on the one hand, 71.4 per cent of all the respondents in Company A reported that outsourcing has very bad impact and this was constituted from a response of 15 respondents. Furthermore, 60 per cent of all the respondents who reported that outsourcing had a negative impact, were from Company A. On the other hand, 33.3 per cent of all the respondents in Company B reported that outsourcing has very bad impact while 40 per cent of all the respondents who reported negative impact were from Company B. Furthermore, 10 respondents in Company B who reported a very bad impact constitute 33.3 per cent of the group. It is apparent from these results that a majority of responses showing a negative impact of outsourcing support services on workers was from Company A. Remarkably, company A was comprised a minority of respondents (21) compared with Company B (30). The Chi-square test shows that the views of the respondents were not significantly associated with their companies ( $\chi^2 = 9.714$ ,  $df = 4$ ,  $p = 0.046$ ).



Turning now to the focus group (FG) discussion and interviews, the same question was asked relating to the perception of workers on outsourced support services. Two focus group interviews were conducted, one from Company A (FG1) and the other from Company B (FG2). The perceptions of respondents are shown in Matrix 5.1

**Matrix 5.1: Summary of the responses on the impact of outsourcing services.**

Sub question	Respondents' response	Source
What is the impact of outsourcing support services on outsourced workers?	<i>We can't meet our basic needs like bus fare for children, school fees, transport fare for myself. We have to reduce on food in trying to meet these needs.</i>	FG1R1
	<i>It is injurious to us to a great extent. You have to pay for kids transport, food, clothing and you end up in loan sharks, even coming to work you are not happy.</i>	FG1R2
	<i>All respondents concurred that they must be equally paid as government cleaners</i>	FG2R1
	<i>There is a stress of contract ending, fear of future. They don't know if they will still be employed if the new contractor comes in. Workers do not feel right according to my view as the supervisor. You see them when there are things happening which they're not happy with, they can show, they report to premiers authority, showing a feeling of insourcing.</i>	IR1
	<i>Bad, employees are overworked, they cannot voice out their feelings for fear of losing their job. Not good, no increment, no communication if there is a change, not happy but on other things they are happy, Starting time of 6h00, they are not happy</i>	IR2
	<i>Good impact to the workers because you take someone who is jobless, there is change after the contract expires, for example schooling children, building houses, outsourced workers are encouraged to save for the period when the contract ends.</i>	IR3

A majority of the respondents from the focus group reported that outsourcing does not have a positive impact on them because the wages they are receiving cannot cover most of their basic needs. A majority of respondents also reported that the issue of a three-year contract of employment is problematic because it means that workers' future is uncertain. On the other hand, one interviewee reported that outsourcing has a positive impact on workers as the lives of the workers have changed after the expiry of contract. This is could be because the company advises the workers on the economic usage of their finances and on saving for the period when they will be without a job. The results from the survey on the question of how the workers perceive outsourcing, revealed a negative impact. This was confirmed with the findings from the interview discussions. Taken together, these results suggest that the outsourcing of support services has a negative impact on the employees of private contract companies.

### 5.3.3 Government to terminate outsourcing of support services

There is evidence that some public institutions in South Africa have experienced service delivery interruptions due to protests of outsourced workers demanding the termination of outsourcing support services. In understanding the perception of workers on outsourcing of support services, the researcher asked respondents if they could say that the government should terminate the outsourcing of their services and employ them directly. Table 5.3 presents the results obtained from the surveyed respondents.

**Table 5.3: Government should terminate outsourcing by company**

Company			Government should terminate outsourcing					Total
			SD	D	SA	A	SA	
Company A	Company A	Count	0	0	1	2	18	21
		% within Company	0.0%	0.0%	4.8%	9.5%	85.7%	100.0%
		% within Government	0.0%	0.0%	50.0%	20.0%	52.9%	41.2%
	Company B	Count	2	3	1	8	16	30
		% within Company	6.7%	10.0%	3.3%	26.7%	53.3%	100.0%
		% within Government	100.0%	100.0%	50.0%	80.0%	47.1%	58.8%
Total	Count	2	3	2	10	34	51	
	% within Company	3.9%	5.9%	3.9%	19.6%	66.7%	100.0%	
	% within Government	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

SD = Strongly Disagree, D = Disagree, SWD = Somewhat Agree, A= Agree, SA= Strongly Agreed. Source: Field Survey 2019. Sample size = 51.

Table 5.3 shows that over half of those surveyed (66.7%) strongly agreed that the government should terminate the outsourcing of support services and employ them, followed by those that agreed (19.6%). It can also be observed that 5.9 per cent of the respondents disagreed with the question and 3.9 per cent strongly disagreed. Only 3.9 per cent of respondents somewhat agreed indicating uncertainty. Further analysis comparing the results from Company A and Company B shows that 85.7 per cent of all the respondents in Company A strongly agreed that the government should terminate the outsourcing of support services and employ them. Eighteen (18) respondents in Company A who strongly agreed constitute 85.7 per cent of this group. Of all the respondents who strongly agreed, 52.9 per cent are in Company A. Furthermore, we see that 53.3 percent of all the respondents in Company A strongly agreed that the government should terminate the outsourcing of support services and employ them, and this group is comprised of 16 respondents. Additionally, Table 5.2 above shows that all the respondents who strongly agreed are in Company B. However, the respondents' views were insignificantly related to their companies as shown in

a Chi-square test ( $\chi^2 = 7.359$ ,  $df = 4$ ,  $p = 0.118$ ). Therefore, it can be concluded that the variations are also a result of chance.

The same sentiments were observed with the respondents that were interviewed. When asking the supervisor of Company A about how the workers feel about outsourcing of cleaning services, she made the following comment:

*Workers do not feel right according to my view as the supervisor. You see them when there are things happening which they are not happy with, they can show and they report to the authorities of the department, showing a feeling of insourcing (IRI).*

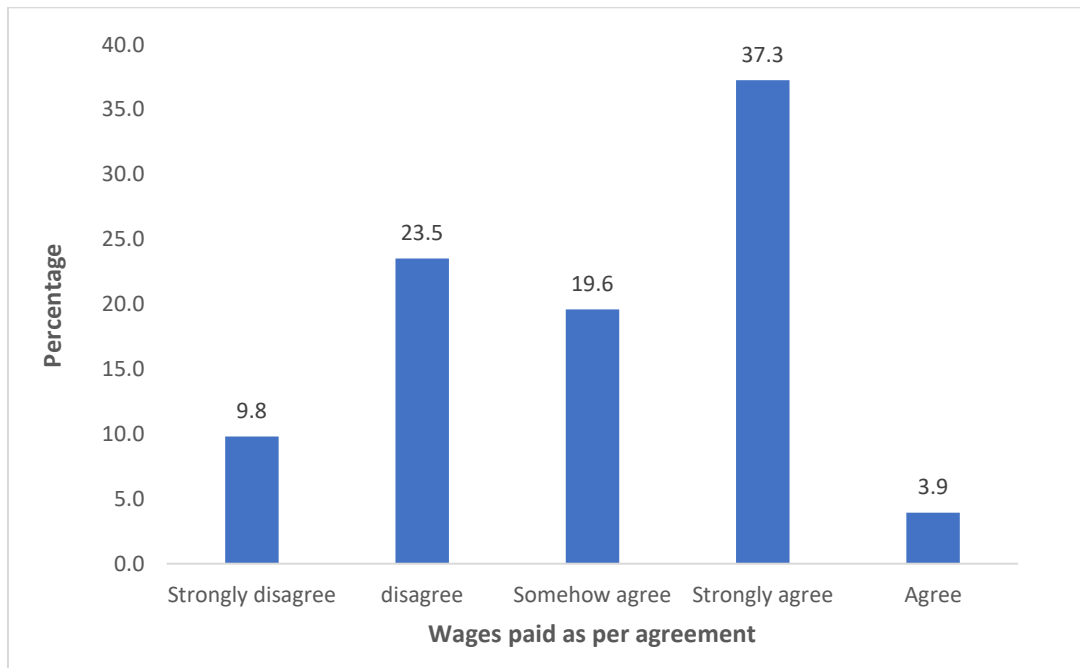
Overall, it can be observed from the data presented here that the outsourced employees feel that the government should do away with outsourcing of cleaning services and that they should be employed by the government. The most striking observation to emerge from this data comparison was that almost all the respondents in Company A agreed that the outsourcing of services must be terminated and there is none (zero percent) that disagreed with this statement. Unlike in Company B where there was at least a few that disagreed. The observed feeling of insourcing of support services could be attributed to poor working conditions such as low wages, contract of employment which is very short suggesting job insecurity, and unclear benefits. Moreover, it is also noted that this feeling of insourcing is very strong in Company A and the possible explanation for this is that workers reported an unsafe working environment which they work under, which is something that was not observed with company B.

## **5.4 Conditions of employment**

The second research question in this study intended to determine the conditions of employment within the outsourced companies. Conditions of employment could include, but are not limited to, wages, working tools and working environment. Views from the respondents were solicited using questionnaires, focus group discussions and interviews and this section will present their experiences.

### **5.4.1 Wages**

Wages is one of the critical issues in any workplace. A survey examined if the private companies paid their employees according to the contract of agreement. Figure 5.5 illustrates their views.



**Figure 5.5: Wages paid as per agreement**

Figure 5.5 presents the summary statistics for payment of wages. It is apparent that most of the respondents (37.3%) strongly agreed that their wages are paid in accordance with the contract employment signed between the workers and their employer. Data presented in Figure 5.5 also show that 23.5 per cent disagree with this statement while 9.8 per cent strongly disagree. A small number of respondents (3.9%) did not agree while 19.6 per cent were not certain that wages are paid as per the agreement they signed with their employer. The results showed in Figure 5.5 suggest that the employers of the respondents comply with the employment agreement. This is probably because once the contract has been signed, they are legally obliged to comply.

During the interviews respondents concurred that the wages they are receiving are not enough to meet all their needs. One of the interviewee made the following statement.

*The wages we are getting are very little and we can only buy food with it but we cannot meet other basic needs like school fees for children, stationery, clothing and transport for children. We end up in loan sharks and at the end of the month we have to pay back the loan from the same wages (FG1R7).*

*Our wages are little. Why are we not paid the same wages as the government cleaners because we are doing the same job (FG2R3)?*

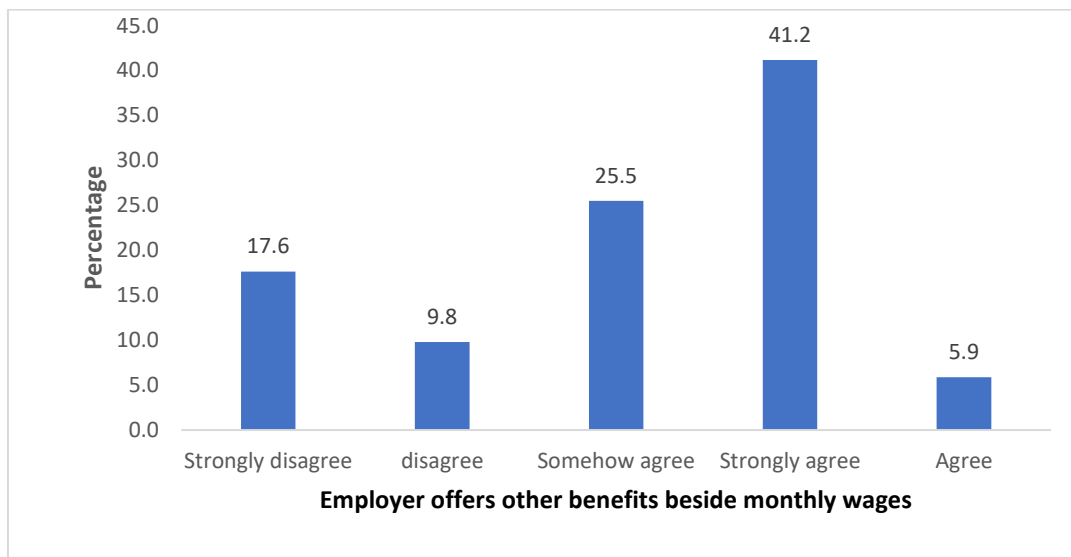
*Wages for workers are less compared to when the employees were employed by the government. I have just been looking at the cleaner's post being advertised by the Department of Education, the salary is R8000 plus benefits, which is far less than what our workers are getting (IR2).*

*In terms of paying wages, there is nothing that the company can do because the amount to be paid to workers is regulated by BCCCI. Our company pays as dictated by BCCCI (IR3).*

The results from the focus group discussion and one-on-one interviews disconfirm those of the questionnaire. Most of the respondents surveyed reported that the employer pays wages in line with the agreement while data from the interviews seem to suggest that the respondents were dissatisfied about their wages. A possible explanation for questionnaire results may be that the employers pay workers wages in line with the contract agreement but the wage amount stipulated on the contract is so little that it cannot satisfy all the basic needs of the workers. This could lead to job dissatisfaction, low morale and may lower productivity of employees.

#### 5.4.2 Fringe benefits

Still on the theme of working conditions, respondents were asked if their employer offers them other benefits besides the monthly wages. Figure 5.6 illustrates the feelings and experiences of the respondents.



**Figure 5.6: Fringe benefits in addition to wages.**

Surprisingly, the majority of respondents (41.2%) strongly agreed with the statement that their employer pays them other benefits besides the wages (Figure 5.6). There seem to be a correlation between the data presented in Figure 5.5 and Figure 5.6. Together these results suggest that the respondents do receive wages and other non-monetary compensation from their employer as required by law. The correlation between these results and that of Figure 5.5 is somewhat counter-

intuitive because the majority of respondents reported that outsourcing of support services did not have a positive impact on them (Table 5.2).

Turning into FG and interviews, the respondents confirmed that their employer pays benefits. For example interviewees responded that:

*We do have benefits such as provident fund, Unemployment Insurance Fund (UIF) and we also get something like a medical aid which we don't understand, called 'family crisis' solely for admission in hospital. We are not happy with this 'family crisis' because it takes our money but we are not benefitting from it. It was imposed on us and we did not choose to join it (FG1R3).*

Another respondent added that:

*Even if you are admitted at the hospital, when you want to claim you have to pay an amount of R350 for the hospital to complete the claiming form for you and you find that you don't have that amount. You end up not claiming (FG1R7).*

When interrogating the respondents further on this so-called 'family crisis', it also transpired that there is no portion of money that the employer pays towards it. Therefore, it may disqualify it from being called a benefit because the employee is the sole contributor towards it.

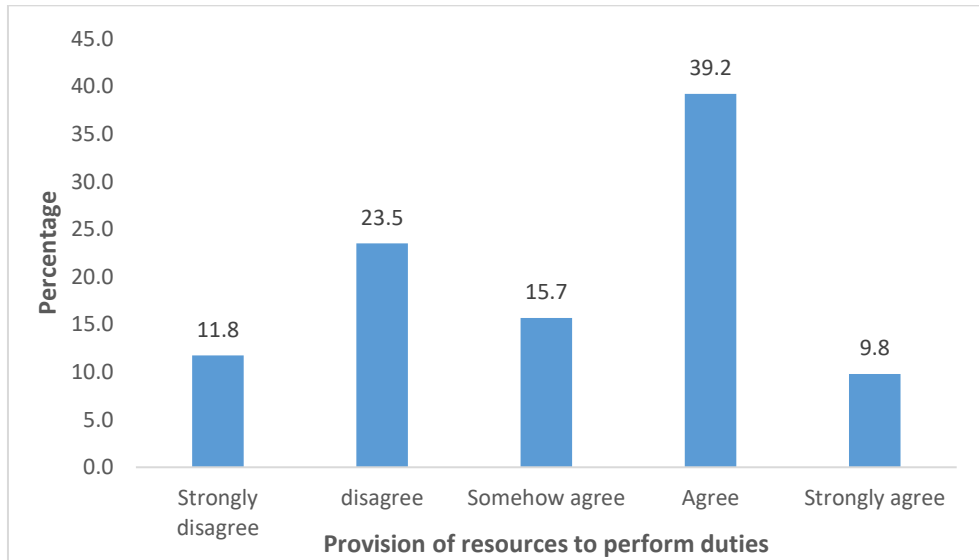
Furthermore, other interviewees commented that:

*In as much as the employees receive these benefits, they are temporary because they only benefit from them for as long as they are in the employ of the contractor. When the contract ends, the benefits also lapse (IR1).*

Overall, the results from the interviews are congruent with the questionnaire results and confirm that workers do receive benefits such as the provident fund, UIF and leave to take care of the families during the time of sickness. However, data obtained during the interview showed that workers are not clear when it comes to medical aid benefits. This suggests that the employer still needs to do more to improve on the medical aid benefits.

### **5.4.3 Working environment**

The employers are mandated by law to provide employees with a safe working environment to protect them from injuries and from the contracting of diseases. Hence the researcher intended to understand the working environment in which the respondents work under. Figure 5.7 illustrates the perception of the respondents of the working environment.



**Figure 5.7: Provision of resources to perform duties.**

When asked whether the employer provides workers with the resources, most of the respondents (39.2%) reported positively (Figure 5.7). This is followed by 23.5 per cent of respondents who disagreed. It is also clear that 11.8 per cent of the respondents strongly disagreed, while 15.7 per cent were uncertain. A minority of 9.8 per cent strongly agreed with the statement. A positive result may mean that the employers take the safety of the employees very serious by providing tools and resources to protect them.

If we now turn to the focus group discussion and interviews, opinions differed as to whether the working environments are good or not. When asked about their views and experiences concerning the working environment, almost the majority of the informants showed a feeling of dissatisfaction. The statements in Matrix 5.2 summarise the responses from the interviewees.

**Matrix 5.2: Summary of responses on working conditions**

Sub-question	Respondents' responses	Sources
What can you say about the conditions you are working under?	<i>You end up being a general worker, doing any other work you are requested to do e.g. asset removal. Sometimes unsafe working environments are caused by the government employees for example, by sanitary towels in the bins allocated for paper towels only.</i>	FG1R7
	<i>There is no ventilation in the room we are staying in, no windows, no safety shoes.</i>	FG1R1
	<i>Working conditions are not good, we are staying at the basement with sewerage pipes, in winter it is cold, no ventilation because there are no windows, no plugs, the sewerage brings in flies because the pipes are [leaking], carpet is wet, no proper place provided</i>	IR2

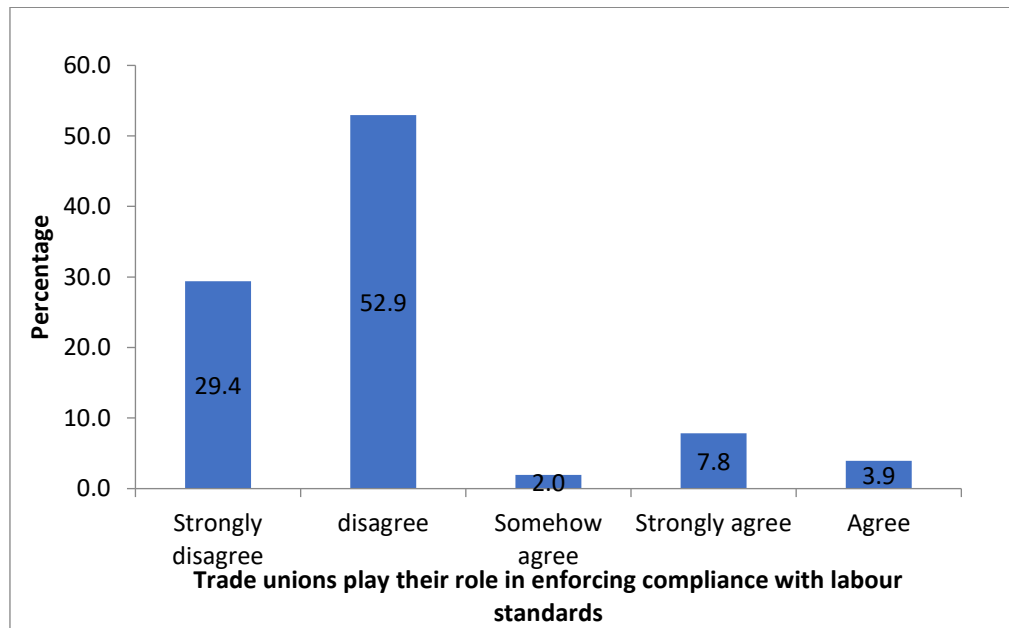
	<i>by the government. The department says that they don't have a space where they can keep the workers.</i>	
	<i>They have resources for example safe chemical, gloves, no hazardous items, no complaints received so far.</i>	IR1
	<i>We are working under safe conditions, if the conditions are unsafe it is done by the government workers themselves.</i>	FG2R4
	<i>Conditions are not bad because workers are doing light duty cleaning. There is first aid before you get to hospital given by the first aiders who are trained.</i>	IR3

The respondents interviewed showed varied feelings about the working environment they work under. Some felt that the environment was not safe and unhealthy, while others considered that it is safe. Of great concern is that respondents reported that the employees of government sometimes do not adhere to health rules thus putting the lives of the cleaners at risk. This requires the government authorities' intervention to address this with its employees. The most disturbing results to emerge from these results is that workers from Company A reported that they stay in the basement with leaking sewerage pipes and no ventilation, which is a very unpleasant, hazardous environment to work in. Presumably, the place where the contractors' workers stay is allocated by the government authorities and this may suggest that the government does not allocate a safe space for cleaners to stay during their intervals. The variations may imply that the working environments vary across different companies. Therefore a positive report on working environment may suggest that other outsourced companies take precautionary measures to ensure a safe and risk-free working environment for their employees. Overall, these results indicate that while some contract companies endeavour somewhat to provide good working conditions for their employees, the working conditions in other contract companies are worse.

### **5.5 The Role played by trade unions in enforcing compliance with labour standards**

Further to determining the conditions of employment, the third research question sought to determine the role played by the trade unions in enforcing compliance with labour standards. The respondents were asked if the trade unions were playing their role in enforcing compliance with labour standards. The views of the respondents are shown in Figure 5.8.





**Figure 5.8: Role of trade unions in enforcing labour standards**

As can be seen from Figure 5.8, just over half of those surveyed (52.9%) strongly disagreed that the trade unions play their role in enforcing compliance with labour standards, followed by 29.4 per cent who disagreed. Only a minority of respondents (7.8%) strongly agreed and 3.9 per cent agreed that the unions play their role. Three of the respondents did not answer on this question. A possible explanation for workers not playing their role to enforce labour standards could be that workers have not joined as members of trade unions for fear of being fired by their employes and losing their jobs. Health and safety are issues of major concern in the workplace and it is apparent from the data presented above that workers do not have a voice to negotiate important issues that affect their lives as employees.

When the interviewees were asked if they had unions to negotiate better wages and conditions of work, the majority commented that they do not belong to any union. For example, one of the interviewees said that:

*We have not joined unions. We cant even complain about the wages because we are scared that if we do, we are going to be fired (FG1R5).*

Talking about the same issue, an interviewee representing management within the contract companies said that:

*There is a Bargaining Council for Contract Cleaning Services Industry (BCCCI) that determines the wages for the cleaners (IR3).*

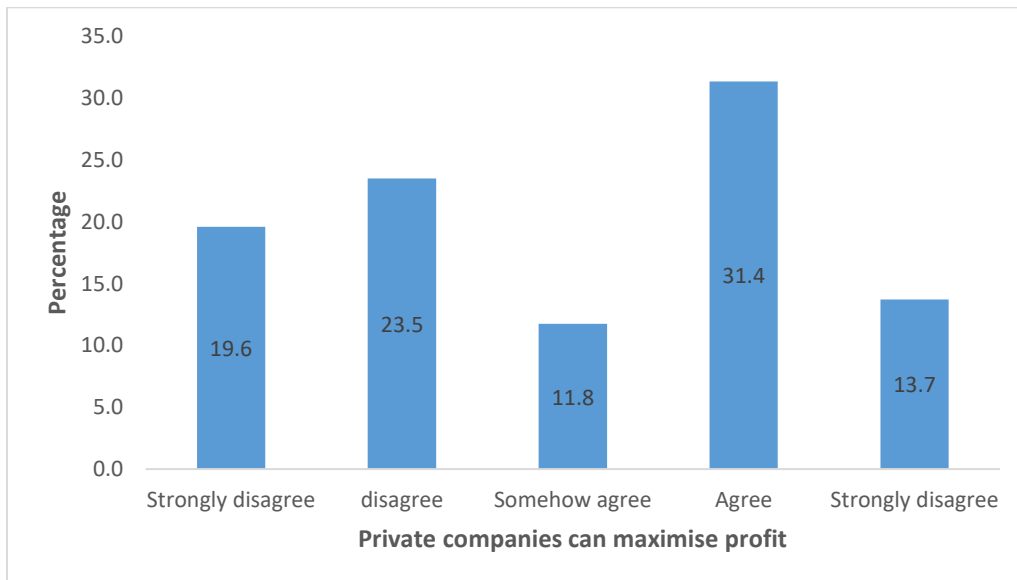
In response to the question of the role played by the trade unions, most of those surveyed indicated that the trade unions are not playing their role in enforcing compliance with labour standards. On the other hand, the results from the interviews indicated that workers do not have trade unions representation. Comparing these results, it is likely possible that trade unions do not play their role to enforce labour standards because the workers do not belong to any unions. Being ununionised, may suggest that there is no collective bargaining and the employers unilaterally decide on wages and working conditions of the employees. A common understanding is that employees will have shop stewards in the workplace to represent them in protecting the interests of the workers. However, the results indicated that there is a BCCCI which is a centralised body that ensures good relations between the cleaners and their employers. Of great concern is that the BCCCI may not be aware of the challenges and experiences of the workers in the workplace

## **5.6 Effects of outsourcing on contract companies**

The fourth and last question in this study sought to explore the effects of outsourcing on contract companies in KZN. Two sub-questions emerged on this theme. These are: the ability of private companies to maximise profit and how the outsourcing of support services has benefitted the private companies. Views from the respondents were solicited using questionnaires, focus group discussion and interviews and the sections beneath reveal their responses.

### **5.6.1 Ability of private companies to maximise profit**

It is commonly known that one of the greatest missions of private companies is to maximise profit. Previous research for example, Coupet & Mcwilliams (2017), has established that profit maximisation is the priority for the private companies. In examining the benefits of outsourcing to private companies, the researcher asked the workers if the outsourced companies are able to maximise profit. Their views are shown in Figure 5.8.



**Figure 5.9: Ability of private companies to maximise profit.**

The findings are not conclusive. As shown in Figure 5.9, a majority of those who responded (31.4%) agreed that outsourced private companies are able to maximise profit. There is 23.5 per cent of the respondents that did not agree that private companies can maximise profit and 11.8 per cent somewhat agreed. When the same question was asked during the focus group discussions and interview, there was a consensus between the workers and managers that the private companies can maximise profit. This was observed from the following comments:

*During the bidding contractors submit their quotation at a lowest cost, they are awarded with a tender at that cost. During the delivery of the service the contractor will realize that the money that the department is paying is not enough, then the contractor will start to take from our wages (FG1R5).*

*Yes, the contract company does make profit, but it is very limited because the prices are going up every now and then, for example, you don't buy mops, toilet papers, chemicals once. With cleaning services there is not much profit that the contractors make unlike companies that buy once (IR).*

*I think they do because if it was not so the office would have long been closed. Our company has a big office in Hillcrest that does the administration work. During the tendering stage we always calculate everything in order because we know that the service we must deliver must be 100 per cent. For example, if according to the department's specification they want a two-ply toilet paper, jik, domestos you have to provide exactly what they want. If you lower the costs during the bidding process you will have a problem when you have to deliver the service. Our company's stance is that we don't compromise our prices for the sake of getting a tender, if we don't get it, we don't get it, but we want to deliver a 100 per cent service.*

It can be observed from the results that contract companies are able to make profit out of their services being outsourced. The perception of the outsourced workers surveyed is that the contractors can make profit probably because they believe that they are able to achieve profit

maximisation out of their expense. The perception of managers may be due to the belief that if the company was making a loss, their services would have long been terminated.

### 5.6.2 Benefits of outsourcing to private companies.

The results thus far have presented the impact of outsourcing on the workers employed by the private companies. The theme on the benefits of outsourcing to private companies is aimed at understanding the impact of outsourcing on contract companies as they render cleaning services in various government Departments. The question on the benefits of outsourcing to private companies was driven by the fact that the previous studies have determined the benefits of outsourcing to the outsourcer, however, the benefits to the outsourcee have been understudied. Views of the respondents were solicited, and Table 5.3 presents the results.

**Table 5.4: Outsourcing benefit on contract by company**

Company		Outsourcing benefit to contract companies					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Company A	Count	1	1	3	6	10	21
	% within Company	4.8%	4.8%	14.3%	28.6%	47.6%	100.0%
	% within Outsourcing	33.3%	16.7%	60.0%	37.5%	47.6%	41.2%
Company B	Count	2	5	2	10	11	30
	% within Company	6.7%	16.7%	6.7%	33.3%	36.7%	100.0%
	% within Outsourcing	66.7%	83.3%	40.0%	62.5%	52.4%	58.8%
Total	Count	3	6	5	16	21	51
	% within Company	5.9%	11.8%	9.8%	31.4%	41.2%	100.0%
	% within Outsourcing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Of all the respondents that responded, almost half of (41.2%) strongly agreed that the private companies benefit from the outsourcing of services and 31.4 per cent agreed to the statement (Table 5.4). Only a minority of respondents (5.9 percent) strongly disagreed with the statement and 9.8 percent were not sure. These results were rather expected in view of the results in Figure 5.9 above, showing a positive response that private companies are able to maximise profit.

A further analysis shows that, on the one hand, 47.6 per cent of all the respondents in Company A strongly agreed that private companies are benefitting from outsourcing of support services. Furthermore, we see that the same proportion (47.6%) of all the respondents who strongly agreed that private companies are benefitting from outsourcing of support services, were from Company A. The 46.7 percent is comprised of 10 respondents from Company A. On the other hand, Table

5.4 illustrates that 36.7 per cent of all the respondents in Company B strongly agreed that private companies are benefitting from outsourcing of support services while 52.4 per cent of all the respondents who reported that private companies are benefitting from outsourcing of support services were from Company B. Additionally, 11 respondents in Company B who agreed that private companies are benefitting from outsourcing of support services constitute 36.7 per cent of the group. It is apparent from these results that a majority of responses who agreed with the statement that private companies are benefitting from outsourcing of support services was from Company A. The Chi-square test shows that the views of the respondents were not significantly associated with their companies ( $\chi^2 = 2.745$ ,  $df = 4$ ,  $p = 0.601$ ).

The respondents interviewed were unanimous in the view that outsourced private companies have benefitted from the outsourcing of support services. This is observed in their statements below:

*The companies are the ones that benefit a lot. For example, in a tender document they quote bigger amounts of salaries to pay the workers but they pay less than what they had quoted, and the remainder goes to their pocket. (FG1R7).*

*Yes, the company benefits a lot in terms of experience because once you have been awarded by one department, that experience is considered when the company bids for another tender with other departments.*

*I think the company benefits. The contractors quote a lot of money but the amount they spend when it comes to cleaning is less.*

*Although I may not be sure, but I think the company benefits. There wouldn't be contractors if they were not benefitting because nobody would want to take money from his/her pocket without getting anything in return.*

The findings indicate that the workers and managers perceive that the private companies are benefitting from the outsourcing of services. What seems to be the common idea from these results is that the contractors do not pay workers according to what they had quoted during the bidding process thus the respondents view this as how the contractors benefit from the contracting out of services. This may suggest that the contract companies are benefitting at the expense of the workers.

## **5.7 Description of findings**

In view of the broad research questions in this study, the following section describes the results in relation to what previous researchers have observed.

### **5.7.1 Perception of employees on outsourcing support services**

The first research question in this study sought to determine how the workers employed by the private companies perceive the outsourcing of support services. The researcher intended to understand the perception of the workers of the reasons that motivated the government of South Africa to outsource support services. Thematic issues that emerged from this question included the reduction of costs as the reasons for outsourcing, impact of outsourcing on workers and termination of outsourced services, and they are discussed below.

### ***Outsourcing as a mean to reduce costs***

Outsourcing is one of the components of NPM and the NPM is more focused on achieving efficiency. When asked if the government outsourced services as a means to reduce costs, the views of the surveyed respondents were contrary to what is being argued by NPM. The respondents did not think that outsourcing support service was a means to reduce the costs. Although these findings do not seem to adhere to the NPM theoretical arguments, they are consistent with Heires's (2014) findings which report that the costs for outsourcing of services are higher when the service is rendered externally by the private contracting companies than when it is rendered internally. In addition, Cali *et al.*, (2015) when analysing the cost benefit of outsourcing cleaning service in Botswana, reports that countries like Jamaica and Tunisia where non-core services were outsourced, the quality of service had improved but at a higher cost. Cali *et al.*, further reports that the analysis of the outsourcing costs included the direct costs of outsourcing. Nevertheless, additional to the direct costs were the indirect costs like costs for utilities, training that had to be offered to the private contracting company on infection control, that needed to be taken into cognisance when calculating the costs. With all that being said, previous scholars concluded that even though outsourcing may improve the quality of service, it is too costly if one also takes into account the indirect costs. An implication of this findings is the possibility that ideally, outsourcing is expected to reduce the operational costs of the government, however, the views of the respondents were opposite to the expectations.

The views of the interviewed respondents were contrary to the survey and they felt that the government outsourced these services to avoid paying for benefits to employees and for cleaning chemicals and in that way the expenses for the government are reduced. The views of the respondents seem to suggest that the government's running costs have been reduced but at a great cost to the outsourced workers. This result reflects that of Lucket & Mzobe (2016) who found that the universities achieved a reduction in their spending by retrenching the workers and outsourcing of the support services including maintenance, security, cleaning and catering. Also in line with Akbari *et al.*, (2017) and Heires' (2014) who found that organisations choose to outsource to reduce operational costs and the contractors achieve their savings by dropping the workers' wages

and benefits. This is also barely distinguishable from the work of Alonso et al., (2015) which reports that outsourcing as a component of NPM, did not reduce government expenditure.

### ***Impact of outsourcing on workers***

On the question of how the workers perceive outsourcing, this study intended to understand the impact of outsourcing to the employees of the private contractors. The current study established that outsourcing has a negative impact on the employees. Respondents reported that the wages they are earning are only enough to buy food and they cannot meet other essential needs like paying education fees for their children, pay for their transport fees and clothing. Moreover, the workers end up in loan sharks in trying to meet these needs which happen at a great cost to them. In addition, they alluded to the fact that the ending of a contract after three years adds more stress to them because it means that their future is uncertain. This finding confirms the earlier observation that showed that contracting out had adverse material consequences for the outsourced employees in South African universities because the services that were outsourced were non-core services and were mostly performed by black employees (Lucket & Mzobe: 2016).

One more recent study that supports a negative impact of outsourcing is that of Wekullo (2017) which examined the effectiveness of outsourcing in higher education institutions. His finding revealed that although outsourcing enhanced the quality of outsourced services, these services became more expensive and therefore unaffordable to the students. Central to the complaints of the workers was the issue of low wages which are not on par with the wages that the government used to pay workers while the services were rendered in-house. This result was also reported by Doellgast & Pannini (2015) who observed that wages of internal employees were higher by 18 per cent than what the employees of outsourced workers earned, and this had a negative impact on the workers. From what other scholars have observed, it is evident that outsourcing has affected the black community as this is the population group that is mainly involved in outsourced services. In light of the foregoing, the present study raises worrying concerns as to whether or not sociological and economic inequalities in South Africa have worsened since the end of the apartheid government system.

### ***Government to terminate outsourcing of support services***

With respect to the perception of workers on outsourced workers, the study aimed to ascertain the feelings of the outsourced workers on termination of outsourced services. The results of this study indicate that all workers shared the same sentiment that the government should do away with outsourcing, and that they wished to be employed directly by the government. The survey

questionnaire had closed-ended questions, however the last question asked respondents to write comments regarding outsourcing. Almost 90 per cent of their comments showed a plea for government to employ them. Very little was found on the literature that supports this finding. For instance, Lucket & Mzobe (2016) report that while students in South African universities were demanding the ‘#fees must fall’, the protests were joined by the outsourced workers demanding that universities end outsourcing. Moreover, these results are in accordance with the recent news reports which indicated that the cleaning, security and catering outsourced personnel were seen picketing and demonstrating outside the gate of PMMH in Umlazi. They were protesting against the poor working conditions, low wages and outsourcing of their services. The news reported that the workers were demanding the government to do away with outsourcing and to absorb them into its payroll (*Daily News Report*, 19 May 2016). Based on the results of this study and what other scholars have demonstrated against outsourcing, it could therefore, be concluded that the government should review the decision to outsource support services.

### **5.7.2 Conditions of employment**

#### ***Wages***

The second question in this study aimed at determining the conditions of employment within the contract companies. Contrary to expectations, this study found that workers are paid on time, in accordance with the employment contract. This outcome is contrary to that of Mthembu & Mutereko (2018) who reported that outsourced workers were paid wages long after the pay date had passed, and the amount paid by their employer was very much lower than what had been agreed upon. This rather contradictory result may be due to that the contract companies currently being studied are well aware that the contract of employment is a legal document, that when they do not adhere to the agreement, they can be in hot water with labour law and with the Commission for Conciliation, Mediation and Arbitration. What seems to be a recurring issue in these results is the dissatisfaction of workers with their wages. Even though the wages were paid accordingly and on time, this study found that workers were not happy with their wages. The study found that the wages of the workers are very low in that they cannot satisfy most of the essential needs like school fees for children, clothing and transport fares. Consistent with Doellgast & Pannini’s (2015) findings, the present study found that respondents feel that the wages they are receiving are less than when the cleaners were employed by the state. Moreover, the workers felt that since they are doing the same job as cleaners employed by the government, their wages should be the same. These findings corroborate the findings observed on the impact of outsourcing. It has been observed how these findings are consistent with other researchers such as Doellgast & Pannini



(2015); Luckett & Mzobe (2016) that confirmed that wages of outsourced workers are low when compared to wages of in-house workers.

### ***Other benefits***

Part of the working conditions include the benefits of employees. This study sought to establish if the workers receive benefits other than the monthly wages. This study found somewhat positive results with respect to this question. This study found that workers receive other benefits such as a provident fund, UIF, and a family crisis fund. However, the results suggest that even though workers receive these benefits, they are not satisfied with them. For example, the study found that workers were in a grey area when it comes to the so-called 'family crisis fund'. According to the respondents, this 'family crisis fund' works as a medical aid benefit however when they are due to claim for the time they were admitted at the hospital, workers need to pay a sum of money for the hospital to complete the claim form. The workers end up not claiming due to inability to pay the required administration fee. Of much concern is that in Company A, the respondents indicated that the monies are deducted monthly towards the family crisis fund, but their employer is not contributing any amount towards it.

Although there is little evidence from previous research that supports this finding, these results match those of Mthembu & Mutereko (2018) who established that outsourced workers were not compensated for hospital admission and they used public health facilities that offered free health care, meanwhile the monies for such were deducted from their wages. One possible explanation for these results may be that, the contract companies quote very low during the bidding process, and as a result they fail to have money to fund the medical expenses of their employees. On the other hand, this finding cannot be extrapolated to all the outsourced workers because the interviewee from Company B reported that within the family crisis benefit, they are able to send their workers to private hospital when they sustain occupational injuries. The results show significant variations between Company A and Company B. A possible explanation of these variations is that these differences show the uniqueness of individual private companies. Another contributing factor may probably be because company B has a well-organised administration based in Hillcrest and they are able to take care of the medical needs of their employees.

### ***Working environment***

Another important sub-theme that emerged in the analysis of the employment conditions was the working environment under which the outsourced employees work. The respondents showed differed views. On the one hand, the current study found that workers work under safe conditions. On the other hand, workers indicated a feeling of dissatisfaction with the environment they work

under. The study found that the government employees do not adhere to health laws, thus putting the lives of the cleaners at risk. Further, the results showed that workers were made to do chores that they were not contracted to do, like, removing of furniture. Another important finding and that which the researcher observed is that some workers stayed at the basement with leaking sewerage pipes with no ventilation. This place is a changing room for workers and it is where they sit for tea breaks and lunch time. Overall, these results tie in well with previous studies (Heires 2014; Doellgast & Pannini,2015; Mthembu & Mutereko 2018), that concurred that one of the challenges associated with outsourcing was poor working conditions. In addition, these findings strengthen the idea of Cohen & Moodley (2012) that the recession in South Africa has resulted in high unemployment levels and subsequently given rise to contract employment and a rise in working conditions that are unacceptable and that exploit the workers.

However, the results of the current study go beyond previous reports, showing that workers work in unpleasant, unhealthy and hazardous environments that put the workers at risk of contracting occupational diseases. This is indicative of a lack of due consideration by the government departments when allocating space for the contracted companies. Another explanation could be the limited office space within the premises of government Departments generally.

### **5.7.3 The Role played by trade unions in enforcing compliance with labour standards**

With regard to the third question, the aim was to determine the role played by the trade unions in enforcing compliance with labour standards. The current study found that the trade unions are not playing their role in enforcing labour standards. Moreover, it was found that the the outsourced workers do not belong to any union except for the centralised bargaining council (BCCCI) that determine their pay and conditions of work. The results of this study are similar to that of Druck's (2016) study which found that outsourcing of services has led to the precariousness of work for the outsourced employees. This precariousness has fragmented trade union organisations and consequently weakened them. The present findings also seems to be consistent with the previous research of Doellgast & Pannini (2015) which found that due to lack of collective bargaining institutions, there was no collective bargaining in the call centres where wages and working conditions could be negotiated. Therefore, this gave the sub-contract companies unilateral control over the wage rate and working conditions of employees. Furthermore, this finding is in agreement with Mthembu & Mutereko's (2018) finding which showed that the outsourced workers could not join unions because they were threatened by their employer with expulsion. This finding has important implications for outsourced workers because it might suggest that there is no collective bargaining where the rights of the workers can be protected.

#### **5.7.4 Effects of outsourcing on contract companies**

##### ***Profit maximisation***

The fourth research question sought to determine the effects of outsourcing on the contract companies in KZN. The analysis of the effects of outsourcing on contract companies was done under two sub-themes, that is, the ability of contract companies to maximise profits and the benefit of outsourcing for contract companies. On the question of profit maximisation, the present study established that the private companies are able to maximise profit. Remarkably, the study found that the private companies pay their employees less than what they quoted/costed during the bidding process and as such they gain profit. Another finding was that the contract companies are able to make a profit, although it is limited. Similar findings were reported by Vyas (2016) arguing that contractors manifest opportunistic behaviour by offering low prices during the bidding process so as to win the tender and when they have won the contract, they offer services that are substandard.

In the same manner, Heires' (2014) work found that the private contractors often achieve savings by lowering the wages and benefits of the workers. Taken together with findings by Coupet & Williams (2017) it suggests that the priority of the private contractors is to maximise profit by providing the services efficiently. Efficiency means achieving the desired goal at the lowest cost. This may imply that the private companies unfairly reduce the wages and benefits of their employees in order to minimise their costs and maximise profits. Contrary to these findings are the recent findings of Coupet & Williams (2017), who argued that the government controls the private companies to ensure that societal goals of the government are achieved. Consequently, the private companies become dependent on the government as the source of their resources. In particular, Coupet & William maintain that the private firms operated effectively during the time that they were regulated by the government and this increased their costs and reduced their profits.

#### **5.7.5 Benefits of outsourcing to private companies.**

It is now well established from the current study that outsourcing has not benefitted the outsourced workers. This study also aimed at determining the benefits of outsourcing on the contract companies. Interestingly, all the respondents were unanimous in the view that outsourcing has benefitted the contract companies. The study found that the contract companies benefit in terms of profit because they quote a lot of money during the bidding process but they keep their costs low. Another benefit was in terms of experience because once the contractors have been awarded a contract, they gain experience which can be considered when they bid for other tenders with other departments. A large growing body of literature has investigated the benefits of outsourcing

to the outsourcer. No literature was found supporting the benefits of outsourcing to the outsourcee (the private companies). This, therefore, suggests that the findings of this study provide new insight into the existing body of knowledge that may be useful to future researchers. Matrix 5.2 gives a brief overview summary of the research questions, emerging themes and literature.

**Matrix 5.3: Summary of research question, themes and literature**

Research question	Emerging themes	Interaction with literature	Sources
Perception of employees of private contractors on outsourcing	<ul style="list-style-type: none"> <li>▪ Outsourcing is a means to reduce costs.</li> <li>▪ Impact of outsourcing on contract employees.</li> <li>▪ Government should terminate outsourcing.</li> </ul>	<ul style="list-style-type: none"> <li>▪ the costs for outsourcing of services are higher when the service is rendered externally by the private contracting companies than when it is rendered internally.</li> <li>▪ the analysis of the outsourcing costs included the direct costs of outsourcing. Additional to the direct costs were the indirect costs like costs for utilities, training that had to be offered to the private contracting company on infection control, that needed to be taken into cognizance when calculating the costs. The quality of service was improved but at a higher cost.</li> <li>▪ contracting out had adverse material consequences for the outsourced employees in South African universities because the services that were outsourced were non-core services and were mostly performed by black employees.</li> <li>▪ although outsourcing enhanced the quality of outsourced services in higher education institutions, these services became more expensive and were therefore unaffordable to the students.</li> <li>▪ wages of internal employees were 18 per cent higher than what the employees of outsourced workers earned, and this had a negative impact on the workers.</li> <li>▪ At South African universities the ‘#fees must fall’ protests were joined by the outsourced workers demanding the universities end outsourcing.</li> <li>▪ Outsourced workers at PMMH were protesting as they demanded the government do away with outsourcing and that it absorbed them into its payroll.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Heires (2014); Cali <i>et al.</i>, (2014)</li> <li>▪ Lucket &amp; Mzobe (2016) Wekullo (2017); Doellgast &amp; Pannini (2015)</li> <li>▪ Daily news report (2016)</li> </ul>
Working conditions within the private contract companies.	<ul style="list-style-type: none"> <li>▪ Wages</li> <li>▪ Other benefits</li> <li>▪ Working environment</li> </ul>	<ul style="list-style-type: none"> <li>▪ outsourced workers were paid wages long after the pay date had passed, and the amount paid by their employer was very much lower than what had been agreed upon.</li> <li>▪ wages received by workers were found to be less than what the in-house workers earned</li> <li>▪ outsourced workers were not compensated for hospital admission and they used public health facilities that offered free health care, meanwhile the monies for such were deducted from their wages.</li> <li>▪ the recession in South Africa has resulted in high unemployment levels and subsequently given rise to contract employment and a rise in working conditions that are unacceptable and that exploit the workers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mthembu and Mutereko (2018)</li> <li>▪ Doellgast &amp; Pannini (2015)</li> <li>▪ Heires (2014); Cohen &amp; Moodley (2012)</li> </ul>
Role played by the trade unions in enforcing compliance with labour standards.	<ul style="list-style-type: none"> <li>▪ Lack of union representation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Outsourcing resulted in weak and fragmented trade unions.</li> <li>▪ due to lack of organised labour, there was no collective bargaining where wages and working conditions could be negotiated. Therefore, the contract companies unilaterally decide on the wage rate and working conditions of contract employees.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Druck (2016)</li> <li>▪ Doellgast &amp; Pannini (2015)</li> </ul>

<p>Effects of outsourcing on contract companies in KZN.</p>	<ul style="list-style-type: none"> <li>▪ Ability of contract companies to maximise profit.</li> <li>▪ Benefits of outsourcing to private companies</li> </ul>	<ul style="list-style-type: none"> <li>▪ contractors manifest opportunistic behaviour by offering low prices during the bidding process so as to win the tender and when they have won the contract, they offer services that are of a substandard. In the same manner,</li> <li>▪ contractors often achieve savings by lowering the wages and benefits of the workers.</li> <li>▪ the priority of the private contractors is to maximise profits by providing the services efficiently. Efficiency means achieving the desired goal at the lowest cost.</li> <li>▪ the government controls the private companies to ensure that societal goals of the government are achieved. Consequently, the private companies become dependent on the government as the source of their resources.</li> <li>▪ the private firms operated effectively during the time that they were regulated by the government and this increased their costs and reduced their profits.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Vyas (2016); Heires (2014); Coupet and Williams (2017)</li> </ul>
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## **5.8 Chapter summary**

This chapter has presented and analysed the results of the survey, interviews and focus group discussion conducted in this study. The chapter employed figures and tables to present data. Data were collected from two private contract companies, referred to as Company A and Company B, providing cleaning services to government Departments. The chapter presented views of the respondents from these companies and compared the findings. The results of this study indicated the perception of workers regarding outsourcing. While others perceived that the reasons for outsourcing was to reduce operational costs of the government, others thought that outsourcing does not reduce the costs. This study has established that outsourcing results in the workers earning less wages, suffering a loss of valuable benefits, working under poor working conditions, and under precarious job security which suggests that outsourcing has led to the exploitation of workers. There is a dearth of union representation to enforce compliance with labour standards. As a result of this, the workers wish that outsourcing could be terminated and that they could be directly employed by the government. The results show that outsourcing has benefitted the private contract companies at the expense of the workers. In summary, it is apparent from these results that outsourcing has had a negative impact on the outsourced workers.

## **CHAPTER 6: SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION**

### **6.1 Introduction**

The preceding chapter has presented and analysed the results of the study. As a part of the broader study that explored the impact of outsourcing support services to the workers this chapter presents a summary for this thesis and presents the findings and conclusion in terms of the research objectives and research questions of the study. Finally, the chapter will provide recommendations based on the results of the study, and declare the limitations of the study. In concluding this study, the chapter will provide areas for future research.

### **6.2 Summary of the research objectives and research questions**

The underlying problem that was foundational in this study as shown in the preliminary literature review. It indicates the negative impact of outsourcing on outsourced workers, reduced wages and benefits and consequently, job insecurity of outsourced workers, lack of evidence to support the view that outsourcing reduces costs, and competition that compels outsourced companies to cut their costs by lowering the wages and benefits of outsourced workers. Table 6.1 provides a summary of research objectives and research questions of this study.

**Table 6.1: Summary of research objectives and research questions**

	<b>Research Objectives</b>	<b>Research Questions</b>
1.	To explore how the employees of the private contractors who provide services to KZN provincial Departments perceive outsourcing.	How do the employees of the private contractors who provide services to KZN provincial Departments perceive outsourcing?
2.	To determine the conditions of employment within the outsourced companies.	What are the conditions of employment within the private contract companies?
3.	To determine the role played by the trade unions in enforcing compliance with labour standards.	What role has been played by the trade unions in enforcing compliance with labour standards?
4.	To explore the effects of outsourcing support services on contract companies in KZN.	What are the effects of outsourcing support services on contract companies in KZN?

### **6.3 Summary of chapters**

A summary of chapters is presented in the following section.



### **6.3.1 Chapter one: Overview of the study**

This chapter first gave a brief overview of the history of outsourcing. This was followed by the problem statement, the research objectives and the research questions underpinning this study. The chapter also presented the significance of and justification for the study. In conclusion, the chapter outlined the chapters of the entire study.

### **6.3.2 Chapter two: Conceptualising outsourcing in the public sector**

The second chapter began by laying out the theoretical dimensions of the research and looked at the reasons that motivate organisations to choose outsourcing, how decisions are made whether to outsource or to keep the services internally, the impact of outsourcing on all parties involved, the benefits of outsourcing and PPP as one of the reform strategies in the public sector. It then went on to assess the theories associated with outsourcing in order to understand the factors that resulted in outsourcing of support services. These theories are: the traditional public administration, the NPM theory; the RDT and lastly the transaction cost theory. NPM theory, from where outsourcing emanates was discussed in detailed looking at the origin of the theory; the empirical studies on NPM, characteristics of the theory, a critique analysis as well as the justification of the theory were considered.

### **6.3.3 Chapter three: outsourcing in South Africa: A contextual perspective**

The third chapter presented a contextual perspective of outsourcing in South Africa. It began by giving a brief overview of the development of outsourcing in South Africa. Subsequently, it presented the legal frameworks that regulate outsourcing. Outsourcing is part of SCM strategy, therefore, the next section in this chapter discussed the SCM processes. The rest of the chapter discussed the procurement process and other activities that are carried out in procuring goods and services which are the tendering process, the invitation of bids, and the awarding of tenders. The conclusion of the chapter highlighted the challenges of outsourcing in South Africa which includes corruption in SCM processes, inefficient procurement processes, the outsourcing processes.

### **6.3.4 Chapter four: research methodology**

Chapter four describes the research methodology that was followed in this study to gain insight into the challenges of outsourcing. It began by describing pragmatism as the research paradigm that was adopted for the study. Furthermore, it provided a description of the research approach that was employed to understand the experiences of outsourced workers and managers of private contract companies. The chapter outlined a mixed method as an approach for the study. The

strategy that was adopted was the convergent parallel approach, meaning that the researcher collected data concurrently using both quantitative and qualitative approaches. The target population and the sample size were identified in this chapter which were from two outsourced companies. Additionally, the recruitment strategy that was used involving posters displayed in the rooms of the outsourced workers prior to the date of data collection. The chapter went on to describe the data collection methods and instruments. Since the approach taken was a mixed method, the chapter presented how the survey questionnaires were employed and how data were collected from 51 participants. Data were collected from two focus groups which consisted of a maximum of seven members. Data were also collected from the supervisors representing the managers of the contractors and in-depth interviews were conducted involving 3 individuals. Qualitative and quantitative data analysis methods were highlighted. The chapter concluded by noting the ethical issues that were considered for the study.

### **6.3.5 Chapter five: data presentation and analysis**

The fifth chapter presented and analysed the results of the survey, interviews and focus group discussion conducted in this study. The chapter employed figures, tables and matrices to present data. Data were collected from two private contract companies, referred to as Company A and Company B, providing cleaning services to government Departments. The chapter presented views of the respondents from these companies and compared the findings. The results of this study indicated the perception of workers on outsourcing. While others perceived that the reasons for outsourcing was to reduce operational costs of the government, others thought that outsourcing does not reduce the costs. What was established in this chapter was that that outsourcing has resulted in the workers earning less wages, loosing valuable benefits, working under poor working conditions, precarious job security and all of this suggests that outsourcing has led to the exploitation of workers. As a result of this, the workers wish that outsourcing could be terminated and that they could be directly employed by the government. The results also have shown that outsourcing has benefitted the private contract companies at the expense of the workers.

### **6.3.6 Chapter six: summary of findings, recommendations and conclusion**

The the current chapter outlines the summary of the findings and conclusion of the study. The chapter began by highlighting the research objectives and research questions of the study. This was followed by a summary of the chapters for the entire dissertation. In view of the findings of the study and in relation to the research objectives of the study, the chapter draws conclusions, highlights the implications and concludes by making recommendations for future research.

## **6.4 Summary of research findings and conclusion**

The present study was designed to explore the impact of outsourcing on the outsourced employees providing support services to government provincial Departments in KZN. The purpose of this section is to delineate the research findings as presented in the preceding chapter. Based on the findings, this section presented the conclusion drawn from the findings and these are related to the four broad objectives of the study.

### **6.4.1 The perception of outsourced employees on outsourcing of support services.**

The first question in this study aimed at determining the perception of the employees on outsourcing of support services. The researcher's intention was to understand the perception of the workers on what had driven the government to outsource support services. Quantitative data differed from qualitative data in the responses. On the one hand, the study found what seem to be contrary to the NPM argument that outsourcing is not a means of reducing the operating costs of the government. These findings have been corroborated by other scholars. On the other hand, the study found that the government outsourced these services to avoid paying benefits to employees and to avoid bearing the responsibility of paying for cleaning chemicals and in that way the expenses for the government are reduced. These findings also matched the findings of other researchers. Furthermore, the study indicated that the government outsourced services for the purpose of creating more employment opportunities. These findings may mean that outsourcing may or may not reduce the operating costs and this suggests that organisations need to analyse the cost benefits before taking a decision to outsource.

#### ***Impact of outsourcing on workers***

On the impact of outsourcing to the workers, this study established that outsourcing has a negative effect on the employees. The study reported that the wages that the employees are earning are only enough to buy food and they cannot meet other essential needs like paying education fees for their children, pay for their transport fees and clothing. Moreover, the workers end up in the hands of loan sharks in trying to meet these needs. In addition, they alluded to the fact that the ending of a contract after three years adds more stress to them because it means that their future is uncertain. This finding also accords with observation of other scholars that showed that contracting out had adverse material consequences on the outsourced employees. It may be concluded that, although outsourcing may enhance the quality of outsourced services, create more job opportunities, it has unintended consequences to the outsourced employees. Moreover, it is impossible that these workers can afford to take their children to higher learning institutions. As recently argued by Ngwane (2019), in a South African country which is still transiting from the

apartheid to a democratic system of governance, one is expecting the lives of the citizens to improve. However, this study establishes that outsourcing could still be perpetuating inequalities between the black and white populations.

### ***Terminate outsourcing of support services***

With regard to the feelings of the outsourced workers on termination of outsourced service, the results indicated that the government should do away with outsourcing, and directly employ the cleaners placing them on its payroll. The findings of this investigation complement those of earlier studies such as Luckett & Mzobe (2016); and Mthembu & Mutereko (2018). Recently, there have been protests by the outsourced workers in government hospitals and universities demanding the termination of outsourcing of support services. Moreover, the findings of Luckett & Mzobe (2016) indicate that following the struggle to end outsourcing at universities, victory to insource was eventually achieved. It can therefore be concluded from these findings that the outsourced workers are unhappy, and they wish to be directly employed by the government.

### **6.4.2 Conditions of employment**

The second question in this study aimed at determining the conditions of employment within the contract companies. This study has shown that workers are paid on time, in accordance with the employment contract. One of the most significant findings to emerge from this study is that even though the wages may be paid accordingly and on time, the employees were not happy with their wages. The study has shown that the wages of the workers are very low in that they cannot satisfy most of the essential needs like school fees for children, clothing and transport fares. The study has indicated that workers end up borrowing from the loan sharks in trying to make ends meet. This study further found that even though employees received other benefits, such as a provident fund, UIF, and a family crisis fund, they were not satisfied with them. In particular, they were not happy with the 'family crisis' benefit because it appeared that they are the only ones that contribute towards it. Moreover, they have to pay some fee in order to be able to claim. Furthermore, the study found varied views on the issue of the working environment under which employees work. While other views showed contentment with the working environment, others indicated a feeling of unhappiness as they are working under unhealthy conditions. Overall, what the study observed is that the views indicating unhappiness were more pronounced in Company A than in Company B. This study confirms what other previous studies have also shown, that the wages and benefits of employees employed by the private contract companies were far less when compared to those of government employees. A conclusion can be drawn that even though the private contract companies are unique and operate differently one from the other, the conditions

of employment are not good for the contract workers. Overall, these findings strengthen the idea of Cohen & Moodley (2012) that the recession in South Africa has resulted in high unemployment levels and has subsequently given rise to contract employment and a rise in working conditions that are unacceptable and exploitative to the workers.

#### **6.4.3 The role played by trade unions in enforcing compliance with labour standards**

In respect to the third research question in this study, the intention was to determine the role played by the trade unions in enforcing compliance with labour standards. The study found that the trade unions are not playing their role in enforcing labour standards. Moreover, it was found that the outsourced workers do not belong to any union except for the centralised bargaining council (BCCCI) that determines their pay and conditions of work. These findings were also reported by other scholars, for example, Doellgast & Pannini (2015); Druck (2016), Mthembu & Mutereko (2018). Therefore, it may be concluded that there is no platform where the employees can engage with the management to bargain over issues that affect them as employees. Lack of collective bargaining also suggests that the employers of the outsourced workers unilaterally decide on the earnings and conditions of work of the employees. *The Constitution of the Republic of South Africa* and the *Labour Relations Act* provide for the freedom of association that allows for workers to join trade unions. The findings of this study suggest that the right of the outsourced workers is infringed.

#### **6.4.4 Effects of outsourcing on contract companies**

##### ***Profit maximisation***

The fourth research question sought to explore how the effects of outsourcing support services on the contract companies in KZN. The analysis of this perception was done under two sub-themes, that is, the ability of contract companies to maximise profit and the benefit of outsourcing to contract companies. The study found that the private companies pay their employees less than what they had quoted during the bidding process and as such they gain profit. Another finding was that the contract companies are able to make a profit, although it is limited. While some scholars like Vyas (2016) and Heires (2014) have reported on the same finding, others, for example, Coupet & Williams (2017) have reported contradictory findings. The study also noticed that some respondents did not have the knowledge of whether the contract companies are able to maximize profit or not as they are not directly involved in the management of the contract companies. In view of these findings, it is difficult to draw an inference that the contract companies are able to maximise profit.

### ***Benefits of outsourcing for private companies.***

In the analysis of how the private contract companies perceive outsourcing, this study intended to determine the benefits of outsourcing for the contract companies. The study found that the contract companies benefit in terms of profit because they quote a lot of money during the bidding process, but they keep their costs low. Another finding was that they benefit in terms of experience because once the contractors have been awarded a contract, they gain experience which can be considered when they bid for other tenders with other departments. Although there was no literature found supporting the benefits of outsourcing to the private contract companies, this study suggests that outsourcing has benefitted the private companies, but it has been of very little benefit to the outsourced employees.

## **6.5 Recommendations**

### **6.5.1 Research objective one: Perception of outsourced employees on outsourcing of support services.**

Relating to whether or not outsourcing reduces the operating costs of government departments, the study found varying views. While some considered that outsourcing does not reduce the costs, others felt that it does reduce the costs. A further study that will involve the **heads** of the government departments is needed to establish whether or not outsourcing has lowered or raised the operating costs of the department. Further, this study and other studies have shown that in as much as outsourcing may have improved the quality of cleaning within the Departments, it has had a negative impact to the outsourced workers. Additionally, this study has shown how workers wished they could be employed directly by the government. Overall, the workers perceive outsourcing to be exploitative in nature. The government needs to consider the plight of these workers and perhaps revisit the implementation of outsourcing support services to government departments.

### ***Implications***

The findings of this study will assist government departments and policy makers to understand the experiences of the outsourced workers as to how outsourcing has affected them socially and economically. A key policy priority should, therefore, be to plan for the development of legislations and policies that will regulate the private contract companies to address the challenges of outsourcing.

### **6.5.2 Research objective two: Conditions of employment**

The study found that workers are paid wages on time and the wage amount is in accordance to agreement, however workers are not satisfied with their wages and they feel that it is very low. In addition, other benefits are not satisfying because they do not have much value compared to benefits received by cleaners employed by government. An approach to tackle this issue could be for the government to determine threshold earnings and benefits particularly for the outsourced employees. Further findings of this study reveal that other workers were placed in basement areas where there is no ventilation, leaking sewerage pipes wetting the carpeted floor and the workers are expected to eat their lunch in such an area. This finding suggests that management within the government departments need to prioritise the safety of everyone working inside their premises including the outsourced workers by ensuring that there is space allocated for outsourced companies which is free from health hazards. Measures should also be taken by government departments to ensure that public servants' conduct is such that they don't put the lives of the outsourced employees at risk. Furthermore, Practitioners in both government and private sectors should seriously consider the plight of such workers in the planning and implementation of outsourcing. Moreover, minimum standards should be adopted to reinforce compliance with working conditions by the contract companies.

#### ***Implications.***

These findings have a significant implication for the government departments. It is hypothesised that good working conditions translate to job satisfaction. Workers who are comfortable in their working environment are highly likely to perform well, thus poor working conditions could have serious service delivery implications as the problems experienced by outsourced workers ultimately affect the government departments, the receiver of the service. In particular, these findings have an important implication for the Department of Labour (DoL) as it hopefully enhances their insight into the working conditions of the contract workers. The DoL as a custodian of safe working environments of employees, should strengthen its regular building inspection. The report from this inspection may facilitate the improvement of a working environment for the workers.

### **6.5.3 Research objective three: Role played by trade unions in enforcing compliance with labour standards**

The current results showed that the trade unions are not playing their role in enforcing labour standards and the outsourced workers do not belong to any union except for the centralized bargaining council (BCCCI) that determines their pay and conditions of work. Generally,

outsourced workers do not join a trade union for fear of losing their jobs. It is apparent that the workers are unable to utilise their constitutional right of being represented by a union. Further, there is no collective bargaining where the management of contract companies can be engaged to improve the conditions of work of employees.

### ***Implications***

These findings have important implications for outsourced workers and trade union organisations. Unless the outsourced employees have a say in terms of their conditions of employment, as noted by Doellgast & Pannini (2015) and Druck (2016), outsourcing and job insecurity cannot be separated. *The Constitution of the republic of South Africa*, as the supreme law for the country, binds all sectors, public and private, to allow workers to join unions. Therefore, policy developers should prioritise laws that should regulate the employer-employee relationship by ensuring that a right to collective bargaining is recognised.

#### **6.5.4 Research objective four: Effects of outsourcing on contract companies**

The fourth research objective sought to determine the effects of outsourcing on the private companies. The study found contradictory views with regards to whether private companies are able to maximise profit or not. More research is still needed to determine if private companies are able to achieve efficiency and to maximise profit. Furthermore, the study established that outsourcing has positive benefits for the private contract companies. Although further work is still needed to establish the benefits of outsourcing to contract companies, the new insight gained may be of use to government departments in understanding the perception of management representative about outsourcing support services.

### ***Implications***

These findings present a new understanding of the benefits of outsourcing to contract companies. It will serve as a basis for future researchers who may want to explore the benefits of outsourcing support services to private contract companies. The findings may be of assistance to the managers of contract companies to make an analysis of the benefits of outsourcing services to their companies.

#### **6.6 Limitations of the study**

Several limitations in this study needs to be acknowledged. Firstly, the respondents felt that their participation in the study won't change their plight as outsourced workers, therefore most of them withdrew from participating thus reducing the sample size of the study. Secondly, the informants representing the management were merely supervisors and are not literally involved



in the managing of the contract companies and as such they could not answer, or they speculated in answering some of the questions relating to whether the contract companies are able to maximise profit or not. This limitation may mean that this finding needs to be interpreted cautiously. One more limitation in this study was the time constraint. The researcher had to collect data during the respondents' lunch breaks, which was very limited, and interviews were hastily conducted which might have compromised the quality of responses received. It is unfortunate that the study did not include the government Departments as the initiators of outsourcing. Notwithstanding these limitations, the current study has gone some way towards enhancing our understanding of the effects of outsourcing support services on the outsourced workers.

## **6.7 Chapter summary**

The present study was designed to determine the impact of outsourcing support services to the workers employed by two private contract companies in KZN. This chapter has presented the summary of chapters for the entire thesis and narrated the findings. This study has shown that outsourcing was not a means to reduce the operating costs of the government. The study has also shown that outsourcing has not had a good impact on the workers employed by the private contract companies. A third major finding was that in as much as outsourcing has created job opportunities for the workers, the wages they receive cannot improve the lives of the workers. Moreover, the working conditions with other contract companies are very poor and represent a risk to the health of the workers. Further, the study has shown that there is a lack of collective bargaining to assist in improving the working conditions of the contract workers. In general, therefore it seems that outsourcing has led to job insecurity and unintended exploitation of the outsourced workers. These results add to the rapidly expanding field of PA about the challenges of outsourcing support services to private companies. Subsequently, based on the results and objectives of the study, this study presented several recommendations. Firstly, the study recommended that the Practitioners in both government and private sectors should seriously consider the plight of outsourced workers in the planning and implementation of outsourcing. Secondly, policy makers should develop legislation and policies that will regulate the private contract companies in an endeavor to address the challenges of contracting out support services. Thirdly, the DoL should conduct safety inspections and minimum standards should be adopted to reinforce compliance to working conditions by the contract companies. The gaps of the study were identified, and the study recommended areas for future research.

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## LIST OF APPENDICES

### Appendix A: Survey questionnaire

#### SECTION A

*Instructions: Please tick ( ✓ ) in the appropriate spaces provided*

*Contract Company .....*

*Division .....*

1. Sex:                    Male (   )      Female (   )
2. Age:                    Between 20 – 25      (   )  
                                   Between 26—35      (   )  
                                   Between 36—45      (   )  
                                   Between 46—55      (   )  
                                   Above 55              (   )
3. Marital status:        Single (   )      Married (   )      Others (   )
4. Qualifications:
 

No formal education	(   )
Primary	(   )
Secondary	(   )
Post-secondary	(   )

#### SECTION B

**Instruction:**        *You are expected to tick appropriately in the box provided against your option like this, please.*

True	<input checked="" type="checkbox"/>	False	<input type="checkbox"/>	No comment	<input type="checkbox"/>
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#### Motives for Outsourcing

1. Government has outsourced support services as a means to reducing costs and to improve the quality of services.

Strongly Disagree	<input type="checkbox"/>	Disagree	<input type="checkbox"/>	Somewhat Agree	<input type="checkbox"/>	Agreed	<input type="checkbox"/>	Strongly Agreed	<input type="checkbox"/>
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2. Government has outsourced support services as a means to improve the quality of services.



Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
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3. Government is achieving its intended objectives for outsourcing these services.

4. Government perceives outsourced services as of good quality compared to when the services were provided by the government employees?

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

5. How would you rate the level in which the contracts are managed by government departments?

Very Poor		Poor		Somehow good		Good		Excellent	
-----------	--	------	--	--------------	--	------	--	-----------	--

### Impact of Outsourcing

6. Outsourcing has had good impact on the workers employed by contract companies.

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

7. Outsourcing has benefited the contract companies.

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

8. Would you say that the government understands the impact of outsourcing to the outsourced workers?

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

9. Would you say that the government understands the impact of outsourcing to the contract companies?

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

### Perception of outsourced workers

10. What has been the impact of outsourcing support services on you as an outsourced worker?

Very Bad		Bad		Somehow Good		Good		Excellent	
----------	--	-----	--	--------------	--	------	--	-----------	--

11. Your employer is paying your wages as per the agreement?

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
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12. Your employer is offering you with other benefits beside your monthly wages?

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

13. Your employer provides you will all the resources necessary for you to perform your duties.

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

14. The trade unions play their role in enforcing compliance with labour standards.

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

15. What is your overall feeling about the outsourcing of services by the government?

Extremely Dissatisfied		Dissatisfied		Somehow Satisfied		Satisfied		Extremely Satisfied	
------------------------	--	--------------	--	-------------------	--	-----------	--	---------------------	--

16. Would you say that the government should terminate outsourcing and employ you?

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

**Perception of contract companies**

17. Would you say that the contract companies are able to maximise profit out of outsourced services?

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed		Strongly Disagree
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--	-------------------

18. Do you think that they achieve their savings by cutting on workers' wages and benefit?

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

19. To a great deal, outsourcing has benefited the contract companies.

Strongly Disagree		Disagree		Somewhat Agree		Agreed		Strongly Agreed	
-------------------	--	----------	--	----------------	--	--------	--	-----------------	--

19. What recommendation can you make regarding outsourcing of support services within the public sector?

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**Thank you.**

## Appendix A2: Questionnaire in isiZulu

### SECTION A

*Imiyalelo: Uyacelwa ukuba ufake uphawu (✓) esikhaleni esifanele osinikeziwe Igama lenkampani .....*

1. Ubulili: Owesilisa ( ) Owesifazane ( )
2. Ubudala: Phakathi kuka 20 – 25 ( )  
Phakathi kuka 26 – 35 ( )  
Phakathi kuka 36 – 45 ( )  
Phakathi kuka 46 – 55 ( )  
Ngaphezu kuka 55 ( )
3. Isimo sakho somshado: Ongashadile ( ) Oshadile ( ) Okunye ( )
4. Iziqu  
Akukho mfundo ( )  
Imfundo ephansi ( )  
Imfundo yesibili ( )  
Imfundo ephezulu ( )

### SECTION B

**Isiyalezo: Ulindeleke ukuthi ubeke uphawu ebhokisini elimelene nalokhu okukhethile. Nasi isibonelo.**

Iqiniso	✓	Amanga	Angina kuphawula	
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### B. Umsuka wokukhishwa ngaphandle kwemisebenzi

20. Uhulumeni ukhiphe ngaphandle kuzinkampani ezizimele umsebenzi wokuhlanzwa ngenhloso yokwehlisa izindleko zakhe nokunyusa izinga lokuhlanzwa?

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana	Ngiyavumelana	Ngiyavumelana kakhulu
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21. Uhulumeni ukhiphe ngaphandle kuzinkampani ezizimele umsebenzi wokuhlanzwa ngenhloso yokunyusa izinga lokuhlanzwa?

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana		Ngiyevumelana	Ngiyavumelana kakhulu	
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22. Uhulumeni uyaphumelela ekufezeni izinhloso zakhe ngokukhipha ngaphandle lemisebenzi

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana		Ngiyevumelana	Ngiyavumelana kakhulu	
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23. Uhulumeni ubuka izinga lokuhlazwa kwezikhungo zakhe lisemgangathweni ophezulu uma uqhathanisa ngesikhathi esaziqashela izisebenzi ezihlanzayo

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana		Ngiyevumelana	Ngiyavumelana kakhulu	
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24. Ungalilinganisa kanjani izinga iminyango kahulumeni ephatha ngayo izikontileka?

Kubi kakhulu	Kubi	Ngendlela ethile kuhle		Kuhle	Kuhle kakhulu	
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### C. Umthelela wokukhishwa kwezinkampani

25. Ukukhishwa ngaphandle kwemisebenzi kunomthelela omuhle kubasebenzi abaqashwe izinkampani ezizimele.

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana		Ngiyevumelana	Ngiyavumelana kakhulu	
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26. Izinkampani ezizimele zihlomulile kakhulu ngokunikezwa lemisebenzi.

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana		Ngiyevumelana	Ngiyavumelana kakhulu	
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27. Ungasho ukuthi uhulumeni uyaqonda ngomthelela wokukhishwa kwalemsebenzi kubasebenzi abaqashwe izinkampani ezizimele ?

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana		Ngiyevumelana	Ngiyavumelana kakhulu	
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28. Ungasho ukuthi uhulumeni uyaqonda ngomthelela wokukhishwa kwalemsebenzi ezinkampanini ezizimele ?

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana		Ngiyevumelana	Ngiyavumelana kakhulu	
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### D. Umbono womsebenzi oqashiwe

29. Uyini umthelela kuwe wokukhishelwa ngaphandle komsebenzi wokuhlaza ezinkampanini ezizimele?

Kubi kakhulu	Kubi	Ngendlela-ethile kuhle	Kuhle	Kuhle Kakhulu	
--------------	------	------------------------	-------	---------------	--

30. Umqashi wakho ukuholela kahle ngokwesivumelwano?

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana	Ngiyevumelana	Ngiyavumelana kakhulu	
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31. Umqashi wakho uyakunikeza eminye imihlomulo ngaphandle komholo wezinyanga zonke?

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana	Ngiyevumelana	Ngiyavumelana kakhulu	
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32. Umqashi wakho uyanihlinzeka ngazo zonke izinsiza kusebenza ukuza nisebenze ngempumelelo?

Angivumelani Kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana	Ngiyevumelana	Ngiyavumelana kakhulu	
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33. Izinyunyana ziyayidlala indima yazo ukuphoqelela ukuhambisana nezidinganiso zabasebenzi.

Angivumelani kakhulu	Angivumelani	Ngendlela ethile ngiyavumelana	Ngiyevumelana	Ngiyavumelana kakhulu	
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34. Uthini umuzwa wakho ngokukhishwa kwemisebenzi ngaphandle nguhulumeni

Anginelekisekile Kakhulu	Anginelekisekile	Ngendlela-ethile ngenelisekile	Ngenelisekile	Ngenelisekile Kakhulu	
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35. Ungasho ukuthi uhulumeni kumele aqede ukukhishwa kwemisebenzi ezinkampanini ezizimele bese eniqasha nibe ngaphansi kwakhe?

Angivumelani Kakhulu	Angivumelani	Ngendlela-ethile ngiyavumela	Ngiyavumelana	Ngiyavumelana kakhulu	
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### E. Umbono wezinkampani ezizimele

36. Ngokubona kwakho izinkampani ezizimele ziyakwazi ukwandisa inzuzo?

Angivumelani Kakhulu	Angivumelani	Ngendlela-ethile ngiyavumelana	Ngiyavumelana	Ngiyavumelana kakhulu	
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37. Ucabanga ukuthi bayaphumelela ukonga imali ngokwehlisa imiholo yenu neminye imihlomulo?

Angivumelani Kakhulu	Angivumelani	Ngendlela-ethile ngiyavumela	Ngiyavumelana	Ngiyavumelana kakhulu	
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38. Izinkampani ezizimele zihlomule kakhulu ngokukhishwa kwemisebenzi ngaphandle

Angivumelani Kakhulu	Angivumelani	Ngendlela- ethile ngiyavumelana	Ngiyavumelana	Ngiyavumelana kakhulu
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20. Iziphi izincomo ongazenza mayelana nokukhishwa ngaphandle kwemisebenzi kuzinkampani ezizimele?

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**Ngiyabonga**

## Appendix B: Focus group guide

### **FOCUS GROUP GUIDE**

#### **TO BE USED FOR FACE TO FACE INTERVIEW**

OBJECTIVE: To generate data through participatory discourse in a careful and very sensitive manner from a group with specific characteristics using “funnel” approach.

Timing: 1hr 30mins.

Introduction: - Welcoming of participants and introduction

- Ethical discussion: voluntarism, confidentiality, privacy, clearance
- Rules guiding discussion: respect for other opinion, freedom to expression of contra-views, guide against abuse of persons, avoidance of domination of discussion by few individuals, objectivity, other ground rules to be set by the group.
- Need to transcribe information for the purpose of coding
- Recording of audio, video and photographs

Questions (Area of focus for the discussion):

#### **Focus 1 – Motives for outsourcing**

- What do you think are the motives for outsourcing support services by government departments?
- Would you say that the government is achieving its intended objectives for outsourcing your services and why?

#### **Focus 2 – Impact of outsourcing**

- What would you say about the wages you are receiving from your employer and why?
- How has outsourcing impacted on your social life?
- Do you think the government understands how outsourcing has impacted your life? If yes, how?

#### **Focus 3 – Perception of outsourced employees**

- What other benefits do you receive from your employer besides monthly wages?
- What would you say about the conditions of employment that you are working under? What are the factors contributing to such conditions?
- Are the trade unions playing their role in enforcing labour standards?
- In your opinion, do you think that you are benefiting from outsourcing of these services? If yes, how; and if no, why not.

#### **Focus 4 – Perception of contract companies**

- In your opinion, do you think contractors are benefiting from contracting out services?
- What do you think are the challenges of contractors?
- How do you think contractors maximise their profit?

**Vote of Thanks.**

## Appendix C: Interview guide

## **Interview Guide for Contractors Management**

### **“Impacts of public sector outsourcing on support service workers: A case of two outsource companies in KwaZulu Natal**

- Introduction
- Observant of protocols and discussion of ethics guiding research.

#### **Motives for Outsourcing**

1. What do you think are the main reasons for government departments to outsource support services?
2. Would you say that the department is achieving its intended objectives for outsourcing these services and why?
3. What do you think of the influence of outsourcing support services on the operating costs of the department?
4. What do you think the department perceives about the quality of outsourced services compared to when the services were provided by the government employees?

#### **Impact of outsourcing**

5. What is your view of the impact of outsourcing these services to the outsourced workers?
6. What is your view of the impact of outsourcing these services to the contractors?
7. What do you think of the wages of the outsourced workers? Do you think they are earning more or less from their employer than when the services were provided in house? What makes you think that way?

#### **Perception of outsourced workers**

8. What is your view on the feeling of outsourced workers regarding outsourced support services?
9. Has the services being rendered by contract company ever been interrupted due to outsourced labour unrest?
10. What are other benefits that you offer to your employees beside their wages?
11. What are the employment conditions for your workers? What contribute to such conditions?

#### **Perception of Contract companies**

12. As an executive member, what is your feeling regarding outsourced support services?
13. Would you say that you are able to maximize profit through your services being outsourced?



14. As a contract company would you say that you are benefiting from your services being outsourced? If yes, what are the benefits and if not, why do you think you are not benefitting?
15. What are the challenges that you have encountered since you entered into the contract agreement?

## **Vote of Thanks**



## INVITATION TO PARTICIPATE IN A RESEARCH

### TITLE OF STUDY

**“Exploring the effects of public sector outsourcing on support service workers: A case of two outsourced companies in KwaZulu Natal”.**

*Researcher: Zamazulu Mthembu*

### **The purpose of the study is to:**

- Understand your experiences as outsourced workers.

### **As per the invitation you are reminded to participate in the study:**

- Date: 29 January 2019
- Time: 12h00 to 12h30
- Venue: DPW Premises

### **Contact Information**

To find out more about this study please contact:

- Dr Sybert Mutereko
- 031 260 7951
- muterekos@ukzn.ac.za

### **Appendix E: Consent Letter**

## **CONSENT LETTER**

## UKZN HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)

### APPLICATION FOR ETHICS APPROVAL (For research with human participants)

#### Information Sheet and Consent to Participate in Research

Date:

Greetings,

I am Zamazulu Fanelesibonge Mthembu (9508882), a Masters student in Administration at the School of Management, Information Technology and Governance, University of Kwazulu Natal, South Africa. My contact details are as follows:

Email: zamazulu.mthembu@drdlr.gov.za

Cellular 083 998 4665

You are kindly requested to consider participating in a research study titled “Effects of public sector outsourcing on support service workers: A case of two provincial departments in KwaZulu Natal”. The objective of the research is to gain an in-depth understanding of outsourcing and how it has impacted on outsourced workers. The study is expected to include workers and management members of M and J Chemical company, management member of the Department of Public Works and Department of COGTA. The researcher shall conduct interview with the members of management within the company and two government departments. Focus group discussion shall also be held with outsourced workers for M and J Cleaning company to understand their perceptions regarding outsourcing of their services. Kindly note the following in respect of your participation:

- a. That your participation in this study is voluntary. You have a choice to participate or not. You may also withdraw your participation at any time you deem without giving any reason;
- b. Your participation is highly confidential. No one has the right to know of your participation
- c. no incentives, monetary or otherwise is available to participants and no risk is envisaged;
- d. all data, both electronic and hard copy, will be securely stored during the study and archived for 5 years after which all data shall be destroyed;
- e. all information given shall be treated with strict confidentiality and will be analysed strictly for academic purpose.

**Kindly note that this study was approved having been screened by the Ethics Board of the School of Social Sciences, University of KwaZulu Natal in South Africa with approval no.**

.....

Considering the foregoing, your honest response to the questions will be highly appreciated.

If you have any doubt, question or concern, you may please, call on the research supervisor; Dr. Sybert Mutereko ([muturekos@ukzn.ac.za](mailto:muturekos@ukzn.ac.za); +27312607951) or contact:

**Mr. Premiall Mohun,**  
**Humanities & Social Sciences Research Ethics Administration**  
Research Office, Westville Campus  
Govan Mbeki Building  
Private Bag X 54001  
Durban 4000 KwaZulu-Natal, SOUTH AFRICA  
Tel: 27 31 2604557- Fax: 27 31 2604609  
Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Yours sincerely,

MTHEMBU, ZF.  
**Researcher**

## CONSENT TO PARTICIPATE

I ..... have been informed about the study entitled  
“Effects of public sector outsourcing on support service workers: A case of two provincial  
departments in KwaZulu Natal” by Zamazulu Mthembu.

I understand the purpose and procedures of the study.

I have been given an opportunity to ask questions about the study and have had answers to my  
satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any  
time without affecting any of the benefits that I usually am entitled to.

I have been informed about any available compensation or medical treatment if injury occurs  
to me as a result of study-related procedures.

If I have any further questions/concerns or queries related to the study I understand that I may  
contact the researcher at [zamazulu.mthembu@drdlr.gov.za](mailto:zamazulu.mthembu@drdlr.gov.za), 0839984665.

**Mr. Premiall Mohun,**

**Humanities & Social Sciences Research Ethics Administration**

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban, 4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557 - Fax: 27 31 2604609

Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

### ***Additional consent, where applicable:***

I hereby provide consent to:

Audio-record my interview / focus group discussion                      YES / NO

\_\_\_\_\_  
**Signature of Participant**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature/Date of Witness (as applicable)**

\_\_\_\_\_  
**Signature of Translator (as applicable)**

**UNIVERSITY OF KWAZULU NATAL**  
**School of Social Sciences**

**Researcher:** MTHEMBU Zamazulu Fanelesibonge (9508882)

**Supervisor:** Sybert Mutereko PhD.

School of Management, IT and Public Governance

Dear Respondent,

The information required in this questionnaire is meant to form part of an academic research process titled "**Effects of public sector outsourcing on support service workers: A case of two provincial departments in KwaZulu Natal**". It is a survey study involving the workers employed by M&J Chemical company.

Through your participation, the researcher will be able to ascertain the feelings of the people and how they have been affected by outsourcing of their services.

Kindly note the following in respect of your participation:

- a. That your participation in this study is voluntary. You have a choice to participate or not. You may also withdraw your participation at any time you wish without giving any reason.
- b. Your participation is highly confidential and anonymous. No one has the right to know of your participation, the information cannot, in anyway, be linked to you; hence, your name is not required for any reason.
- c. If you have any doubt, question or concern, you may, please, call on the researcher for explanation or contact the institution above;
- d. No incentives or benefit is available to participants and no risk is envisaged.

In light of the foregoing, your honest response to the questions will be highly appreciated. All information given shall be treated with strict confidentiality and will be analysed as aggregated statistics data strictly for academic purpose.

Thank you for your cooperation

.....  
**MTHEMBU Zamazulu Fanelesibonge**  
0839984665

## Appendix E2: Consent Letter in isiZulu

# INCWADI YOKUVUMA

UKZN HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)

APPLICATION FOR ETHICS APPROVAL (For research with human participants)

### Ishidi lwazi nokuvuma ukuba inxenye yocwaningo

Usuku:

Uyabingelelwa,

Igama lami ngingu Zamazulu Fanelesibonge Mthembu (9508882), umfundi owenza iziqu ze Masters Public Administration enyuvesi ya KwaZulu Natali. Imininingwane yokuxhumana:

Email: zamazulu.mthembu@drdlr.gov.za

Umakhalekhukhwini: 083 998 4665

Uyanxuswa ukuba ingxenye yocwaningo ngaphansi kwesihloko esithi *“Imithelela yokukhipha ngaphandle imisebenzi esekela izikhungo zikahulumeni: Icala lezinkampani ezimbili ezikhishwe ngaphandle KwaZulu Natali”*. Injongo yalolucwaningo ukuqonda kabanzi ngokukhishelwa ngaphandle kwemisebenzi kuzinkampani ezizimele kanye nomthelela wakho kuzisebenzi zalezinkampani ezizimele. Kulindeleke ukuthi lolucwaningo lubandakanye izisebenzi eziqashwe izinkampani ezizimele kanye nabaphathi babo. Umcwaningi uzoba nengxoxo nabaphathi balezinkampani. Umcwaningi uzophinde aphe nengxoxo ezobe igxile kwiqembu lezisebenzi eziqashwe u M and J Chemical and Cleaning Services no Rainbow Moon Services ngenhloso yokuthola umbono novo wabo ngokukhishelwa ngaphandle kwemisebenzi kuzinkampani ezizimele. Qaphela lokhu okulandelayo mayelana nokubamba kwakho iqhaza kulolucwaningo:

- f. Ukuba inxenye yocwaningo kusuka kuwe ngokuzithandela. Unakho ukukhetha ukuthi ubeyingxenye noma ungabi ingxenye yalolucwaningo. Ungahoxa noma inini uma ufisa ngaphandle kokunikeza izizathu.
- g. Ukubamba iqhaza kulolucwaningo kuyimfihlo kakhulu. Akekho onelungelo lokwazi ngokuba neqhaza kwakho kulolucwaningo.
- h. Akunamivuzo noma ngabe eyemali ezotholaka ngokuthi ube yinxenye yalolucwaningo kanti futhi akunabungozi obulindelekile;

- i. Lonke ulwazi olungaba kwikhompyutha noma olusephepheni luzogcinwa ngokuphepha ngenkathi ucwaningo luqhubeka kanti luzogcinwa iminyaka eyisihlanu inyuvesi emva kwalokho luzobe selubhubhiswa lonke.
- j. Lonke ulwazi ozolunika umcwaningi luzophathwa ngemfihlo kanti luzohlaziywa ngenhloso yokufeza izifundo zomcwaningi.

**Qaphela ukuthi lokucwaningo luvunyelwe ngemuva kokucubungisiswa ibhodi lokuziphatha lesikolo locwepheshe bezenhlalakahle enyuvesi ya kwaZulu Natali eningizimu Africa ngenombolo yokuvuma ethi .....**

Kukho konke okushiwo ngenhla, ukuphendula kwakho ngokuthembeka kuzoncomeka kakhulu.

Uma unokungabaza noma imibuzo, uyacelwa ukuthi uxhumane nonsumpa walolucwaningo:

Dokotela Sybert Mutereko ([muturekos@ukzn.ac.za](mailto:muturekos@ukzn.ac.za); inombolo yocingo 031 260 7951) noma kulemininingwane elandelayo:

**Mr. Premiall Mohun,**

**Humanities & Social Sciences Research Ethics Administration**

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban 4000 KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Ozithobayo

MTHEMBU, ZF.

***Umcwaningi***



## UKUVUMA UKUBA YINXENYE YOCWANINGO

Mina ..... (igama nesibongo) ngazisiwe ngocwaningo olusihloko sithi *“Imithelela yokukhipha ngaphandle imisebenzi esekela izikhungo zikahulumeni: Icala lezinkampani ezimbili ezikhishwe ngaphandle KwaZulu Natali”*

Ngियाqonda ngenhloso nenqubo yocwaningo.

Nginikeziwe ithuba lokubuza imibuzo ngocwaningo futhi nganelisekile ngezimpendulo.

Ukubamba kwami iqhaza kulolucwaningo kusuka kimina, angiphoqwanga umuntu futhi ngingahoxa noma inini ngaphandle kokulahlekelwa imihlomulo engifanele.

Uma ngiba nemibuzo mayelana nalolucwaningo ngियाqonda ukuthi kumele ngithintane nomcwaningi kuleminingwane:

Email: [zamazulu.mthembu@drdlr.gov.za](mailto:zamazulu.mthembu@drdlr.gov.za)

Cellular 083 998 4665

Uma ngiba nemibuzo mayelana namalungelo ami njengo muntu obambe iqhaza kulolucwaningo ngियाqonda ukuthi ngingaxhumana ne hhovisi elilandelayo.

### HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban, 4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557 - Fax: 27 31 2604609

Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

**Ngiyavuma ukuqoshwa kwenkulumo:** Yebo / Qhabo

\_\_\_\_\_

Ukusayina kobambe iqhaza

\_\_\_\_\_

Usuku

\_\_\_\_\_

Ukusayina kuka fakazi

### Appendix F: M & J Chemicals gatekeeper



## M&J CHEMICALS CC

CK 94/34430/23

Experts in gardening services and landscaping, renovations carpet cleaning and Pest Control. Manufacturers of domestic and industrial chemicals and household detergents. Specialist in cleaning educational, domestic, commercial & hospitality institutions.

Tel: 031 539 3056

Fax: 031 537 3541

Cell: 084 753 3777

Email: [mjchemicals@telkomsa.net](mailto:mjchemicals@telkomsa.net)

3 Hill head Road, Capital Park, Unit 13, Mount Edgecombe

SITE: [WWW.MANDJCHEMICALS.CO.ZA](http://WWW.MANDJCHEMICALS.CO.ZA)

7 December 2018

Ms Zamazulu F. Mthembu, student number 9508882 is a Masters student in Administration at the University of KZN Westville campus. We, the management of M & J Chemicals and Cleaning Services acknowledge and understand that her research project will contribute towards her masters thesis project titled: *"Impacts of public sector outsourcing on support services workers: A case of two provincial government departments in KZN, South Africa"*.

M&J Chemical and Cleaning Services, is aware that the study will take place during office hours for which she will be collecting data by means of interviewing key persons at M&J Chemicals which she deems necessary to achieve the objectives of this research.

M&J Chemical and Cleaning Services support and understand that this project involves accessing personal views and information from people. Such data will be provided to the researcher with all personally identifying information, however, during the data presentation in the form of the final thesis e.g. names shall be removed so that the data cannot be traced to any individual.

I support and grant permission to conduct this research at M&J Chemical and Cleaning Services.

Your Sincerely

MR. J. NAIBOD  
MANAGING DIRECTOR

### Appendix G: Rainbow Moon Services gatekeeper



9 Bristol House  
1A Delamore Road  
Hillcrest  
Tel: 031 765 7052  
Fax: 031 7656 288  
Email: [Zbq@telkomsa.net](mailto:Zbq@telkomsa.net)

---

02 November 2018

Dear Mrs Zamazulu F Mthembu  
School of Management, I.T and Governance  
University of KZN  
Westville Campus

**RE: PERMISSION TO CONDUCT A STUDY WITHIN RAINBOW MOON SERVICES**

Your request to conduct a study on the outsourcing of public services in the public sector within Rainbow Moon Services has been granted.

Yours Faithfully,

**Moreblessing Makoni**  
Office Administrator

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"Excellence at all times"

## Appendix H: Ethical Clearance



UNIVERSITY  
OF  
KWAZULU•NATAL

**INYUVESI**  
**YAKWAZULU.NATALI**

19 March 2019

Mrs Zamazulu Fanelesibonge Mthembu (9508882)  
School of Management, IT & Governance  
Westville Campus

Dear Mrs Mthembu,

Protocol reference number: HSS/0073/019M

Project title: Exploring the effects of public sector outsourcing on support service workers: A case of two outsourced companies in KwaZulu-Natal

### Approval Notification — Expedited Approval

In response to your application dated 21 January 2019, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....  
**Dr Rosemary Sibanda (Chair)**

/ms

Cc Supervisor: Dr Sybert Mutereko cc Academic Leader Research: Professor Isabel Martins cc School Administrator:  
Ms Angela Pearce

Humanities & Social Sciences Research Ethics

Committee Dr Rosemary Sibanda (Chair)

Westville Campus, Govan Mbeki Building

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Pietermaritzburg

Westville

ASOKA ENGLISH LANGUAGE EDITING

14 Boundary Rd., Escombe, 4093

CELL NO.: 0836507817



DECLARATION

THIS IS TO CERTIFY THAT THE FOLLOWING THESIS HAS BEEN ENGLISH  
LANGUAGE EDITED

***Exploring the effects of public sector outsourcing on support service workers: A case  
of two outsourced companies in KwaZulu Natal.***

**Candidate: Mthembu ZF**



DISCLAIMER

Whilst the English language editor has used electronic track changes to facilitate corrections and has inserted comments and queries in a right-hand column, the responsibility for effecting changes in the final, submitted document, remains the responsibility of the client.

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Director: Prof. Dennis Schaffer, M.A.(Leeds), PhD, KwaZulu (Natal), TEFL(London), TITC Business English, Emeritus Professor  
UKZN. Univ. Cambridge Accreditation: IGCSE Drama. Hon. Research Fellow, DUT. Durban University of Technology.