OUTSOURCING AND ITS IMPLICATIONS FOR EMPLOYEE TRAINING AND DEVELOPMENT
A CASE STUDY OF WESTEL

BY

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A DISSERTATION SUBMITTED TO THE CENTRE FOR DEVELOPMENT STUDIES, FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF CAPE COAST IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR AWARD OF MASTER OF ARTS DEGREE IN HUMAN RESOURCE DEVELOPMENT

MAY, 2007
DECLARATIONS

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's Signature: [Signature] Date: May 28, 2007
Name: Baba Suahhu Issahague

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature: [Signature] Date: May 28, 2007
Name: Dr. Nancy Enu-Kwea
ABSTRACT

The aim of this study is to examine the effects of outsourcing on employee training and development in Westel. The study argues that when a task is outsourced, the skills and competencies used for the performance of that task will be lost unless an alternative use for that skill is created. This raises the need for employees to be retrained. The study examined the training needs of employees and how such needs were assessed within Westel. The study used the case study approach.

The study found that outsourcing has resulted in loss of skills and competencies in Westel. It was also found that Westel uses the performance appraisal system to discuss training needs of employees. It also uses the post-course evaluation method to evaluate training. The study has revealed that 69% of employees whose roles were changed were retrained.

The conclusions are that Westel practices outsourcing without an outsourcing policy. Outsourcing in Westel resulted in the loss of skills and competencies. However, employees whose skills were affected were retrained.

The recommendation for the management of Westel is that an outsourcing policy should be instituted. For the human resource department, it is recommended that the professional development programme for employees should be restructured to cater for the needs of both technical and non-technical staff. The recommendation for the employees is that activities that interfere with workflow should be reported to the appropriate authority for redress. Finally, the head of the technical department should discuss the content of the Service Level Agreement (SLA) with the monitoring team.
ACKNOWLEDGEMENTS

I would like to express my profound gratitude to Dr. Enu-Kwesi of the Centre for Development Studies of the University of Cape Coast who guided me throughout the study and without whose support this study would not have been possible. I would also like to express my appreciation to Alhaji Abdulai Darimani of Third World Network for the tremendous role he played in making this study a success. Mention must also be made of Mr. Jeff Onyame, Assistant Registrar of the University of Cape Coast under whose counselling I selected the Human Resource Development option out of the MA programmes.

The contributions of the management and staff of Westel are equally acknowledged.
DEDICATION

In memory of my late uncle, Mr. Y.B. SIDIQUE
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<th>Description</th>
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<tr>
<td>ADP</td>
<td>Accelerated Development Plan</td>
</tr>
<tr>
<td>BT</td>
<td>British Telecommunications</td>
</tr>
<tr>
<td>CIPD</td>
<td>Chartered Institute of Personnel and Development</td>
</tr>
<tr>
<td>DfES</td>
<td>Department for Education Skills</td>
</tr>
<tr>
<td>GP&amp;T</td>
<td>Ghana Postal and Telecommunications Services</td>
</tr>
<tr>
<td>GT</td>
<td>Ghana Telecom</td>
</tr>
<tr>
<td>IBM</td>
<td>International Business Machines</td>
</tr>
<tr>
<td>ITU</td>
<td>International Telecommunications Union</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
</tr>
<tr>
<td>OGC</td>
<td>Office of Government Commerce</td>
</tr>
<tr>
<td>PDP</td>
<td>Professional Development Programme</td>
</tr>
<tr>
<td>PETRA</td>
<td>Project-oriented and Transfer-oriented training</td>
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<tr>
<td>RBV</td>
<td>Resource Based View</td>
</tr>
<tr>
<td>SLA</td>
<td>Service Level Agreement</td>
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<tr>
<td>SNO</td>
<td>Second National Network Operator</td>
</tr>
<tr>
<td>WESTEL</td>
<td>Western Telesystems (Gh) Limited</td>
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<tr>
<td>WLL</td>
<td>Wireless Local Loop</td>
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CHAPTER ONE

INTRODUCTION

Background to the study

Research has shown that competition in telecommunications has improved performance over monopoly provisions around the world, resulting in lower prices, better service, wider access and faster expansion of capacity (Haggarty, Shirley and Wallsten, 2002). This was what the Government of Ghana intended to achieve when it liberalised the telecommunications sector in 1992.

A history of poor telecommunications service, including lack of access, poor quality for those who had access, and high international tariffs made the National Operator, Ghana Telecom unpopular. Compared with other countries in Sub-Saharan Africa, telephone rates in Ghana were low and stagnant (Table 1).
Table 1: Telephone rates in selected Sub-Saharan countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual growth in main lines</th>
</tr>
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<tbody>
<tr>
<td>Ghana</td>
<td>877</td>
</tr>
<tr>
<td>Benin</td>
<td>908</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>1213</td>
</tr>
<tr>
<td>Cameroon</td>
<td>2899</td>
</tr>
<tr>
<td>La Cote D'Ivoire</td>
<td>4108</td>
</tr>
</tbody>
</table>

Source: International Telecommunication Union, 1999

Also service was highly skewed towards Accra and other urban areas (Table 2). Over 80% of all phone lines were in urban areas and 53.6% were in

Table 2: Telephone penetration in Ghana

<table>
<thead>
<tr>
<th>Region</th>
<th>Main line per 100 population</th>
</tr>
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<tbody>
<tr>
<td>Accra</td>
<td>1.40</td>
</tr>
<tr>
<td>Western</td>
<td>0.25</td>
</tr>
<tr>
<td>Ashanti</td>
<td>0.23</td>
</tr>
<tr>
<td>Central</td>
<td>0.19</td>
</tr>
<tr>
<td>Eastern</td>
<td>0.18</td>
</tr>
<tr>
<td>Volta</td>
<td>0.14</td>
</tr>
<tr>
<td>Brong Ahafo</td>
<td>0.13</td>
</tr>
<tr>
<td>Northern</td>
<td>0.12</td>
</tr>
<tr>
<td>Upper</td>
<td>0.11</td>
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Accra in 1990 (International Telecommunications Union, 1994). The northern part of the country, with 40% of the population, had only about 1% percent of the nation’s telephones (fewer than 6 lines per 10,000 people) in 1993. Only 37 of the 110 district capitals were connected, meaning that large parts of the country were not connected to the communications grid at all.

Stagnant growth was not due to lack of demand. Demand estimates varied widely but were above the sole operator’s (Ghana Telecom) service provision. In 1990 GP&T (now Ghana Telecom) estimated excess demand at about 12,000 lines, or about 25% of main lines, while in 1993 excess demand was 150,000, or three times the existing number of lines (Anderson Management International A/S, 1993). In 1985 the International Telecommunications Union (ITU) estimated that at the then-current rate of line growth it would take 80 years to connect everyone on the telephone waiting list. Further evidence of excess demand was the emergence of what has been referred to as “Communication Centres”.

When service was available, quality was very poor. On average, nearly 20% of all mainlines were not functioning at any time (Anderson, 1993). Only 47% of outgoing international calls were completed while 21% of incoming calls got through in 1992 (World Bank, 1997). Domestic service was not much better; 49% of long distance calls and 58% of local calls were completed that same year (World Bank, 1997).

The dominant service provider (Ghana Telecom) was over-staffed, slow to respond to consumer complaints, and employees frequently demanded side payments to repair faults when they did respond (Haggarty et. al, 2002). In 1994, GP&T had 13 mainlines per employee in the telecommunications part
of its business, well below the Africa regional average of about 25 (Haggarty et. al, 2002)).

The government stated in its telecommunications objectives in the ‘Accelerated Development Programme (ADP) for 1994-2000’ (Government of Ghana, 1994) that competition would result in improved access, reliability, and quality of services. Improved service cannot be achieved without the requisite human capital or the right training. The ADP, therefore, offered the telecommunication sector an opportunity to overhaul its human capital, especially in the area of training and development.

In order to implement the ADP policy framework, the government called for competition from a second network operator (SNO). Western Telesystems (Gh) Limited (Westel), a joint-venture between Western Wireless International of the United States of America and the Ghana National Petroleum Corporation won the bid for the SNO license.

Westel officially launched its services in 1999 on the basis of the licence requirements of providing fifty thousand (50,000) lines within five (5) years. In the event of default, the company would pay a penalty of US$1,500 for each uninstalled subscriber line and US$500 for each uninstalled Public Access Telephone or Payphone (Annex 5 of SNO License, 1996).

Westel was overwhelmed with a high volume of applications for new service. Within the first three months of launching its services, the company had carried out over 730 surveys on subscriber premises (Westel, 1999). At this time, the company had a single team undertaking survey, installation and maintenance services. This pre-survey is very necessary because, Westel uses a Wireless (WLL) technology whose effectiveness can be limited by high
objects such as high-rise buildings. From the ‘Network Deployment Statistics’, the average survey time per potential subscriber was over forty-eight hours and installation services were falling about 3 days behind schedule. This was affecting the rollout plan and by 25th July 1999, out of a total of 3,100 projected lines in the business plan, the company had installed only 200 lines with a cumulative negative variance of 2,396 lines to the Business Plan (Westel, 1999).

Between 5th April 1999 and 25th July 1999, a total of 704 lines were installed and out of this number, Westel received about 178 complaints (faults) from subscribers, representing about 25% of the total number of lines installed. Despite the apparent low number of faults, about 24% registered an average repair time of over seventy-two hours, well beyond the stipulated licence requirements.

It became apparent that the high volume of applications, coupled with the increasing rate of fault, was having a negative impact on the unit cost per service provided. It also took much of management time, thus drifting resources from the core activities of the company. The problem confronting Westel, therefore, was to either, re-train the existing in-house staff or outsource the service. Management decided to outsource the survey and installation services in 1999. The outsourcing service has been running for about six (6) years but not without some concerns on its implications for employee training, career development and morale.
Statement of the problem

In 1999 the management of the company decided to outsource survey and installation services in order to focus on its core activities. However, the volume of telephone installations has been declining. In 1999 (April to July, 1999) the company installed a total of 704 telephones indicating about 41 installations per week (Westel, 1999). This figure dropped to 16 installations per week in the year 2000 representing about a 61% fall. In the following year, 2001 the weekly installation of 16 telephones recorded in 2000 further dropped to just 1 installation per week representing about 98% decline compared with the 1999 installation record. The 2002 weekly installation also showed a decline of about 92% while the 2003 installation per week declined by about 77% (Westel, 1999, 2000, 2001, 2003). In addition to the declining rate of installation, other issues in respect of employee training and development and morale lead to the following questions that necessitate this study:

1. How do employee training and development contribute to declining installations?
2. Does the outsourcing agreement clearly specify the role of HR with respect to training and development?

Objectives of the study

The main objective of this study is to examine the implications of outsourcing for employee training and development in Westel.
The specific objectives are to:

1. examine the effect of outsourcing on key skills and competencies
2. examine the training needs of the affected staff
3. assess the implications of outsourcing for employee training and development in Westel
4. make recommendations for the consideration of management

Research questions

The study will seek answers to the following research questions:

1. What are the effects of outsourcing on key skills and competencies?
2. What are the training needs of the affected staff?
3. What are the implications of outsourcing for employee training and development?

Justification of study

Outsourcing and employee training and development appear to be an entirely new area that has not been thoroughly investigated. Where literature exists there has not been emphasis on the linkages between outsourcing and employee training and development. From the available literature reviewed on the concept, very little work is done on outsourcing and its implications for human resource development, especially, its impact on employee training and development. Most of the theorists on outsourcing focus on outsourcing and costs without specifically isolating costs as a human resource issue. This
study, therefore, attempts to fill this missing gap with particular reference to employee training and development. The study will contribute to a body of knowledge focusing on the linkages between outsourcing and employee training and development.

The study will also provide new information that could help the management of Westel to make interventions for the retention of core skills and overall knowledge management in the company.

The findings of the study would help human resource development professionals to advocate for the integration of employee training and development with outsourcing.

Organisation of the study

The study is organised into five (5) chapters. Chapter One deals with the background of the study. In this chapter, pre-outsourcing conditions in Westel are examined which then leads us to the problem, objectives and justification of the study. Chapter Two looks at previous literature in the area of study. This chapter focuses on the main themes of the study, which are outsourcing, skills and competencies and, training and development. The themes are discussed and analysed in the context of outsourcing. We conclude this chapter with the conceptual framework of the study. Chapter Three presents the method of investigation for the study. It highlights the study design, the population under study, the sample selection procedure, the instruments for data collection, and data analysis. In each case a justification is given for the method selected. Chapter Four deals with the analysis of data. It discusses the statistical methods used in analysing the data and also presents
the findings of the study. Finally, Chapter Five contains the summary of findings, conclusions, and recommendations.
CHAPTER TWO
LITERATURE REVIEW

Introduction

This section is devoted to a review of literature relating to the problem under study. It therefore, explores both theoretical and empirical studies done on the following key concepts:

- Outsourcing
- Key skills and competencies
- Training and development

The discussions will be done in the context of outsourcing.

Outsourcing as a concept

In human resource circles, outsourcing is the use of contractors to provide services which are part of a traditional in-house Human Resource department (Meyers, 1999). According to Zappala (2000), outsourcing is a situation where an external vendor provides, on a recurring basis, a service that would normally be performed within the organisation. Outsourcing is not a new concept. It has been used by public sector organisations for many years in areas such as delivery, refuse collection, road maintenance and cleaning. This is consistent with the view of Myers (1999) who argues that the extent of outsourcing in HR is not precisely known. According to him, researchers in one study of human resources executives found that outsourcing some human resources functions was done in about 19% of the respondents' firms. In another study, 62% of approximately 400 HR practitioners said their
firms outsourced one or more activities. Outsourcing some human resource management activities, such as the recruitment and selection of temporary employees, have also been found to be in existence for many years.

The concept of outsourcing has been approached from different theoretical frameworks. The common theories running through the concept include the following:

- Core competencies theory (Prahalad and Hamel, 1990)
- Transaction cost theory (Williamson, 1975, McIvor, 2003)
- Resource-based theory (Lankford and Parsa, 1999)

Tracing the development of outsourcing, Prahalad and Hamel (1990) argue that the post-war hype on the need for organisations to conglomerate, integrate vertically and horizontally began to die down in the 1970s after reported cases of inefficiencies in large conglomerates. This resulted in the rise of core competence thinking calling on organisations to “stick to their knitting” (Cox and Lonsdale, 2000). The difficulty of using “core competence” to justify outsourcing is that it may not be easy for an organisation to determine which activities are core and those which are peripheral, and even if they do, the basis for segregating an organisation’s activities into core and peripheral is a subjective one and cannot, therefore, be accepted as a universal basis for outsourcing.

Using the Transaction Cost theory, Williamson (1975) and McIvor (2003) propose the use of supply market analysis rather than the identification of core competencies. According to them, supply market analysis has a more significant impact on the outsourcing process, especially in the telecommunications industry. They argue that the telecommunications industry is characterised by “shortening product cycles and time to market
pressure ...” (p.380) which makes it very difficult to operationalise outsourcing based on the core competence approach. Transaction Cost theory is built on the foundation that the properties of a transaction determine what constitute the efficient governance structure; functions could be outsourced, performed in-house or through an alliance.

Using the resource-based theory, Lankford and Parsa (1999) approach outsourcing from the perspective of business and process re-engineering. They define re-engineering as “the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed” (pp. 310 & 311). Citing the work of Gamble (1995), Lankford and Parsa (1999) argue that re-engineering should aim at an impartial evaluation of the existing organisational environment while forecasting how innovative the returns can be. They concluded that when re-engineering looks at who is best suited to performing a particular task, it may come out that the expertise cannot be found among in-house staff and outsourcing becomes the obvious. However, the authors ignored the possibility of retraining and developing the in-house expertise to take up the challenge. It is incumbent on human resource development professionals to assess critically, the potentials of their staff through regular performance appraisal exercises, mentoring and coaching so that appropriate alternative options can be put forward to challenge the rush to outsource an activity based on narrow internal resource analysis. When Bell Canada, for instance, attempted outsourcing one of its Call Centres because, the company claimed, the unit was making about C$30,000,000.00 in losses a year, the Union challenged the decision on the basis that it doubted the lost
making assertion of management. Following an independent evaluation of the unit, it proved that the unit was rather making profits (Corbett, 2000).

The reasons for which firms undertake outsourcing vary widely from firm to firm. Winkleman, Dole, Pinkard and Molloy (1993) identified two basic reasons behind the growth of outsourcing. These are cost reduction as one stream and a strategic shift in the way organisations are managing their businesses as the second stream.

The first stream views costs as the main reason for outsourcing. The Boston Consulting Group reported that US companies outsource primarily to save overhead or short-term costs (The Economist, 1991). Wilcocks and Fitzgerald (1994) also reported that large UK companies are compelled to undertake large-scale organisational changes and high degree of outsourcing non-core activities because of financial and competitive pressures. By outsourcing parts of its operations, British Petroleum was able to reduce cost by about 66% (Cross, 1995). However, Kakabadse and Kakabadse (1999) point out that economic analysis has its limitations as it does not account for the leadership and management capabilities to structure and manage a cooperative relationship which is crucial to the effective working of outsourcing arrangements.

The second stream undertakes outsourcing for strategic reasons, acknowledging other factors in addition to cost. This stream believes that the outsourcing decision-making goes beyond cost factors. McIvor (2003) reported that a telecommunication company which outsourced its sub-assembly activities was able to reduce costs by using suppliers with lower wage structures in comparison with the company. He argued that by using
suppliers with a relatively lower wage structure, fewer resources are employed in the company's purchasing function which is re-allocated towards new product introduction.

For core competency related or strategic outsourcing, a number of authors (including Quinn et al., 1990), emphasise the benefits of outsourcing as providing increased focus upon a set of core activities and reduction in functional scope of the organisation, enabling the development of a more focused organisation capable of increased responsiveness to market change. Reve (1990) cited in Jennings (2002) also points out that the use of outsourcing does facilitate the development of economies of scope through product diversification. He argued that, economies of scale is achieved indirectly, through reduced functional complexity and greater focus upon core activities “... facilitating the development of product/market complexity” (p.27). Jennings (2002), also points out that outsourcing promotes functional flexibility. According to him, outsourcing affords organisations the opportunity to avoid the hurdles of their own productive capacity including human resource deficiencies in meeting changes in the volume of sales. The argument is that in situations where the pattern of sales indicates seasonal or cyclical characteristics the penalties of under used in-house capacity may be avoided. Thus, the need to keep staff during the lean season and for staff to do overtime during busy seasons, such as Christmas, is avoided, thereby reducing the wage bill.

Through the literature review, cost reduction has been the predominant motive for outsourcing. However, available research findings indicate a wide variety of opinion on cost saving and outsourcing. Ketler and Walstrom
(1993) for instance argued that in most cases, initial vendor bills were usually 20% higher than anticipated due to a low vendor estimate and/or honest misunderstanding of the contract. Embleton and Wright (1998), on the other hand, believed that the level of achieved saving may average just 9%, and that in some cases, a large proportion of outsourcing clients may only break even or even find their costs increased. Jennings (2002) reported that Harley Davidson, was able to reduce cost by reinstating in-house supply of the outsourced activity. Unfortunately, both Embleton and Wright (1998), and Jennings (2002) have failed to establish what informed Harley Davidson, in the first instance, to have outsourced the service. Was the aim to cut cost or to tap external expertise? In a survey, 40% of 176 US corporations were found to have outsourced to be able to access outside expertise (Zhu, Hsu and Lillie, 2001). This finding has been confirmed by Urquhart (2002), who explained that sometimes the outsourcing is concerned with gaining access to technical expertise than better cost controls. British Petroleum (BP), for instance, outsourced its entire administrative aspect of HR to an organization that had extensive experience in the use of new technology that would enable employees to access their personnel records electronically through a system known as “MyHR” (Marchington and Wilkinson, 2002).

Invariably, once a service is outsourced, it creates the need to review the skills and core competencies of the organisation. This might require either the redeployment of these skills and competencies or retraining the affected employees who are the embodiment of these skills and competencies. If this is overlooked, it is very likely to create a situation where efficient use of the human resources may be impaired. Therefore, skills and core competency
audit is critical where there are organisational changes that affect employees' skills and competencies.

Key skills and competencies

Key skills and competencies are the most valuable resources of any organisation. They are the capabilities from which corporate mission and functional strategies evolve, and determine the competitive power of the organisation. Organisational capabilities are also said to be knowledge based. Thus, knowledge is a resource that forms the foundation of companies' capabilities and the wealth-creating capability of a company is based on its knowledge resources (Savage, 1990).

Competency, according to the Office of Government Commerce (OGC), UK (www.ogc.gov.uk) is a combination of knowledge, skills, understanding, ability, application, behaviour, aptitude and attitude. The OGC also defines skills as the practised application of a topic, technique or concept.

However, the idea of key skills and competencies and their relationship to outsourcing have evolved from the work of Prahalad and Hamel (1990). They clarified that core competencies are not physical assets but those corporate-wide technologies and production skills, which an efficient management can consolidate into resources that empower individual firms to adapt rapidly to changing business opportunities. With regard to what makes a competency core, Hamel and Prahalad (1994) explain that competencies become core when they represent a domain in which the organisation excels.
What makes an individual competent? An individual is said to be competent when that individual is able to apply knowledge and skills to solve problems. According to Gennard and Hayward (2005), an employee relations manager who has considerable knowledge in employee relations but lacks the skills and competency to apply them to solve employee relations problems cannot be described as an effective employee relations manager. To be competent, Gennard and Hayward (ibid) argue, aside knowledge, the employee relations manager must have key skills and competencies including interviewing, listening, watching, presentation (both written and oral) and negotiating. Invariably, all the competencies listed by Gennard and Hayward (2005) in the employee relations manager example can be triggered by outsourcing. Job analysis can be a product of outsourcing and one of the key tasks in job analysis is, interviewing job holders with a view to redesigning job roles that have become redundant or less efficient.

The definitions and clarifications provided by Savage (1990), the OGC (www.ogc.gov.uk), Prahalad and Hamel (1990, 1994) suggest that skills and competencies are critical variables for the successful performance of any organisation. It is argued that the best companies are differentiated by their talent (People Management, 2005). If this assertion is true, then it is important for organisations to continuously develop strategies for the efficient and effective management of these resources, especially, when there are organisational changes. Outsourcing is one such change agent that poses significant threats to key skills and competencies. As outsourcing triggers change in organisations, the ability of management to re-organise key skills and competencies can largely determine whether or not the company is able to
seize opportunities presented by outsourcing. Once a function has been outsourced, the key skills and competencies used to perform that function might become redundant or completely lost, especially in an outsourcing that triggers lay-offs.

There is empirical evidence to suggest that outsourcing does cause skill and core competency loss. The risk, according to Jennings (2002), is real. He concluded that where an organization does not have formal policy guidelines for outsourcing, it can lead to the “incremental loss of key skills and competencies” (p.28). Castley (1996) argues that the shortage of key skills and competencies can seriously endanger the successful operation of an important economic activity. This is supported by Worrall and Cooper (1998) who argue that outsourcing that triggers layoffs invariably leaves such organisations lacking the right mix of skills and depletes the pool of experienced workers. This in most cases, they argue, is worsened by the increasing use of temporary and contract workers by most outsourcing organizations. This is why Castellani (2004) suggests that organisations need to ensure that the fundamentals are in place – that the right people have the right skills and have access to the right training systems.

Domberger (1998) a key advocate for outsourcing, insists that outsourcing enables client organisations to introduce new skills in their productive efforts. This view, however, has been challenged by Harrison and Kelley (cited in Zappala, 2000) who hold the strong view that outsourcing typically, contributes little to building people-embodied skills that are necessary to sustain product leadership. According to Zappala (2000), this can lead to what is termed a ‘hollowing out’ of the organisation, referring to
the loss of skills, loss of corporate memory, weakened innovative capacity and
switching costs, which may accompany outsourcing. The loss of key
competencies can have grave consequences for any organization, and an
organization that outsourced its core activity is likely to lose the competency
in that unit of business. As Zappala (2000) said, the likely impact on the skill
base or knowledge of a firm will depend on which function has been
outsourced. According to Lonsdale and Cox (2000), IBM in the early 1980s
lost its key skills and competencies to Intel (the outsourcing contractor) when
it outsourced its semi-conductors function.

Outsourcing also creates the need for improved supervisory skills. Zappala
(2000), for instance, argues that outsourcing increases the cost of
monitoring. According to him, the client firm may need to intensify its
monitoring skills in order to enforce quality of service. This is consistent
with the view of Beylerian and Kleiner (2003) who argue that, 'One of the
most important disadvantages of outsourcing is the legal loss of control over
the contracted employees' (p.103). They assert that, while the client company
has the authority to assign individual tasks, the amount of supervision and
direction that can be provided is very limited. They, therefore, advocate for
employee reassignment to comparable jobs elsewhere in the company.
According to them, companies can retrain affected employees that have
company specific skills and reassign them for work in other areas where new
recruits would have been hired. IBM, for instance, has been cited to have
adopted this strategy through a major redeployment of talent it did not want to
lose. During the exercise, nearly 5000 employees were shifted from
manufacturing and laboratories to field positions. However, IBM was
the loss of skills, loss of corporate memory, weakened innovative capacity and switching costs, which may accompany outsourcing. The loss of key competencies can have grave consequences for any organization, and an organization that outsourced its core activity is likely to lose the competency in that unit of business. As Zappala (2000) said, the likely impact on the skill base or knowledge of a firm will depend on which function has been outsourced. According to Lonsdale and Cox (2000), IBM in the early 1980s lost its key skills and competencies to Intel (the outsourcing contractor) when it outsourced its semi-conductors function.

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reported to have accompanied these job reassignments with major training investments (Lonsdale and Cox, 2000). The need for organisations to manage their knowledge assets has also been emphasised by Marr, Schiuma and Neely (2004), who argue that organisations need to know, not only what their competitive advantage is, but also the capabilities they need to grow and maintain this advantage and to do this, organisations must identify and manage their knowledge assets.

The management of knowledge assets in the telecommunications sector has taken a different dimension. While other sectors still rely heavily on individual skill specialisation, key players in the telecommunications sector prefer to develop what is termed "hybrid-staff". Thompson and Guile (1994), in a case study of British Telecom (BT), argue that because of the ever-changing telecommunications environment, employees can no longer expect to have discrete specializations and predetermined career paths. What is required, they argue, is the ability to transfer, extend or combine skills and influence the work process. This is probably so because of the increasing need to combine various skills, not just one competency or skill, to solve a single problem presented by a customer. In the customer relations section, for instance, a series of tasks including retail sales, billing, fault reports and repairs, complaints, nuisance calls and general enquiries might have to be handled and coordinated by a single employee. As a consequence, employees have to be "multi-skilled" across a variety of different functions and trained to handle them efficiently. They must not only be multi-skilled but also have a depth of skill in terms of a particular operation as well as integrate, inextricably, their technical, conceptual and personal skills. According to
Thompson and Guile (1994), after a series of outsourcing, BT had to redefine the competencies it needed to be able to survive which included employees who can:

- Be flexible
- Be adaptive
- Be innovative
- Be discreet and exercise judgement
- Absorb training
- Exercise leadership, and
- Cope with uncertainty

This approach by BT is common in the telecommunication industry where most carriers shift their skills development strategy from specialised skill development to “hybrid” skill development. AT&T has been reported to be one of the leading advocates of developing “hybrid” staff. Siemens, in a study dubbed 'Project-oriented and transfer-orientated training' (PETRA) came to the conclusion that employees lack “not only occupation-specific knowledge and skills but also interdisciplinary (core) skills” (Gibbons-Wood and Lange, 2000). Citing the work of the Organisation for Economic Cooperation and Development (OECD), Gibbons-Wood and Lange (2000) argue that core skills of modern business and industry stand in contrast to the work or task specific skills associated with old production methods. Defending the need for developing “hybrid staff”, Castellani (2004) argues that 'the jobs that once took a steady hand and experience today require everything from mathematical problem-solving skills to communications and
team-building skills that only strong education and training programs can provide'.

Whether an outsourcing exercise triggers lay-offs or not, it creates the need to redefine the skills and competencies set of the organisation. This is because, whatever the case, there will either be the need to redevelop and redeploy the existing skills set or acquire new skill sets even if the organisation has to hire new skills through recruitment. The Westel team that used to carry out telephone surveys and installations has now found itself performing different tasks, which require similar but different set of skills and competencies. Company drivers have been seconded as maintenance technicians to bridge the skills gaps created, apparently, by the outsourcing. How the transition from one skill set to another was done is not clear and whether or not the skills switch has any impact on the morale of the affected employees and on production, are issues worth investigating. In all these cases, the ability to carry out skills and competencies audit is paramount because that will form the basis for the type of strategy to adopt.

According to Prahalad and Hamel (1994), the auditing of competencies requires the entire management to fully understand and participate in five key competence management tasks:

- Identify existing core competencies
- Establish a core competence acquisition agenda
- Build core competencies
- Deploy core competencies and
- Protect and defend core competence leadership
A different approach to skills and competence audit has been advanced by Torrington and Hall (1998). According to them, the key to auditing an organisation's skills and competencies is to draw skills and competencies map. This, they argue, must be preceded by a clear and accurate identification of the skills and competencies. They suggest that human resource development professionals should provide answers to the following questions which, they believe, may provide a lead to a successful identification of key skills and core competencies:

- What are the key competencies that the organisation needs at each level to meet its objectives now and in the future?
- How is the organisation going to assess current levels of these competencies?
- To what extent (as determined by the organisation's strategy and the external labour market) should these be developed internally?

However, May (1997) contests that the identification of skills and competencies alone is not enough but rather how to secure those skills and competencies, without jeopardizing current business performance, is even more critical. The concerns raised by May (1997) can be addressed if skills and competencies are measured to ensure that they generate the expected output for which they have been acquired. However, both May (1997) and Torrington and Hall (1998) fail to address skills and competency measurement. This gap has been bridged by Frances and Bee (2003) who have produced skills and competencies identification model (see Table 3) incorporating how these skills and competencies should be measured.
### Table 3: Key tasks, key competencies, standards and measures

<table>
<thead>
<tr>
<th>Key task</th>
<th>Key competency</th>
<th>Standard and measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check tickets, passes and permits in order to detect fraud and prevent fare evasion</td>
<td>Question customers courteously but assertively</td>
<td>Achieve an average score of 80% on evaluation by an observer using a checklist of courteous and assertive behaviours</td>
</tr>
</tbody>
</table>

Source: Frances and Bee (2003), page 65

From Table 3, three basic elements are involved in skills and competencies audit. These are:

- **Key tasks identification**
- **Key competencies identification and**
- **Standards and measurements**

The first step is to define key tasks involved in a given job. This can be done by first identifying the most important parts of the job. According to Frances and Bee (ibid), if this is carried out well, it should produce between six to eight key tasks in a job. They concluded that if the exercise produces more than eight key tasks, then the job must be redesigned. The second step is the identification of the skills and competencies required to undertake such key tasks. This can be done with the active involvement of the job holder. What is required here is to answer the question, “what does the job holder need to know or be able to do to perform key tasks?”. The final element is to set the acceptable level of performance in a key competency and how to determine whether such performance target has been met or not. Dave (2005)
suggests that the measurement should be something tangible that can be observed on the job. According to him, the measurement may sometimes be an absolute measure (i.e. 100 per cent – for example: ‘Documentation completed accurately within one week of the date to which it refers’. On other occasions they will allow for some tolerance – for example: 80% of queries will be resolved within 48 hours of receipt.

According to the Chartered Institute of Personnel and Development, UK (www.cipd.co.uk,) since the best companies are differentiated by their talents, key skills and competencies must be seen to be productive but that this can only be proven if they are religiously measured. If this assertion is true, then it is even more significant to undertake skill and competency audit when an organisation outsources one of its core functions. The audit might reveal the need to redeploy these key skills and competencies in other areas of the organisation, or retrain employees whose jobs have been outsourced. In all these cases, a strategic approach to training and development is required if the organisation must be able to compete effectively to earn rent.

There is evidence, according to Frost (2000), especially in skilled blue-collar trades, that firms that outsource might be reluctant to invest funds in training the employees of contractors. However, this is sometimes necessary especially, when the outsourced function forms part of a value chain system in which the shortage of skills in one node of the chain can affect the output of the service delivery. Agency workers often receive little or no training from either their agency or host firm and are required to undertake and pay for skills training themselves. Clearly there is little incentive for firms to pay for or provide training to agency employees as it in some ways defeats the purpose
of outsourcing in the first place. While this may not necessarily pose a problem for individual firms in the short term, this situation may pose problems for all firms in the longer term if the overall skill base of the workforce is reduced. According to Zappala (2000), the relationship between outsourcing and skills/training deserves further investigation and research. It is the intention of the current study to determine whether the outsourcing process in Westel has any impact on skills and competencies and if so what alternative training and development interventions were pursued to retain key skills and competencies within Westel.

Training and development

Defining “training” is a conceptually difficult task (Campanelli et al., 1994) because it is difficult to quantify, as employees can receive training through a variety of methods (Westhead, 1998). However, the glossary of the Department for Education and Skills (DfES, UK), defines training as a planned and systematic effort to modify or develop knowledge/skills/attitude through learning experience, to achieve effective performance in an activity or range of activities. Martin and Jackson (2002) define training as a “process through which individuals are helped to learn a skill or technique.” Marchington and Wilkinson (2002) consider training as a narrow concept falling under education but usually involves planned instructional activities, or other development activities and processes. According to Mayo (2004), training is concerned with enhancing both know-how and with developing personal skills.

The definitions provided by the DfES and, Martin and Jackson (2002) highlight a very important aspect of training, and that is, learning. By these
definitions, it can be argued that effective training is dependent on the ability and willingness of the participants to learn what is being taught. Training, therefore, cannot be devoid of learning even though learning may take place without training as evidenced in Kolb’s (2005) experiential learning.

Until recently, most human resource professionals concentrated on employee training with little or no regard to employee development. This is consistent with the view of Torrington and Hall (1995) who argue that employee development has traditionally been seen as a cost rather than an investment. What then is employee development? Why do human resource professionals pay little attention to employee development? Is there really a link between employee development and organisational performance?

Schein (1992) views employee development as a process of influence and attitude change. Dixon (1994) defines development as learning experiences leading to the acquisition of enhanced knowledge, skills, values or behaviour. Hopkins (1995) defines development as a philosophy of motivation that involves employees in specific activities designed to improve their personal and professional skills. Mullins (1996) sees employee development as a product of knowledge and varied experience. He argues that development is achieved through a combination of both theoretical and practical involvement. Development has also been viewed as the process whereby, over time, the individual becomes more complex and differentiated through the interaction of internal and external factors (Horwitz, 1996).

Training and development as concepts differ in many ways. Marchington and Wilkinson, (2002), for instance, assert that the outcome of training may be immediate, while the outcome of development unfolds
through time, rather than immediately, and tends to be long-lasting. According to Martin and Jackson (2002), development places emphasis on the growth of the individual. Management of people, handling work relationships and leadership are typical of broad ranges of skills that are developed. They argue that there is no fixed end point to development because individuals can continually improve, for instance, their leadership skills. Mayo (2004) concludes that the essence of people development (whether managed by individuals themselves or with the help of others) is to provide and benefit from opportunities, and that most of these will be new experiences.

These definitions relating to training and development all point to the significance of the resource-based view (RBV) of the firm which emphasises the need to protect the human resources of the organisation.

The impact of outsourcing on training and development can be assessed from the premise that training and development are business led. The argument is that if training and development are business led, then of course it can be concluded that they flow from the business strategy. Therefore, if for strategic reasons an organisation outsources a function, skills and competencies might be affected and for that matter training and development. According to Armstrong (2000) strategic human resource development takes a broad and long-term view about how HRD strategies can support the achievement of business strategies. The argument is that employee development has a positive role in helping to ensure that the business attains its goals (DfES, Roman, Ruize and Munuera, 2002). To do this, it is essential to develop the skills base and intellectual capital the organisation requires as well as ensuring that the right quality of people are
available to meet present and future needs (Roman, Ruize and Munuera, 2002). Outsourcing may impede this effort if it is not backed by training and development strategies. Therefore, “we have to find ways to help those negatively impacted by outsourcing” by strengthening the training systems (Castellani, 2004). However, strengthening the training system without first undertaking needs assessment might not produce the needed results that will fall in line with the strategic direction of the organisation.

Braton and Gold (2000) argue that selecting the type of training to offer employees should come from the overall training and development plan of the organization, otherwise, “bad habits could be passed on ...” (p.28). In their view a training and development plan should be as illustrated in Figure 1

![Figure 1: Strategic plan for training and development](image)

Source: Braton and Gold, (2000)

Martin and Jackson (2002) have developed a similar model which they refer to as the Training Cycle to emphasise the need for continuous training. This is illustrated in Figure 2.
This approach neatly matches the conception of what most organizations would regard as rationality and efficiency. There is an emphasis on cost effectiveness throughout. Training needs are identified so that wasteful expenditure can be avoided, objectives involving standards are set, programmes are designed and implemented, outcomes are evaluated, or more precisely validated, to ensure that the programme meets objectives originally specified and organization criteria (Braton and Gold, 2000). According to Elbadri (2001), the selection of training methods should be based on identified training needs, training objectives, an understanding of the trainees, the available resources, and an understanding of learning principles. In a survey, Elbadri (2001), found that consultant lectures as well as computer-based training are the most frequent methods used to provide employee training, with conferences, in-house seminars by training staff, and sponsoring employees to take university and college courses being the second most frequently used, while job rotation and group interview were found to be used less often. In terms of using contemporary technological advances in training
and development, he found out that 70% of respondents used videotape instruction, 40% used computer-based training and another 40% used audiotape instruction. This finding is consistent with Tung and Havlovic (1996:12) who stated that:

Programmed instruction and video presentations are a significant part of ... worker development activities.

According to Martin and Jackson (2002) a step by step approach to training and development in the questioning provided below, can produce a well organized strategic plan for training and development:

- What are the key competencies that the organisation needs at each level to meet its objectives now and in the future?
- How is the organisation going to assess current levels of these competencies?
- To what extent (as determined by the organisation’s strategy and the external labour market) should these be developed internally?
- Which approaches to, and methods of, development will be most effective in the organisation to build up the required competencies?
- Who is most appropriately involved in these processes?
- How is the organisation going to ensure that its employees’ development strategy is reinforced by, and reinforces other HR strategies?

Similarly, Bailey (2002) argues that whether on-the-job or off-the-job training is preferred, training and development should emanate from the general training policy of the organization. According to him, a training policy should clearly set out commitment to training and ensure that it falls
into alignment with overall business requirements. As a minimum, he argues, a training and development policy should contain:

- A statement of benefits to the organization
- The purpose of the policy
- The benefits to employees
- Formal qualifications and resources provided by the organization through training
- List of the training methods on offer
- Commitment to any recognized initiatives such as UK quality qualification Investors in People
- Staff responsibilities in this area
- Role of the individual regarding training and development

Organisational changes including internal transfers and promotions require the redefinition of the training and development plan to feed into the corporate plan (Donald, 1999, Armstrong, 2000, Commonwealth of Australia, 2002, Dawson, 2002). Clearly, the discussions presented by Donald, (1999), Armstrong, (2000), Bratton and Gold (2000), and Bailey (2002), all point to the need to undertake needs assessment whenever the strategic plan of an organisation is affected by change such as outsourcing. Of course, several factors can trigger the need for organisations to develop their employees. Harrison (1993), for instance, has identified five such factors, four of which are relevant here:
- Organizational strategy;
- External labour market shortages;
- Changes in internal labour market needs;
- Changes in internal systems and values

It might be the strategy of an organisation to outsource its peripheral activities and if so, training and development in that area of business might be curtailed. Also, if there are external labour market shortages, the rational thing to do is to train and develop staff internally as outsourcing is not likely to yield the best outcome. However, where there are changes in internal labour market needs, outsourcing may still be pursued but selectively depending on which particular type of skill and competency is in vogue. Where internal systems and values are concerned, off-the-job training might not be an ideal type of training since this concerns the culture of the organisation and no external body knows the culture of an organisation better than its members. In such a situation, internal training and development programmes should be pursued instead. Alcatel, for instance, after a series of outsourcing, offered employees a combination of on the-job and off-the-job training. Courses offered ranged from leadership, entrepreneurship, teamwork, the Alcatel culture and strategy, the dynamics of the telecommunications market, project and change management, and marketing. However, this was preceded by needs assessment (Training for Tomorrow, 2002). The argument that on the job training is not suitable for an organisation that has outsourced its services because such an organisation does not have the facilities is not entirely true when skills used to perform an activity have become redundant because such activity has been outsourced.
The fact is that, training needs analysis might prove that the temporary redundant staff can be assisted to develop skills in other disciplines within the organisation and training facilities for the new skills might exist in the organisation. There is no point training them on what has been outsourced because that skill might not be needed while the service remains outsourced. Agreeably, in the long term such training might be offered with a view to returning the service in-house. In the circumstance, wider training options might be considered including understudying the new service providers as well as attending courses outside the organisation.

Martin and Jackson (2002) argue that outsourcing is just one of many factors that may give rise to the need for training and development. They concluded that any of the following cases might call for training needs analysis:

- School leavers have much to learn about the world of work. Working with adults will be a novel experience, and new attitudes need to be formed. All this is quite separate from the actual mechanics of doing the job.

- Young graduates, especially those who have not been in employment before, need similar induction to that for school leavers, although they can be expected to learn faster. Building relationships with people in many departments of the organisation and having a broad understanding of what each function does is critical for those who seek a progressive career. Graduate training schemes invariably recognize this, and graduates often spend time in different functions before settling into their chosen career path.
• New employees who already have experience elsewhere need to learn about the culture of the new organisation, i.e. 'how things are done'. They need to meet, and begin to build relationships with those with whom they will be in regular contact. Systems and routines will be different from those of their previous employers.

• Employees who have moved from other departments, functions and sites also need time to acclimatize to their new situations.

• Retirement calls for a new set of life skills, and responsible employers recognize the need for training for this.

• Current employees who are not performing at the right level require specific diagnosis. The problem may lie in a lack of technical skills or in attitude, but very often other factors not directly related to training needs may be diagnosed.

• Promotion creates training needs. Surprisingly this is often not recognized. It does not follow that the best operative is automatically an effective supervisor, that the best salesman is a natural manager, or that an experienced schoolteacher knows how to be a head teacher. The Peter Principle, which suggests that everyone is promoted to their level of incompetence, possibly reflects the lack of training that most employees receive in promotion.

• Future potential is another reason for training and developing individuals. It particularly relates to those who are progressing to managerial or professional careers, where the responsibility for development of skills rests more heavily with the individual. Activities may include studying for professional qualifications,
secondments to other sites, departments or companies, special project responsibilities, and mentoring from one or more senior managers.

However, very little is written on training needs analysis in the context of outsourcing. McIvor (2003), for instance, dwells on processes and procedures as key frameworks for achieving successful outsourcing without indicating how such processes and procedures can be used to generate the same outcome, as training needs analysis. It may be true that processes and procedures can facilitate good results for outsourcing. However, the objectives of the outsourcing, the process and procedures themselves, will be delivered by people. Therefore, if the capabilities of these people cannot stand up to the challenges of the outsourcing objectives, it will be extremely difficult for the realization of the outsourcing objectives. This is consistent with the view of Martin and Jackson (2002) who argue that most jobs today need a wide range of skills and knowledge. They intimated that acquisition of relevant knowledge and skills opens up opportunities to individuals for increased job performance, career development and personal development.

From the perspective of the organisation, the organisation continually seeks the best return on their limited funds so it is necessary to be selective and to identify those areas that will be important in the particular job in question. It is in the light of this that needs assessment is critical.

Training needs assessment is a diagnostic process, which attempts to identify the variety of organisational needs that potentially can be satisfied through training and development. Needs assessment has been considered central to effective training (Kaufman, 1994; Peterson, 1996). According to
Frances and Bee (2003), needs assessment is a process that encompasses the following three stages:

- Identification of the range and extent of needs required to meet the business needs of the organisation;
- Specifying those needs very precisely; and
- Analyzing how best these needs might be met

The illustrations provided by Kaufman (1994), Peterson (1996) and, Frances and Bee (2003) clearly indicate that one cannot design training without knowing the requirements of the trainee and the organisation. Organisations can avoid the waste of the investment of time, effort, and money in training only by systematic identification of needs through the use of valid assessment techniques and the design of appropriate means of satisfying those needs (Dale, 1993). As Odiorne and Rummler (1988, p.130) have pointed out “the quality of the training outputs is only as good as the training needs assessment data input. If the training needs assessment have not been properly identified then both the training course and the training function are in jeopardy”. A good needs assessment should begin with gathering needs assessment data, methods of selecting training needs assessment method, and reasons for needs assessment.

According to Elbadri (2001), the most popular method for gathering needs assessment data is management request. This method involves the supervisor determining that an employee in his/her department needs training and so informing the training department, which then facilitates the requests. The second most widely used method for gathering needs assessment data is employee interviews. This method focuses on needs and promotes good
relationships between the employee and the training department. However, interviews are time consuming and to some extent subjective. The main concern associated with using interviews is whether the employees are focused on training they need to perform their job or training they simply feel they want but do not need to perform their job. Performance appraisal was seen as the third most frequently used method to gather data for needs assessment. In this method the manager and the employee discuss the employee’s current performance and how to improve the employee’s performance in the future. This strong role accorded to performance appraisal is in consonance with Digman’s study, which reported that, “the companies studied relied strongly on ... management judgement and performance appraisal data” (Digman, 1980, p. 16). Frances and Bee (2003) argue that a combination of employee observation, interviews, self-completed questionnaire and desk research can provide a more comprehensive approach to training analysis.

The next most important level in employee training and development is training design and delivery methods. During the design and delivery phase, educational strategy is created and programme content is put into an educationally sound format that uses principles of adult learning that are consistent with the chosen training delivery system (Martelli, 1990). In this phase many arrangements for training such as scheduling participants for training, choosing and testing the delivery method, room reservation, and other administrative details are made. The delivery of training occurs during this phase. There are many training methods. The selection of training methods should be based on identified training needs, training objectives, an understanding of the trainees, the available resources, and understanding of
learning principles (Torrington and Hall, 1998). Empirical evidence suggests that consultant lecturers as well as computer-based training are the most frequent methods used to provide employee training, with conferences, in-house seminars by training staff, and sponsoring employees to take university and college courses being the second most frequently used method (Elbadri, 2001). On the other hand, job rotation and group interview are used less often than any other methods. Also, in terms of using contemporary technological advances in training and development, respondents broadly accept videotape instruction (70%), computer-based training (40%) and audiotape instruction (40%) (Elbadri, 2001).

However, the most commonly used methods for employee development are mentoring and coaching which are sometimes used to support training. Studies show that as few as 8 to 12% of those who attend training translate new skills into measurable performance improvement (Caplan, 2003). According to Shepard (2005), the principal course of this failure lies in the lack of follow-up, reinforcement or support: the trainee goes ‘off site’, learns, and then returns to the day-to-day pressures of their role where they often find it hard to apply what they have learnt. It has been shown that the effectiveness of training is significantly enhanced when it is followed up and supported by coaching (Shepard, 2005).

Caplan (2003) defines coaching as a process of enhancing and developing the performance of the individual. He argues that coaching is about enabling employees to cope with managing change, business transformation, restructuring, growth and technological development. Mentoring on the other hand has been associated with assisting employees to
develop and manage their career path. For this reason, Shepard (2005) argues that "unlike a coach, who is often your manager, it is generally a good idea to look outside your immediate department for a mentor" (Shepard, 2005, p.3).

According to Frances and Bee (2003), results from training needs assessment should inform management as to how the training should be delivered. They refer to this as the 'make or buy' option.

- The make option involves designing and developing a new programme
- The buy option involves using an 'off-the-shelf' programme

Clearly, there may be solutions that lie between these two options, such as adapting an existing programme or developing a new programme made up of parts of existing programmes. The choice of whether to go for the make or buy solution hinges, to a large extent, on the following four factors which are also illustrated in Table 4:

- the size of the population requiring the learning
- the nature of the competencies to be learned
- the timing of the learning
- the type of learning experience required
Table 4: Factors influencing the make or buy decision

<table>
<thead>
<tr>
<th>Factors</th>
<th>Develop programme</th>
<th>Buy programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of Learning</td>
<td>Large population and buying</td>
<td>Small population and</td>
</tr>
<tr>
<td>population</td>
<td>a programme costs more than developing a</td>
<td>developing a</td>
</tr>
<tr>
<td></td>
<td>developing a programme</td>
<td>programme costs more</td>
</tr>
<tr>
<td></td>
<td></td>
<td>than buying a</td>
</tr>
<tr>
<td>Nature of</td>
<td>Company specific</td>
<td>Generic</td>
</tr>
<tr>
<td>Competencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time of learning</td>
<td>Enough time available</td>
<td>Limited time</td>
</tr>
<tr>
<td>Learning</td>
<td>Team learning required</td>
<td>Team learning not</td>
</tr>
<tr>
<td>Experience</td>
<td></td>
<td>Required</td>
</tr>
</tbody>
</table>

Source: Frances and Bee (2003) page 108

Mayo (2004) suggests that consultants may, of course, be used at any stage. He argues that consultants may add to the strategy development process. However, there is always the worry that their contribution comes down to an offering of their ready-packaged solution, with a little tailoring here and there, rather than something, which really meets the needs of the organisation. An open evaluation of the situation is necessary as it is useful to have an outside perspective, but the role of such outside contribution must be defined. In terms of delivery consultants may make a valuable contribution where a large number of courses have to be run over a short period. The
disadvantages are that they can never really understand all the organisational issues, and that they may be seen as someone from outside imposing a new process on the organisation. In evaluating the various options available, it must be noted that the approaches to and methods of development chosen need to be the most effective in achieving the skills and competencies required by the organisation.

Empirical evidence suggests that employees and potential employees are more interested in development opportunities, especially structured ones, rather than improvements in financial rewards. In a survey, 60% of BP workers indicated that not low wages or angry customers but lack of training was the major factor for discontent and poor performance (Bailey, 2002). According to the CIPD (2004), development activity can drive motivation and commitment, and can be used in a strategic way to contribute towards organisational performance. The Institute, therefore, advocates for the publishing and marketing of employee development strategy within the organisation. Wright (2004) however, cautions the need for management to be fair in the distribution of organisational rewards including employee development. She concluded that access to and eligibility for development is a tricky issue and if not handled professionally, can have the reverse of the intended impact. The caution by Wright (2004) highlights the need for the involvement of line managers in training and development programmes since they are in a better position to offer advice on skills gaps, what skills should be developed and which candidate should be considered for development.

Involvement of line managers in the delivery of training and development strategy can have a range of advantages (Hutchinson and Purcell,
Top management have a key role in introducing strategic developments to staff – for example, the creation of an organisation-wide competency identification programme; the creation of a system of development centres or introduction of a development-based organisational performance management system. Hutchinson and Purcell (2003), argue that it is only in this way employees can see and believe that there is a commitment from the top. At other levels line managers can be trained as trainers, assessors and advisers in delivering the strategy. According to Caplan (2003), this is not only a mechanism for getting them involved, but also for tailoring the strategy to meet the real and different needs of different functions and departments so that development can produce organisational performance.

However, it is widely agreed that it is difficult to provide evidence of a causal link between employee development and organisational performance. For example, is performance better because of increased or different employee development because the reward package has improved, or because we have a clearer set of organisational and individual objectives? If there is a link with employee development initiatives, is it that employees have better skills, or are better motivated, or they have been selected from a more able group of candidates attracted to the organisation as it offers a high level of development? Harrison (1993), cited in Torrington and Hall (1995), argues that the difficulty lies in the failure of management to define clearly, the terms ‘employee development ’and‘ business successes’. Green (cited in Bratton and Gold, 2000) reports that the benefit to employers of training is established through ‘intermediate’ variables such as labour turnover and organisational commitment. According to the Training Strategies for Tomorrow (2002),
businesses need to actively integrate training and development into their overall business strategy before they can fully appreciate the developmental benefits. While not disputing what Harrison (1993) said, Purcell et al (2003) believe that there is a strong link between employee development and organisational performance. However, they concluded that there are other intervening variables such as the ability (of the employees through training and development), motivation and opportunities provided such employees to practice their skills and to contribute to collective efforts at the team, section and organisation level. Both Harrison (1993) and Purcell et al (2003) therefore, highlight the need for management to consider employee development as a strategic issue. This way, the achievement of selected strategic objectives can reasonably be tied with results from investment in employee development. In this sense, if the direction of the organisation changes, training is re-evaluated to feed into the corporate strategic plan (Donald, 1999, Armstrong, 2000, Dawson, 2002). Therefore, the strategic direction of an organisation may preclude it from pursuing a particular training programme but concentrate on another. If an organisation that has outsourced an activity decides not to return such an activity in-house, the organisation may discontinue skills development in that area but devise skills redeployment programmes within the organisation. In cases such as this, the emphasis might be on-the-job training rather than off-the job training. However, if the activity forms part of the core business of the organisation but has been hit by temporal skills shortage for which reason the activity has been outsourced, such an organisation might devise a comprehensive training programme with a view to returning the activity in-house. In the
circumstances, a rigorous training programme may be pursued and may very likely include both on-the-job and off-the-job training programmes. British Telecom (BT) has had to review the knowledge, skills and capabilities it required from its workforce in order to transform itself into a highly competitive company (Thompson and Guile, 1994).

One of the most nebulous and unsatisfactory aspects of the training job is evaluating its effectiveness, yet it is becoming more necessary to demonstrate value for money. According to Williamson, Karp, Dalphin, and Gray (1982) evaluation is straightforward when the output of the training is clear to see, such as reducing the number of dispatch errors in a warehouse or increasing someone’s typing speed, and that it is more difficult to evaluate the success of management training course or a programme of social skills development. However, Martin and Jackson (2002), Frances and Bee (2003) and Mayo (2004) argue that the fact that evaluation of some programmes are difficult is not enough to prevent it being done. Frances and Bee (2003) lamented on the familiar method of evaluation using the post-course questionnaire, which course members complete on the final day by answering vague questions that amount to little more than ‘good, very good, or outstanding’. The drawbacks with these are, first, that there is a powerful halo effect as the course will have been at the very least, welcome break from routine and there will probably have been some attractive fringe benefits such as staying in a comfortable hotel and enjoying rich food. Secondly, the questionnaire tends to evaluate the course and not the learning, so that the person attending the course is assessing the quality of the tutors and the visual aids, instead of being directed to examine what has been learnt. Easterby-
Smith and Tanton cited in Frances and Bee (2003) surveyed evaluation of training in 15 organisations and concluded that all but one of the 15 organisations conducted some form of evaluation on a regular basis, and that invariably this consisted of an end-of-course questionnaire which were filed away without any action. Obviously, the purpose of evaluation is to provide feedback on training outcomes be it improved behavioural changes or improved course content in subsequent training and development programmes. The authors then advocate the simple strategy of asking participants and their bosses to complete short questionnaires at the beginning of the course to focus their minds on what they hope to get from it. At the end of the course there is a further questionnaire focusing on learning and what could be applied when back on the job. Later, they complete further questionnaires to review the effects of the course on subsequent working performance. This overcomes the problem of learning remaining a detached experience inducing nostalgic reflection but no action, but it also encourages the course participant to concentrate on what he or she is learning and not on assessing objectively the quality of the service.

According to Gibbons-Wood and Lange (2000), evaluation and assessment of core skills development can be achieved through the Leittext system which is a product of the German training system called the ‘dual system’. The Leittext system is an individual’s introduction to the process of learning, designed as the initial catalyst to self-learning. It normally introduces an assignment to a trainee with an associated set of texts and questions. The trainee then discovers what is needed and where his or her existing knowledge is lacking. The individual works through the Leittext as
part of a learning team, consisting of trainees at varying levels. Once the assignment is completed it is inspected and evaluated simultaneously by both the trainer and the trainee (Gibbons-Wood and Lange, 2000). An example of a Leitext system is illustrated in Table 5.

Table 5: Core skills and specific learning outcomes

<table>
<thead>
<tr>
<th>Core Skills</th>
<th>Specific learning outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation</td>
<td>Self-management</td>
</tr>
<tr>
<td></td>
<td>System approach</td>
</tr>
<tr>
<td></td>
<td>Accuracy and care</td>
</tr>
<tr>
<td>Communication</td>
<td>Oral and written expression</td>
</tr>
<tr>
<td></td>
<td>Ability to cooperate</td>
</tr>
<tr>
<td></td>
<td>Ability to integrate</td>
</tr>
<tr>
<td>Application</td>
<td>Applying theoretical principles to practical problems</td>
</tr>
<tr>
<td></td>
<td>Reasoning centered on problem solving</td>
</tr>
<tr>
<td></td>
<td>abilities to draw analogies</td>
</tr>
<tr>
<td>Independence</td>
<td>Ability to take decisions</td>
</tr>
<tr>
<td></td>
<td>Ability to criticise oneself</td>
</tr>
<tr>
<td></td>
<td>Recognition of one’s limitations</td>
</tr>
<tr>
<td>Resilience</td>
<td>Ability to adjust</td>
</tr>
<tr>
<td></td>
<td>Motivation</td>
</tr>
<tr>
<td></td>
<td>Endurance</td>
</tr>
</tbody>
</table>

Hopkins (1995) argues that training and development are useful tools for motivation. He asserts that employees will be happier and morale will be higher when development opportunities are provided and encouraged. If this assertion is true, it can be argued that where outsourcing creates skills and competency gaps and these gaps are not bridged by training and development, employees may be dissatisfied. Employee dissatisfaction is associated with low morale and consequently turnover. It is the intention of this study to determine whether outsourcing that is not accompanied with training and development can lead to skills and competency loss.

Conceptual framework for outsourcing

This study will be guided by the Resourced-Base View theory by Lankford and Parsa (1999). They approach outsourcing from the perspective of business and process re-engineering. They define re-engineering as “the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed” (pp. 310 & 311). They contend that to achieve successful outsourcing, a company’s re-engineering exercise must be bold, rational and efficiency-seeking. Such exercise, according to them, should have no room for “sacred cows” and should not be an exercise intended for job protection. However, such exercise may not yield the needed impact if it is perceived to create job insecurity among employees.

To achieve the business and process re-engineering, outsourcing should also take account of employee training and development. Outsourcing creates situation where employee training and development are required to
meet a number of challenges. One is the interface between the service provider and the client. The other is to prepare employee for possible redeployment and retrenchment.

This study is linked to the theory because it intends to find out how outsourcing carried out by Westel affects employee training and development within the company. This relationship is explained in figure 3:

![Diagram](image)

**Figure 3:** Conceptual framework for outsourcing

Source: Author’s construct, 2005

From the diagram, outsourcing can lead to both skills redeployment and client-vendor interface monitoring as shown by the arrows. In each case, employee training and development is required which is why the arrows flow from skills redeployment and client-vendor interface monitoring respectively to employee training and development. Employee training and development can also contribute to effective and efficient client-vendor interface
monitoring exemplified by the second arrow from employee training and
development to client-vendor interface monitoring. From the diagram if the
organisation fails to retrain and develop employees affected by outsourcing, it
might lead to loss of skills and competencies and this is represented by the
broken lines.

Definition of concepts

Outsourcing: Refers to the contracting out of a service

Training: is concerned with enhancing both know-how for specialised
knowledge and skills in business, technical and professional areas

Development: refers to coaching or mentoring employees along a
predetermined career path

Key skills and competencies: these are resources possessed by employees
considered very central to the success of the core business of an organisation
CHAPTER THREE
METHODOLOGY

Introduction

This chapter presents the method of investigation used for the study. It highlights the study design, the population under study, the sample selection procedure, the instruments for data collection, and data analysis. In each case a justification is given for the method selected and used.

Study design

The case study approach was used for investigating the research problem. A case study is defined as an empirical inquiry that investigates a contemporary phenomenon within a real-life context (Yin, 1994). The study design was particularly selected because of the fact that it offers a greater opportunity to explain the links between outsourcing and employee training and development. Secondly, Westel is the only national network operator after Ghana Telecom and a product of the telecommunications sector reform. Westel is also currently outsourcing some of its services. This, therefore, placed the company in a unique position to be used as a case study for investigating the relationship between outsourcing and employee training and development. Having experienced outsourcing for over six (6) years, the company had records and documentation relevant for the study. This is consistent with Yin’s (1994) assertion that case studies enable the researcher
to deal with a full variety of evidence – documents, artefacts, interviews and observations.

Study population

The staff of Westel constituted the study population. The units of analysis, therefore, were the individual staff of Westel. The staff of Westel were purposely selected for the study because of their experience with outsourcing. The total number of staff in Westel at the time of the study was sixty-nine (69), out of this number 47 are males and 22 are females. The staff are generally categorised into management, senior and junior staff.

Westel has five departments namely: client services, finance, human resources and administration, information technology and, operations and engineering. There is also a management team which is made up of the executive and the various heads of department. The sixty-nine staff of the company are distributed among the various departments as illustrated in Table 6.
Table 6: Staffing distribution at Westel

<table>
<thead>
<tr>
<th>Name of Department</th>
<th>No. of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>8</td>
</tr>
<tr>
<td>Client Services</td>
<td>12</td>
</tr>
<tr>
<td>Finance</td>
<td>9</td>
</tr>
<tr>
<td>HR and Administration</td>
<td>11</td>
</tr>
<tr>
<td>Information Technology</td>
<td>4</td>
</tr>
<tr>
<td>Technical</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>69</strong></td>
</tr>
</tbody>
</table>

Source: Westel, 2005

Management gives policy direction and takes strategic decisions for the company. Client Services provide client-vendor interface and also customer services. The finance department provides financial and accounting services. The Information Technology department generates bills for customers and also facilitates the information needs of the other departments. Human resource and administration provides the human resource needs of the organisation which includes recruitment and training. The Operations and Engineering department provides technical support for the company. Broadly speaking, the work of each of these departments is connected to outsourcing in the company. However, those staff who were directly involved in the outsourcing were the main target for the study.
Sample size and sample selection procedure

Management, finance, client services, human resource and administration and, operations and engineering staff were directly connected to outsourcing relationship in the company. The purposive sampling technique was applied to select these categories of staff. Management, finance, client services and technical staff were purposely selected because they had adequate information and experience relevant for the study. Management provided data on the reasons behind the outsourcing. The payroll function of the finance department had also been outsourced. It was important to determine how this affected competencies and skills within the department. The finance department was therefore, well placed to provide this information. Given that the client services staff provided the vendor-client interface on outsourcing, they were well placed to provide information on the quality of services provided by the contractor as well as the relationship between the contractor and Westel customers. The human resource and administration department also provided information regarding training and development. Finally, the operations and engineering staff were purposely selected because one of its functions, telephone survey and installation, was outsourced. They were directly involved in the outsourcing at the implementation level. Therefore they had adequate information and experience relating to the operational issues of the subject under study.

The sample size was 69. This is the same as the target population for the study because the number was manageable enough to constitute the sample size. The total number of staff for all the departments selected for the interview was sixty-nine (69). Out of this sixty-six (66) questionnaire were
distributed. Three management staff were interviewed in addition to the sixty-six (66). However, only 45 of the questionnaire were returned representing 68% response rate.

**Instruments of data collection**

The study applied three main instruments. These were questionnaire, semi-structured interviews and records of outsourcing in Westel.

A combination of closed-ended and open-ended questions were used and were self-administered to the individual staff of Westel. The questionnaires were pre-tested on selected Westel staff which proved very useful as certain ambiguous questions were rephrased and the questionnaire appropriately amended. The staff selected for the pre-testing were also part of the overall sample used for the study.

The administration of the questionnaire was supported with semi-structured interviews. The semi-structured interviews helped to confirm or reject responses from both management and staff. The interview also helped to clarify certain relevant issues that the questionnaire did not address.

The study also reviewed records of outsourcing, training and development in Westel to support the primary data obtained through the use of questionnaire and semi-structured interviews.

The questionnaire were distributed by e-mail. Out of the 66 questionnaire 40 were returned by the same medium and 5 returned by hand. This represents a response rate of 68%. All filled questionnaire were returned within 14 days but not after a series of follow up reminders. The use of the
electronic medium to collect the data eliminated the problem of illegible handwritings which reduced the time spent to edit the questionnaire.

Type and sources of data

The study gathered and used two types of data, i.e., quantitative and qualitative data. While Yin (1994) advocates for the use of only quantitative data in case research, Hutjes and van Buuren, cited in de Weerd-Nederhof (2001) think the two types of data should be used. According to them, quantitative, standardised procedures of data collection and analysis usually lead to partial conclusion, which will then have to be integrated in a more qualitative way into the whole context of relevant factors and processes. The use of quantitative data in this study enabled the author to analyse the frequency of training and the number of employee development programmes, the number and category of staff on these development programmes and the number and category of staff offered training.

The sources of the data included respondents. The questions asked solicited information on issues such as the reasons for outsourcing the service, training and development policy of Westel, number of trainings, training needs and evaluation and skills requirement for effective and efficient monitoring of the outsourcing. Secondary information obtained from outsourcing records, books and reports also helped to determine the frequency of installation and fault rates.
Analysis of data

The data collected was first edited and subsequently analysed. The editing included the assignment of values to responses and also, the categorisation of responses into like forms. The editing also helped to correct certain responses and fill in some gaps.

The study applied the univariate technique for the analysis of data. The univariate analysis was used to examine and describe the behaviour of single variables such as training, and also helped to establish frequency distribution in these variables.

The use of the univariate analysis involved tables, graphs and diagrams in order to graphically display the characteristics and behaviour of the variables being analysed. SPSS and Microsoft Excel were the principal applications used for the analyses.
ability to supervise. The competencies examined are respondents' ability to apply theory to practice and the level of supervision needed to execute their jobs.

Key skills

The skills of employees are important in promoting the objectives of an organisation. However, such skills can be affected in a variety of ways such as lack of training and development, lack of employees' own initiative and external variables such as outsourcing. Outsourcing, for example, can result in the transfer of certain tasks. In which case, the employer might not see the need to upgrade the skills of employees in those particular tasks. Employees might not also be motivated to initiate actions to upgrade their own skills in those particular tasks. The consequences will then be loss of skills in the organisation.

It was necessary to find out how outsourcing affects skills development in Westel. To do this, the three variables (self-organisation, ability to integrate with others and, ability to supervise) that constitute key skills in the study were measured.

Self-organisation

To measure the self-organisation of employees, respondents were asked to indicate whether they were skilful or not skilful in systematic approach to tasks. The responses are presented in Table 7:
Out of a total of 45 respondents, 3 respondents reported that they were not skilful and 42 reported that they were skilful. When respondents were asked to indicate whether they were skilful or not skilful before the introduction of the outsourcing, 1 respondent reported lack of skills before the outsourcing and 26 respondents indicated that they were skilful before the outsourcing. In response to the same question, 2 respondents indicated that they were not skilful after the introduction of the outsourcing and 16 said they were skilful after the introduction of the outsourcing.

As illustrated in Table 7, the number of skilful employees (26) in the pre-outsourcing period is more than the number of skilful employees (16) in the post-outsourcing period. This suggests that the outsourcing has an effect on the self-organisation of employees in Westel. This was affirmed by an interview with two principal officers of the company in charge of service provisioning. The officers indicated that even though workflow has generally been systematic, there were occasional interferences that side stepped procedures for service delivery which impacted negatively, therefore, on self-organisation of employees. It was explained that the activities of the client organisation and the outsourcing contractor interfered with workflow.
hand, the client organisation interfered with the flow of activities and, therefore, the self-organisation of employees through its frequent disregard for procedures. On the other hand, the outsourcing contractor was noted for its irregular return of completed works orders as well as inability to meet scheduled installations. Clearly, both examples affirm the responses presented in Table 7 and further strengthen the assertion by McIvor (2003) that self-organisation is a key success factor for outsourcing. Once works orders are issued, the technician is expected to organise his schedule efficiently so that installations within a given geographical area are executed before moving to the next location.

Ability to integrate with others

As Westel is a service organisation, the ability of employees to integrate with subscribers is very critical for the success of the organisation and hence, the need to protect and develop this skill at all times. It was, therefore, important to select this skill for measurement. To measure the ability of employees to integrate with others, respondents were asked to indicate whether they were able or not able to integrate with others. The responses are illustrated in Table 8:
Table 8: Ability to integrate with others

<table>
<thead>
<tr>
<th>Period</th>
<th>Not able</th>
<th>Able</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-outsourcing (1997 – 1999)</td>
<td>6 (60%)</td>
<td>21 (60%)</td>
<td>27 (60%)</td>
</tr>
<tr>
<td>Post-outsourcing (2000– 2005)</td>
<td>4 (40%)</td>
<td>14 (40%)</td>
<td>18 (40%)</td>
</tr>
<tr>
<td>Total</td>
<td>10 (100%)</td>
<td>35 (100%)</td>
<td>45 (100%)</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2005

Out of a total of 45 respondents, 10 respondents reported that they were not able to integrate with others and 35 said they were able to integrate with others. When respondents were asked to indicate whether they were able or not able to integrate with others before the introduction of the outsourcing, 6 respondents reported that they were not able to integrate with others before the outsourcing and 21 respondents said they were able to integrate with others before the introduction of the outsourcing. In response to the same question, 4 respondents indicated that they were not able to integrate with others after the outsourcing and 14 said they were able to integrate with others after the introduction of the outsourcing.

The study also solicited the views of the team leader in charge of coordinating the outsourcing activities within Westel. The team leader indicated that the outsourcing has effects on the ability of employees to integrate. It was explained that getting the cooperation of the outsourcing staff to comply with internal processes and procedures was stressful. It was learned that the outsourcing staff would not put on the prescribed uniform and identification tags. However, this was seen as very important for projecting the corporate brand of Westel. This supports the assertion of the Chartered Institute of
Personnel and Development (CIPD, 2003) that outsourcing may dilute the culture and brand of client organisation. It was also gathered from the interview that, integration was hampered by lack of clarity on the responsibility of the outsourcing contractor. For instance, the team leader reported how staff of the outsourcing contractor declined to clear debris at installation sites as well as their reluctance to provide extensions to main lines for subscribers. While Beylerian and Kleiner (2003) cited loss of legal control over the outsourcing staff as one of the major disadvantages of outsourcing, this cannot be entirely true in the case of the team leader. This is because, when the team leader was asked whether the requests made on the outsourcing contractor were covered by the outsourcing contract, he said he was not privy to the outsourcing contract and therefore, did not know. This was not surprising because, out of the 45 respondents interviewed, as many as 34 respondents indicated that Westel does not have a Service Level Agreement (SLA) which is a critical document for effective monitoring and compliance. To assert legal control over the outsourcing employees partly requires full knowledge of the contractual terms which was not the case with the team leader. However, when the Director of Engineering and Operations was asked he confirmed that Westel has an SLA. When asked whether employees monitoring the outsourcing contractor knew about the document, he answered in the affirmative. The difficulty here is that, while the head of the group that is supposed to oversee the effective implementation of the outsourcing claimed his team were fully abreast with the terms of the Service Level Agreement (SLA) needed for monitoring, the team that directly undertakes the
monitoring said they did not even know that such a document existed. Clearly, there is a problem of internal co-ordination here.

The conflicting views presented by the team leader and the Director of Engineering and Operations is an indication of the effect of outsourcing on the ability of employees to integrate with others.

Supervisory skills

Where authority is delegated, monitoring is critical for the successful execution of the assigned task (Zappala, 2000). To be able to monitor the activities of the outsourcing contractor, the person monitoring must have supervisory skills. As Westel practices outsourcing, it was thought that the supervisory skills of employees should be selected for measurement. To do this, respondents were asked to indicate whether they were skilful or not skilful in supervision. The results are illustrated in Table 9:

<table>
<thead>
<tr>
<th>Period</th>
<th>Not Skilful</th>
<th>Skilful</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-outsourcing (1997 - 1999)</td>
<td>17 (85%)</td>
<td>10 (40%)</td>
<td>27 (60%)</td>
</tr>
<tr>
<td>Post-outsourcing (2000 - 2005)</td>
<td>3 (15%)</td>
<td>15 (60%)</td>
<td>18 (40%)</td>
</tr>
<tr>
<td>Total</td>
<td>20 (100%)</td>
<td>25 (100%)</td>
<td>45 (100%)</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2005

From Table 9, out of the 45 respondents, 20 said they were not skilful and 25 said they were skilful. To determine whether the outsourcing
has effects on the supervisory skills of the employees, respondents were asked to indicate whether they were skilful or not skilful before the introduction of the outsourcing. Out of the 45 respondents, 17 said they were not skilful before the outsourcing and 10 said they were skilful before the outsourcing. In response to the same question, 3 respondents said they were not skilful after the introduction of the outsourcing and 15 said they were skilful after the introduction of the outsourcing.

From Table 9, the number of employees (10) with supervisory skills before the introduction of the outsourcing is less than the number of employees (15) with supervisory skills after the introduction of the outsourcing. To determine the extent to which outsourcing demands supervision, respondents were further asked to rank their training needs from a list of 6 training courses including supervisory skills. Out of the 6 courses, supervisory skills and decision making techniques were ranked first. The amount of supervisory skills has increased during the outsourcing compared with the period before the outsourcing was introduced. This implies that outsourcing requires more supervisory skills and, therefore, the demand for supervisory skills increased during the outsourcing period. The increase in supervisory skills during the outsourcing period affirms the assertion by Zappala (2000) that outsourcing increases the need for supervision.

However, it is important to point out that, even though outsourcing demands intense supervision, supervisory skills alone are not sufficient for effective monitoring of a collaborative alliance such as outsourcing. In addition to supervisory skills, client organisations must have targets against which the performance of the outsourcing contractor can be measured. For
this reason, McIvor (2003) stresses the need for a Service Level Agreement (SLA) between the client organisation and the outsourcing contractor. A Service Level Agreement provides the scope of work and specifications and forms the basis for compliance on the part of the contractor and enforcement on the part of the client organisation.

Given the importance of the Service Level Agreement (SLA) and its relationship with supervision in outsourcing, the study also enquired from respondents whether they were aware that Westel has a Service Level Agreement with the outsourcing contractor. Out of the 45 respondents, 35 said they were not aware that Westel has a Service Level Agreement.

The discussions indicate that the outsourcing has resulted in an increase in supervisory skills in Westel. However, the increase in supervisory skills is not accompanied with knowledge on SLA. Therefore, the knowledge in supervisory skills is unlikely to yield the maximum benefits.

Competencies

Competencies are the product of knowledge, skills, ability, application, behaviour, aptitude and attitude (Office of Government Commerce, UK, www.ogc.gov.uk). Competencies are important for efficient and effective service delivery and have been cited by Prahalad and Hamel (1990) as critical variables for the successful performance of any organisation. Outsourcing is said to trigger organisational changes (CIPD, 2005). As Westel practices outsourcing, it is important to audit its competencies to determine the effects of the change triggered by the outsourcing.
The two competencies selected for measurement were 'ability to apply theory to practice' and the level of supervision required by respondents. As telephone installation is a practical technical exercise, it was thought that where training is offered, technicians should be able to translate theory into practice. However, following the outsourcing of the installation service which may result in redeployment of certain skills and competencies it was thought that this competency should be selected for measurement to determine the effects of the outsourcing on the ability of employees to translate theory to practice. Similarly, as outsourcing increases the cost of supervision, (Beylerian and Klein, 2003), it was also necessary to assess the level of supervision required by employees to be able to undertake their tasks. The two competencies were specifically selected because, ability to apply theory to practice and the level of supervision are related. If employees are not able to perform on the job, (ability to apply theory to practice) then the level of supervision needed in Westel will be high and hence, lead to increase in supervisory cost. The section that follows discusses the ability of employees to apply theory to practice and the level of supervision required by the employees to be able to do their jobs. Both variables measure the competency level in Westel.

Ability to apply theory to practice

To be competent on the job, employees must be able to apply training onto the job. Employees who are able to transfer training onto the job will be more competent on the job than employees who are not able to transfer knowledge onto the job environment. As outsourcing triggers skills and
competencies redeployment, it was thought the ability of employees to apply theory to practice might be affected, hence the need to measure this competency. To measure the ability of employees to apply theory to practice, respondents were asked to indicate whether they are able to apply theory to practice or not able to apply theory to practice. The results are illustrated in Table 10:

Table 10: Ability to apply theory to practice

<table>
<thead>
<tr>
<th>Period</th>
<th>Not able</th>
<th>Able</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-outsourcing (1997 - 1999)</td>
<td>4 (66.7%)</td>
<td>23 (59.0%)</td>
<td>27 (60.0%)</td>
</tr>
<tr>
<td>Post-outsourcing (2000 - 2005)</td>
<td>2 (33.3%)</td>
<td>16 (41.0%)</td>
<td>18 (40.0%)</td>
</tr>
<tr>
<td>Total</td>
<td>6 (100%)</td>
<td>39 (100%)</td>
<td>45 (100%)</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2005

From Table 10, out of the 45 respondents who took part in the study, 6 said they were not able to apply theory to practice and 39 said they were able to apply theory to practice. To determine whether the outsourcing was responsible for the favourable distribution of the competency, respondents were further asked to indicate whether they were able or not able to apply theory to practice in the period before the outsourcing. The results were as follows: 4 respondents said they were not able to apply theory to practice before the introduction of the outsourcing and 23 said they were able to apply theory to practice before the introduction of the outsourcing. In response to the same question, 2 respondents said they were not able to apply theory to
practice and 16 said they were able to apply theory to practice after the introduction of the outsourcing.

The results indicate that more employees (23) were able to apply theory to practice in the pre-outsourcing era than the post-outsourcing era (16) suggesting loss of skills. These findings are consistent with the position of Jennings (1996) who argued that outsourcing leads to the incremental loss of key skills and competencies. According to Jennings (1996) loss of skills in outsourcing is normally as a result of the absence of a formal outsourcing policy in the client organisation. To determine whether this was the case in Westel, respondents were asked to indicate whether Westel has an outsourcing policy or not. Out of the 45 respondents, 24 said Westel does not have a formal outsourcing policy and 21 said Westel has a formal outsourcing policy. Given the importance of this question to the criteria set by Jennings (1996), the procurement officer in charge of the outsourcing was interviewed and he corroborated the position that Westel does not have a formal outsourcing policy. This further strengthens the position of Jennings (1996) that when a client organisation does not have a formal outsourcing policy, outsourcing can lead to loss of skills. The results indicate that Westel does not have a formal outsourcing policy. The results also indicate that has experienced skill loss during the outsourcing and this can affect productivity.

Supervisory level in Westel

Supervision is important to monitor performance, identify performance gaps and take corrective actions with the view to meeting set targets. As outsourcing increases the cost of supervision (Beylerian and Klein, 2003), it is
important to continuously audit the level of supervision needed by employees
to determine the supervision costs associated with the outsourcing. To
determine the level of supervision needed by employees to be able to do their
jobs, respondents were asked to indicate whether they consulted their
supervisors often or not. The results are illustrated in Table 11:

Table 11: Competency in supervision

<table>
<thead>
<tr>
<th>Period</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-outsourcing (1997 - 1999)</td>
<td>4 (40.0%)</td>
<td>23 (65.7%)</td>
<td>27 (60.0%)</td>
</tr>
<tr>
<td>Post-outsourcing (2000 - 2005)</td>
<td>6 (60.0%)</td>
<td>12 (34.3%)</td>
<td>18 (40.0%)</td>
</tr>
<tr>
<td>Total</td>
<td>10 (100%)</td>
<td>35 (100%)</td>
<td>45 (100%)</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2005

Out of the 45 respondents, 10 said they consulted their supervisors
often and 35 said they did not consult their supervisors often. To determine
whether the outsourcing has effects on how often employees consulted their
supervisors, respondents were asked to indicate whether or not they consulted
their supervisors often before the introduction of the outsourcing. The results
were that out 4 said they consulted their supervisors often before the
introduction of the outsourcing and 23 said they did not consult their
supervisors often before the introduction of the outsourcing. In response to the
same question, 6 respondents said they consulted their supervisors often after
the introduction of the outsourcing and 12 respondents indicated that they did
not consult their supervisors often after the introduction of the outsourcing.
From Table 11, the number of employees who consulted their supervisors often has increased. This is because before the introduction of the outsourcing, the number of employees who consulted their supervisors often were 4 and after the introduction of the outsourcing the number increased to 6. In addition to this, the number of employees (23) who did not consult their supervisors often before the introduction of the outsourcing also dropped to 12 after the introduction of the outsourcing suggesting an increase in monitoring as a result of the outsourcing. This is consistent with the earlier findings of Zappala (2000) that outsourcing increases the need for more supervision because of the client-vendor interface. The increased amount of supervision means that more training in supervisory skills is required to enhance the quality of supervision if cost must be reduced.

Training needs of affected employees

The study found that the roles of employees have changed in Westel. There were internal transfers, reorganisations, promotions and career changes in Westel (Field Survey, 2005). Records in Westel indicate that 12 employees were laid-off in 2004. Records in Westel also show that 4 employees who used to undertake telephone installation have all left the services of Westel two years into operation of the outsourcing. It was, therefore, necessary to find out whether the training needs of employees were analysed and met by Westel after the transfers, promotions, reorganisations, laid-offs and resignations following the introduction of outsourcing. To do this, respondents were asked to indicate whether they discussed training needs with their supervisors. The results were as follows, out of the 45 respondents who
took part in the study, 37 (82%) said they discussed training needs with their supervisors and 8 (18%) said they did not discuss training needs with their supervisors. To determine whether those who discussed their training needs did so because their roles changed, the study examined responses for role changes and responses for training needs discussions. It was found that out of the 37 respondents, who discussed their training needs, 24 have had their roles changed and 13 have not had their roles changed.

Training needs assessment is a diagnostic process, which attempts to identify organisational needs that potentially can be satisfied through training and development. Needs assessment is central to effective training (Kaufman, 1994; Peterson, 1996). The importance of training needs assessment has been summarised by Odiorne and Rummier (1998) to the effect that the quality of training output is only as good as the training needs assessment data input. This means that if the training needs assessment has not been properly identified then both the training course and the training function can be jeopardised. This is even more crucial when an organisation introduces outsourcing as this may affect positions, roles and tasks of employees.

Out of the 8 respondents who did not discuss training needs with their supervisors, 5 respondents have had their roles changed and 3 respondents have not had their roles changed. The results indicate that both respondents who have had their roles changed (24) and those who have not had their roles changed (13) participated in training needs discussions. These findings are consistent with the earlier findings of Donald (1998), Worrall et al (1998), Armstrong (2000), Commonwealth of Australia (2000) and Dawson (2000)
who maintain that internal transfers, promotions and layoffs require the
redefinition of the training and development plan.

To determine the specific training needs of employees whose roles
have been affected by the outsourcing, respondents were asked to rank their
training needs out of 6 courses. The highest ranked training needs were
supervisory skills and decision making techniques, and the lowest ranked
training need was telephone installation technique. The high ranking for
supervisory skills suggests that the introduction of the outsourcing has
increased the need for supervisory skills (Zappala, 2000) and lowered the
training need for telephone installation skills which also suggests that if a
function is outsourced, it will reduce the motivation of employees to develop
their skills in the outsourced task.

The study also found that the most popular method for gathering needs
assessment data in Westel was through performance appraisal. Out of the 45
respondents who took part in the study 37 (82%) respondents said they
discussed training needs with their supervisors during the annual performance
review sessions. The second most popular source of gathering training needs
information in Westel was through management. Out of 29 respondents who
participated in a training programme (decision making techniques), 13 of them
(45%) said they were selected via electronic mail (e-mail) by their supervisors
and 16 said they were selected via e-mail by the human resource department.
These findings contradict an earlier study by Elbadri (2001) that the most
popular source of employees’ training needs is management, followed by
interview and performance appraisal.
For skills and competencies, the findings of this study are that, first outsourcing leads to the loss of skills and competencies. Secondly, the results indicate that, changes in job roles in Westel lead to training needs analysis. Thirdly, the findings suggest that outsourcing has increased the need for supervision. Finally, the results further indicate that if a task is outsourced the motivation for employee to develop skills previously used to perform that task will diminish.

On methods of gathering needs assessment information, the finding of this study was that the most popular training needs analysis method in Westel is the performance appraisal method followed by management selecting training needs for employees.

Outsourcing effects on training and development

Training

For training to be useful, it must be tailored to the objectives of the organisation. This is consistent with the view of Braton and Jeffrey (2000) who argue that effective training evolves from a training and development policy. Thus, investigations on the training culture of an organisation must start from the training and development policy of that organisation.

As Westel practices outsourcing, it was necessary to examine the effects of the outsourcing on training in Westel. To do this, respondents were asked to indicate whether or not Westel has a training and development policy. Out of the 45 respondents, 23 said Westel has a training and development policy and 22 said Westel does not have a training and development policy. While the majority of respondents (51%) indicated that Westel has a training
and development policy, nearly half (49%) of respondents said Westel does not have a training and development policy. Given the high number of respondents who said Westel does not have a training and development policy, it was necessary to verify this from the human resource department. While the Director of human resources and administration affirmed the position of the 51% who said Westel has a training and development policy, it was thought necessary to investigate why nearly half (49%) of the respondents said Westel does not have a training and development policy. To do this, respondents were asked to indicate whether they subscribed to the Professional Development Programme (PDP) or not. The Professional Development Programme is one of the many training opportunities outlined in the training and development policy of Westel. Out of the 45 respondents, 5 (11%) respondents indicated they subscribed to PDP while 40 (89%) respondents said they did not subscribe to PDP. Given the high number of respondents who did not subscribe to the PDP, the study further asked respondents to indicate the reasons why they did not subscribe to the PDP. Table 12 lists the reasons for the subscription or non subscription to PDP.
Table 12: Subscription to PDP

<table>
<thead>
<tr>
<th>Subscription to PDP</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not aware of PDP</td>
<td>15</td>
<td>33.3</td>
</tr>
<tr>
<td>Very good</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td>Limited in scope</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>No paid leave</td>
<td>3</td>
<td>6.7</td>
</tr>
<tr>
<td>Do not pursue professional course</td>
<td>4</td>
<td>8.9</td>
</tr>
<tr>
<td>No enough education on PDP</td>
<td>8</td>
<td>17.8</td>
</tr>
<tr>
<td>Not supportive enough</td>
<td>5</td>
<td>11.1</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2005

Out of the 45 respondents, 15 respondents did not subscribe to the PDP because they said they were not aware of PDP and for those who subscribed, 9 said it was limited in scope and 8 said there was not enough education on it. This suggests that the professional development programme (PDP) was not popular in Westel. If 49% said Westel does not have a training and development policy and 15 (33%) respondents did not subscribe to the PDP because they did not know it existed, it means that the majority of the 49% who said Westel does not have a training and development policy said so because they did not know it existed.

Training in any organisation is important for improved performance. However, environmental changes in an organisation can affect training. Outsourcing results in the transfer of a function or functions to external service
providers. This means that skills and competencies previously used for those functions internally will no longer be needed. The affected employees may be redeployed to other functions or laid off. In both cases a new set of skills and competencies may be required. The redeployed employees will have to be retrained.

Role changes and training

As outsourcing creates skills and competencies redeployment, the study was also interested in finding out whether the roles of employees have changed as a result of the outsourcing. The relationship between role changes and training is based on the fact that changes in roles demand new sets of skills and competencies. Thus, to be able to perform efficiently in a new role, the identified skills gaps must be bridged through training or employee development such as coaching or mentoring. To determine whether the outsourcing has any effect on role changes, respondents were asked to indicate whether their roles were changed or were not changed. The results were that, out of the 45 respondents, 29 indicated that their roles changed and 16 said their roles did not change. To further determine whether the role changes were related to the outsourcing, respondents were asked to explain why their roles were changed and indicate whether the changes occurred before or after the introduction of the outsourcing. The results are presented in Table 13.
From Table 13, three reasons advanced for role changes have been found very relevant to this study. They are changes through internal transfers, re-organisation and career change. Internal transfers, re-organisation and career changes are associated with outsourcing because they are some of the means by which skills and competencies are redeployed.

Out of the 13 respondents who said their roles were changed through internal transfer, 9 said the roles were changed before the introduction of the outsourcing and 4 said the roles were changed after the introduction of the outsourcing. Out of the 14 respondents whose roles were changed through reorganisation, 9 said the change occurred before the introduction of the outsourcing and 5 said the change occurred after the introduction of the outsourcing. For the two (2) who had their careers changed, one said the change occurred before the outsourcing and the other said the change occurred after the introduction of the outsourcing.

The results indicate that skills and competencies were redeployed in Westel before and after the introduction of the outsourcing. However, the number of respondents who were transferred (9) reorganised (9) and had their

<table>
<thead>
<tr>
<th>Period</th>
<th>Growth Limitation</th>
<th>Internal transfers</th>
<th>Re-organisation</th>
<th>Career change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-outsourcing (1997 - 1999)</td>
<td>8 (50%)</td>
<td>9 (69%)</td>
<td>9 (64%)</td>
<td>1 (50%)</td>
</tr>
<tr>
<td>Post-outsourcing (2000 - 2005)</td>
<td>8 (50%)</td>
<td>4 (31%)</td>
<td>5 (36%)</td>
<td>1 (50%)</td>
</tr>
<tr>
<td>Total</td>
<td>16 (100%)</td>
<td>13 (100%)</td>
<td>14 (100%)</td>
<td>2 (100%)</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2005
career changed (1) before the introduction of the outsourcing (19) were more than the number of respondents (10) who were transferred (4), reorganised (5) and had their career changed (1) after the introduction of the outsourcing. The findings suggest that outsourcing resulted in role changes. The high number of skills redeployed (19) before the introduction of the outsourcing suggests that Westel was preparing the grounds to introduce outsourcing.

To determine whether these employees who have had their roles changed were retrained to enable them adjust in their new roles, respondents were asked to indicate the number of training programmes attended since they were employed by Westel. The results are presented in Table 14.

Table 14: Role changes and training

<table>
<thead>
<tr>
<th>No. of employees whose roles have Changed</th>
<th>No. of employees whose roles have not changed</th>
<th>No of training received</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>29</td>
<td>16</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2005
From Table 14, twenty-nine (29) respondents had their roles changed and 16 did not have their roles change. For those whose roles were changed, 9 said they did not receive any training to enable them adjust in their new roles and 20 said they received training to enable them adjust in their new roles. For those whose roles were not change, 8 said they did not receive any training and another 8 said they received training even though their roles did not change. A further review of the results indicate that 9 respondents had their roles changed but did not receive any training and 8 respondents received training even though their roles did not change. This highlights the significance of training needs analysis which might have informed the organisation to train 8 respondents whose roles did not change instead of training the 9 respondents whose roles have changed.

To determine whether the outsourcing has effects on role changes and training, respondents were asked to indicate the number of training they had before and after the introduction of the outsourcing. The responses are illustrated in Table 15:

Table 15: Training distribution

<table>
<thead>
<tr>
<th></th>
<th>No. of trainings received</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Respondents</td>
<td></td>
</tr>
<tr>
<td>Pre-Outsourcing</td>
<td>6</td>
</tr>
<tr>
<td>(1997 – 1999)</td>
<td></td>
</tr>
<tr>
<td>Post-Outsourcing</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2005
From Table 15, the highest number of training received was six and the lowest, one. Two respondents benefited from the maximum number (6) of training programmes and both of them said they attended the training programmes before the outsourcing was introduced in Westel. The results indicate that as many as 17 (6 for pre-outsourcing and 11 for post-outsourcing) did not attend any training programmes. Apart from the 17 respondents who did not attend any training programmes, all respondents attended at least one training programme in Westel. However, the number of respondents who attended training programmes in the pre-outsourcing era were more than the number of respondents who participated in training programmes after the introduction of the outsourcing.

The results indicate that a total of 28 respondents participated, at least, in one training programme. Because the purpose of the training was to assist employees adjust in their new roles, the study thought it necessary to find out how the training programmes were evaluated. This is because it is only when the training programmes are evaluated that Westel can determine the extent to which training needs have been met. To do this, respondents were asked to indicate how training programmes were evaluated. Out of the 28 respondents who indicated that they have been offered training, 4 (9%) respondents said they evaluated the training programmes by completing questionnaires at the end of the programme and 14 (31%) respondents said they evaluated the training programmes by a written report days after the training programmes and 10 (22%) respondents did not have the opportunity to evaluate the training programmes they attended.
The results indicate that the most popular training evaluation method in Westel is written report (31%) after the training has been offered, followed by the completion of a questionnaire (9%) at the end of the training programme. Both methods are referred to as the post-course approach which has been criticised by Frances and Bee (2003). The results further support the findings by Frances and Bee (2003) that only 7% of organisations conduct regular training evaluation and that invariably the end-of-course questionnaire was used.

Training and development are important complementary variables necessary for organisational performance. However, training and development can be affected by internal and external factors. Outsourcing triggers organisational changes including the redeployment of skills and competencies. In the circumstances, the training and development needs of the employees may change and hence the need to re-evaluate them so that appropriate training and development strategies can be developed.

The section on training confirms that employees whose roles were changed were trained to enable them adjust in their new roles. However, to be able to apply theory to practice and be more competent on the job, employees must be given the opportunity to transfer training onto the job. For this reason, the study also examined employee development issues in Westel. The next section discusses the findings on the effects of outsourcing on employee development.
Employee development

Employee development is a function of training and the opportunity to put into practice what has been learnt. Employee development is very important for preparing employees to take up future challenges. Employee development also provides the channel for succession planning. In an outsourcing environment, employee development is even more critical because of the tendency of the client organisation to joggle skills and competencies. For this reason, the study thought it necessary to investigate how outsourcing affects employee development in Westel. To do this, two variables of employee development were selected for measurement. They are coaching and on-the-job training. These two variables are widely used to develop employees which have recently led to the formation of the Institute of Coaching by the Chartered Institute of Personnel and Development (CIPD, UK). In addition to the two variables, the study also investigated the participation level of a professional development programme (PDP) run by Westel as well as the views of employees on what is referred to as the ‘Champion Chart’ meant for the development of staff. The champion chart is an employee development programme where trainees are made to understudy identified competent individuals on the job.

On coaching, respondents were asked to indicate whether they participated in coaching programmes or not. Out of the 45 respondents, 5 said they participated in coaching programmes and 40 said they did not participate in coaching programmes. In response to a question whether the coaching programmes were conducted before or after the introduction of the outsourcing, 4 said they participated in the coaching programmes before the
introduction of the outsourcing and 1 said the coaching occurred after the introduction of the outsourcing. The findings indicate that the number of respondents (4) coached before the introduction of the outsourcing was more than the number of respondents (1) coached after the introduction of the outsourcing. This suggests that as the outsourcing resulted in resignations and layoffs, there was no longer the need to coach employees in the lost tasks.

With regard to on-the-job training, it was found that, out of the 45 respondents, 11 respondents said they were trained on the job after their job roles were changed, another 11 said they were trained in-house by a hired consultant, 6 said they had off-the-job training while 17 respondents said they pursued self-learning. Self-learning has been a topical issue in employee development because, it is believed, employees must take responsibility for their own development. The Kolb (2005) learning cycle, for instance, is intended to assist self-learning. On the other hand, self-learning has been criticised because, it is believed, it creates bad learning habits that might be contrary to the organisational culture. The high number of self-learning (17) as against on-the-job training (11) is evidence of the low commitment Westel has for formal employee development, especially, in skills and competencies associated with the outsourced tasks. For instance, examining the formal employee development programme referred to as ‘Professional development programme’ it was found that the objective of the programme was to assist employees to pursue professional chartered careers. The study found that 40 out of the 45 respondents did not subscribe to the programme and 27 of this number were from the technical department. For those who knew about the
professional development programme, they said they did not subscribe because it was limited in scope.

Asked why the majority of respondents from the technical department did not subscribe to the PDP, it was explained that, no technical development programmes in Ghana is structured along the lines of ACCA, CIMA, CIM, ICSA, CA, which lead to chartership and that PDP principally aimed at assisting employees to obtain such chartered qualifications. The focus on PDP is an indication of a shift in employee development strategy as a result of the outsourcing, as the outsourced service goes with the related skills and competencies.

For this reason, the head of the technical department indicated that they have proposed an alternative employee development model called the 'champion chart'. Following this, respondents were asked to express their opinions on the champion chart. The results are presented in Table 16.
Table 16: Opinion on employee development programme (Champion Chart)

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative to coaching</td>
<td>7</td>
<td>15.6</td>
</tr>
<tr>
<td>Implementation problems</td>
<td>4</td>
<td>8.9</td>
</tr>
<tr>
<td>It is good</td>
<td>2</td>
<td>4.4</td>
</tr>
<tr>
<td>Not aware of this programme</td>
<td>27</td>
<td>60</td>
</tr>
<tr>
<td>Needs management support</td>
<td>2</td>
<td>4.4</td>
</tr>
<tr>
<td>Reduced workload</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td>No enough education</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td>Alternative to on-the-job training</td>
<td>1</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Total 45 100

Source: Field Survey, 2005

From Table 16 as many as 27 respondents, representing 60% of the sample size said they did not know about the 'champions chart'. However, for the 18 respondents who knew about it, 7 respondents said it was an alternative to coaching and 1 said it was an alternative to on-the-job training.

The results on training and development indicate that more employees had their roles changed after the introduction of the outsourcing. Secondly, it was found that where the roles of employees were changed as a result of the outsourcing, training needs assessment was conducted and the necessary training provided to enable employees adjust in their new roles. Thirdly, the results indicate that while training evaluation was conducted in Westel, the evaluation was done after the end of the courses. Finally, the findings suggest...
that Westel demonstrated less commitment in employee development as evidenced in less on-the-job training and a PDP that represents a different focus on employee development as a result of lost skills and competencies due to the outsourcing.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The study investigated the effects of outsourcing telephone installation services on employee training and development. Westel was the focus of the study and the units of analysis were the employees of Westel. Three broad research objectives and corresponding questions were used to solicit responses from the subjects. They are as follows:

- the effects of outsourcing on key skills and competencies
- the training needs of affected employees
- the effects of outsourcing on training and development

Summary of findings

With regard to key skills and competencies, the study found that outsourcing affected both the skills and competencies of employees. Management of Westel and the outsourcing contractor disregarded processes and procedures set up to facilitate systematic approach to tasks and this affected the ability of employees to self-organise.

Secondly, the reluctance of the outsourcing staff to observe basic cultural norms of Westel such as wearing prescribed uniforms and identification tags affected the ability of the supervising team in Westel to integrate with the outsourcing staff. Thus, the activities of the outsourcing
staff affected the ability of employees of Westel to integrate. This finding is consistent with the position of CIPD (2003) that outsourcing dilutes the culture and brand of the client organisation. In addition to this, the demands of the outsourcing created integration problems within Westel to the extent that the supervising team in Westel and the head of the technical department provided conflicting views on the existence of a service level agreement intended for the monitoring of the activities of the outsourcing contractor. Thus the very foundation for the success of the outsourcing was not given the needed importance. If integration was effective, both the director of engineering and the supervising team would have provided common views on the service level agreement.

Thirdly, the demand for training in supervisory skills increased as a result of the introduction of the outsourcing. This suggests that the outsourcing results in increased supervision for the effective monitoring of the client-vendor interface.

Finally, employees were less able to apply theory to practice as a result of the outsourcing and this consequently affected the level of supervision required by employees.

In brief, the outsourcing affected skills and competencies in Westel. This reflected in role changes, resignations, layoff and increased demand for supervisory skills in preference to skills for telephone installation.
With regard to training needs of affected employees, two major issues were found. First, Westel principally used performance appraisal system to assess the training needs of employees. Secondly, training needs for supervision increased in preference to the need for improved telephone installation techniques. This shows that employees will be less motivated to develop their skills in tasks that have been outsourced.

With regard to employee training and development, the major observation was that majority of employees did not know that Westel has a training and development policy.

The study found that employees’ roles were changed due to the outsourcing. However, not all employees whose roles were changed were trained. For the majority (69%) of those whose roles were changed there was at least one form of training.

The study also found that Westel used the post-course method in evaluating training programmes.

Westel used three principal methods to develop employees. They are on-the-job training, coaching and a company sponsored professional development programme. The number of employees on on-the-job training and coaching declined after the introduction of the outsourcing. The structure of the current professional development programme does not meet the needs of the majority of employees. This was confirmed by employees who did not subscribe to the PDP because, they said, it was limited in scope.
Conclusions

This study has attempted to establish that outsourcing can affect the skills and competencies of employees and that where training is not offered to the affected employees outsourcing can further lead to the loss of key skills and competencies.

With regard to key skills and competencies, the study has revealed that despite the fact that Westel provided training to some of the affected employees, outsourcing still resulted in the loss of key skills and competencies. Three reasons accounted for this. First, employees who previously handled the installation resigned when the installation was outsourced. Secondly, the company following the institution of the outsourcing shed off some staff. Finally, the failure of Westel to abide by its own internal process and procedures affected the ability of employees to self-organise.

With regard to training needs of affected employees, the conclusion is that because training needs analysis in Westel is considered as part of the annual performance appraisal system, training needs analysis does not get the needed attention and this affected outcome of training needs analysis.

The conclusion to be drawn from the findings on training and development is that while roles were changed as a result of the outsourcing, Westel did not provide training to all the affected employees to enable them adjust in their new roles. Secondly, the institution of the employee development programme (PDP) failed to cater for all staff as the main objective of the programme is to assist employees who intend to pursue professional or chartered courses. This could be seen by employees who are
not able to subscribe to the programme, especially, the technical staff as an unfair distribution of training opportunities in Westel.

The findings have emphasised the influence an outsourcing policy can have on the training and development of employees. The lack of outsourcing policy resulted in Westel overlooking the need to educate employees on the service level agreement as well as the existence of an employee professional development programme.

Recommendations

On the basis of the findings and the resultant conclusions, the following recommendations are made to management, the human resource department, employees and the head of technical department of Westel.

Management of Westel

With regard to management it is recommended that:

- there should be a well designed training and development policy to guide management during outsourcing.
- there should be respect for the processes and procedures since they form the foundation for standards which are critical for monitoring and control.

Human resource department

With regard to the human resource department, it is recommended that:

- policies and programmes in the company should be given maximum publicity. This can be achieved through a series of communication strategies such as the institution of an intranet.
the employee professional development programme (PDP) should be restructured to cater for the needs of the technical and non-technical staff. There is nothing wrong in targeting employees who intend to enrol for chartered qualifications, however, allied courses can be developed for those whose career paths are not chartered driven but all the same professional.

training needs analysis should be detached from the annual performance appraisal system. This will allow managers ample time to conduct effective training needs analysis.

adopt the two-way training evaluation system. To do this, training participants should be made to complete questionnaires indicating their expectation of the training. Then at the end of the training programme, participants should be asked to complete additional questionnaires indicating their observations of the training. This is the most effective way of evaluating training as the first set of questionnaires will form the benchmark against which the second set of questionnaires will be measured.

Employees of Westel

For the employees of Westel, it is recommended that:

- they should serve as the feedback loop to management.

Activities of the outsourcing contractor that are seen to be inimical to the success of the outsourcing should be
communicated to management for assessment. This can reduce
the incidents of interference which affected the self-
organisation skills of employees in the execution of their tasks.
- they should collaborate with the human resource department to
  fine tune the 'champion chart' to ensure that it falls within the
development needs of Westel as a whole.
- the monitoring team should familiarise itself with the contents
  of the Service Level Agreement. This can enhance effective
  monitoring.

Head of technical department

With regard to the head of technical department it is recommended
that:
- there should be a presentation to explain the contents of the
  Service Level Agreement to employees who are charged with
  the responsibility of monitoring the performance of the
  outsourcing contractor.
- the Service Level Agreement should be seen as a working
document for the supervising team.
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APPENDIX ‘A’

QUESTIONNAIRE

Introduction

The primary objective of this questionnaire is to help the student fulfil a requirement of the Centre for Development Studies of the University of Cape Coast for the award of a Master of Arts Degree in Human Resource Development.

In order to achieve this objective, the student finds it useful to examine outsourcing and its implications for Employee Training and Development in Westel. This study is primarily for academic purposes, and all responses will be treated confidentially, and with anonymity.

Kindly answer the following questions

A) Characteristics of Respondents

a) Year of employ in Westel
b) Department
c) Sex
d) Age

B) Outsourcing

1. Are you aware if Westel has an outsourcing policy? Yes ☐ No ☐

2. How does Westel select its outsourcing contractor?
   a) Selective bidding
   b) Competitive bidding
   c) Unsolicited proposals from contractors
3. How will an outsourcing policy ensure effective outsourcing in Westel?

4. Are you aware if Westel has a Service Level Agreement with its outsourcing partners? Yes No

5. In what ways can a Service Level Agreement contribute to successful outsourcing in Westel?

6. What, in your opinion, motivated Westel to outsource its telephone installation service?

7. Would you recommend the return of the installation service in-house?
   a) Yes (Please give reasons)
   b) No. (Please give reasons)
C Skills and Competencies

8. What are the most important parts of your job? Please state at least, two

9. How would you assess yourself in this skill before and after the introduction of the outsourcing?

<table>
<thead>
<tr>
<th>Before introducing outsourcing</th>
<th>Tick</th>
<th>After introducing outsourcing</th>
<th>Tick</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Skilful</td>
<td></td>
<td>Skilful</td>
<td></td>
</tr>
<tr>
<td>B Not skilful</td>
<td></td>
<td>Not skilful</td>
<td></td>
</tr>
</tbody>
</table>

10. Please assess your ability to integrate with others before and after the introduction of the outsourcing.

<table>
<thead>
<tr>
<th>Before introducing outsourcing</th>
<th>Tick</th>
<th>After introducing outsourcing</th>
<th>Tick</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Skilful</td>
<td></td>
<td>Skilful</td>
<td></td>
</tr>
<tr>
<td>B Not skilful</td>
<td></td>
<td>Not skilful</td>
<td></td>
</tr>
</tbody>
</table>

11. How would you assess your ability to supervise your team members before and after the introduction of the outsourcing?

<table>
<thead>
<tr>
<th>Before introducing outsourcing</th>
<th>Tick</th>
<th>After introducing outsourcing</th>
<th>Tick</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Skilful</td>
<td></td>
<td>Skilful</td>
<td></td>
</tr>
<tr>
<td>B Not skilful</td>
<td></td>
<td>Not skilful</td>
<td></td>
</tr>
</tbody>
</table>
12. Please rate your ability to apply theory to practice before and after the introduction of the outsourcing.

<table>
<thead>
<tr>
<th>Before introducing outsourcing</th>
<th>Tick</th>
<th>After introducing outsourcing</th>
<th>Tick</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Skilful</td>
<td></td>
<td>Skilful</td>
<td></td>
</tr>
<tr>
<td>B Not skilful</td>
<td></td>
<td>Not skilful</td>
<td></td>
</tr>
</tbody>
</table>

13. How frequent do you consult your boss before you do your job?

<table>
<thead>
<tr>
<th>Before introducing outsourcing</th>
<th>Tick</th>
<th>After introducing outsourcing</th>
<th>Tick</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Very often</td>
<td></td>
<td>Very often</td>
<td></td>
</tr>
<tr>
<td>B Not often</td>
<td></td>
<td>Not often</td>
<td></td>
</tr>
</tbody>
</table>

14. If you were selected for training in the following areas, how would you prioritise (eg. 1st, 2nd, 3rd etc) the following modules according to your training needs?

<table>
<thead>
<tr>
<th>Module</th>
<th>Rankings (1 – 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-organisation techniques</td>
<td><img src="chart" alt="Rankings" /></td>
</tr>
<tr>
<td>IT skills</td>
<td><img src="chart" alt="Rankings" /></td>
</tr>
<tr>
<td>Telephone installation techniques</td>
<td><img src="chart" alt="Rankings" /></td>
</tr>
<tr>
<td>Telephone maintenance techniques</td>
<td><img src="chart" alt="Rankings" /></td>
</tr>
<tr>
<td>Supervisory techniques</td>
<td><img src="chart" alt="Rankings" /></td>
</tr>
<tr>
<td>Decision making techniques</td>
<td><img src="chart" alt="Rankings" /></td>
</tr>
</tbody>
</table>
D Training and Development

15. Has your job functions changed since you joined Westel?
   a) Yes (Explain why?)  b) No (Explain why?)

16. What type of training did you have to enable you adjust in this new role?
   a) Self-learning
   b) On-the-job training
   c) Off-the-job training
   d) Consultant presentations
   e) Other, (Please specify)

17. How many training have you had since you joined Westel? ---

18. How were you selected for the last training programme you attended?
   a) After completing a questionnaire
   b) After discussing my training needs with my supervisor
   c) By e-mail/memo/telephone from HR
   d) By e-mail/memo/telephone from my boss
   e) Other, (Please specify)

19. With particular reference to your current role, how would you assess the Relevance of the last training you attended?
   a) Irrelevant  b) Relevant  d) Very relevant

20. Please select the medium/media used to evaluate the last training you attended.
   a) There was no evaluation
b) By completing a questionnaire at the beginning of the programme

c) By completing a questionnaire at the end of the programme

d) By writing a report to HR days after the programme has ended

21. Would you recommend refresher courses for staff of the outsourcing contractor?
   a) Yes (why?)                              b) No (why?)

22. Are you aware if Westel has a training and development policy?
   a) Yes                                   b) No

23. What is the relevance of a training and development policy?

24. Do you subscribe to the Westel Professional Development Programme?
   a) Yes (how would you evaluate it?)
   b) No (please explain why?)

25. What is your opinion on the employee development programme – 'Champion Chart?' launched by the Engineering and Operations department in 2004?
26. Do you discuss training and development with your boss at your performance review session?
   a) Yes (what is your opinion on the outcome of these discussions?)
   b) No (why?)

27. Have you ever been on a formal coaching programme in Westel?
   a) Yes (how would you evaluate it?)
   b) No (explain why)

28. What other employee development programmes would you recommend for Westel?