Dama International Journal of Researchers (DIJR), ISSN: 2343-6743, ISI Impact Factor: 0.878
Vol 1, Issue 8, August 2016, Page 105-115, Available @ www.damaacademia.com

Assessing the Outsourcing Activity in the Production Industry

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Abstract
Outsourcing has indeed become part and parcel of many organizations in order to survive competition. Outsourcing therefore helps such organizations to be able to focus much on their core activities so as to give the non-core activities to third party suppliers. The study was therefore geared towards looking at how to assess the outsourcing activity in the production industry. The study was to establish the outsourcing activity that is carried out at WAMCO. Other objectives were to find out the benefits associated with outsourcing at WAMCO; to find out the challenges associated with outsourcing at WAMCO; to ascertain how the outsourcing improves the working conditions of employees at WAMCO; to identify on some of the measures to be put in place to ensure effective and efficient outsourcing activity at WAMCO. The analysis from the data collected showed that the personnel in West African Mills Company did not have full knowledge about the outsourcing and implementation could not be without problems. The Administrator in WAMCO had heard the promulgation of the outsourcing. Details of the document were however not known since no training programme had been held to sensitize them. The little that the workers knew about the outsourcing was heard in the media and seminars. In view of this, it was only a few officers in the management position who were a little abreast with the outsourcing.

I. INTRODUCTION

In order to further the use of outsourcing activity which promulgated to make institutional and administration arrangement for proper production industry and for that matter the sector which is described to have peculiar needs and therefore inadequate attention could pose a lot of challenges. With its passages, studies revealed that not much scientific and systematic enquiry has been conducted to assess the outsourcing activity in the production industry. It is against this back drop that this important to be carried out unearth the effect of assess the outsourcing activity in the production industry. This study deals with the practicing of outsourcing in the manufacturing industry .In the early days of industrialization every activity that needs to be undertaken in order to obtain the objective of the organization was managed by management of the organization itself. There was nothing like a third party organization to provide needed services for another especially for the manufacturing industry .The adoption of outsourcing started gaining roots in the 1980s when there was a policy on compulsory competitive tendering in the public sector. Between the 1980s and 1990s, privatization of activities in the public sector has been driven by the government in order to improve the economies of the public sector. The question which was then asked was "Could this Service be more economically performed by a third party". This was the time when a number of public and private sector organization took advantage of what they now regard as their core business or activity (scm.ncsu.edu/…brief history of outsourcing) .This trend saw growth throughout the United Kingdom and the sector now makes a major contribution to the gross domestic product of U.K. The decision on contracting a third party was becoming frequently as the organizations wanted to concentrate more on their own specialist abilities, leaving peripheral activities to other specialist Even though the policy on compulsory competitive tendering has reduced with time, the market testing on outsourcing of services has become an everyday commercial practice. The adoption of outsourcing has also brought into existence the opening of third party organization for the provision of certain services. The growth in the practice has taken place in activities like Security, Transport, Cleaning, Catering, Maintenance, Legal and other services. The general principle in outsourcing is to identify the non-core activity of an organization and this is basically taken advantage of the distinctive competence of a supplier in areas which the organization has very little or no skills to another to manage and the cardinal sin is to outsource something in which they have distinctive competence.

A. *Statement of the problem*

In 2001, the PA Consulting Group based in Europe conducted a survey on attitudes to outsourcing among 1000 managers who were practicing it. It was realized that only five (5) percent reported "high levels of benefits and low drawbacks, thirty nine (39) percent reported “mediocre’ results making it forty four(44) percent out of hundred 100.This seems to suggests that fifty five (55) percent of them were dissatisfied with the outcome of the activity. It was realized that those who reported mediocre results did not even know precisely the meaning attributed to the mediocre. In a similar research conducted by the Brunel University it was known that thirty three (33) percent of companies in the United Kingdom cancelled their outsourced contracts within 5years, fifty(50) percent found themselves in disputes with their outsourced contractors. In this regards, this research study is to examine how beneficial the adoption of outsourcing is. How their activities have been, some challenges they encounter and mechanisms to overcome some of the challenges and the benefits it brings to the West African Mills Company Limited. All over the world there has been a general observation that most companies have failed in the practicing of outsourcing despite the importance and the numerous benefits of the activity to organization concern. There has been various research that has justified the fact that outsourcing has been successful throughout its existence about the dynamic nature of technology and its positive impact pertaining to decision making which has gradually turned the world into a global village and that there is the need for organization to become a brass with an automated system of activity especially issues concerning outsourcing.

II. LITERATURE REVIEW

This study relates to what intellectuals have written on assessing the outsourcing activity in the production industry. This chapter will comprise of definition of outsourcing, outsourcing versus off shoring, make or buy decision, double outsourcing, types of outsourcing, process of outsourcing, reasons for outsourcing, challenges in outsourcing, criticism of outsourcing, variables and outsourcing matrix, factors considered under outsourcing, factors to be agreed upon before inviting bids, selecting a good outsourcer /supplier, quality plan for outsourcing and steps in ensuring effective and successful outsourcing.

A. Definition of Outsourcing

According to White & James 2004 outsourcing is defined as a “contractual relationship between an external vendor and an enterprise in which the vendor assumes responsibility for one or more business function of the enterprise”.

This definition does perhaps more than any other defines the distinction between outsourcing and make or buy decision. Dobler & Starling 2003 in their World Class Supply Management suggest that the distinction is that the decision to Outsource may be strategic but in its everyday operational management it is to make- or –buy decision , although at that margin there may be little between the two terms. This definition however places emphasis on the scale of commitment and the need to get the decision right in the first instance. Ellram & Arnold 2001 have described outsourcing as “the transfer of responsibility to a third party of activities which used to be performed internally ”This means that the outsourcing exercise is shifting ones responsibility to a third party and expect results from which was used to be done in-house. Brain 2000 has also stated, “Proper outsourcing of entire business processes can speed and amplify major innovative changes”. According to Boone & Kurtz 2000, outsourcing is “an arrangement whereby an organization contract with another organization to perform task or function traditionally handled by internal staff”. It was explained that outsourcing is an option for managing internal task and staffing tool. To the researcher, outsourcing is the “Subcontracting of a process such as product design or manufacturing, to a third party company” and in this context subcontracting services are needed in manufacturing industries to ensure that production is successful and that customers are satisfied. Taking all these definitions together it can be said that outsourcing is a strategic decision taken by an organization in order to obtain satisfaction to their customers by shifting some of their tasks to other parties to undertake. In an outsourcing interactive published in 1999 it was stated that when an organization decides that more personnel are needed, it must first decide whether to hire more employees, contract workers or outsource the function. This focuses on efficiency and cost-effectiveness when deciding to outsource. This decision making process involves internal analysis and evaluation, assessment and vendor selection and implementation and management.

B. Make-or-Buy Decision

According to Brain 2000, it is the decision to either make or buy as the name denotes a product or service in case of need in an everyday operational activity. It is the basis for the outsourcing exercise and practice which shows that several production activities or services can be done cheaper and faster by specialized suppliers. Moreover, companies may make greater demands in terms of quality on external suppliers than their own department. The slightest difference with outsourcing is that it is used in everyday operation as outsourcing is strategic and has a long –term commitment.

C. Double Outsourcing

The practice of double outsourcing is essentially the subcontracting of an outsourcing contract to another party .This type of arrangement can backfire if the client does not manage the arrangements with both companies. Double outsourcing is common with functions that are often outsourced such as IT. The external provider may not have the necessary technical skills to perform all of the outsourced work and will subcontract to fulfill the contracts requirements.

D. Types of Outsourcing.

Basically there are three (3) types of outsourcing and they are the Body Shop, Project Management and Total outsourcing.

1. Body Shop Outsourcing: It refers to a situation where management of an organization uses outsourcing as a means of meeting short –term requirement .An example is when there is a shortage of in-house skills to meet temporary demand, experts are relied upon until the problem is solved.

2. Project Management Outsourcing: This is a situation where an external vendor is employed for all or part of a particular project. With this type, the contract is terminated immediately after the project is done. An example is employing I.T experts for the development of a new I.T project.

3. Total Outsourcing: This is where the external vendor or supplier is given full responsibility for a selected area of activity .Here the outsourced company is allowed to take full charge and performance specification is used. Example, Outsourcing of security services in WAMCO.

E. Process of Outsourcing

a. Identification of candidates: According to Brain 2000, before any arrangement or decision is made on outsourcing the organization needs to look out for some of the areas considered as non-core and that can be given to an external supplier to provide. Such areas as cleaning, transporting, security, catering, legal and consultancy can be given to a third party in manufacturing industries.

b. Deciding To Outsource: The decision to outsource is taken at a strategic level and it normally requires a board approval. This is because outsourcing is the divestiture of a business function involving the transfer of people and the sale of assets to the supplier. After identification of candidates there needs to be justification for the decision on outsourcing those services.

c. Supplier Proposals: A request for proposals (RFP) is issued out by the outsourcing organization to a shortlist of suppliers requesting for a proposal and price quotation. It is done through placing an official request.

d. Supplier Competition: A competition is held where the client marks and scores the supplier proposals. This involves having a number of face to face meetings to clarify the client requirements and the supplier response. This is the time for the suppliers to be qualified out until only a few remain and it is known as down select in the industry. It is normal to maintain two suppliers in the competition in the due diligence stage and submit a "best and final offer" (BAFO) for the final down selection decision to one supplier. It is usual for two suppliers to go into competitive negotiations.

e. Negotiation: Is the meeting of the two parties to reach a consensus. It takes into consideration the request for proposal (RFP), the supplier proposals, best and final offer (BAFO) Submissions and convert these into the contractual agreement between the client and the supplier. This stage finalizes the documentation and the final pricing structure.

f. Contract Finalization: At the heart of every outsourcing deal is a contractual agreement that defines how the client and the supplier will work together. This is a legally binding document and is core to the governance of the relationship. There are three significant dates that each party signs up to, the contract signature date, the effective date when the contract terms become active and a service commencement date when the supplier will take over the services.

g. Transition: The transition will begin from the effective date and normally run until four months after service commencement date. This is the process for the staff transfer and the take-on of services.

h. Transformation: The transformation is the execution of a set of projects to implement the services level agreement (SLA), to reduce the total cost of ownership (TCO) or to implement new services. Emphasis is on “Standardization” and “Centralization”.

i. Ongoing Service Delivery: This is the execution of the agreement and lasts for the term of the contract.

j. Termination or Renewal: Near the end of the contract term a decision will be made to terminate or renew the contract. Termination may involve taking back services (in sourcing) or the transfer of services to another supplier. Renewal involves reviving the contract for another term.

F. Reasons for Outsourcing

According to Boone & Kurtz 2000, organizations that outsource are seeking to realize benefits that accompany outsourcing. As it has already been discussed there are evidence proving that outsourcing has failed before and can really fail when used. Below are some of the reasons for the failure:

1. Non-Capital Outlay: The outsourcing organization needs no capital in requiring vehicles, equipment or infrastructure unless it is seen as important to the company. The company has the opportunity to invest such capital into another important sector to boost production.

2. Risk Management: An approach to risk management for types of risks is to partner with an outsourcer who is better and able to provide the mitigation. When an organization outsource, it is relieved of some of the risks associated with the performance of certain services.

3. Economies Of Scale: These exist where a manufacturer uses a third party contractor with an extensive network of services, using this network as basis , consistent or improved levels of service can be achieved even where peripheral collection delivery areas are involved.

4. Cost Savings: Many businesses embrace outsourcing as a way to realize cost savings or better cost control over the outsourced function. Cost savings will involve reducing the scope, defining quality levels, re-pricing, re-negotiation, cost re-construction. Companies usually outsource to a vendor that specializes in a given function and performs that function more efficiently than the company could, simply by virtue of transaction volume.

5. Staffing Levels: Another common reason for outsourcing is to achieve headcount reductions or minimize the fluctuations in staffing that may occur due to changes in demand for a product or service. Companies also outsource in order to reduce the workload on their employees or to provide more development opportunities for their employees by freeing them from tedious tasks.

6. Accountability: Outsourcing is predicted on the understanding shared by business and vendor alike that such arrangements require quality service in exchange for payment. Paying for a business service creates the expectation of performance. “Outsourcers are well aware that this accountability is both practical and legal, with fiscal implications.

7. Improve Quality: Achieve a step change in quality through contracting out the services with a new service level agreement. Quality is improved because the level at which the service is to be performed is well defined by the outsourcing company.

8. Focus: Some companies outsource in order to eliminate distractions and force themselves to concentrate on their core business. This can be a particularly attractive benefit for start- up firms. Outsourcing can free the entrepreneur from tedious and time consuming tasks, such as payroll so that he or she can concentrate on the marketing and sales activities that are most essential to the firm’s long-term growth and prosperity.

9. Failure to conduct the sourcing exercise effectively and identify the most capable provider for task.

10. Lack of understanding of the concept of core activities or distinctive competence and the bandwagon approach dominating

G. Challenges in Outsourcing

Loss of Control: According to Dobler & Starling 2003, Loss of control by client company is often cited as a major disadvantage of third party Contracts. Because the function is handed over to a third party, the organization losses its direct control and inevitably results from such a commercial agreement but very few Customers neglect to exercise a huge degree of indirect control over their activities. The Organization cannot say or do anything even if there is the need to.

***Contractor Commitment*:** This might be seen as a distinct disadvantage from the other side of the agreement. This commitment takes the form of substantial capital investment in building and equipment, some of which can be highly specialized. The ever –present risk of non-renewal of contracts means that the possibility of disinvestments and redundancy remain in the back-ground, and most reputable operators would rather maintain a favorable corporation image untarnished by such things which indicate poor management or ill-advised decision .

The Profit Element: This has for some years been the traditional answer given to third party companies. Sales executive by many potential contract customers as their reason for not taking the contract route. If manufacturers could re-create high –quality systems in-house, the costs involved would no longer be paying a contractors percentage, detailed analysis and comparison of costs would be needed in order to try to and ascertain the total cost to what extent.

Quality of Services: Even though in outsourcing, a contract is given to qualified suppliers who are able to give out the best, quality is sometimes low because the organization in question no longer has the time in monitoring of the services since they are to only concentrate on their core activities.

Dependency on few suppliers: There is the possibility of failure in service suppliers because the outsourcing company depends solely on the contractor and would not make any effort to look elsewhere. If something should happen with the operations of the supplier then it will affect the operations of the entire organization.

Redundancy Cost: If an organization was meeting all necessary services in-house and later realizes the need to outsource by using total outsourcing there is the possibility of laying off all those staff they were using. In laying off these staffs, a whole lot of money is involve to compensate them and this might affect the financial position of the firm.

Loss of Confidentiality: Outsourcing often means off-loading sensitive functions involving proprietary corporate date. Concerns about loss of control of these functions and the protection of the underlying information are valid, particularly in an environment where hacking is a blood spot.

H. Criticism of Outsourcing

Public Opinion: According to Dobler & Starling 2003, there is a strong public opinion regarding outsourcing that outsourcing damages a local labor market. Outsourcing is the transfer of the delivery of services which affects both jobs and individuals. It is difficult to dispute that outsourcing has a detrimental effect on individual who face job disruption and employment insecurity. Even though the supporters believe that outsourcing brings down prices, provides greater economic benefits to all, it still has an adverse effect on the local labor market.

Against Shareholders View: For a publicly listed company it is the responsibility of the board to run the business for the shareholders. This means taking into consideration the views of the shareholders. They may be interested in return on investment and social responsibility. The board may decide that outsourcing is an appropriate strategy for the business or not. It is the responsibility of the shareholders to make their views known if they are against outsourcing.

Failure to Realize Business Value: The main business of criticism of outsourcing is that it fails to realize the business value that the outsourcer promised the client.

Language Skills: In the area of call centers end-user-experience is deemed to be of lower quality when a service is outsourced. This is exacerbated when outsourcing is combined with off-shoring to regions where the first language and culture are different. The questionable quality is particularly evident when call centers that service the public are outsourced. There are a number of the public who find the linguistics feature such as accents, word use and phraseology different which may make call centers agents difficult to understand. The visual clues that are present in face-to-face encounters are missing from the call center interactions and this may lead to misunderstanding and difficulties.

Social Responsibility: Some argue that the outsourcing of jobs exploits the lower paid workers. A contrary view is that more people are employed and benefit from paid work.

Quality of Services: Is measured through a service level agreement in the outsourcing contract. In poorly defined contracts there is no measure of quality or SLA defined. Even where an SLA exists it may not be to the same level as previously enjoyed. This may be to the process of implementing proper objective measurement and reporting which is being done for the first time. It may also be lower quality through design to match the lower price .There are a number of people who are affected and there is no single view lower of quality. Some may view lower quality acceptable to meet the business needs at the right price. The supplier may view quality as meeting defined SLA and end user may also receive a change in service that is within agreed SLA but still perceived as inadequate. The supplier may view quality as purely meeting the defined SLA regardless of perception or ability to do better.

Staff Turnover: The staff turnover of employee who originally transferred to the outsourcer is a concern for many companies. Turnover is higher under an outsourcer and key company skills may be lost with retention outside of the control of the company. In outsourcing off shore there is an issue of staff turnover in the outsourcer companies call centers. It is quite normal for such companies to replace its entire workforce each year in a call center. This in habits the build-up of employee knowledge and keeps quality at a low level.

Company Knowledge: Outsourcing could lead to communication problems with transferred employees. Before there is a transfer there is the need for broadcasting various information. Outsourcing organization may not have access to this e-mail and other communication networks.

Qualification of Outsourcer: The outsourcer may replace staff with less qualified people or with people with different equivalent qualifications.

Security: Before outsourcing an organization is responsible for the actions of all their staff and liable actions. When these same people are transferred to an outsourcer they may not change desk but their legal status has changed. They no longer are directly employed or responsible to the organization. This causes legal, security and compliance issues that need to be addressed through the contract between the client and the suppliers. This is one of the most complex areas of outsourcing and requires specialist third party adviser

Fraud: Fraud is a specific security issue that is a criminal activity whether it is by employers or the supplier staff. It can be argued that fraud is more likely when outsourcers are involved. It is evidenced in April 2005, a high profile case involving the theft of 350,000 dollar from four Citibank , customers occurred when call center workers, acquired the passwords to customer accounts and transferred the money to their own accounts opened under fictitious names. Citibank did not find out about the problem until the American customers noticed discrepancies with their accounts and notified the bank

J. Variables and Outsourcing Matrix

According to Baily 2004, these are the question and investigation which needs to be undertaken before the real activity takes place. The following are some of the questions that need to be asked and answered.

1. Do we have candidate functions?
2. How do we select them?
3. How do we assess ourselves?
4. Who are the potential providers?
5. How do we assess them?
6. What sort of relationship will they form? Close, arm's length, partnership, contractual.
7. How will we manage the relationship?
8. How can we ensure that efficiency is maintained?

If the outsource candidate lies in the top left hand quadrant of the matrix, It means it is low on core product status but the market contains competent contractors. Where the product or service is low on core and contractors low in competence, then a contractual approach would be required, a more arm's length approach is maintained with performance endured through the contractual arrangements and with less long-term commitment.

K. Factors Considered Under Outsourcing

In carrying out the outsourcing exercise, the following steps must be considered:

1. Ensure that the company does not outsource something in which it has distinctive competence. This is to ensure that the company does not surrender its business to a third party.
2. Must ensure that a valid cost comparison is made. This is necessary in order that the company does not rather incur high cost in outsourcing than managing the activities itself.
3. All relevant variables must be identified. There are variables which will enhance effective cost comparison to be made.
4. The specification: A clearly, detailed and unambiguous specification or description of the jobs to be undertaken by the supplier should be written.
5. Identify suitable suppliers: There is the need for a very effective exercise on sourcing for the qualified suppliers who can actually deliver the services.

6. Communication with suitable suppliers and inviting tenders. After identification of suppliers there is the need to communicate with them and invites tenders from them to know which one will be effective. At this stage any information like the deadline for receipt should be published in the contract notice.
7. All response to tender must be conducted under sealed bid conditions. Each bid should therefore be kept secure until bid opening date is reached.
8. The bid or proposals must be evaluated to select the proposal, which represent the best overall value for money by a balance between quality, service, and risk and of course price.

L. Factors to be agreed upon before inviting bids

Before an organization publishes an invitation to tender, there is the need to agree upon certain elements which will aid in selecting the best bid. These factors include:

1. Cost: A total comparison should be made. The committee in charge of the exercise should agree upon how much it will cost the organization to make in- house in order to determine how much should be paid to an outsourcer.
2. Facilities: Agreement should be made either to use their own facilities or that of the outsourcer. If there is the need to use that of the organization, should there be a charge for the use of such facilities?
3. Competence: How an outsourcer is expected to undertake the job to the organization's satisfaction is very important and for that needs to set a standard or level for the provision of that service.
4. References: Before inviting a bid the outsourcing organization needs to look out for references or third parties which the outsourcer has worked for before.
5. Financial Viability: Finance is the basis for survival in every organization. There should be consideration of the financial strength of the outsourcer in order to know if he can really perform his duties.

M. Selecting a good Outsourcer /Supplier

Because outsourcing is a strategic decision by every organization, it is very necessary and important that the very best of suppliers are selected. The following are some of the areas to look into when selecting an outsourcer:

1. Quality Management: Finding and solving problems after the defects have been produced is not the most effective means towards eliminating quality problems. The cost involved in working on defects may be higher than starting or making a new product or projects and for this reason the outsourcer should be someone who's quality management techniques has reached a higher standard in order to have only what is the best quality.

2. Technical Ability/ Resources: Resources like equipment needed in providing services should be of a priority to an outsourcing organization. If an outsourcer does not have the technical capacity and the resources then the ability to give the right service will not be achieved.

3. Financial Viability: As it has already been said financial status of an organization should be at the heart of every decision making. A financially incapacitated outsourcer would not be in the position to purchase needed materials or machines as well as motivating measures to its staffs to encourage them to be more committed to what they are doing.

4. Previous Track Records: In selecting a good outsourcer, the organization should look out for records or records or performance of the potential supplier to other organizations before. Should make sure a third party certification is obtained on their performance and it confirms that they can really undertake the task.

5. Management Controls / Competence: The ability of the supplier to undertake the required task of the buying organization. This is focused upon the human resources of the supplier including the ability to train, supervise, motivate and above all the managerial skills of the supplier. When a supplier has all these qualities the buyer is assured of only the best results.

N. Quality plan for outsourcing

In order to obtain the best results, there is the need to draw a quality plan to be used and should include and contain information on:

1. How the service will be provided.
2. The procedures and controls the contractor will use.
3. The people involved (staff)
4. How the contract is to be monitored and how performance will be reported to the buyer.
5. How complaints are to be handled.
6. How problems are to be resolved, improvement and changes can be made.

O. The outsourcing service cycle

This is simply a continuous improvement process that is used in obtaining the best results in outsourcing of services by manufacturing industries. The cycle is a step which when followed leads to success:

Step 1: Is to make specification on the kind of services to be provided
Step 2: Select the best supplier.
Step3: Measure performance.
Step 4: Appraise the performance
Step 5: Set improvement criteria.
Step 6: Pre-specify.

Source: Pearce & Robinson 2000 Strategic Management.

P. Steps in ensuring effective and successful outsourcing

According to Boone & Kurtz 2000, In spite of the many problems and the reasons for the failure, there are also some measures which can be put in place to ensure that the outsourcing exercise is successful.

Below are the measures to be used:

1. There should be a clear identification of candidates function and the reasons behind the outsourcing.
2. A clear identification of potential providers with the necessary skills and capabilities
3. Establishment of clear and measurable Key Performance Indicators (KPIs) and Service Level Agreement (SLAs) with the contract as Terms and Conditions.
4. There should be the inclusion of liquidated damages and consequential loss clauses, there should be Effective management of the contract over the lifetime of the contract.
5. Termination Clause should be included in the contract.
6. Mechanisms for the management and evaluation of performance, feedback and review should be set.

All these can be done when the buyer select a supplier he trusts in order to develop a mutually beneficial partner relationship.

III. CONCLUSIONS

A. Summary of Research Findings and Conclusion

i. **Outsourcing activities at WAMCO**: The research reveals that, management re-evaluates their outsourcing activity on a yearly basis to find out whether there is the need for them to change the outsourcing activity. Also production activity are counted on a quarterly basis. In an attempt to eradicate the possibility of inefficiencies in outsourcing activity, it is the policy of the company to employ specialized staff only. There is therefore, no job orientation for personnel recruited but they do undergo training programed to update themselves in newly developed areas in outsourcing.

ii. ***Benefits associated with outsourcing:*** The research again reveals that there are benefits associated with the outsourcing activity in the production industry which includes the automated system to be fast, accurate and an improvement on the whole system as well as allowing easy access to information and records, the software package enhances the company to reconcile payments with deliveries and avoidance of excessive paper work.

iii. **Challenges associated with outsourcing**: The research reveal that there are challenges associated with outsourcing activity which include security, qualification of outsourcer, fraud affecting data entries which make outsourcing activity inaccurate, training cost was relatively high, newly employed staff faced problems with adaptation of the activity in use and high cost of acquiring.

B. Recommendations

Based on the findings of the research the following recommendations were made:

- The West African Mills Company Limited should have one method of selecting service suppliers for the exercise. The uses of the tendering processes are the best method to use in order to have the best suppliers because best suppliers can give best services.

- When there is the need to outsource a service, the staff they were using in-house should not be laid off but made to stay and join their staff to that of the supplier because of the use of the collaboration method. This can be used to ensure the absence of redundancy cost.

- Another problem that was discovered with the study is the measuring of performance. It was made clear that the organization does not have any criteria for measuring performance and that sometimes performance is not measured at all. In the light of this it is suggested that a clear criteria is set to measure the performance of outsourced staff so as to know how to rate them and .should not wait for complaints before action is taken.

- In another version it was realized that especially the security staff do not have all the necessary equipment needed to carry out their activity .For this reason it is suggested that if the outsourced service supplier is not able to provide all equipment then agreement should be drawn between the organization and the supplier so that organization will provide all other equipment that are not available.

- Corporate management should learn how to utilize Outsourcing as a competitive weapon, since opportunities exist to use the outsourcing in the production industry and in the selling of services.

The study also revealed that West African Mills Company limited has been able to use certain methods to ensure outsourcing is effective and beneficial to the organization.

C. Conclusion

The study showed that the personnel in WAMCO did not have full knowledge about the outsourcing and implementation could not be without problems. The Administrator in WAMCO had heard the promulgation of the outsourcing. Details of the document were however not known since no training programme had been held to sensitize them. The little that the workers knew about the outsourcing was heard in the media and seminars. In view of this, it was only a few officers in the management position who were a little abreast with the outsourcing. The personnel in WAMCO also perceived that the outsourcing was only meant for large company which operated with huge sums of money, and that company like West African Mills Company required few inputs for operation and that purchases could be done through the old unregulated outsourcing. As far as the competence of the personnel who handled outsourcing matters were concerned, there was no difference as compared with the existing old practice, where Accountants doubled in performing their function of accounting and purchases at the same time. There was no professional outsourcing officer at post during the period of study. Also preparation of outsourcing were done by the accountant and occasionally supported by the administrator. Another issue that came up was that the outsourcing were not followed in all purchases, since some of the estimates in the outsourcing either fell short or over estimated. Inadequate funding also causes the inability to adhere to the outsourcing. For instance, if funds were not available, though the need might be there, the right quantity of goods required could not be outsourced.

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