

**EFFECT OF SOCIALIZATION ON COMMITMENT,  
IDENTIFICATION AND TENURE OF OUTSOURCED EMPLOYEES  
IN COMPANIES LISTED AT THE NAIROBI SECURITIES  
EXCHANGE (NSE), KENYA**

**BY**

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**A THESIS SUBMITTED IN FULFILLMENT FOR THE DEGREE OF  
DOCTOR OF PHILOSOPHY (PHD) IN BUSINESS  
ADMINISTRATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**MASENO UNIVERSITY**

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## DECLARATION

I declare that this is my original work and that the same has not been submitted for examination in any university or institution of higher learning. Any information sourced from elsewhere and used in this research report that has been acknowledged by way of references.

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## ACKNOWLEDGEMENT

I would like to immensely thank my supervisors Dr. David Oima and Dr. Isaac Ochieng who never got tired to offer direction during the research period. They shaped this work to what it is today. They have given invaluable support in the course of this work. I am obliged to Dr. Patrick Ojera, who took up this work as his pet project by offering both academic and moral support and the versatile scholar, Dr. Benson Ojwang, Department of Linguistics, who offered immeasurable support throughout the study period.

I must acknowledge the wonderful indefatigable colleagues of the School of Business and Economics. These are people who have the unique ability to multi-task and still remain focused. Prof. Ahmed Mukras offered scholarly and fatherly counsel; Dr. Gideon Momanyi and Dr. Moses Oginda who worked hard to ensure excellent relationship with SGS. Messr's Benjamin Ombok, Nelson Obange, Okello Simeo and the Young "Turks", JohnMark, Alphonse Oondo, Robert Mule, and others whom I have not mentioned here, thank you for your encouragement.

If it were not for the understanding and support of my Wife, Pamela and children Lucy, Leen, Larry, Valarie and the ever inquisitive Anisha this work would not have materialized. My brother, Tom has always been a pillar to lean on for support whenever need arose. Thank you so much.

There are special friends who I cannot fail to mention like Dr. Charles Nyambuga, Mr. Charles Othina, Kiprotich Peter, Austine Kapere, Agembe Eric, Agar Onyango, Chief Mbaka and The eCampus team that always reminds me of the great scholar, Douglas McGregor and his theory 'Y'.

## **DEDICATION**

Pius Adoyo and Valeria Auma.

You are the exemplification of humility and responsibility

You did not live to see your project materialize

## ABSTRACT

The increasing use of temporary workforce is becoming an integral part of today's emerging employment trend. Studies have been carried out on new employee socialization and other attitudinal constructs in conventional employment structures; however the emergence of outsourcing has brought a new dimension to the relationship. Most studies have approached socialization, commitment and identification separately; and in majority of cases targeting regular or permanent employees, with concentration in Europe or North America; with a few cases in Asia and Africa; however a few studies conducted in Kenya on socialization have not considered its influence on commitment, socialization and tenure and have concentrated on regular employees. The purpose of this study was to determine the effect of socialization on commitment and identification and tenure in outsourcing relationships. Specifically, the study sought to determine the influence of socialization on commitment and identification; the influence of socialization on tenure of employees and to establish the relationship between commitment and identification. The study was guided by the social exchange theory with socialization as the independent variable and commitment, identification and tenure as dependent variables. The study population comprised all the 51 active companies listed at the NSE, but spread across the country, with a sample of 23 obtained through cluster sampling. The respondents were drawn from outsourced employees, the agent and the client organizations. Secondary and primary data were used in the study. Primary data was collected using structured and semi structured questionnaires. Pre-test was conducted to establish the reliability and validity of instruments. Cronbach's Alpha test revealed a coefficient of 0.843 which is above the minimum threshold. Qualitative data was analyzed using tables, graphs and pie charts. Inferential statistics and Pearson's correlation technique with the help of SPSS computer software was used to analyse quantitative data. Regression results showed  $R^2$  of 0.320 on commitment and identification was significant at  $p=.006 < p=.05$  for identification and  $p=.039 < p=.05$  for commitment;  $R^2$  of .565 on tenure was significant at  $p=.000 < p=.05$ ; and a relatively strong association between commitment and identification  $r=.583$ ,  $p < .01$ . The null hypotheses were therefore rejected. The study concludes that outsourced employees are socialized and that Socialization influences commitment and identification; socialization influences tenure; and that commitment and identification are related. The study recommends that outsourced employees should go through socialization like regular employees so as to enhance commitment and to engender identification that may result into continuity in employment. The study outcome would assist organizational managements and other policy formulators make informed decisions on outsourcing. Future research may consider the cost of socialization and performance of outsourced employees.

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## ABBREVIATIONS AND ACRONYMS

HR	-	Human Resource
HRM	-	Human Resource Management
U.K	-	United Kingdom
U.S.	-	United States
NSE	-	Nairobi Securities Exchange
DWB	-	Deviant Worker Behaviour
SME	-	Small and Micro-Enterprises
KIA	-	Kenya Institute of Administration (Now Kenya School of Government)
PSFs	-	Professional Service Firms
POS	-	Perceived Organizational Support
PIS	-	Perceived Insider Status



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## OPERATIONAL TERMS/ DEFINITION OF TERMS

Deviant Worker Behaviours	– Behaviours that may detract from organizational functions
Social Exchange	– Sense of reciprocity with no monetary value attached
Psychological Constructs	– Employee perceptions
Outsourcing	– The practice of using hired employees on short term engagements under arrangements with another organization
Socialization	– The process of taking a new employee through the organizational culture and value systems
<i>Kairetsu</i>	– Cooperation built on the concept of long term partnerships/relationships
Perceived Insider Status	– A sense of belonging/Membership

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## CHAPTER ONE: INTRODUCTION

This chapter gives background information of developments in the study areas, the Statement of the Problem, Conceptual Framework, Scope and the Objectives of the Study.

### 1.1 Background of the Study

Large enterprises in the developed and emerging economies are increasingly adopting limited term contracts, associate-like relationships and other standard contractual relationships with employees (Kakabadse & Kakabadse, 2005). A survey conducted in the U.S in 1990 found that 36% of all work-places in the sample reported changes in working practices aimed at increasing flexibility (Beardwell and Holden, 1997). Between 1979 and 1993 the number of part-time employees in the U.K rose from 18.3% of total employment to 23.9% (Watson, 1994; Cassey, 1991). While in the past employment was based on permanent terms, the 1990s witnessed a change in terms of engagement, particularly at all levels of engagement.

In the emerging employment relationship, the most common is the temporary or short term employment where an individual is engaged to offer specified professional or non-professional services for a short period of time after which the relationship comes to an end. This kind of relationship may arise due to accumulation of work or filling a gap arising from temporary unavailability of regular staff. According to Guell and Petrongolo (2007) temporary employment is quite different from casual employment, and in most cases, those who start off as temporary employees are eventually engaged on permanent terms. Slattery, *et al* (2006) is of the view that temporary work is becoming more of an integral part of the workforce. They (*ibid*) aver that increasing use of temporary staff is not only in the traditional areas such as construction industry, but also in the new emerging areas that employ highly skilled knowledge workers.

Contingent contract arrangements may also entail self-employed individuals who sell their services to a client organization for a specified time or project, or seasonal employment arrangement (George, 2003). Once the task is accomplished by the professional the relationship comes to an end. On the other hand a professional service organization duly registered to undertake a particular activity may be engaged by another

organization altogether. Such professional service organization will have its regular workforce and once the task is accomplished the relationship comes to an end. In all these cases there is very little contact between the contract employees and the client organization.

Less contingent, more permanent contract arrangements are rapidly evolving, where a third party body (contractor or professional employer organization) agrees to handle a set of work responsibilities for a client organization at their work location(s) or as assigned (Connelly and Callagher, 2004; Kalleberg, 2000). The contractor supplies the employees and is the legal employer of record (Coyle-Shapiro, *et al* 2004). The client organization has, in effect, outsourced some operations to the contractor. Fisher, *et al* (2008) defines an outsourced worker as an individual who is employed by an organization for the purpose of providing a direct service to an organization or organizations.

Management expert, Peters (Peters & Waterman, 1982), has referred to outsourcing as the most 'sweeping trend to hit management since re-engineering'. Drucker, (1996) sums up this trend thus: 'the tendency today of so many, especially of our larger enterprises to assume paternal authority over their management people and to demand of them a special allegiance, is socially irresponsible, usurpation, indefensible on the grounds alike of public policy and the enterprise' self-interest. The company must not and must never claim to be home, family, religion, life or fate of individual. It must never interfere in his private life or citizenship. He is tied to the company through a voluntary and cancellable contract, not through some mystical and indissoluble bond'. Drucker, (*ibid*) seemed to be advocating free labour movement and that one need not necessarily identify with an organization. To this end, a number of organizations have adopted externalized labour relationships in the form of contracts, thus reducing the duration of employment relationship, limiting administrative control over the worker, and increasing the physical distance between itself (organization) and the worker, (Pfeffer and Barron, 1988). According to Drucker (2000), agency workers do not have a formal contract of employment with the organization for which they work because they are not regarded as the organizations employees.

While Human resource activities have traditionally been performed in-house, the 1990s witnessed increasing advocacy of outsourcing of a number of activities within the organization. The above position has been countered by arguments that outsourcing exposes the organization to opportunistic behavior by contractors, and that the practice will inhibit the firm's ability to develop distinctive competencies within its work-force. According to Kakabadse & Kakabadse, (2005), a number of reasons may determine the kind of activity or activities to be outsourced, however, the most commonly cited reasons include cutting costs, as there is a perception that it is cheaper to outsource some activities to specialized institutions; improved service quality by engaging experts in certain areas and operating on a lean level (core activities).

Activities in a number of organizations have been categorized as either core or non-core, otherwise referred to as peripherals. With these divisions it has also emerged that workers who undertake non-core activities can be hired on a temporary basis or as and when their services are required; or that an organization that is specialized in an area of activity is engaged to undertake such activities on behalf of the client organization. This practice has come with costs to the client organization (Cooke, *et al*, 2005). In Kenya, like other countries, different forms of work engagement are in existence owing to their flexibility and unique requirements of the various industries. Sang (2010) conducted research on outsourcing by public universities in Kenya and found that most universities have outsourced at least one service. He avers that the situation in public universities is replicated in other areas where outsourcing is practiced.

Fisher, *et al* (2008), state that a number of organizations have shifted dramatically toward the use of outsourced labour thereby contracting out non-core functions to reduce labour costs, improve flexibility, and obtain expertise not available locally. Outsourcing occurs across many industries and business functions; however research in the area of outsourcing has mainly concentrated on the strategic and financial issues and ignoring the human resource implications.

During initial employment entry process, workers are likely to form opinions about how the organization treats employees. This is the time when psychological contracts, defined as beliefs about the expectations in the employer-employee relationship (Rousseau,

1995), may be developed. Employees perceptions may, however, change overtime, allowing new comers, who may initially perceive themselves as “outsiders” to develop feelings of “insiders” (Thomas and Anderson, 1998). Social exchange theory is one of the most influential conceptual frameworks for understanding attitudes and behaviours in organizations (Cropanzano and Mitchell, 2005). An important element of social exchange is that individuals tend to form relationships with select individuals who provide valued resources such as information and emotional support (Lidden, *et al* 2003). Individuals often express their gratitude for support received from an organization by increasing their level of commitment to the organization (Rhoades, *et al* 2001), a view shared by Lidden *et al* 2003). In their research work, Rhoades, *et al* (2003) demonstrate that a relationship exists between organizational support and commitment for permanent and regular employees, however Employee attitudes towards multiple organizational targets are not well understood (Coyle-Shapiro and Conway, 2005). Some evidence, according to Coyle-Shapiro, *et al* (2006) and Lidden, *et al* (2003) point to existence of a dual allegiance to the agency and to the client organization.

A study conducted by Wandera (2011) observed that a number of organizations are turning to temporary or short term labour markets in an attempt to enhance their competitiveness in the global market. In the study Wandera (2011) notes that most of these organizations differ in their approach to human resource in terms of training, orientation, socialization and integration of short term workers. He (*ibid*) concurs with Autor (2001) who identifies issues associated with temporary workers engagement as including inadequate socialization, exclusion from decision making, short term engagements, lower tolerance for inequity and low levels of commitment and innovation.

While Rhoades, *et al* (2001) and Liden, *et al* (2003) confirm that there is a relationship between organizational support and employee commitment for permanent and regular employees, Coyle-Shapiro, *et al* (2006) and Liden, *et al* (2003) point to some evidence of existence of dual allegiance to the agency and client organization. Autor (2001) and Wandera (2011) point out that temporary workers receive inadequate socialization hence low levels of commitment.



Most of the above studies that have considered employee support and socialization have concentrated on permanent and temporary staff and not the outsourced staff. The studies also point out that temporary staff usually receive inadequate socialization and are excluded from decision making. Where there is an attempt to determine outsourced employee allegiance there is no research evidence indicating that such allegiance arises out of employee socialization. There is no research evidence pointing out the extent to which outsourced employees are socialized by the client or the agent organization.

According to Fisher *et al* (2008) effective socialization processes help an employee transition to a new place and learn how to function in that work environment. Socialization enables newcomers discover what the organization is about and their place within it. Saks, *et al* (2007) and Kavoo-Linge and Kiruri (2013) view socialization as the process by which individuals come to appreciate values, abilities, expected behaviours and social knowledge essential for assuming organizational role and for participating as an organizational member. An effective induction process puts together the activities of planning and monitoring the integration and maintenance of employees in an organization (Deb, 2006).

Bauer, *et al* (2007) and Saks, *et al* (2007) analysed the relationships among variables of socialization and found that how new comers learn during socialization process has significant effects on their level of job satisfaction, role clarity, commitment to the organization and intention to quit. Tschopp, *et al* (2009) however, observes that new forms of careers have emerged that are more dynamic and self-determined than the traditional career built on long term tenure and advancement in one or few organizations.

Karatepe and Shahriari (2012) suggest that employees who have elevated perceptions of justice in the work place are more likely to feel obliged to respond with low levels of intentions to leave the organization. According to Walumbwa, *et al* (2009) and Colquitt, *et al* (2001) there is interpersonal justice that refers to the dignity and respect that one receives and informational justice that refers to the provision of adequate information and social accounts. During organizational change interpersonal justice has been found to significantly predict justice perceptions of employees involved in change and further influence their responses to change.

As an attitude organizational commitment is often defined as a strong desire to remain a member of a particular organization; a willingness to exert a high level of effort on behalf of the organization; and a definite belief in, and acceptance of, the values and goals of the organization (Mowday, *et.al*, 1982). In their research on temporary employees' commitment Slatter, *et al* (2006) assert that even though temporary employees are 'temporary, they must also become part of the organization because they are required to work with permanent workers and, ultimately, pursue the same goals and objectives set forth by the organization". Slatter *et al* (2006) go ahead to qualify their position by stating that temporary employees who are well adjusted to the organizations environment may have more positive work related attitudes and have more intention to stay in the organization.

A number of definitions of identification have been proposed and most of them denote a subjective link between a person's membership in a group and the individual self-esteem (Ashmore, *et al*, 2004; Riketta, 2005). Riketta, (2008) gives identification a more narrow approach and looks at it as a feeling of attachment to a group. This is an affective feeling that is a slight departure from the cognitive feeling that makes one develop a sense of belongingness i.e. viewing oneself as a member of a group. Hirst, *et al* (2009) posits that part of our self-concept (the way we see ourselves) stems from our membership in social groups. Further, they (*ibid*) point out that identification reflects a sense of oneness with the team whereby the individual subsumes the team's aims and goals as their own (Ashforth and Mael, 1989, Haslam, 2004).

While Mokaya and Gitari (2012) studied socialization aspects of regular staff Sang (2010) considered the challenges that come with outsourcing and opines that the challenges cut across organizations. Sang (2010) expresses fear that the universities may be engaging employees who are not loyal, thereby offering inadequate services. Sang (*ibid*) further avers that outsourced employees cannot be entrusted with certain activities implying that there is either lack of trust or they are regarded as outsiders who cannot be entrusted with certain core activities.

While Baeur, *et al* (2007) and Saks, *et al* (2007) feel that socialization is important for newcomers, Tschopp, *et al* (2009) on the other hand feel new forms of work arrangement

are self-determined as opposed to the traditional career built on long tenure and organizational commitment. Slattery, *et al* (2006) assert that temporary employees must become part of the organization as ultimately both permanent and temporary employees try to assist the organization achieve its objectives. On the other hand Sang (2010) feels that outsourced employees are less loyal and cannot be entrusted with certain responsibilities, and they are regarded as outsiders. Hirst, *et al* (2009) avers that part of our self-concept stems from our membership in social groups, that identification reflects a sense of oneness with the team.

The studies conducted on socialization of new employees have concentrated on permanent and regular employees. Temporary employees are also regarded as members of the organization and are expected to exhibit levels of commitment as permanent employees as they both work towards achievement of organizational goals. It is also realized that today's work arrangements do not require employees to exhibit any element of commitment to the organization while at the same time there are concerns that due to less socialization outsourced employees exhibit low levels of commitment. In a number of cases outsourced employees are not regarded as members of the client organization. It is not known whether lack of socialization contributes to low levels of commitment and identification exhibited by outsourced employees.

Traditional employment terms entailed long term engagements; however this has become untenable due to the emerging workforce demographics. Tschopp, *et al* (2013) observe that in response to economic and social changes, new forms of careers have emerged that are more dynamic and self-determined than the traditional career built on long tenure and advancement in one or few organizations.

Lievens and DeCorte (2008) believe that an inherent characteristic of any inter-organizational relationship is its continuity. The relationship that develops in an outsourcing arrangement might be related to social and affective ties that partners develop overtime. It is, however, individuals who make decisions to quit or stay. Despite the fact that partner firms may want to establish long term relationships, individuals within the agent organization are bound to make decisions to quit or stay. On the other hand, outsourcing contracts have specified time periods, in a number of cases. Where the

contract period has expired the outsourced employee has no control over the next course of action.

Fields, *et al* (2005) have considered a number of variables that may predict employee turnover and observe that nature of employment may just be one of the numerous variables. They categorized the predictors of employee turnover as employee demographics, current job conditions, the organization and external environment. Of all the categories above employee demographics have been regarded as higher predictors of employee turnover. Highly educated employees are likely to move, younger employees are also likely to look for more satisfying jobs, while older people may be reluctant to move; and further, those with families tend to stick to jobs as security considering their family obligations.

Internal staffs have a history with the firm that provides them with a better understanding of clients business, strategies, people, culture and politics. With the expectation of continuity, people know they will be around to deal with the consequences of their actions. All else being equal, this will result in improved partnerships, which pay off in both greater client satisfaction and improved strategic alignment (Song, *et al*, 2009). By contrast outsourcing vendors may rotate their staff to other firms' contracts more readily, tying individual loyalties to outsourcing vendors rather than to the firm (client). Inasmuch as it is complex organizational commitment has a stronger relationship with organizational outcomes such as performance, absenteeism, and turnover.

Fields *et al* (2005) points out that there are a number of variables that determine employee turnover whereas Tschopp *et al* (2013) states that new economic changes do not require engagements that entail term arrangements. Song *et al* (2009) believes that because outsourced employees are rotated regularly by the agent organization the issue of tenure does not arise. Lievens and DeCorte (2008) on the other hand are of the view that continuity is important in any meaningful employment relationship.

From the foregoing it is clear that different scholars have varying views concerning factors that determine employee turnover. It is also emerging that employee tenure in an organization is undermined by a number of emerging factors including emerging skills

requirements, perceived justice, job embeddedness and professional background. Most of the existing research works have considered regular and permanent employees and there is very little literature on effect of socialization on tenure of outsourced employees.

Studies have been conducted to establish whether identification and commitment are distinct (Gautam *et al*, 2004; Mael and Tetrick, 1992; Van Knippenberg and Sleebos, 2006); however no study has been done on the relationship between commitment and identification in outsourcing contracts. In a number of research studies identification has been treated as an element of commitment, an outcome. For example, Mowday, *et al* (1982) has defined commitment as “a relative strength of individuals’ identification with, and involvement in, a particular organization”. The same definition has also been used by Meyer and Allen (1991) who have likened commitment to employees’ emotional attachment to, identification with, and involvement in the organization. While performance has been treated as an antecedent of commitment, a number of researchers have also treated identification and commitment as one and the same or, in some cases, identification has been treated as a component of commitment (Riketta and Van Dick, 2005; Herrbach, 2006; Meyer and Allen, 1991; O’Reilly and Chatman, 1986). Social identity theorists on the other hand view commitment as part of identification.

Cole and Bruch (2006) treat identification as a reflection of ways in which individuals define themselves in terms of their membership in a particular organization, whereas commitment is used to refer to an individual’s emotional attachment to, and involvement in, an employing organization. Ashforth and Mael (1989); and Van Dick (2004) assert that it is the implication of the self-concept and perception of oneness with the organization that differentiates the concept of identification from the concept of commitment.

According to Pratt (1998) individual social identities are mean to satisfy important needs of values, self-esteem, security and belongingness. Identifying with a collective can help provide a sense of belongingness Meyer, *et al* (2006). Meyer *et al* (*ibid*) further postulates that the longer an individual remains a member of the collective, the more confident he/she becomes, thereby assuming higher status in the collective.

Whereas commitment has been generally viewed in terms of individual relationship with the organization (Herbach, 2006; Slattery, et al, 2006;Shore, et al, 2008) employees can identify with the organization, work teams, professions and even individuals (Ashforth and Mael , 1989; Pratt, 1998; van Dick, 2004 and Riketta, 2005).

Researchers have defined commitment and identification, however in most cases there have been overlaps. While some researchers view identification as an antecedent of commitment, other researchers have looked at commitment as a greater whole of which identification is a part. Researches on the two constructs have also been carried out in the context of regular and permanent employees and not outsourced employees. Further, despite the fact that some researchers agreeing that the two constructs as empirically different no attempt has been made to find out whether one can exist independently of the other or whether the presence of one construct automatically leads to the presence of the other, however no known study has been carried out to determine the relationship between commitment and identification in an outsourcing relationship.

## **1.2 Statement of the Problem**

While studies have been conducted on socialization of employees in Kenya no known study has been conducted to determine the extent to which outsourced employees are socialized. Research studies have also been conducted in other parts of the world and in Kenya on employee commitment and identification; however no study has been conducted to establish the influence of socialization on commitment and identification of outsourced employees. Whereas continuity has been an issue in employment relationships most studies have focused on permanent and regular employees and the influence of socialization on tenure of outsourced employees has been lacking. Studies have been carried out on commitment and identification, but in most cases they have been considered as similar constructs or presented as synonymous terms, but no attempt has been made to establish the level of relationship between the two constructs. The study therefore set out to establish the effect of socialization on commitment, identification and tenure of outsourced employees in companies listed at the Nairobi Securities Exchange.

### **1.3 Objectives of the Study**

The overall objective of this study was to establish the influence of socialization on commitment, identification and the tenure of employees in an outsourcing contract for companies listed at the Nairobi Securities Exchange (NSE).

The specific objectives were to:

- i. determine the extent of outsourced employee socialization by the agent organization and by the client organization
- ii. establish the influence of socialization on commitment and identification of outsourced employees
- iii. determine the influence of socialization on tenure of outsourced employees
- iv. determine the relationship between commitment and identification in an outsourcing contract.

### **1.4 Research Question and Hypotheses**

- i. To what extent are the outsourced employees taken through the socialization process by the agent and the client organizations?
- ii. H<sub>0</sub>: Socialization does not influence commitment and identification of outsourced employees
- iii. H<sub>0</sub>: Socialization does not influence the tenure of outsourced employee with the agent and the client organizations
- iv. H<sub>0</sub>: There is no significant statistical relationship between commitment and identification in an outsourcing contract

### **1.5 Significance of the Study**

Outsourced employees form a significant portion of today's work force in most organizations and work alongside the regular employees towards the achievement of general organizational goals and objectives. This study recognizes the fact that outsourced employees, like regular and temporary employee, have emotional needs that may need to be satisfied. While other studies have expressed fears that outsourced employees are not

productive this study would form a basis for understanding the outsourced employees' behavioural needs that may impact on their performance.

This study will help employers in determining the nature of employment contract that is suitable for their organizations and whether outsourcing of services has achieved its intended objectives within the private sector. It will also enable human resource practitioners appreciate the role of socialization and its benefits which may enable them put in place requisite policies for improved relations in the organization.

### **1.6 Scope of the Study**

The study covered all public companies listed at the Nairobi Securities Exchange (NSE), however during the study period only 51 companies were active at the securities market. Most or all of the organizations listed at the securities exchange are large in terms of capital base and general operations and were considered ideal for the study as they engage considerably in varied human resource operations. The companies are however spread across the country from Mumias in Western Kenya (Mumias Sugar Company) to Mombasa (Bamburi Portland Cement Company). Most of the companies, however, operate offices in Nairobi, the capital city.

### **1.7 Conceptual Framework**

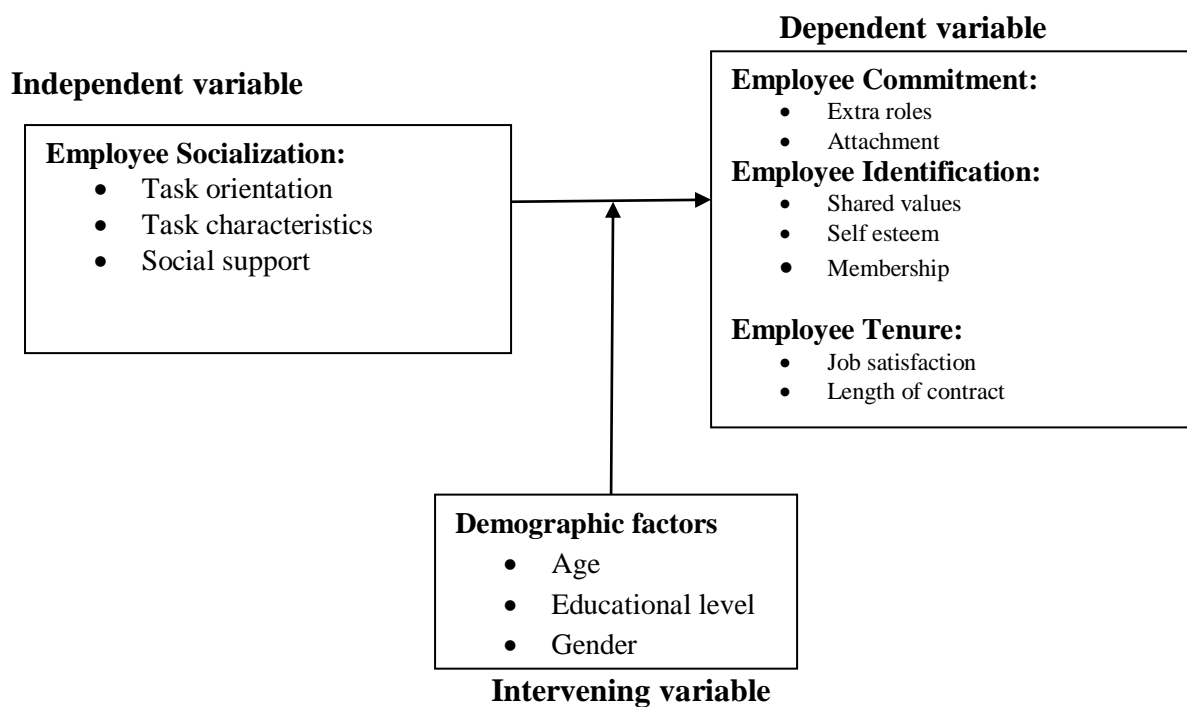
The conceptual framework is guided by the theory of socialization, commitment and identification in the organization.

The agency organization hires the worker with the ultimate aim of giving them out to the client organization which has decided to seek services from outside instead of engaging regular staff to offer such services. These workers are assigned duties within the client organization alongside the regular staff. It is assumed that socialization or induction process is embedded in every organization. An employee's attitude and behaviours shall be influenced by the training, orientation exercises and social support accorded upon engagement. According to Coyle-Shapiro (2006) employee attitudes towards multiple organizations are not well understood. Some evidence however, points to the existence of a dual allegiance to both the client and the agency organization (Liden, *et al.* 2003).



An employee is expected to stay in an organization long enough to acquaint him/herself with the job requirements. An employee who is not satisfied may not stay long in an organization and may not perform to the satisfaction of the client and hence the agency.

When the client organization is satisfied with the performance of such outsourced staff it will ensure that such staffs are seconded to the organization on a regular basis. There will also be feedback to the employer regarding the client satisfaction, and because the employer would not want to lose the contract, it would try and retain such performing employees, hence continuity. This is illustrated in the conceptual framework below:



**Figure 1: Effect of socialization on commitment, identification and Tenure**

Source: Self Conceptualization (2013)

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

This chapter reviews the theoretical and thematic literature. The chapter also reviews and compares empirical literature that helps determine the gaps that the study sought to address.

### 2.2 Social Exchange Theory

Considerable research has been done about exchange relationships between employee and his/her work organization. One of the ways has been the social exchange concept which is based on relational trust, with the assumption that with continued contributions the organization will reward the employee. Organizations offer rewards to their full time employees in the form of benefits, training, and advancement opportunities from their organizations than part-time workers (Hipple, 1998).

Part-time and Full-time employees often experience radically different benefit, promotion and training opportunities (Hipple, 1998), with full time employees receiving the better package. Similarly, the longer an employee works for a particular organization, the more likely they are to become familiar with specific operating procedures and norms. Longer tenured employees are more likely to have gained regular access to both important information and people who are at the centre of things. Consequently, these employees are more likely to have gained the knowledge and experience necessary to belong to the “in-group” in the organization (Stamper and Masterson, 2002).

According to Shore, *et al* (2008), the basic tenet of social exchange theory is that when an individual provides another with a benefit, the recipient feels an obligation to reciprocate. This theory is based on the relational trust, with the assumption that with continued contributions the organization will reward the employee.

Coyle-Shapiro, *et al* (2004), Conway, 2004) and Cropanzano and Mitchel (2005) are in agreement that social exchange involves a series of interdependent interactions that generate an obligation to reciprocate. Social exchange involves the exchange of tangible and intangible rewards governed by the norm of reciprocity. In the context of

employment relationship, employers provide a range of material and non-material rewards in exchange for employee loyalty and effort.

Stamper and Masterson (2002) posit that regular employees engage in positive discretionary work behavior that goes beyond the requirements of their job duties, while also refraining from any behaviors that may detract from organizational functioning (Deviant Work Behavior –DWB). Conversely, the part-time workers may feel less responsible for organizational outcomes, hence withhold any extra engagements. Based on contributions and inducements theory (March and Simon, 1958) permanent workers should then feel obligated to contribute more work and effort to the organization than would workers not receiving such opportunities.

While previous studies focused on employer-employee relationship a study conducted by Coyle-Shapiro *et al* (2006) focused on a multiple foci i.e. employer-employee and employee-contractor. The outcome was that there is a distinction between the foci. The study did not, however, endeavour to probe further whether the relationship is stronger between the client and the employee or the client and the contractor. This study looked at the relationship between the employee and the client and employee and the agent to determine whether the employee feels an allegiance to the client or to the agent or to both client and agent. Contractor in the above study was also not well defined as the term can be interpreted in many ways.

Interactions between people for purposes of learning a new job can be conceptualized as a form of social exchange, in which the new comers seek information on various aspects of the workplace from more experienced members of the organization (Korte, 2009). According to Slattery (2006) temporary agency provides support for temporary employees, and they reciprocate for this support by being more committed and less willing to quit the temporary agency.

Temporary employees enter into a reciprocal relationship with both the client organization and the employment agency. Both organizations give support to the temporary employee so that he or she can adjust and perform at the client organization. Outsourced employees do not expect any benefits in the form of promotion or training

opportunities at the client organization, however where outsourced employees are not fully integrated in the organization they may withhold extra engagements.

Researchers have also looked at socialization aspect of the outsourced workforce but they have not tried to find the link with either commitment or identification, and any relevance to performance, thereto (Song, *et al*, 2009). The fact that these outsourced employees work for the client organization requires that their level of commitment, in this case, willingness to offer much more than the ordinary assignment, and readiness to associate with the client organization, identification, need not to be ignored. This therefore enhances the need to research on the direction of commitment of such employees and the party, client organization or agency employer, the employees are willing, ready and happy to identify with.

While traditional interpretations of organization envisaged a simple distinction between those inside the organization and those outside, a growing body of knowledge literature has emphasized the increasingly complex and multi-faceted nature of organizational membership. For instance, social identity theorists have emphasized how individuals' identities as organizational members may be combined with other identities which reflect "lower order" group memberships (Job, team, department), as well as "cross cutting" identities (Informal cliques and Networks), and broader occupational and professional identities. Rather than exhibiting a singular organizational identity, individuals are seen as prioritizing different identities depending on the subjective importance of the identity to the individuals' sense of self, and its situational relevance (Ashforth and Johnson, 2001).

While performance has been treated as an antecedent of commitment, a number of researchers have also treated identity and commitment as one and the same or, in some cases, identification has been treated as a component of commitment (Riketta and Van Dick, 2005; Herrbach, 2006; Meyer and Allen, 1991; O'Reilly and Chatman, 1986). Social identity theorists on the other hand view commitment as part of identification. Ellemers, *et.al*, (1999) have identified three components that contribute to social identity namely cognitive, which is about awareness of one's membership in an organization like self-categorization; evaluative, which is about value connotations attached to a group

membership such as group self-esteem; and the emotional component which is a sense of emotional involvement with the group such as affective commitment.

Researchers, especially those examining the private sector, have begun to view employee commitment as having multiple foci and bases (Meyer, *et al* 1993). According to Reichers (1985) additional foci of commitment are the individuals and groups to whom an employee is attached. Additionally an employee can be committed to such foci as professions (Morrow, 1983) and unions (Angle and Perry, 1981; Gordon *et al*, 1980) as well as commitment to the organization as a whole. Recent studies have shown that workers can be committed to occupations, top management, supervisors, co-workers and customers (Lee, 2000; Lee and Olshfski, 2001; Becker, 1992).

Scholars have related the outcomes of socialization process to employee satisfaction, attitudes, stress and turn-over (Ashforth, *et al*, 2007). Other studies conducted by Bauer, *et al*, (2007) and Saks, *et al*, (2007) analyzing the relationship among the variables of socialization found that how newcomers learn during socialization process has significant effects on their levels of job satisfaction, role clarity, commitment to the organization and intention to quit (prediction of retention). Most research work on outsourcing have tended to concentrate on various factors like the cost element and employee skimming (lean staff through downsizing and rightsizing etc.) while ignoring the attitude, satisfaction or performance aspect of such workers who are involved in this multi-faceted employment relationship (Quinn and Hillmer, 1994; Kakabadse and Kakabadse, 2000).

Wandera (2011) observes that client firms invest little, if any, time or effort in the integration of short term workers, precisely because the assignments are short term. Failure to integrate the short term workers into the firm may act to intensify unscheduled turnover. Millward and Hopkins (1998) found that the inexperience of temporary employees added to the lack of induction and investment in their skills, might have a negative influence over the attitudes. Such workers have issues concerning security and the best way to perform their duties. According to Gomez-Mejia (2012) induction process provides employees with an understanding of how their job performance contributes to the success of the organization. Armstrong (2008) aver that resignations and turnover can increase if people are not given opportunities for learning and development, or feel that

demands are being made upon them that they cannot reasonably be expected to fulfill without proper orientation.

### **2.3 Employee Socialization**

During initial employment entry process, workers are likely to form opinions about how the organization treats employees. This is the time when psychological contracts, defined as beliefs about the expectations in the employer-employee relationship (Rousseau, 1995), may be developed. Employees perceptions may, however, change overtime, allowing new comers, who may initially perceive themselves as “outsiders” to develop feelings of “insiders” (Thomas and Anderson, 1998). Social exchange theory is one of the most influential conceptual frameworks for understanding attitudes and behaviours in organizations (Cropanzano and Mitchell, 2005). Individuals tend to form relationships with select individuals who provide valued resources such as information and emotional support (Lidden, *et al* 2003). Individuals often express their gratitude for support received from an organization by increasing their level of commitment to the organization (Rhoades, *et al* 2001), a view shared by Lidden *et al* 2003).

According to Fisher, *et al* (2008), effective socialization processes help an employee transition to a new workplace and learn how to function in that work environment. Socialization is important to newcomers as it enables them to discover what the organization is about and their place within it (Ashforth, *et al*, 2007). Saks and Gruman (2010) view socialization as the process by which an individual comes to appreciate the values, abilities, expected behaviours, and social knowledge essential for assuming an organizational role and for participating as an organizational member.

Gomez-Meija (2012) observes that induction process provides employees with an understanding of how the organization works. Armstrong (2008), Baeur, *et al* (2007) and Saks, *et al* (2007) are of the view that resignations and turnover increase if employees are not given an opportunity to learn the new organization. Milward and Hopkins (1998) and Wandera (2011) found that temporary staffs are not given adequate socialization.

Permanent and regular employees are bound to be in an organization over a considerable period of time and will have an opportunity to learn. Outsourced employees work in the

client organization and are employees of the agent organization; and it is important that they are exposed to the organizations goals and objectives. They also need to interact closely with other employees of the client organization to foster smooth flow of operations. It is in this context that outsourced employees also need to be integrated into the organizational set up. Studies conducted so far have not distinguished between temporary and outsourced employees, and it is not known to what extent outsourced employees are socialized by the client and agent organizations.

### **2.3.1 Employee Socialization and Commitment**

Researchers in organizational behavior have defined organizational commitment in terms of nature of relationship (Grunsky, 1996), loyalty to employer (Kanter, 1968; Kim, *et al*, 1996), integration of individual and organizational goals (Hall, *et al*, 1970) identification or attachment to the organization (Romzek, 1989), readiness to exert considerable effort on behalf of the organization, and a strong desire to remain a member of the organization (Balaji, 1992). There exists' considerable literature on organizational commitment concerning its definition, antecedents and its consequences, although findings have produced inconsistent results and conceptual underpinnings remain unclear.

Generally commitment tends to refer to the bond or affective attachment employees may feel towards their employers perceived goals over and above a purely instrumental relationship. Commitment is a force that binds an individual to a target (social and non-social) and to a course of action of relevance to that target. This definition reveals that individuals may become psychologically connected to social foci such as organization, work groups and supervisors, as well as to other foci such as jobs, goals, and organizational programs.

Commitment has generally been thought to encompass three components: Identification, Involvement (absorption in activities and willingness to exert considerable effort), and Loyalty (attachment to the organization and desire to continue in membership) (Mowday *et al*, 1982). Some studies have distinguished between attitudinal and behavioral commitment, with the former focusing on identification by the employee with organizational goals and values and the latter focusing on retention of organizational membership (Oliver, 1990; De Cottis and Summers, 1987). Meyer, *et al*, (2004) classified

organizational behavior into three categories as affective commitment, normative commitment and continuance commitment.

Employees with strong affective commitment remain with the organization because they want to, those with strong continuance remain because they need to, and those with strong normative commitment remain because they feel they ought to (Paul and Anantharaman, 2004). Affective commitment can be understood as a strong belief in and acceptance of the goals and values of the organization and readiness to exert considerable effort on behalf of the organization, as well as a strong desire to remain a member of the organization (Mowday *et al*, 1979; Porter *et al*, 1974).

Pare, *et al*, (2000) found that human resource practices such as recognition, empowerment, and competence development had a significant positive influence on the organizational commitment of professionals. Core employees play a critical role in developing output based capabilities. Very valuable and unique employees express an “affective commitment” to the firm (Allen and Meyer, 1990), so they are expected to show attention to customer needs and quality orientation (Allen and Grisaffe, 2001). Moreover, even very valuable but less unique core employees possess more general knowledge and can make major adjustments in product or service offerings (Dyer and Shafer, 1999).

The “cultural fit” or “chemistry” research evidence posits that people are more likely to stay in organizations that are perceived to be similar to their own values and personality. People from an external partner organization may decide to stay because they have developed a sense of unity based on perceived shared values (Lievens and DeCorte, 2008) The experience of commitment to an organization can influence a wide range of work behaviors including effort and absenteeism (Mathieu and Zajac, 1990). Firms must use retention and commitment strategies to avoid turnover among these unique employees. Boxal, (1996), has pointed out that a necessary condition for competitiveness is the stock of talented human capital, but he claims that incorporating employees’ interests is also a strategic issue. Similarly, Chatman (1991) and Kristoff (1996) found a positive association among employee commitment, employee satisfaction and performance. Arthur (1994), showed how a committed workforce diminishes absenteeism and



voluntary turnover. In a similar way, Tsui, *et al* (1997) in their study observed that an employment model of mutual investment by employees and organization creates better individual performance.

While a number of definitions of commitment (McLean Parks, 1998; Meyer and Herscovitch, 2001) have pointed to a number of foci it is evident that most research has concentrated on a single target, the organization. While Becker, (2009) and Vandenberghe (2009) have looked at different foci of commitment their target has also been the organization thereby leaving out the foci that are external to the organization. In an attempt to venture outside the organization Kinnie and Swart (2012) have added another target that is the profession. The assumption here is that all eligible employees belong to some profession. This is one of the few cases where triangular employment relationship has been the centre of focus.

In their research work, Rhoades, *et al* (2001) demonstrated that a relationship exists between organizational support and commitment for permanent and regular employees, however employee attitudes towards multiple organizational targets are not well understood (Coyle-Shapiro and Conway, 2005). Some evidence, according to Coyle-Shapiro, *et al* (2006) and Liden, *et al* (2003) point to existence of a dual allegiance to the agency and to the client organization.

Most researchers have considered the effect of socialization on commitment of regular employees and there is evidence that with socialization employees develop a sense of commitment. Temporary employees who are taken through socialization processes also develop a strong sense of commitment. Pare, *et al* (2000) found that practices such as recognition and empowerment of employees enhanced commitment of professionals in their organizations while Liden *et al* (2003) alludes to the existence of dual allegiance.

### **2.3.2 Employee Socialization and Identification**

Interest in employee attachment has ebbed and flowed over the decades, due in part to shifting views of the workforce as a fixed cost that can be expanded and contracted to meet bottom line objectives, or as a valued resource that can provide competitive advantage (Meyer, 2006).

While there have been varied definitions of identification, the common element in the definitions is the “inclusion of group membership as part of one’s self concept” (Riketta, 2005). It involves seeing oneself as part of a larger whole because one can belong to multiple groups or collectives, including an organization, division, and work team.

Specifically the mindset associated with a social identity can include a cognitive awareness of membership of a collective, an evaluation of the collective and self as a member, and an emotional reaction to that evaluation (Cameron, 2004; Harris and Cameron, 2005). Identification also has behavioral implications such as “in-group” favoritism, stereotyping, and openness to social influence which have impact in both inter-group and intra-group dynamics. According to Meyer, *et al* (2006), for a social identity the mindset reflects a sense of self and ones similarity to a collective or its members. The sense of self includes an awareness of shared characteristics (such as values), an evaluation of these characteristics, and a positive or a negative effect (such as pride or shame) associated with this evaluation.

There are certain points of focus that have been identified to engender important and stable identities. These include organizations, function divisions, work teams, professions and unions. Ellemers and Rink (2005) described two basic configurations of multiple identities. These are nested collectives where membership in one e.g. work team requires membership in the other e.g. organization. Although the same forces operate to strengthen identities at all levels they are stronger and more salient at the lower levels, and therefore identities tend to be stronger at these levels (Riketta and Van Dick, 2005). They (*ibid*) go further to say that employees come into more regular contact with members of their work group than they do with “representatives” of the organization and therefore the distinctiveness and meaningfulness of their association with the work group is likely to be stronger than that with the organization.

There can also be cross cutting identity where employees have to make a choice of having to identify with their profession, organization in which they work, or both. These identities may, however, have re-enforcing or diluting effects. When identities are re-enforcing employees experience value based commitment to both collectives, however, where identities are diluting, employees develop a stronger value based commitment to

that collective with which they come to identify most strongly (Riketta and Van Dick, 2005). In nested collectives, membership at a lower level (e.g. work team) requires membership in the higher level collective, whereas an individual who identifies with and values membership in a prestigious organization might be willing to take an assignment in a division or a work group merely to remain an employee of the organization.

While dependencies are less salient in cross cutting identities they can exist at times. For example an employee whose involvement in a profession requires that he/she works particular organization e.g. a nurse working in the only hospital in town. If conditions in the organization are not sufficient to engender a deep structure identity and affective commitment then identification and commitment to the organization can develop to continuance commitment. Employees whose association with some group affords opportunities they would not otherwise have to become members of another highly valued group might develop strong normative commitment to the first group. Such would be the case for an individual who landed a job in a prestigious organization. He/she might remain a member of the group partially out of obligation stemming from opportunity it provided (e.g. I owe them too much to leave) (Meyer, *et al*, 2006).

Socialization is the process of initiating new employees into an organization and acquainting him/her with the details and requirements of the job. It is the process of informing new employees about what is expected of them and to help them cope with transition stresses (Gomez-Mejia, *et al*, 2012). According to Buckley and Caple (2008) a well-executed socialization process can improve new employee confidence, build loyalty and provide a competitive advantage in attracting and keeping good staff. The objective is to enable employees perform adequately a given task.

Although job satisfaction has received the most attention of all work related attitudes, organizational commitment has become increasingly recognized in the organizational behavior literature. Whereas satisfaction is concerned with employee's attitude towards the job and commitment is at the level of the organization, a strong relationship exists between the two (Luthans, 2005). A number of employees may like their jobs but dislike the highly bureaucratic organization they work for. Some expert observers also feel that organizational commitment is a dead issue because of the new work environment and should be replaced by career commitment (Carson *et.al*, 1998). Luthans (1998) looks at it

differently and observes that “today’s work place is enveloped by fear of downsizing, loss of job security, overwhelming change in technology and the stress of having to do more with less managers (need to) establish the type of caring spirited workplace that will ignite employee commitment”.

Wandera (2011) observes that a number of organizations are turning to temporary engagements to enhance their competitiveness, but notes further that the organizations differ in their approach to human resource practices. He (ibid) points out some issues associated with temporary worker engagements as including inadequate socialization, exclusion from decision making, short term engagements and low levels of commitment and motivation.

Pare *et al* (2000) found that human resource practices such as competence development had significant positive influence on employee commitment and that employees who go through socialization develop a strong sense of commitment. Allan and Grisaffe (2001) are of the view that for affective commitment new employees require quality orientation and Rhoades, *et al* (2001) demonstrated that a relationship exists between organizational support and commitment. According to Meyer, *et al* (2006) identification develops based on group support. Buckley and Caple (2008) opine that a well-executed socialization process can improve employee confidence and attract good staff. Other authors feel that commitment is a dead issue considering the work arrangements in organizations (Luthans, 2005).

From the foregoing outsourced employees, like other employees can be influenced to identify with either group out of inter and intra group dynamics. Just as in nested collectives, outsourced employees would want to identify with the employees of the client organization because of the assumed high order. In other instances, they would want to associate with the client organization as the outsourcing arrangement accords them an opportunity to work in an assumed prestigious organization. Whereas it is known that temporary workers do not receive adequate socialization, not much is not known about socialization of outsourced employees to enable them transition to the new organization.

## 2.4 Employee Tenure

In the past employees remained in the firm for long with the offer of promotion as a reward. This enhanced employee commitment to the firm (Gaertner and Nollen, 1989). Today these bases of employee commitment have been undermined by the wide-spread perception that skilled employees are likely to work for many different organizations over their careers. The earlier situation cannot hold as regular lay-offs prevent companies from any credible promise of long term job security. Organizations have instead opted for “employability”, as an alternative to security, which offers a lifeline or hope to the employees that in the event of job loss they will readily get employment elsewhere, hence employee commitment (Luthans, 1998; Pare, *et al*, 2000). Tschopp, *et al* (2013) observe that in response to economic and social changes, new forms of careers have emerged that are more dynamic and self-determined than the traditional career built on long tenure and advancement in one or few organizations.

Internal staffs have a history with the firm that provides them with a better understanding of clients business, strategies, people, culture and politics. With the expectation of continuity, people know they will be around to deal with the consequences of their actions. All else being equal, this will result in improved partnerships, which pay off in both greater client satisfaction and improved strategic alignment (Song, *et al*, 2009). By contrast outsourcing vendors may rotate their staff to other firms’ contracts more readily, tying individual loyalties to outsourcing vendors rather than to the firm (client). Inasmuch as it is complex organizational commitment has a stronger relationship with organizational outcomes such as performance, absenteeism, and turnover.

Lievens (2008) asserts that any inherent characteristic of organizational relationship is its continuity. The relationship that develops in an outsourcing arrangement might be related to social and affective ties that partners develop overtime. It is, however individuals who make decisions to stay or quit working with a partner organization. Despite the fact that partner firms may want to establish long term relationships, individuals within the agent organization are bound to make decisions to quit or stay. On the other hand outsourcing contracts have time periods. Where the contract period has come to an end the outsourced employee has no control over the next move.

Affective commitment involves the experience of positive affective states that are likely to encourage engagement in proactive behavior (Parker, 2007). Positive affect can promote more spontaneous and innovative behaviors (George, 1990), promote a more responsible long term focus (Isen and Reeve, 2005) and motivate individuals to set more difficult and challenging goals (Ilies and Judge, 2005). Affective commitment also involves psychological attachment to a social entity beyond the individual. Employee' attachment to their organization is an important motive for engagement in behavior that will benefit the organization (Straus, *et al*, 2009).

Mumford and Smith (2004) observed that regular employees who are members of a union, besides other demographic factors, enjoyed longer tenure than those who had not joined unions. The study further observed that part-time workers never stayed longer in their jobs. Highly skilled employees however tended to change jobs so often irrespective of existence of better terms of engagement.

According to Brimeyer, *et al* (2010) the cherished ideal of lifetime employment has given way to the idea of lifetime employability, requiring employees to update their skills continually. Some expert observers also feel that organizational commitment is a dead issue because of the new work environment and should be replaced by career commitment (Carson *et.al*, 1998).

In the view if Karatepe and Shahriari (2012) if employees define their relationship with the organization in terms of economic exchanges, they are likely to have low levels of intentions to leave the organization when they observe that there is fairness in outcomes such as pay and rewards. Economic exchanges, unlike social exchanges appear to be more short term (Cropanzano, *et al*, 2003). Employees who have elevated perceptions of justice in the workplace are more likely to feel obliged to respond with low levels of intentions to leave.

Barrack and Zimmerman (2009) postulate that past behavior is a predictor of future behavior. Individuals who have a habit of seeking new jobs, as represented by how long they stayed in the previous job and number of jobs held over the previous years could be expected to leave again. On the other hand they (*ibid*) feel that socialization promotes

sense-making, situational identification, acculturation and creation of relationships and social integration. Boros and Curseu (2013) have considered another approach, that is the organizations status and observe that the more prestigious a social group (organization) the greater the potential to boost members' self-esteem through identification. According to Soltis *et al* (2013) employees who receive social support from fellow employees develop commitment and as they are able to access resources in the organization there is an attachment, hence lower intentions to leave.

Luthans (1998) and Pare, *et al* (2000) observe that new forms of careers that are dynamic and self-determined have emerged such that traditional careers built on long tenures are no longer feasible. Brimeyer, *et al* (2010) postulates that the cherished ideal of lifetime engagement has given way to the idea of lifetime employability. Lievens (2008) on the other hand assert that any inherent characteristic of organizational relationship is its continuity. Straus, *et al* (2009), Isen and Reeve (2005) and Ilies and Judge (2005) are convinced that long term engagements may lead to individuals setting long term goals and objectives for themselves and the organization. Barrack and Zimmerman (2009) on the other hand, avert that an employee's past behaviour is a good prediction of future behaviour.

Research studies cited above have either considered full-time employees or both full-time and part-time employees. Further the studies have not explicitly stated the role of socialization in employee turnover intentions when it is generally known that how new employees are treated have a lasting impact on their view about the organization. Whereas past behavior has been presented as a prediction of future behavior the study has not included the influence of socialization, and where employee socialization has been cited as a predictor of relationships its role in cases of employees who move from job to job has not been explored. It is also an accepted view that employees would want to identify with prestigious organizations; however the influence of socialization on tenure has not been determined.

## 2.5 Employee Commitment and Identification

A lot of research has been done but there has been little agreement with regard to distinction between identification and commitment and the extent of relationship among them. Ellemers and Rink (2005) argue that identification is synonymous with commitment, whereas in another research work, Ellemers, *et al* (2004) view identification as a greater whole of which commitment is a part. Further, Meyer, *et al* (2004) assumes that identification is an antecedent of commitment.

There have been studies conducted to establish whether identification and commitment are distinct (Gautam *et al*, 2004; Mael and Tetrick, 1992; Van Knippenberg and Sleebos, 2006); however no study has been done on the relationship between commitment and identification in outsourcing contracts. In a number of research studies identification has been treated as an element of commitment, an outcome. For example, Mowday, *et al* (1982) has defined commitment as “a relative strength of individuals’ identification with, and involvement in, a particular organization”. The same definition has also been used by Meyer and Allen (1991) who have likened commitment to employees’ emotional attachment to, identification with, and involvement in the organization.

Cole and Bruch (2006) treat identification as a reflection of ways in which individuals define themselves in terms of their membership in a particular organization, whereas commitment is used to refer to an individual’s emotional attachment to, and involvement in, an employing organization. Ashforth and Mael (1989); and Van Dick (2004) assert that it is the implication of the self-concept and perception of oneness with the organization that differentiates it from the concept of commitment.

Mael and Ashforth (1992) have gone further to suggest that to identify, an individual needs to see him/herself as psychologically intertwined with the organization. Dutton *et al* (1994) characterize identification as a cognitive linking between the definition of the organization and the definition of self. It contributes to members’ definition of “who am I” in terms of the organization in which he or she belongs, and, subsequently, this is incorporated into the self- concept. Commitment, on the other hand, is believed to be a more general attitude toward the organization. Mael and Ashforth (1992) and Pratt (1998) have suggested that the two develop from different sources. Whereas identification arise



from shared fate, commitment is believed to develop on the basis of an exchange based relationship and the organization (Affective commitment).

Many researchers agree that identification and commitment are distinguishable but related. In the context of this, cogent arguments have been made that possessing an identity is a precursor to developing commitment to the corresponding collective (O'Reilly and Chatman, 1986; Becker, 1992; Herrbach, 2006). Ashforth and Mael (1989) further argue that identifying with an organization enhances commitment to it because feelings of belongingness and vicarious experiences with respect to the organization create an emotional bond. They (ibid) point out that commitment is multi-dimensional in that the mind-set can take different forms and that to-date most of the discussions between the link of social identities and commitment have focused on one of its dimensions, affective commitment and this position is supported by Gautam, *et.al* (2004).

At a fundamental level, individuals' social identities are meant to satisfy important needs and values, including self-esteem, security, and belongingness (Pratt, 1998). It is assumed that individuals want to feel good about themselves and one way many people attempt to do this is to associate with collectives that are held in high regard by themselves and or others. Human beings also value a sense of security against threats to their interests and well-being. This security can often be provided by often associating with others who share their interests and care about their well-being. It is also a well-known human trait that human beings attempt to relate to, and be accepted by, others. In which case, identifying with a collective can help to provide a sense of belongingness (Meyer, *et al*, 2006).

Meyer *et al* (2006) has gone further to assert that because these needs are persistent, people will prefer stable deep structure identities over situated transitory identities. The factors that lead to deep structures should include stability in relationship (tenure), status, common fate, and impermeability. The longer an individual remains a member of the collective, the more confident he/she becomes, the higher the status of the collective, the more positive the individual can feel about him/her-self through association. Sharing a common fate (e.g. mutual rewards or threats) with other members should increase

confidence that others will provide support to the individual when needed. Equally, the more permeable the group, the more stable the membership is likely to be.

Rousseau (1998) gives identity two approaches where situated identities are seen as interest based and cue dependent whereas deep structure identities involve the internalization of characteristics of the collective into ones self-concept. Although situated identities can be fleeting, they can have longer term implications under conditions where the relevant situational cues are more lasting. Such is the case with employees whose relationship with an organization has a limited or uncertain time frame. In this case the cue that maintains the identity could be a “transactional contract” that links the interest of the employee with the interests of the organization, thereby creating a mutual, albeit time bound, dependence. Under these conditions situated commitment might contribute to the development of continuance commitment (Meyer, *et al*, 2006).

The employee identifies him/herself as a member of the organization and recognizes that fulfillment of his/her self-interest is dependent upon continued membership and compliance with any other stipulations built into the terms of the contract (Meyer, *et al*, 2006). Identification with a target can, but need not, lead to the development of commitment to the target. Commitments are, however, likely to be largely volitional and can be made in the absence of a social identity. For instance, a casual employee can make a commitment to stay with an organization for a period of time, and perform a set of prescribed duties, without including membership in that organization as part of his/her self- concept.

Overtime, situated identities can develop into deep structure identities through internalization or emulation of characteristics of the collective into one’s self concept (Pratt, 1998). Internalization and shared values have been shown to be a basis of employee commitment (Becker and Billings, 1993; Becker, *et al*, 1995) and recent research findings have reported a fairly strong and consistent relations between value congruence and employee affective commitment to organization and therefore, one would expect deep structure identities based on the sharing of values to promote affective commitment (Kristoff-Brown, *et al*, 2005; Verquer, *et al*, 2003).

Some studies have distinguished between attitudinal and behavioral commitment, with the former focusing on identification by the employee with organizational goals and values, and the latter focusing on retention of organizational membership (Oliver, 1990; Salancik, 1977; DeCottis and Summers, 1987).

Ellemers and Rink (2005) argue that identification is synonymous with commitment while Meyer, *et al* (2004) assumes that identification is an antecedent of commitment. Meyer and Allen (1991) have likened commitment to employees' emotional attachment to, identification with and involvement in an organization. Mael and Ashforth (1992) and Pratt (1998) believe that commitment and identification arise from different sources. Meyer, *et al* (2006) asserts that identification arises from pride and self-esteem while commitment is based on attachment to the organization.

A number of researchers are of the view that identification is a precursor to commitment, implying that an employee can identify with an organization, but not necessarily feel committed to such organization. Other researcher are also of the view that commitment is a greater whole of which identification is a part, implying that there cannot be commitment without identification. On the other hand identification has different foci whereas commitment is generally said to be to the organization or a goal. Outsourced employees may be committed to the goal of the client organization, but may want to retain their identity as employees of the agent organization. On account of the high esteem of the client organization outsourced employees may want to identify with the client organization out of pride so as to achieve self-esteem. Most studies in this area have, however targeted regular and permanent employees, but have not clearly determined the relationship between the two constructs.

## **2.6 Employee Outsourcing**

One of the fastest growing forms of engagement involves the use of external or contracted employees (George, 2003). Contingent arrangements may entail, for example, self-employed individuals who sell their services to organizations for a specified time or project, seasonal employment arrangements, or temporary employment through in-house or intermediate agencies (George, 2003)

Less contingent, more permanent contract arrangements are rapidly evolving, where a third party body (contractor or professional employer organization) agrees to handle a set of work responsibilities for a client organization at their work location(s) or as assigned (Connelly and Callagher, 2004; Kalleberg, 2000). The contractor supplies the employees and is the legal employer of record (Coyle-Shapiro, *et al* 2004). The client organization has, in effect, outsourced some operations to the contractor.

Fisher, *et al* (2008) defines an outsourced worker as an individual who is employed by an organization for the purpose of providing a direct service to another organization or organizations. Put differently, the contractor and the client organization have negotiated a shared employer relationship *Vis a Vis* the contracted employee, thus creating a triangular system of employment relations. What differentiates this form of work arrangement from the others is the multiple agency aspect of the work where-in a worker simultaneously fulfills obligations to more than one employer through the same act or behavior (Gallagher and Parks, 2001).

Duffy (2001) observes that outsourcing is a practice that has been in existence from time immemorial; however it gained greater impetus in the 1970s when large and diverse corporations were considered to be underperforming. The 1980s witnessed a change of direction in business strategy thinking by focusing on fewer activities (Peters and Waterman, 1982). As a result corporate managers reevaluated the concept that the organization needed to be vertically integrated and self-sufficient (Mullins, 1996). Organizations have resorted to shedding off peripheral or supplementary business so as to focus on core business, thus seeking outsider support for the performance of these peripheral and supplementary activities.

During the 1990s, organizations embarked on internal re-assessment and evaluation. It was at this time that a number of terminologies such as “Downsizing”, “Rightsizing”, “Core competencies”, “Restructuring”, “Re-engineering” and other related terms emerged. All these terms were either directly or indirectly used to refer to process adjustments for improved efficiency, cost reduction, quality improvement and optimum utilization of resources available and internal smooth operations. With the emergence of

search for “Core Competencies” it became apparent that there were other services which were peripheral but necessary and less demanding in terms of skill.

Global competition has not only compelled companies to exercise greater discipline over costs but also over product-to-market time cycles, resulting in smaller products and services portfolios and a loosening of vertical links in the production process (Quinn and Hillmer,1994). Consequently, corporations have divested activities that they regard as peripheral to their business and focused upon their “Core” specialization while still pursuing other value adding objectives. While some consider core activities to be synonymous with core competencies, other writers consider what is core and non-core as a non-issue (Kakabadse and Kakabadse, 2000). The contrasting view put forward is that outsourcing decisions should be driven by the purpose of the sourcing contracts, the relationship between purchaser and supplier, the leverage gained from outsourcing to determine greater competitive advantage and the effective management of contracts, which, in turn, lead to the development of a new cluster of competencies(Alexander and Young,1996).

### **2.6.1 Private and Public Sectors**

The undisputed truism is that outsourcing has become big business, and its effective management is critical to the future success of an organization (Kakabadse and Kakabadse, 2002). Private and Public enterprises are increasingly adopting part-time, temporary, casual, and fixed time contractual arrangements as a means for securing both cost advantage and labor flexibility. Such arrangements reflect a change of understanding in relationships between employer and employee namely from job security in exchange for loyalty to one of performance for reward. With this changed mode employees no longer desire or even respect the supportive social contract with the employer, in effect, no need for commitment, (Kakabadse and Kakabadse, 2000).

At infancy outsourcing was considered as a practice in the large business organizations, however, over time the small and micro enterprises (SMEs) have also embraced the practice. According to Costa (2001) outsourcing has not only penetrated the SME and small business market but Public service as well. The effect of deregulation and the vigorous application of “best value” have been profound influences on the previously

integrated public service organizations (Halachmi and Montgomery, 2000). In some European countries, notably the U.K., the department of defense has engaged the private sector in their entire training, logistics, and supply chain operations, a far reaching encroachment into what was traditionally considered the states preserve (*Private companies provided communication services to the U.K. field troops during the Kosovo war in the year 2003*). Locally the government has resorted to the Private sector, Professional consultancy firms, and the Universities to offer training that only the government owned Kenya Institute of Administration (KIA, Now renamed Kenya School of Government or KSG), based at Lower Kabete, was offering. Equally, the government has engaged professional firms in the recruitment of senior staff in state corporations from the private sector to join its ranks as opposed to the old system whereby government employees would rise through the ranks to the highest level possible in the public service. The heads of state corporations are now subjected to competitive selection interviews and they are hired on fixed terms, complete with a performance appraisal system in place. The private sector has been in the forefront in this practice and activities have been designated as core and non-core.

In designating activities as core and non-core, some private sector organizations have gone so far as to do away with the Human Resource Department which, in ordinary cases, is considered as a very crucial department in any organization. Other organizations have also outsourced the front office services completely when this is the first for any visitor in any organization and the reception at this point reflects a lot about the organization. In majority of cases the activities which have been surrendered are the menial ones which do not demand any technical or professional expertise; otherwise they may be those technical areas where supply is not an issue.

While initially outsourcing meant reducing the number of product lines or “sticking to the knitting”, Quinn and Hilmer (1994) put forward a case for outsourcing those services in which the organization is comparatively weak, or can develop no strategic advantage, even if they have been traditionally considered integral to the business.

Certainly the relentless search for strategic advantage and efficiency has put increasing pressure on private sector organizations to focus on costs, productive lean business

structures, and contribution to the bottom line. Benton (1992) observes that outsourcing is not the preserve of the private sector. The practice is apparent in the public sector as well. It has, however, been observed that the government goes for outsourcing to test the market than for considerations of sound financial and business management.

In a study conducted by Sang (2010) in local public universities, the researcher observes that there are issues associated with outsourcing that cut across organizations. Some of these issues include the feelings of regular employee that the outsourced staffs pose a threat to their jobs, and further that there are certain issues that are too sensitive to be handled by external staff. He (ibid) expresses fear that the service provider may be using contracted staff that may have less loyalty, thereby resulting in inadequate services. He further states that some regular employees view outsourcing as a threat to their jobs while others feel that certain jobs are too sensitive to be carried out by outsourced staff. This position contrasts with that of Golooba-Mutebi (2003) who asserts that Kampala City council resorted to outsourcing as a cost cutting measure and to benefit from quality service delivery.

### **2.6.2 Rationale for Outsourcing**

While staffing increases require investments in the hiring and training of new employees, staffing decreases involve forfeiting these human capital investments as well as incurring costs associated with terminating permanent employees. Given that contractors can reallocate work across their client base when there is a shift in demand from any particular client (Abraham and Taylor, 1996), relying on outside vendors allows staffing levels to be adjusted without significant costs. As such where the organization is seen as facing demand uncertainty, increased reliance on Human resource outsourcing is likely to be observed. Klaas *et al* (2001) hypothesize that sustained contributions to the organization will be rewarded over time. Much of the literature on outsourcing has examined the rationale behind such decisions. Given the earlier context of continuous search for competitive advantage and efficiency, it is not surprising to find key considerations being the need for increased focus on core business, cost reduction, greater flexibility and responsiveness, and improved quality (Benton, 1992; Quinn and Hilmer, 1994). In a study conducted in 266 U.K. manufacturing firms in 1996, it emerged that the

most extensively outsourced functions are Catering, Cleaning and Security services (Shaw and Fairhurst, 1997).

An issue arises when activities or functions are designated as non-core as the functions can be isolated. The concentration on core business ultimately limits the organizations ability to have a broader awareness and understanding of the bigger picture. The major issue is the designation of the term core and periphery and the implicit message contained within the terms (Kakabadse and Kakabadse, 2002). In simple terms it can be assumed that those members of the organization performing functions designated non-core or peripheral are outsiders i.e. not part of the organization. That the functions or activities can be stopped at any time and that they do not add value to the organization.

One way to differentiate between core and non-core employees is by determining which are critical to organizational functioning and which are less critical to obtaining organizational goals and objectives. Pfeffer and Baron (1988) suggested that another way of creating employment relationship differences is through variations in temporal exposure to the organization. Therefore, employees who have temporal exposure, such as that which stems from part-time employment, are more likely to be externalized employees or outsiders.

Approximately between 16 – 19 % of United States of Americas (U.S.) workforce is employed on part-time (Bureau of Labor Statistics, 1998). The use of these non-traditional employees is normal in the U.S. Stamper and Van Dayne, (2001), aver that there is enough evidence suggesting that part-time employees do not perform citizenship behaviors as frequently as full time workers and there may be other negative effects associated with part-time employees. For a considerable time Japanese automotive and high technology enterprises have engaged in successful sub-contracting based on a culture of inter-company co-operation – *Keiretsu*. The *keiretsu* relationship has accounted for approximately half of the configurational structures of all Japanese enterprises (Cusumo and Takeishi, 1991). The alliance is built on the principle of long term partnerships and trust between organizations vertically linked. Klein, *et al* (2000) is of the view that it is important not to attribute individual motivations to organizations. In



the end it is individuals, and not organizations, that are committed to staying or quit working with a partner firm and its people.

## **2.7 Empirical Studies**

According to Beardwell and Holden (1997) organizations often perceive that there are significant costs attached to the use of non-standard labour. Temporary workers are seen to be less committed and reliable than permanent staff. Part-time workers employed on a permanent basis are seen as reliable but more difficult to manage than full-time workers since they spend less time at work. In a study conducted in Ireland in 1992, it was found that managers were keen to minimize the use of temporary workers despite certain advantages that they provided in terms of managerial control (Geary, 1992). Geary (ibid) cites areas of concern as providing necessary training for temporary workers during their period of employment, conflicts between permanent and temporary staff, fear of being seen to operate different standards of treatment for temporary and permanent staff like in benefits e.g. medical cover.

A study conducted in the United States amongst 200 newly hired Engineers in a large manufacturing firm in the year 2007 concluded that relationship building was the primary driver of the socialization process and that the work-group was the primary context for socialization and not the organization (Korte, 2009). The study conducted to establish how new Engineers learned the social norms of the organization as they began their employment realized that newcomers reported the necessity of building relationships with their co-workers and their managers as a pre-requisite for learning what to do and how to do it well. This research did not consider the role of informal groups and the professional associations as likely groups to influence socialization outcomes. Ashforth and Johnson (2001) state in their research that individuals are seen as providing different identities depending on the subjective importance of the identity to the individuals sense of self rather than exhibiting a singular organizational identity.

While most researches, as seen above, have been carried out in the context of employer-employee relationships within the organization, Donnelly (2011) challenges this emphasis because employees now work across as well as within organizational boundaries, in which case, the consultant ( the employee) has to be committed to both the employer and

the employee (Kinnie and Stewart, 2011). In a study conducted in the United Kingdom (U.K.) between 2004 and 2009 in 12 professional service firms (PSFs) Kinnie and Stewart (2012) explore three Human resource approaches used to manage the synergies and conflicts in such relationships. In their discussion Kinnie and Stewart (ibid) identify three specific types of interactions between the various foci of commitment. These foci are the organization-client, organization-profession, and the profession-client. The study found out that strategies and practices are developed so that commitment of employees is to all parties, including their profession. It emerged from the study that employees feel allegiance to the employer recognizing that it was their employer who provided them with the opportunity to work for the client. This finding confirms Meyer, *et al* (2006) theory that employees develop commitment to an organization because of the opportunity provided. Out of prestige, however employees would want to identify with their professions.

In another study conducted in the Netherlands between 2005 and 2007 amongst voluntary workers, Boezeman and Ellemers (2007) found that pride and respect are directly and positively associated with organizational commitment among volunteer workers.

According to Williams, *et al* (2013) in a study at Lafarge, Inc. South Africa, they observed that temporary workforce is used to cope with peaks in work load and to act as a buffer to core jobs. Such workers may not need to be integrated into the main workforce. They (ibid) observe the issue of exclusion since such workers cannot join any labour union to propagate their concerns. Wandera (2011) postulates that temporary workers are not accorded similar treatment as other workers and cites socialization, exclusion from decision making and short period of engagement as some of the reasons for low levels of commitment and motivation. These studies considered temporary workers and not outsourced employees who are engaged under different terms and with a fixed term of contract between the client and the agent organization. The studies also assumed that temporary workers will always require some level of training ignoring the fact that some of the temporary workers are professionals.

Cole and Bruch (2006) conducted a study at Tata Steel Company, India in the year 2004 and it emerged from their work that factors leading to identification and commitment were different; however, the constructs are correlated. Based on the questions raised in

the study the two constructs registered almost similar scores with the level of identification coming at 0.76 and commitment scoring 0.77. In another study conducted in five organizations in Nepal in the year 2004 by Gantom, *et al* (2004) it was found that identification was correlated, but empirically distinct from commitment. This outcome contrasts with that of Ellemers and Rink (2005) who posit that identification and commitment are synonymous, assuming that the two terms can be used interchangeably. This opposing view therefore makes it necessary to ascertain if there is any link between commitment and identification.

In conclusion it is apparent from the above studies that while studies have been conducted in the areas of outsourcing, commitment and identification, the researchers have looked at them either as distinct or related constructs, but not in the context of an outsourcing relationship. It is also apparent that while outsourcing is a practice that has caught up with us in the Kenyan context the extent to which it is practiced and the dimensions that it is taking are not very clear. While considerable research has been conducted in various countries the level of empirical research is still restricted to European, American and Asian spheres. Very little research has been carried out in Africa and Kenya in particular, hence the justification for the current study.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The purposes of this chapter are to describe the research methodology of the study, explain the sample selection, describe the procedure used in designing data collection instruments and provide an explanation of the statistical procedures used to analyze the data.

### **3.2 Research Design**

The study adopted an exploratory research design. Exploratory studies provide foundation for correlational and experimental studies and help generate hypotheses for further studies (Mugenda, 2008). According to Sekaran (2006) exploratory studies are undertaken to better comprehend the nature of the problem since very few studies might have been conducted in that area. This design is also suitable in that it has an attribute of flexibility to provide opportunity for considering all aspects of a problem under study (Kothari, 2004). This is based on the fact that little has been done in this area of research, specifically in Kenya.

According to Taylor *et al* (2006) a research design should specify the research paradigm after defining the research topic. The research paradigm helps define questions to be asked and the methodologies to be used in answering the questions to provide meaning and significance. A research design can use any type of data collection method, which may be qualitative, quantitative or both. The study used both qualitative and quantitative data. Qualitative research aims to gather in-depth understanding of human behavior and reasons that govern such behavior (Savin-Baden and Major, 2013). Since the study was looking into a behavioural issue and was testing theories composed of variables coded in numerical form, quantitative data analysis method was also adopted, applying relevant statistical procedures (Creswell, 2008).

### **3.3 Study Area**

The study was confined to Companies located in Kenya and having shares traded at the Nairobi Securities Exchange (NSE). The Nairobi Securities Market (formerly Nairobi Stock Exchange) was instituted in 1952 and is based in Nairobi, the commercial and

political capital of Kenya. Companies operating at the Nairobi Securities Exchange are distributed in all parts of the country and were deemed to form an ideal representation for the study. The companies also operate on a relatively large scale and are operating under guidelines provided by the Capital Markets Authority (CMA).

### 3.4 Target Population and Sampling Technique

The study covered all the 57 companies listed and trading at the Nairobi Securities Exchange (NSE), as indicated in appendix 2, however not all the companies listed were active. The study population was therefore narrowed down to 54 companies that were active during the period of the study. Three companies were, however, used for the pilot and therefore did not form the study population. According to Mugenda (2008), cluster sampling technique is useful when natural groupings are evident in the population. The NSE has been split into various groups based on the business activities. This study therefore adopted cluster sampling technique and then randomly selected the sample. This was important for every sector, as provided in the categorizations, was involved in the study. Yamane (1967) formula was used to determine the sample size; however this formula is useful in a case where the population is 100 or more. An adjusted formula, provided by the same author (Yamane, 1967), was then used to adjust the sample size to a manageable level. A sample size of 23 companies was arrived at and used in the study and the respondents comprised of three outsourced employees from each of the 23 companies, one Human Resource Manager each from both the agent and client of the sample organizations, thus a total of 5 respondents from each organization.

A sample size was arrived at using the Yamane (1967) formula as set out below:

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{51}{1 + 51(0.05)^2}$$

$$n = \frac{51}{1 + 0.145}$$

$$n = \frac{51}{1.145}$$

$$n = 45$$

The adjusted sample for the study

$$n = \frac{n_o}{1 + \frac{n_o - 1}{N}}$$

$$n = \frac{45}{1 + \frac{45 - 1}{51}}$$

$$n = \frac{45}{1 + \frac{44}{51}}$$

$$n = \frac{45}{1.86}$$

$$n = 23$$

The list of the firms registered at the Nairobi Securities Exchange (NSE) is also attached as appendix 2.

### 3.4.1 Sample Distribution

According to Kothari (2004) once the sample size has been determined the same can further be distributed between the different clusters as shown by the formula and in the table below:

$$n = n \cdot p_1, \dots$$

Whereby:

n = sample size

p= target population

**Table 3.1: Sample distribution**

<b>Clusters</b>	<b>Target Population</b>	<b>Sample size Distribution</b>	<b>Sample Distribution (Rounded off)</b>
Agricultural	07	3.2	3
Automobiles & Accessories	02	0.9	1
Banking	10	4.4	4
Commercial & Services	06	2.8	3
Construction & Allied	04	1.8	2
Energy & Petroleum	04	1.8	2
Insurance	05	2.3	2
Investment	03	1.4	1
Manufacturing & Allied	08	3.7	4
Telecommunication & Technology	02	0.9	1
<b>Total</b>	<b>51</b>		<b>23</b>

Source: Nairobi Securities Exchange listings 2014

### **3.5 Data Type and Collection Method**

Secondary and primary data were used in the study. Secondary data was obtained from documents held by the NSE to enable the study identify companies that were active at the commencement of the study. Primary data was obtained through closed and open ended questionnaires. According to Sekaran (2006) and Mugenda (2008) a number of data collection methods can be applied in behavioural studies. These include observations, group interviews and discussions and questionnaire methods. The questionnaire method, however, has an advantage over other forms as the response is immediate in the case of self-administered questionnaires; there is reduced cost and time. Questionnaires also give an assurance of confidentiality and there is no opportunity for interviewer bias (Kombo and Tromp, 2010, Mugenda, 2008).

Open and closed ended questionnaires were used in the study. According to Sekaran (2006) open ended questionnaires allow the respondents to answer questions in a way they choose. Closed ended questionnaires, however allow respondents to make choices amongst a set of alternatives given by the researcher. Closed ended questions also allow the researcher to code the information easily for subsequent analysis. While open ended questionnaires allow the respondent to freely express their views, analysis becomes difficult to the researcher and their use should be avoided to the extent possible. Closed

ended questionnaires may at times restrict the respondents' choices and should therefore be as flexible as possible (Kothari, 2012).

Questionnaires were administered to employees who have been seconded to the identified companies. Questionnaires were also administered to Human Resource officers of the identified companies. Questionnaires were administered to three outsourced employees within each organization and the supervisor of the outsourcing company. A supervisor or the human resource officer of the client organization was included in each case. The study engaged a total of five respondents in each organization visited.

### **3.6 Data Analysis and Presentation**

Analysis, particularly in survey research, involves estimating the values of unknown parameters of the population and testing of hypotheses to draw inferences (Kothari, 2012). In this study qualitative and quantitative data was used. Though qualitative research usually involves interviews and observations questionnaires can also be structured to elicit information from clients that can be encoded, analysed and presented in tables, graphs, pie charts and measures of central tendencies in the form of mean, mode and median. According to Sekaran (2006) descriptive statistics can be used to determine how frequently a phenomenon occurs. Kombo and Tromp (2010) further state that descriptive statistics can be used in exploratory researches so as to draw inferences. This method of analysis is good for assessing attitudes, opinions and behaviours. The method was used to analyse the extent of socialization by the agent and client organizations (objective 1 of the study).

Quantitative data was analysed using inferential statistics. Analysis of variance tests were conducted for objectives 2 and 3. Further, regression models were drawn to help assess the relationship between the independent and dependent variables. Pearson coefficient of correlation analysis was done to assess the association between commitment and identification. Moreover, Babbie (1986) states that the use of both methods aids the researcher in gaining higher degree of reliability and validity. Data was summarized using computer packages such as SPSS for ease of analysis, interpretation and processing.



### 3.6.1: Regression Specification Model

Regression model was constructed to analyse quantitative data thus:

$$\hat{Y} = A + B_1(X_1) + B_2(X_2)$$

$\hat{Y}$  = Predicted value of the dependent variable

A = Constant

$B_1$  = Slope of variable 1

$X_1$  = Chosen Value of variable 1

$B_2$  = Slope of variable 1

$X_2$  = Chosen Value of variable 1

### 3.7 Reliability of Data

This refers to the consistency or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. A measure is considered reliable if a person's score on the same test given twice gives the same score. A pre-test survey was conducted using three respondents to establish the reliability of the research tools. The Pre-test results did not, however, form part of the final study. The pretest was carried out in three companies, Kapchorua Tea Company Limited, Eveready East Africa Limited and Kenol Kobil Limited, which are also listed at the NSE.

As these are attitudinal constructs pre-interview tests were conducted to establish the reliability of data collected. Co-efficient of 0.8 or more implies that there is a high degree of reliability (Mugenda 2008). Hair, *et al* (1998) indicates that a reliability coefficient of .6 is still acceptable and further, Lance, *et al* (2006) justify the acceptance of values below 0.7 in studies involving psychological constructs considering the diversity of exposures. 13 questions were selected for pre-test and registered as per the Table 3.2.

**Table 3.2: Case Processing Summary for Socialization and Commitment of Outsourced Employees**

		N	%
Cases	Valid	5	11.9
	Excluded <sup>a</sup>	37	88.1
	Total	42	100.0

a. List wise deletion based on all variables in the procedure.

**Table 3.3: Reliability Statistics for Socialization and Commitment of Outsourced Employees**

Cronbach's Alpha	No. of Items
.843	13

Socialization and commitment were targeted for reliability test as they were key to the study. The tools used registered a coefficient of 0.84 which was deemed to be within the acceptable range. The tools were adjusted for consistency and clarity based on the feedback from the respondents.

### 3.8 Validity

Validity is the best available approximation to the truth or falsity of a given inference, proposition or conclusion. According to Mugenda (2008) validity is the accuracy and meaningfulness of inference, which are based on the research results. Validity may be concurrent or predictor whereby concurrent is whether the respondent is giving the correct and truthful information now while the predictor validity is about whether the respondent will act in the same way in future (Openheim,1992).

The instruments for data collection were reviewed for content validity to ensure that the instruments addressed the subject areas. To achieve this questionnaires included a variety of questions on social aspects of work environment and the fact that the organizations they working for were not their actual employers. Questions were also formulated in simple language for clarity and ease of understanding. Most of the questions on commitment were structured in line with the Mowday 15 point scale on commitment.

## **CHAPTER FOUR: RESULTS AND DISCUSSIONS**

This chapter presents the findings, analyses and discussions on the basis of the study objectives. Data was collected by way of questionnaires that were issued to 115 respondents in 23 organizations. Fully filled questionnaires were received from 16 organizations while 7 organizations never responded. This was a response rate of 69.6%. According to Kombo and Tromp (2010) a lower response rate renders a research outcome more questionable than a small sample. The study deemed the response rate reasonable considering the number of respondents, and further that a number of activities outsourced cut across organizations.

### **4.0: Results of the Study**

Respondents fell into three categories as: outsourced employees, client organization and agent organization. In each organization (respondent organization) three questionnaires were given out to outsourced employees and client organization in each case; the agent organizations representatives received one questionnaire in each organization visited. According to Slattery, et al (2006), considering that there has been scanty research in temporary and agency employment, any study on the relationships in this sector must examine relationships as they relate to both the client and the temporary agency. In effect 5 questionnaires were given to each of the respondent organizations. The questionnaires were designed to suit the different categories of respondents but all the questionnaires sought to answer the research objectives simultaneously. The questionnaires were analysed and results presented as below:

### **4.1: General Observations**

#### **4.1.1: Outsourced Employees Commitment to Agent and Client organizations**

Employees were asked to state the period they have been in employment with the agent organization as a way of gauging their loyalty to the organization. Results showed that 43.9% of the employees had been with the current employer for between 5-10 years which is a considerable period of time; however a paltry 4.88% had been with the current employer for more than 10 years, as shown in Table 4.1.1 below and the bar graph.

**Table 4.1.1: Period in Employment**

Period Employed	Percent
less than 1 yrs.	17.07%
1-5 yrs.	34.15%
5-10 yrs.	43.90%
10-15 yrs.	4.88%
Grand Total	100.00%

Source: Research data 2013

The above findings from employees are further supported by the agent organizations' response as depicted in Table 4.1.2 below. The variation in figures is attributed to the fact that agents' officers are generalizing their data while clients table is specific to those who were given the questionnaires.

**Table 4.1.2: Peiod in Employment (Agent organizations responses)**

Years	Percent
1-5 years	19.05%
5-10 years	28.57%
10-15 years	14.29%
16-20 years	7.14%
over 20 years	30.95%
Grand Total	100.00%

Source: Research data 2013

When employees were asked to state the organization they would wish to work for 73.81% (Table 4.1.3) indicated that they preferred the client organization over their employer, and a further 80.95% (Table 4.1.3) of the employees are not comfortable with agency employment such that if an opportunity arose for change over 57.14% would go with the client organization and only 42.86% (Table 4.1.5) would opt to remain with the current employer.

**Table 4.1.3: Preferred Employer**

Row Labels	Percent
Agent	26.19%
Client	73.81%
Grand Total	100.00%

Source: Research data 2013

**Table 4.1.4: Preferred form of Employment**

Row Labels	Percent
No	80.95%
Yes	19.05%
Grand Total	100.00%

Source: Research data 2013

**Table 4.1.5: Choice between Agent and Client**

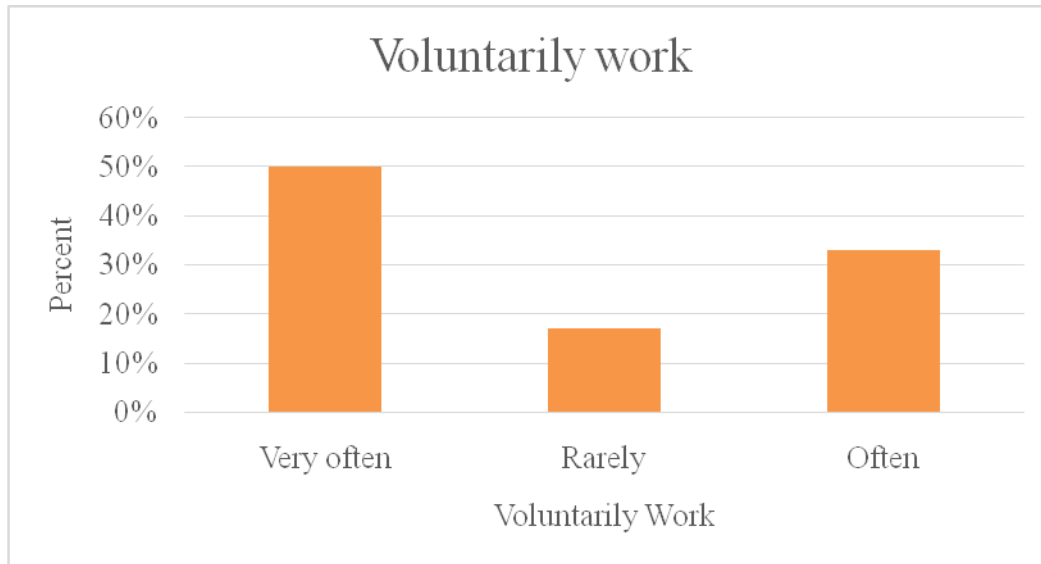
Row Labels	Percent
Client	57.14%
Employer	42.86%
Grand Total	100.00%

Source: Research data 2013

The study findings concur with the findings of Liden, *et al* (2003) that showed strong correlation between perceived organizational support (POS) and commitment. This outcome shows that outsourced employees preferred the client organization over the agent organization on account of the perceived support that they received from the client organization. The outcome is in contrast with the assertion of Donnelly (2011) that employees have to show commitment to both parties.

In the study by Liden, *et al* (2003) 66% of the contingent workers showed commitment to the client organization and 29% showed commitment to the agent organization. Further, Redman and Snape (2005) in their thematic study of 12 professional service firms in the UK on multi-foci commitment found that the level of significance was high based on the foci that were expected to benefit.

According to Allen and Meyer, (1990) and Allen and Grisaffe, (2001) an employee who is committed is likely to take up extra roles voluntarily and is likely to put in extra hours of work when necessary. The study found that 26.19% of workers take up extra roles very often and a further 30.95% not so often (Fig. 4.1.1).

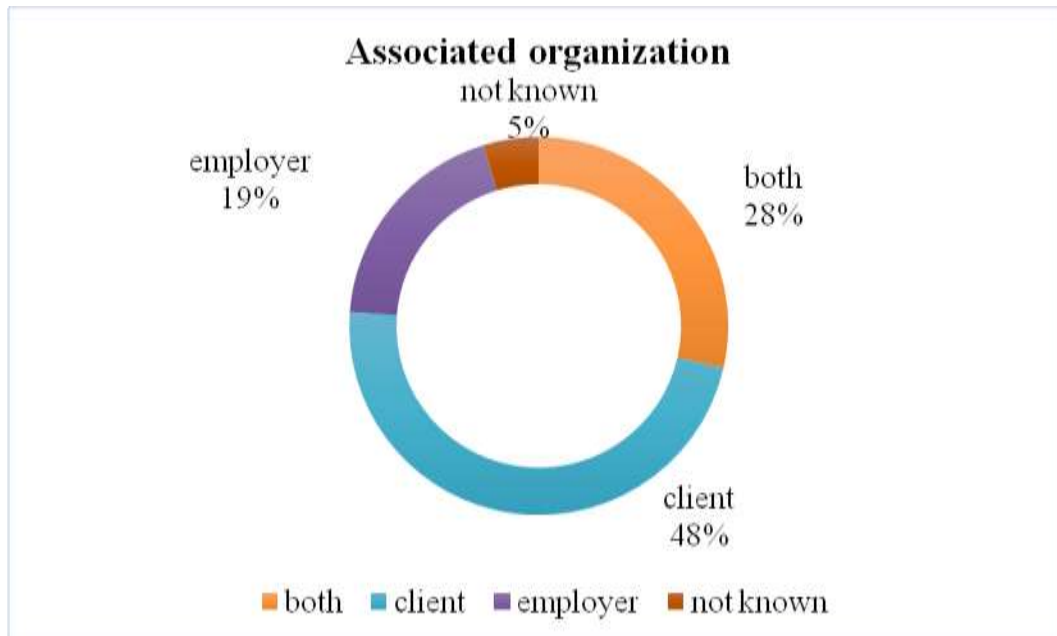


**Figure 4.1.1: Voluntary work**

Source: Research data 2013

#### **4.1.2: Employee Identification with Agent and Client Organizations**

In an attempt to establish who the employee would want to identify with 47.62% of the respondents indicated that they would be willing to associate with the client organization while only 19.05% indicated that they would want to identify with the agent organization and further, 28.57% are ready to identify with any organization as can be seen from the pie chart below (Figure 4.1.2).



**Figure 4.1.2: Membership**

Source: Research data 2013

The research findings above corroborate the results arrived at by Lapalme, *et al* (2009) in their research on identification by external employees. The study concluded that irrespective of their status as outsiders, external employees considered themselves members of the client organization. This supports the research findings that 48% of the outsourced employees consider themselves members of the client organization while only 19% consider themselves members of the agent organization.

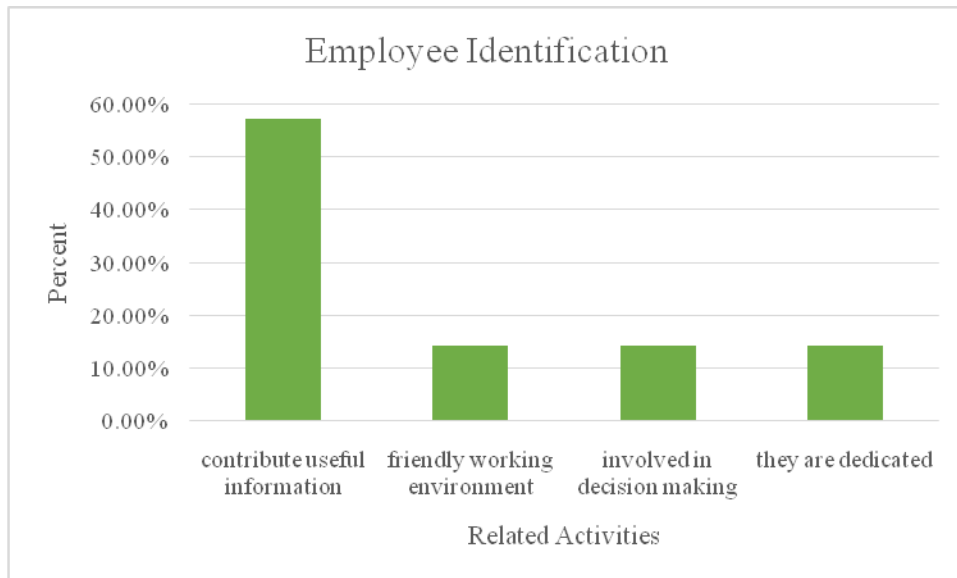
**4.1.3: Membership**

Client organizations also feel that the employees tend to identify with them as shown in the table 4.1.5 below and with reasons as depicted in figure 4.1.3 below.

**Table 4.1.5: Membership**

Row Labels	Percent
No	50.00%
Yes	50.00%
Grand Total	100.00%

Source: Research data 2013



**Figure 4.1.3: Belongingness**

Source: Research data 2013

The study observed that 57% of the employees feel that they are consulted and contribute very useful information to the client organization and it makes them feel recognised as members of the client organization and slightly over 10% are comfortable with the work environment.

There were varied reasons for associating with the client organization. Stamper and Masterson (2002) in their study on insider status found that employees tend to identify with those whom they feel offer support, in which case there is a strong correlation between perceived organizational support (POS) and perceived insider status (PIS). Employees who are consulted on matters of the organization feel valued, hence a sense of belongingness. Employees are also given name tags bearing the name of the client organization. This further entrenches the sense of belongingness.

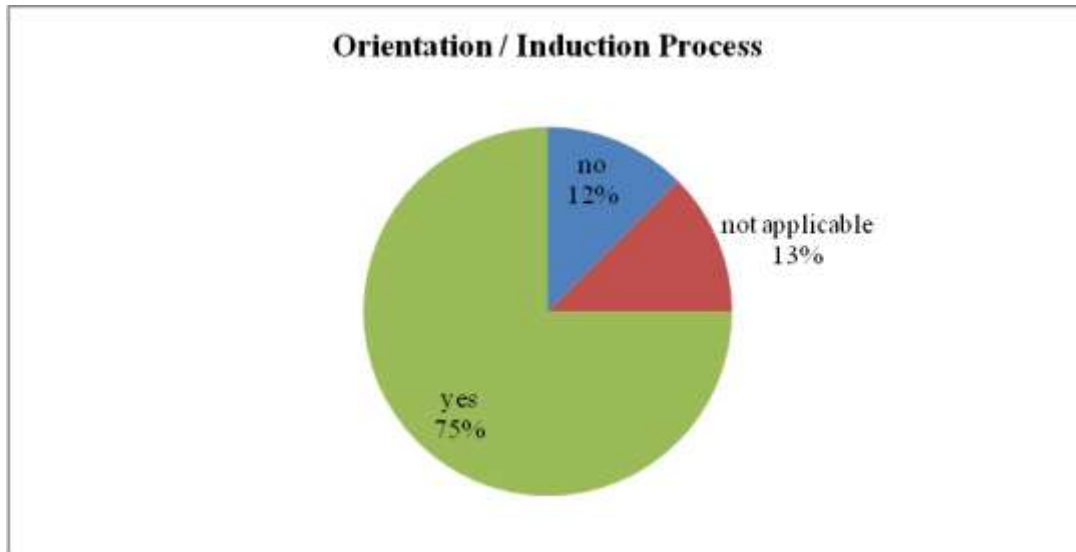
#### **4.2: Employee Socialization by the Agent and Client Organization**

Objective one was designed to determine the extent of outsourced employees socialization. Socialization as a concept is synonymous with induction and orientation, however in practice socialization is a continuous activity that is embedded in an organizations day to day operations. The other two terminologies denote a one off affair though with long lasting effects.



#### 4.2.1: Task Orientation

Responses from the various respondents point out that both parties, client and agent organization, appreciate the importance of socialization as can be inferred from the pie chart below (Figure 4.2.1) from the client organization.



**Figure 4.2.1: Orientation**

Source: Research data 2013

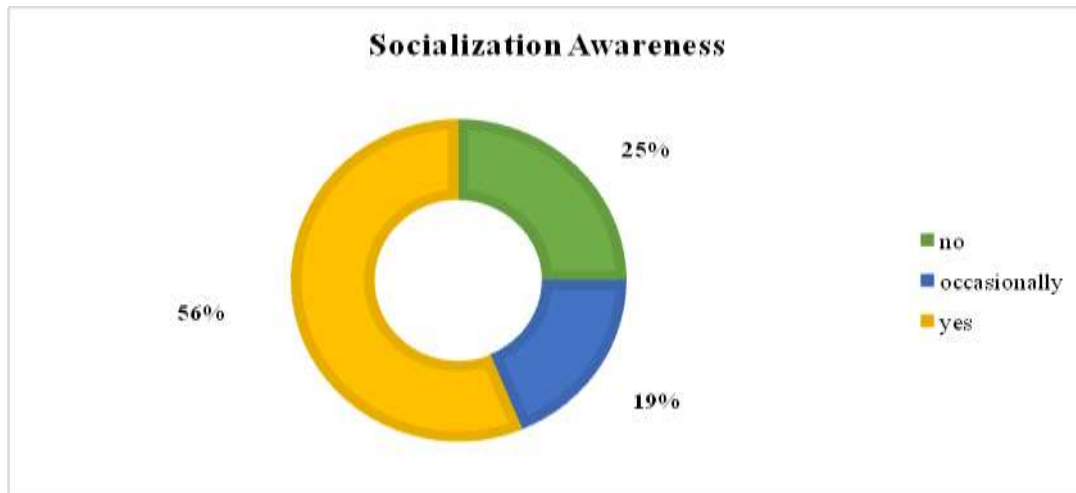
Agent organization respondents indicated that they took their employees through an orientation exercise in various areas including anticipated tasks of the client organization, however 56.10% of the agent respondents indicated that they concentrate on orientation exercise only while a few others were engaged in technical training and other related areas as depicted here below.

**Table 4.2.1: Task orientation**

Row Labels	Percent
No	56.10%
Yes	43.90%
Grand Total	100.00%

Source: Research data 2013

It is also evident that 56% of the client organizations carried the exercise with the full knowledge of the employees while 25% indicated that they would not make known to the employee that they were going through an orientation as shown below.



**Figure 4.2.2: Task Orientation**

Source: Research data 2013

On orientation satisfaction the results show that 78.57% of the employees were satisfied that they went through an orientation exercise in the hands of their employers (agent organization) (Table 4.2.3) and 71.43% were given orientation by the client organization (Table 4.2.4).

**Table 4.2.3: Orientation Satisfaction**

Row Labels	Percent
No	21.43%
Yes	78.57%
Grand Total	100.00%

Source: Research data 2013

**Table 4.2.4: Orientation Satisfaction**

Row Labels	Percent
No	28.57%
Yes	71.43%
Grand Total	100.00%

Source: Research data 2013

According to Korte (2009) new comers largely learn through content tactics (training stages and schedules), context tactics (formal training programmes and group learning) and social tactics (mentoring and identity confirmation). The study by Korte (*ibid*) found that co-workers contribute to 65% of new workers learning incidents while management

contributed 15% of the new workers learning incidents. Slattery, et al (2006) on the other hand states that agency employers provide support to the temporary employees who in turn reciprocate the gesture by exhibiting high levels of commitment. Wandera(2011) observes that temporary workers are given inadequate training and orientation. This position is disapproved by the study outcome as outsourced employees indicated that they received adequate socialization by both the client and agent organization.

This study outcome is consistent with the research findings showing that the socialization of outsourced employees is done by the managements (Client and Agent organizations), and contradicts the implied findings by Fisher, *et al* (2008) that new comers learn from more experienced members of the organization. It can, however, be understood that socialization has continous aspects and these may be provided by the fellow, long serving employees.

Newly engaged employees are taken through the work processes in a properly designrd organizational arrangement so as to give them a general overview of the work environment. Generally the orientation process may not be specific to the particular future arrangements and so the the new employee learns a considerable portion of the organizational arrangements, including work culture, as they carry out the regular duties. An organization may also have a number of activities that bring workers together and during such activities workers develop a sense of bonding. Where only a section of workers are, parmanent workers, are allowed acces to recreational facilities the outsourced employees may develop a feeling that they are not part of the organization, hence regard themselves as outsiders. This would dispel the fears of Mokaya and Gitari (2012) who observed that temporary workers are excluded from recreational facilities at the workplace.

#### **4.3: Influence of Socialization on Commitment and Identification**

Objective two sought to find out whether socialization has any influence on commitment and identification of outsourced employees. A research hypothesis was developed for the objective and a two way analysis of variance (ANOVA) was used to assess whether socialization has any influence on commitment and identification. A hypothesis for research objective two was defined as follows:

Ho: *Socialization does not influence commitment and identification of outsourced employees*

**Table 4.3.1: Analysis of Variance**

Tests of Between-Subjects Effects					
Dependent Variable: Orientation					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	2.565 <sup>a</sup>	3	.855	6.647	.001
Intercept	50.574	1	50.574	393.116	.000
Membership_13	.597	1	.597	4.641	.039
Preference_18	1.125	1	1.125	8.748	.006
Membership_13 * Preference_18	.235	1	.235	1.825	.186
Error	4.245	33	.129		
Total	64.000	37			
Corrected Total	6.811	36			

a. R Squared = .377 (Adjusted R Squared = .320)

**Table 4.3.2: Multiple Regression Output**

Multiple Regressions: Influence of Socialization on Commitment and Identification

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.590 <sup>a</sup>	.348	.314	.344	

a. Predictors: (Constant), .Extra roles, Membership

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.458	2	1.229	10.389	.000 <sup>b</sup>
	Residual	4.613	39	.118		
	Total	7.071	41			

a. Dependent Variable: Orientation  
b. Predictors: (Constant), .Extra roles, Membership

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.158	.245		4.718	.000
	Membership	.479	.130	.513	3.681	.001
	Extra roles	-.270	.070	-.540	-3.872	.000

a. Dependent Variable: Orientation

The R square of the model is .348 and result from the model has been summarized as in equation 1 below:

$$\hat{Y} = A + B_1(X_1) + B_2(X_2)$$

$\hat{Y}$  = Predicted value of the dependent variable

A = Constant

$B_1$  = Slope of variable 1     $X_1$  = Chosen Value of variable 1

$B_2$  = Slope of variable 1     $X_2$  = Chosen Value of variable 1

$$\hat{Y} = 1.158 + .479(\text{membership}) - .270(\text{Extra roles})$$

Based on the analysis of variance (Tables 4.3.1) and the multiple regression output (Table 4.3.2) socialization was found to have a significant influence on identification at a p value of .039, while at the same time outsourced employees who have gone through orientation (socialization) exhibited very high levels of commitment (p value of .006). This research outcome is supported by Fisher, *et al* (2008) that effective socialization process helps an employee transition to a new work place and learns how to function in the work environment.

Regression co-efficient shows that extra role was highly significant with a moderate negative coefficient of -.270 with a p value of  $.000 < p = .05$  meaning that as employees exhibit high levels of commitment there is reduced need for socialization.

When employees stay longer in an organization they exhibited high levels of membership with a coefficient of .479, implying that it accounts for 47.9% of the determining factors as shown in the regression coefficient (p value of  $.001 < 0.05$ ) Table 4.3.2. It is significant to note that socialization has no influence on the variables of commitment and identification put together at a p value of .186 which is significantly higher than the set threshold of p values of .05.

In an organization, besides the formal groupings, such as work groups, there may be other informal groupings that bring members together. The informal groupings may arise out of shared interests that may transcend the general work arrangements. Employees would find themselves absorbed into these groups irrespective of the background.

In a case where the outsourced employees are professionals, they tend to align themselves to fellow professionals at the clients organization and where they are consulted on matters of the profession they would feel recognized, hence valued and accepted as member of the client organization.

Outsourced employees would develop a level of commitment to the agency organization considering that the contract of engagement is between the agency organization and the client organization; and where the agency organization terminates the employees service, the relationship with the client comes to an end automatically. The relationship between the employee and the agent organization is a transactional contract akin to an economic

exchange relationship while the relationship between the employee and the client organization may be social exchange based.

#### 4.4 Influence of Socialization on the tenure of Outsourced Employees

Objective sought to establish whether socialization has influence on outsourced employees' tenure with the agent and the client organizations. A research hypothesis was developed for the objective and an analysis of variance done to assess whether socialization influences the tenure of outsourced employees.

A hypothesis for research objective three was defined as below:

*H<sub>0</sub>: Socialization does not influence the tenure of outsourced employee with the agent and the client organizations*

An ANOVA descriptive output table was constructed and results presented as below:

**Table 4.4.1: Analysis of Variance Output**

Tests of Between-Subjects Effects					
Dependent Variable: Orientation					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	4.373 <sup>a</sup>	5	.875	11.671	.000
Intercept	31.990	1	31.990	426.838	.000
Membership	1.291	1	1.291	17.225	.000
Duration	1.732	3	.577	7.704	.000
Membership_14 * Duration_2	.907	1	.907	12.107	.001
Error	2.698	36	.075		
Total	69.000	42			
Corrected Total	7.071	41			

a. R Squared = .618 (Adjusted R Squared = .565)

**Table 4.4.2: Multiple Regression Output**

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.585 <sup>a</sup>	.342	.303	.363	

a. Predictors: (Constant), Membership, Duration

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.331	2	1.165	8.843	.001 <sup>b</sup>
	Residual	4.480	34	.132		
	Total	6.811	36			

a. Dependent Variable: Orientation  
b. Predictors: (Constant), Membership, Duration

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.509	.307		4.924	.000
	Duration	-.403	.123	-.465	-3.271	.002
	Membership	.233	.123	.269	1.893	.067

a. Dependent Variable: Orientation

The ANOVA (Table 4.4.1) shows a p value of 0.000 ( $p < .05$ ). This indicates that this model is highly significant and we can conclude that socialization predict the tenure of outsourced employees. This finding is in tandem with the position adopted by Saks, *et al* (2007) that socialization has an effect on employee commitment and intention to quit. Eberl, *et al* (2012) is of the view that employees trust in the organization improves work-force commitment and motivation which in turn leads to a positive attitude towards organizational citizenship behavior.

The regression coefficients table (4.4.2) further establishes the relationship identified in the univariate analysis on commitment variable. The regression coefficient is negative, (-.403) indicating that the longer the employees stays in the organization the lower the orientation training is significant at .002. The inference here is that older employees are already entrenched into the system and therefore regard themselves as members, hence no need for more socialization.



On the other hand, the employee identification has a positive regression coefficient (.233) indicating that the longer the employees stay in the organization the higher the employees tend to identify with the organization, hence no need for orientation and the relationship is not statistically significant (.067). It is evident that even the t statistic is less than 2. The R square of the model is .342 which for this model is ideal as there are other factors that have not been considered in the study.

The above result from the model has been summarized as in equation 2 below;

$$\hat{Y} = A + B_1(X_1) + B_2(X_2)$$

$\hat{Y}$  = Predicted value of the dependent variable

A = Constant

$B_1$  = Slope of variable 1     $X_1$  = Chosen Value of variable 1

$B_2$  = Slope of variable 1     $X_2$  = Chosen Value of variable 1

$$\hat{Y} = 1.509 + -.403 (\text{Duration}) + .203 (\text{Identification})$$

Karatepe and Shahriari (2012) opine that if employees define their relationship with the organization in terms of economic exchanges they are likely to have low levels of intentions to leave when there is anticipated benefit in form of pay or rewards, while Cropanzano *et al* (2003) on the other hand, feels that relationships built on economic exchange basis are not likely to last long. This implies that employees who feel that their relationship with the employer is purely exchange based may not stay.

Mumford and Smith (2004) observe that temporary employees rarely stay in organizations for long, and they further postulate that highly educated employees tend to change jobs every so often irrespective of the existing terms of engagement. This view lends credence to position held by Brimeyer, *et al* (2005) that lifelong employment has given way to lifelong employability, requiring employees to regularly update their skills.

Barrack, *et al* (2009) brings in another angle to employee tenure by asserting that past employment trends of an employee can easily be used to predict the future trends. In other words the number of jobs held by an employee in the past and the duration of stay in

those jobs can be used to predict whether an employee is bound to stay in an organization or not.

Employees may have perceptions about the organization they are working for and the level of orientation may only serve to enhance their perceptions about the organization. Outsourced employees may not have any say on where they are to be assigned tasks by the agency organization and so their duration at the clients' assignments may not be within their control. The outsourcing arrangement may also come to an end and where the work was of a professional kind the employees may be forced to look for employment elsewhere.

Young and highly skilled employees may want to further their talents by taking up various jobs so as to enable them identify suitable employers. In a number of cases such young and highly skilled employees may take up outsourcing jobs as a stop gap measure as they seek more suitable and stable jobs. This would lead to high turnover of employees with the agency organization.

#### **4.5: Relationship between Commitment and Identification**

Objective three sought to establish the relationship between commitment and identification. A correlational analysis was performed to determine the association between commitment and identification. Pearson's co-efficient of correlation was used to determine the association the between variables.

The p-value indicated the probability of this relationship's significance. The results of the correlation analysis are presented below (Table 4.5.1). The guidelines for coefficients from Devore and Peck (1993) provided a guideline for assessing resultant correlation coefficients as follows: coefficients less than 0.5 represent a weak relationship, coefficients greater than 0.5, but less than 0.8, represent a moderate relationship and coefficients greater than 0.8 represent a strong relationship.

The hypothesis for objective four was stated thus:

*H<sub>0</sub>: There is no significant statistical relationship between commitment and identification in an outsourcing contract.*

**Table 4.5.1: Summary of Research Question 4 Results (outsourced employee)**

Descriptive Statistics

	Statistic	Bootstrap <sup>a</sup>			
		Bias	Std. Error	95% Confidence Interval	
				Lower	Upper
Mean	2.07	.02	.13	1.83	2.35
Std. Deviation	.894	-.002	.089	.706	1.053
N	42	0	0	42	42
Mean	1.26	.01	.07	1.14	1.40
Std. Deviation	.445	-.003	.036	.354	.495
N	42	0	0	42	42

a. Unless otherwise noted, bootstrap results are based on 90 bootstrap samples

**Table 4.5.2: Correlations**

		commitment	Identification	
commitment	Pearson Correlation	1	.197	
	Sig. (2-tailed)		.211	
	N	42	42	
	Bias	0	.020	
	Std. Error	0	.176	
	Bootstrap <sup>c</sup>	95% Confidence Interval	1	-.139
		Lower	1	.539
	Upper			
	Pearson Correlation	.197	1	
	Sig. (2-tailed)	.211		
N	42	42		
Identification	Bias	.020	0	
	Std. Error	.176	0	
	Bootstrap <sup>c</sup>	95% Confidence Interval	-.139	1
		Lower	.539	1
	Upper			

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

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

c. Unless otherwise noted, bootstrap results are based on 90 bootstrap samples

<0.01 N = 162

The above Table 4.5.2 clearly depicts a relatively weak, but significant, positive relationship between commitment and identification ( $r = 0.197$ ,  $p < 0.01$ ). The study rejects the null hypothesis ( $H_0$ ) and concludes that there is sufficient evidence, at the 1% level of significance, that there is a positive relationship between commitment and identification in an outsourcing contract.

**Table 4.5.3: Summary of research question 4 Results (Client Organization)**

## Descriptive Statistics

	Mean	Std. Deviation	N
Commitment	2.13	.885	16
Identification	1.50	.516	16

**Table 4.5.4: Correlations**

## Correlations

		commitment	Identification
commitment	Pearson Correlation	1	.583**
	Sig. (1-tailed)		.009
	N	16	16
Identification	Pearson Correlation	.583**	1
	Sig. (1-tailed)	.009	
	N	16	16

\*\* . Correlation is significant at the 0.01 level (1-tailed).

Table 4.5.4 depicts a relatively strong, positive association between commitment and identification ( $r=.583$ ,  $p<.01$ ). The null hypothesis was therefore rejected in favour of the alternative hypothesis. The study concludes that there is sufficient evidence, at 1% level of significance that a positive relationship exists between the two constructs – commitment and identification. This finding is consistent with that of Riketta (2005) and Van Dick (2004) who, in their respective studies, showed that commitment and identification are strongly correlated with  $r$  ranging between 0.5 and 0.7 ( $0.5 \leq r \leq 0.7$ ).

This indicates there are overlaps in the constructs and confirms the various definitions, and positions taken by different researchers as Ellemers *et al* (2004) who posit that identification is a greater whole of which commitment is a part; and further by Meyer, *et al* (2004) who conclude in their research that identification is an antecedent of commitment. Ellemers and Rink (2005) further assert that Commitment and identification are synonymous.

Herbach, *et al* (2006), Slattery, *et al* (2006) and shore, *et al* (2008) have looked at identification as a construct that is distinct from commitment. They aver that while commitment is at an organizational level and for the achievement of a definite goal, identification can be with various groups such as individuals, work-groups, or professions. Meyer, *et al* (2006) and Pratt (1998) are of the view that individuals identify with groups, organizations or individuals to satisfy important individual needs of values as self-esteem, security and belongingness. Meyer, *et al* (2006) further postulates that the longer an individual remains a member of a collective the more confident he/she becomes, thereby assuming higher status in the collective.

This study observes that commitment and identification are closely related constructs and that while identification may exist without an employee necessarily exhibiting elements of commitment, a member who has stayed longer in an organization may start showing elements of commitment to the group that may eventually translate to organizational commitment. Outsourcing contracts may run over a considerable period of time and during this period employees may develop a view that they have an obligation to enable the organization achieve its objectives, hence commitment.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

This chapter presents the summary of the findings, conclusions and suggestions for further research. The chapter will consider the key findings and derive conclusions therefrom. The researcher shall give suggestions for further studies thereafter on the basis of the findings.

### **5.1 Summary of Findings**

The purpose of the research study was to determine the effect of socialization on commitment and identification in an outsourcing contractual relationship. Companies listed at the Nairobi securities exchange were used in the study and questionnaires were designed to solicit information from the target respondents. The findings of the study have been summarized on the basis of the study objectives.

A research question was developed and a series of questions included in the questionnaire to help determine whether employees are committed to the agent or client organization. A good number of respondents had worked with the agent organization over a considerable period of time. Most employees however indicated that they would be comfortable working with the client organization, implying that they are not comfortable with the work arrangement that is outsourcing. Most employees also felt that they were part of the client organization irrespective of their status as outsourced employees. This outcome is in tandem with the concepts of perceived organizational support (POS) and perceived insider status (PIS). Employees who are regularly consulted on matters of the organization feel that they are part of the organization; hence a sense of belongingness is developed. Most employees therefore tend to identify with the client organization.

The first objective sought to determine the extent of socialization by the agent and the client organization. Responses indicate that the exercise is carried out in organizations either overtly or covertly and the employees were satisfied with the level of orientation given. Some organizations, agent and client, have well set out orientation programmes; however in other organizations the exercise evolves in the course of duty. In summary, to a great extent there is socialization given to outsourced employees by both the client and the agent organization.

For objective two a null hypothesis was developed for the study. The hypothesis was disapproved thereby confirming that socialization has influence on employee commitment and identification to the agent and client organizations. It is necessary that all employees, irrespective of the terms of engagement should go through an orientation exercise so as to understand the organization they are working for.

For objective three a null hypothesis was developed for purposes of analysis as: socialization does not influence the tenure of outsourced employees with the agent and the client organization. The study outcome disapproved the hypothesis thereby confirming that socialization influences the tenure of outsourced employees with the agent and the client organization. Longer tenured employees tend to perform better and understand the weaknesses of the organization thereby requiring very little training on the job. Employers should therefore strive to keep employees longer as cost of training reduces with time.

Objective four tested the relationship between commitment and identification and the result confirmed that the two constructs are closely related. Analysis was done using two-tailed Pearson correlation analysis. The outcome showed a moderate strong correlation between the two constructs and therefore confirms the relationship between commitment and identification.

Employees should be given orientation as they join an organization for they develop a sense of belonging and are likely to take up extra roles in the organization. As employees are engaged they should be exposed to the policies of the organization as well as the organizational culture.

## **5.2: Conclusion**

On objective one the study concludes that socialization is adequately carried out by both the agent and the client organization.

Objective two the study concludes that socialization influences commitment and identification

On objective three the study concludes that employees who go through socialization process are likely to stay longer with the organization. Socialization therefore influences tenure of outsourced employees. Employees who go through socialization tended to stay longer with the employers, both client and agent.

Objective number four concluded that there is a close relationship between commitment and identification and that with identification an employee is likely to develop commitment.

### **5.3: Recommendations**

Objective one recommends that socialization is an important aspect in human associations whether in social circles or work related environment. Socialization makes a new employee or member of the society develop a feeling or sense of belongingness and acceptance. The client and agent organization should therefore encourage socialization of new employees.

Based on the conclusions of objective two, the study recommends that socialization should be encouraged in organizations so as to make employees feel that they are recognized and to avoid any element of discrimination. Where there are recreational facilities, the same should be shared out.

On objective three the study recommends that outsourced employees should be given should form of assurance that they are going to be with the employer over a considerable period of time. The agent organization should allow the outsourced employee work in a client organization over a period of time to avoid any disruption of work.

Consequently for objective four the study recommends that employees should be made to feel that they are part of the organization so that they can be committed to the clients' goals as it is evident that commitment and identification are closely related.



#### **5.4: Limitations of the Study**

The main respondents in the study were the outsourced employees. It is important to note that such outsourced employees come in different categories and with different levels of education, besides the varied nature of work. Some respondents were reluctant to provide information for fear of victimization while others could not understand the need for such information sought. The study targeted private sector employees and while a few organizations were ready and eager to provide information, a substantial number were reluctant and, further, a good number could not provide any information under the guise of confidentiality and organizational processes.

The current study used questionnaires to elicit information from the respondents. Considering that the construct of study are attitudinal there are some aspects that could not be captured.

#### **5.5: Suggestions for Further Research**

The study outcome is that commitment and identification are related and further that employees who go through socialization process tend to develop a sense of commitment and would exhibit traits of belongingness. The study further reveals that employees who go through socialization process stay longer with the organization that takes them through such process. It is instructive to note that outsourced employees have very little say in where they are to be posted. It is therefore suggested that a study be conducted in future to find out if there is any link between socialization and productivity or performance by outsourced employees.

According to Kothari (2006) observation method is suitable especially in studies related to behavioural sciences. Future researchers may consider this method even though it requires a lot of time and patience. If observation is done accurately it eliminates subjective bias, hence reliability. From the study it has emerged that socialization process is not well structured in a number of organizations. It is recommended that a study be conducted to establish the extent to which socialization is practiced both in the public and the private sectors; and for outsourced employees and other cadre of employees. A structured socialization process should be adopted in each organization.

Further research should be carried out to establish the turnover rate of employees engaged on short term basis and whether they complete their terms. In effect the study on socialization and tenure of employees, including performance should be carried out on an industry to industry basis so as to come up with a clear position on employment terms and policies.

It is also important to establish whether there is job security for the outsourced employees. The research outcome shows a very high level of commitment and that there are employees who have stayed with the agent organization over a considerable period; it cannot be assumed that employees' jobs are guaranteed on account of long periods of engagement. The matter of job security of outsourced employees may need to be studied. Future researches may adopt other methods to solicit information for similar studies as most aspects of the study are behavioural and can equally be captured through oral interviews and group discussion methods.

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## APPENDICES

### APPENDIX 1: Questionnaire

#### TO THE OUTSOURCED EMPLOYEE

What is your approximate age?

Below 25 years  25-30  31-40  41-50  Over 50 years s

For how long have you been in employment?

Less than 1 year  1-3years  4-10 years  10-15 years   
over 15 years

Have you ever held any job before? Yes  No

If yes, why did you leave your previous employment? Termination of outsourcing contract

Sacked by employer  Own decision  Unfavorable condition   
Not applicable

Is the current job different from your previous job? Yes  No

Not applicable

How do you find the current job? Suitable  Satisfactory  Less  
satisfying  Unsuitable  Do not know

Were you given any orientation by your current employer? Yes  No   
Do not know

Were you given any orientation by the organization you are working for? Yes   
No  Do not know

Since you joined your current employer how many organizations have you worked for?

1only  2-3  4-5  Over 5  Don't know

If more than one then why were you moved from the previous organization?

Routine

Fill gap  Personal skills  End of contract  Not known

How often are you transferred by your employer? Regularly  Not so often

If you have ever been transferred from one organization to another, were you ever informed of the pending transfer in advance? Yes  No

How do you relate with the regular employees of the organization you are seconded to?

Very close lose  Not close  Indifferent  Not sure

Are you accorded similar privileges as are the regular employees? Yes  No

Do you undertake similar tasks? Yes  No

If yes, then who supervises your work? Employer  Client

How do you like the company/organization you are working for? Very much

Not so much  Moderately  Not at all  Not sure

Would you prefer this kind of employment over the conventional employment?

Yes  No

If you had an opportunity to choose between the two organizations which one would you prefer? Employer  Client

Is your training considered at the time of recruitment? Very much  somehow

To a little extent  Never  Not known

Is your training considered at the time of secondment to the client organization? Very much  Somehow  To a little extent  Never  Not known

Does the client organization recognize your training background? Very much  somehow  To a little extent  Never  Not known

Which organization do your friends and peers associate you with? Employer  Client  Neither  Both  Not known

If any why do they associate you with the organization? Give reasons  
.....

Who defines the work that you do? Employer  Client

Are the duties clearly defined? Very much  somehow  To a little extent  Never  Not known

Do you sometimes undertake extra roles at the assigned place of work?

Yes  No

If yes, do you take up these extra roles as part of your duty or as a responsible member of the organization? Explain briefly

.....

How often do you take up these roles? Very often  Often

Not so often  can't remember  Never

Do you sometimes work outside the normal working time so as to accomplish a task?

Very often  Often  Not so often  Can't remember  Never

Does your employer assign you some work when you are not at the assigned place?

Very often  Often  Not so often  Cant remember   
Never

If yes, how often? Very often  Often  Not so often

Can't remember  Never

### **THE EMPLOYING ORGANIZATION/AGENT ORGANIZATION**

For how long has your organization been in this business? Less than 5 years

5-10 years  10-15 years  15-20 years  Over 20years

What kind of services do you offer? Security  Cleaning

Office Administration  Financial  Other (Specify)

Do you have specific industries that you serve? Yes  No

How many clients do you have? Less than 3  3-5

5-7  7-10  More than 10

For how long have you been with the oldest client? Less than 5 years

5-10 years  10-15 years  15-20 years  Over 20 years

How many employees do you have? Less than 20  20-30

30-40  40-50  Over 50

How many employees have you consigned to any single client? Less than 20

20-30  30-40  40-50  Over 50

How long have you been with the longest serving employee? Less than 5 years

5-10 years  10-15 years  15-20 years  Over 20 years

How do you recruit the employees? Adverts  Relatives

Friends  Current employees  Other (Specify)

Do you give the employees any training before they are seconded to clients?

Yes  No

Explain .....

Besides training are there any induction/socialization programmes in place for the new employees?

Yes  No

Are the clients free to assign the employees extra roles? Yes  No

Explain .....

How often are the employees required to report to your offices? Daily

Weekly  Monthly  Not required

What mechanisms do you have in place to monitor employees' performance?

Daily supervision Register Client obligation

Works register None

How often does the employee take up extra roles on behalf of the organization?

What measures do you have in place to ensure that the employee remains with the organization? Explain briefly.

Are employees accorded special privileges such as gifts, allowances, medical care, or transport where the same are accorded regular employees? Explain briefly.

### **THE CLIENT ORGANIZATION**

What is the proportion of outsourced employees to regular employees?

Below 10% 10-20% 20-30% 30-40% Other .....

Why do you go for outsourced employees? Give a short statement.

From how many organizations do you get employees? One  Two

Do you give the employees any specialized training that would enable them fit into your organization? Yes  No

Apart from training programmes, are there any orientation or induction processes that they go through? Yes  No

If the above is yes, how does the process impact on the new employees?

.....

Is the orientation/induction process organized with the full knowledge of the employer?

Yes  No  Sometimes

Are the outsourced employees assigned work alongside the regular employees? Always

Occasionally  Not at all

If the above is yes, then how do they relate? Explain briefly.

How often are the employees ready to take up extra roles in the organization?

Very often  Often  Rarely Not at all

Are they reminded about these extra roles or do they take them up voluntarily? Explain briefly.

Do they expect any extra rewards for these extra roles? Yes  No

Sometimes

Do the outsourced employees share their special talents with the regular employees of the organization? Very often  often  Rarely  Not at all

Do the different employees share the available social facilities freely? Very often  Often  Rarely  Not at all

Are there social activities organized by the employer (client)? Yes  No

If yes, do the employees mix freely during such occasions? Yes  No

Do the outsourced employees consider themselves as members of the client organization? Yes  No

How do the employees demonstrate this? Explain briefly.

-----  
-----

Do the outsourced employees participate in benefits such as tea, lunch-where it is offered, transport and end year parties? Explain briefly.

-----  
-----

Are the outsourced employees consulted on work conditions by the client?

Yes  No

## **APPENDIX II: Companies Listed at the Nairobi Securities Exchange**

### **Agricultural Sector**

Eaagads Limited  
Kakuza limited  
Kapchorua Tea Company Limited  
The Limuru Tea Company Limited  
Rea Vipingo Plantations Limited  
Sasini Limited  
Williamson Tea Kenya Limited

### **Automobiles and Accessories**

Car and General (K) Limited  
CMC Holdings Limited  
Marshalls (EA) Limited  
Sameer Africa Limited

### **Banking**

Barclays Bank of Kenya Limited  
CFC Stanbic of Kenya Holdings Limited  
Diamond trust Bank Kenya Limited  
Equity bank Limited  
Housing Finance Co. Kenya Limited  
Kenya commercial bank Limited  
National Bank of Kenya Limited  
NIC Bank Limited  
Standard Chartered Bank, Kenya Limited  
The Co-operative Bank of Kenya Limited

### **Commercial and Services**

Express Kenya Limited  
Hutchings Biemer limited  
Kenya airways Limited  
Nation Media Group Limited  
Scangroup Limited  
Standard Group Limited  
TPS Eastern Africa Limited  
Uchumi supermarket Limited

### **Construction and Allied**

Athi River Mining  
Bamburi Cement Limited  
Crown Berger Kenya Limited  
E.A. Cables Limited

E.A Portland Cement Co. Limited

**Energy and Petroleum**

KenGen Co.Limited

Kenol Kobil Limited

Kenya Power and Lighting Co. Limited

Total Kenya Limited

**Insurance**

British-American Investment Co. (K) Limited

CFC Insurance Holdings Limited

Jubilee Holdings Limited

Kenya Re-Insurance Corporation Limited

PanAfrica insurance Holdings Limited

**Investment**

Centum Investment co. Limited

City Trust Limited

Olympia Capital Holdings Limited

Trans-Century Limited

**Manufacturing and Allied**

A.Baumann and Co. Limited

B.O.C. Kenya Limited

British American Tobacco Kenya Limited

Carbacid Investments Limited

East African Breweries Limited

Eveready East Africa Limited

Kenya Orchards Limited

Mumias Sugar Co. Limited

Unga Group Limited

**Telecommunication and Technology**

Access Kenya Group Limited

Safaricom Limited

### APPENDIX III: ANOVA Descriptive Output Table

Dependent Variable: Performance

Socialization commitment		Statistic	Bootstrap <sup>a</sup>				
			Bias	Std. Error	95% Confidence Interval		
					Lower	Upper	
1		Mean	86.60	.12	3.29	78.36	92.81
	1	Std. Deviation	11.394	-.846	3.114	3.668	15.138
		N	10	0	3	4	17
		Mean	74.00	-.21	2.06	69.59	77.76
	2	Std. Deviation	7.540	-.615	1.127	4.265	9.366
		N	15	0	3	8	20
		Mean	72.60	.14	5.56	58.00	83.59
	4	Std. Deviation	11.866	-1.866 <sup>d</sup>	2.999 <sup>d</sup>	3.520 <sup>d</sup>	16.118 <sup>d</sup>
		N	5	0	2	1	11
		Mean	77.97	-.15	2.27	73.70	82.96
	Total	Std. Deviation	11.223	-.335	.843	9.391	12.769
		N	30	0	3	25	35
2		Mean	44.22	.14	1.49	41.54	47.37
	2	Std. Deviation	5.310	-.212	.735	3.325	6.478
		N	9	0	3	4	15
		Mean	44.00	.17 <sup>b</sup>	1.79 <sup>b</sup>	41.00 <sup>b</sup>	48.00 <sup>b</sup>
	3	Std. Deviation	3.606	-.741 <sup>c</sup>	1.359 <sup>c</sup>	.000 <sup>c</sup>	4.950 <sup>c</sup>
		N	3	0 <sup>b</sup>	2 <sup>b</sup>	1 <sup>b</sup>	7 <sup>b</sup>
		Mean	44.17	.13	1.16	42.15	46.50
	Total	Std. Deviation	4.783	-.105	.587	3.392	5.846
		N	12	0	3	7	17
		Mean	86.60	.12	3.29	78.36	92.81
Total	1	Std. Deviation	11.394	-.846	3.114	3.668	15.138
		N	10	0	3	4	17
		Mean	62.83	-.49	2.78	57.52	68.34
	2	Std. Deviation	16.164	-.465	1.385	12.858	18.553
		N	24	0	4	16	30
		Mean	44.00	.17 <sup>b</sup>	1.79 <sup>b</sup>	41.00 <sup>b</sup>	48.00 <sup>b</sup>
	3	Std. Deviation	3.606	-.741 <sup>c</sup>	1.359 <sup>c</sup>	.000 <sup>c</sup>	4.950 <sup>c</sup>
		N	3	0 <sup>b</sup>	2 <sup>b</sup>	1 <sup>b</sup>	7 <sup>b</sup>
		Mean	72.60	.14	5.56	58.00	83.59
	4	Std. Deviation	11.866	-1.866 <sup>d</sup>	2.999 <sup>d</sup>	3.520 <sup>d</sup>	16.118 <sup>d</sup>
	N	5	0	2	1	11	
	Mean	68.31	-.36	2.72	63.20	74.45	
Total	Std. Deviation	18.278	-.284	1.159	15.889	21.041	
	N	42	0	0	42	42	

a. Unless otherwise noted, bootstrap results are based on 90 bootstrap samples

b. Based on 84 samples

c. Based on 74 samples

d. Based on 88 samples



## APPENDIX IV: ANALYSIS OF VARIANCE TABLE

The analysis of bivariate relationship between variables is presented in the table below;

Correlations												
	Q7	Q8	Q14	Q15	Q17	Q18	Q19	Q23	Q27	Q28	Q29	Q30
Q7	1.000	.549	.368	.274	-.203	.145	-.522	.371	-.212	-.420	-.335	-.287
Q8	.549	1.000	-.094	.335	-.422	.224	-.211	.374	.133	-.066	-.206	-.273
Q14	.368	-.094	1.000	-.143	.286	.204	-.211	.301	-.390	-.208	-.166	.048
Q15	.274	.335	-.143	1.000	-.483	.082	-.422	.125	.399	.106	.474	.167
Q17	-.203	-.422	.286	-.483	1.000	.320	.163	-.074	-.131	.047	.044	.152
Q18	.145	.224	.204	.082	.320	1.000	-.061	.316	.166	.190	-.023	-.038
Q19	-.522	-.211	-.211	-.422	.163	-.061	1.000	-.596	.276	.360	-.166	.159
Q23	.371	.374	.301	.125	-.074	.316	-.596	1.000	-.063	-.027	.136	-.014
Q27	-.212	.133	-.390	.399	-.131	.166	.276	-.063	1.000	.814	.414	.290
Q28	-.420	-.066	-.208	.106	.047	.190	.360	-.027	.814	1.000	.436	.518
Q29	-.335	-.206	-.166	.474	.044	-.023	-.166	.136	.414	.436	1.000	.588
Q30	-.287	-.273	.048	.167	.152	-.038	.159	-.014	.290	.518	.588	1.000

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

## APPENDIX V: CRONBACH ALPHA TABLE

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
General_Q2_years in employment	19.40	4.800	1.000	.818
General_Q3_job_before	20.60	10.800	.000	.848
General_Q4_previous_employment	20.00	7.500	1.000	.785
General_Q5_different_of_job	20.00	7.500	1.000	.785
General_Q6_current_job	19.60	10.800	.000	.848
Socialization_Q7_orientation	20.60	10.800	.000	.848
Socialization_Q14_simillar_privileges	20.00	7.500	1.000	.785
Tenure_Q17_do_you_like_organization	20.00	7.500	1.000	.785
Tenure_Q18_preference	19.60	10.800	.000	.848
Tenure_Q23_association	19.60	10.800	.000	.848
Tenure_Q24_reasons	21.60	10.800	.000	.848
General_Q25_who_defines_work	19.60	10.800	.000	.848
Commitment_Q30_assigned_place	18.60	10.800	.000	.848