Business Process Outsourcing and Firm Performance of Selected Real Estate Firms in Nairobi City County, Kenya

Anne Ndiiiri¹, James Kilika²

¹Student, master’s degree in business administration, Kenyatta University, Kenya
²Department of business administration, Kenyatta University, Kenya

ABSTRACT

Today’s ever-increasing competitive environment requires firms to seek for better ways to create value. In the organization era, firms continue to face tougher competition in the business environment and business process outsourcing is a critical strategy that improves a firm’s competitive capabilities by delivering value to customers. Business process outsourcing has emerged as a widely adopted strategy among firms in various sectors. The general objective of the study was to establish the effect of business process outsourcing on organizational performance of real estate firms in Nairobi City County. The specific objectives of the study were to determine the effect of Information Technology Outsourcing, Knowledge Process Outsourcing, Administration Support Systems and Project Management Skills Outsourcing on performance of selected real estate firms in Nairobi City County. The study was founded on Transaction Cost Economics, Resource-Based View and Contingency Theory. The population of interest in this study comprised of 245 real estate firms in Nairobi City County registered in accordance with the Estate Agents Act while the respondents of the study comprised of the real estate manager. The study used primary data that was obtained using questionnaires administered to real estate firm managers. Statistical Package for the Social Sciences will be used qualitative and quantitative data analyses. The findings of the study showed that real estate firms in Nairobi City County outsource information technology outsourcing, knowledge process outsourcing, administrative support systems outsourcing and project management skills to a great extent. The study concluded that Information Technology Outsourcing, Knowledge Process Outsourcing, Administration Support Systems and Project Management Skills Outsourcing positively and significantly influence performance of selected real estate firms in Nairobi City County. The study recommended that in order for real estate firms in Nairobi City County to improve their performance, there is need to outsource information communications and technology (ICT) infrastructure such as IT support services, software applications, computer network infrastructure, IT security infrastructure and IT training consultancy. The study also recommended real estate firms to outsource knowledge processes including managing performance and legal obligations, contract management and law, business and market research, building and research as well as research and development.

Key Words: Business Process Outsourcing, Real Estate Firms, Firm Performance

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1.0 Introduction

Business firms transact in an increased competitive business environment accelerated by ever changing technological advancements and other forces of globalization. In order to remain...
competitive and profitable, organizations globally have to continually reinvent their management practices and focus more on their core competences while outsourcing non-core business activities and improving overall organizational performance (Allred & Swan, 2014). The dynamic nature of the globalized economy requires organizations to focus on business practices that enable them to achieve resource optimization, cost reduction and create new opportunities (Conner, 2001). Demand forces such as e-commerce and demographic changes have created more opportunities for real estate developers (Kamanga & Ismail, 2016). According to the NAHB report 2015, the real estate sector contributed 18% of the US GDP in 2015, drawing the attention of stakeholders as a critical economic sector. Despite the potential of the global real estate industry, organizations in this industry face increasing market competition and dwindling resources requiring them to focus on strategies such as business process outsourcing to maximize economic returns (Akewushola & Elegbede, 2012). In pursuit of better performance and profitability in a highly competitive business environment, organizations across Africa are continually investing in innovative management practices. The disruption of traditional business models by high rate of adoption of information technology and forces of globalization as well as regional and international competition has placed greater pressure on companies to re-think their operations in order to remain competitive and sustainable in the business environment (Allred & Swan, 2014).

According to Musangi (2013), renewed focus on the East Africa Community as a regional economic block has created opportunities as well as challenges for countries in the region. The East African Community has supported the movement of people, goods and services across member states which has expanded the markets for organizations. However, the threat of increased competition and pressure to align organization performance to international standards has affect the ability of organizations to tap into the new markets (Kamanga et al., 2016). Further, e-commerce and e-procurement as well as globalization of the economy has seen local and regional organizations face competition from internal and well-established firms across sectors. Kenya is considered a regional business hub in East Africa and firms in the country are always re-aligning their operations to remain relevant in the economy. Kenya-based organisations, operating with limited internal resources in recent years, have put tremendous pressure on implementing cost-cutting methods and optimizing operations to enhance profitability (Macharia, 2014). The real estate sector in Kenya has particularly been under focus due to the quality of real estate project and performance resulting from shortage of skills, knowledge and internal capacities in the organizations. According to Musangi (2013), more and more organizations are resorting to outsourcing to be able to fill the existing gaps and thus leveling the global inequalities in terms of competencies in real estate development. Since no organization is fully self-sufficient, organizations are increasingly outsourcing support business operations while concentrating on their primary business and developing their brands. Through globalization, organizations in emerging economies such as Kenya are making use of ICT to outsource services for which they have no competency internally, thus reducing the risks and reducing the costs that would be incurred in developing and maintaining internal competencies for the outsourced services. Outsourcing, according to Price Waterhouse Coopers (2010), is a strategic management technique that enables companies to get services for the performance of business activities that would otherwise be performed by organizational employees and resources. The firm is able to achieve this by maintaining contracts with valued business partners that are able to perform the non-core business functions at the required level of competence, quality and cost.

Business process outsourcing has its roots in the manufacturing sector. However, other industries such as finance, telecommunications and real estate have recently embraced the practice as they seek to improve organizational performance and cut costs in a competitive
globalized economy. According to Vuluka and Gachanja (2014), real estate firms in Kenya are grappling with increasing housing construction costs, gaps in technical skills and increased risks associated with project creep. The research looked into the impact of business process outsourcing on project completion and organizational performance as a possible solution to the challenges facing real estate firms in Nairobi County. Shortage of urban housing is globally recognized as a problem especially in developing countries. A growing urban population, high interest rates on mortgage loans and project management complexities are some noted as some of the factors that affect the real estate sectors (Vuluka & Gachanja, 2014). As a result, the real estate industry is crucial to Kenya's economy, accounting for 5.1 percent of GDP and growing at a rate of 7.8 percent each year. A diverse approach to real estate development strategies has been employed to tackle the problem, including serviced apartments, high-end housing, and low-cost residential housing. The real estate industry in Kenya is faced by skills gap among project managers which affect the ability of the firms to successfully complete projects on time and within budget. Because of the high interest rates on mortgage loans, which are set at 15%, real estate companies in Kenya must come up with creative strategies to cut building costs in order to stay competitive (Vuluka & Gachanja, 2014). Outsourcing of real estate services to other firms with the resources and competencies has the potential to significantly improve performance of real estate firms if the impact in other sectors such as telecommunications and finance are to go by. The goal of this research was to examine how business process outsourcing influenced real estate performance in Nairobi City County.

1.1 Statement of the Problem

The Kenyan real estate market has been characterized by volatile market circumstances and fierce rivalry, both of which have harmed the success of individual businesses in the industry. According to Kamanga and Ismail (2016), to achieve effectiveness and efficiency which are measures of organizational performance, there is need for real estate firms to persistently devise and apply strong strategic practices. Real estate firms operate in an increasingly competitive business environment with the need for a strategy to enhance performance. Similarly, the biggest problem with real estate firms has been to devise effective methods to reduce the cost of construction due to high interest on mortgages as well as completing real estate projects that meet the requirements of the client and generate acceptable profit to the firm. As such, many real estate firms have resorted to applying different strategies in order to maintain as well as enhance their performance. Nonetheless, the performance of the real estate firms within Nairobi City County still remains an issue of concern since not all the real estate firms have maintained or significantly improved their performances (Vuluka & Gachanja, 2014).

According to Mutisya (2015) real estate construction firms in Kenya face challenges in completing projects and being profitable amidst a growing demand for housing units especially in Nairobi County. Further Mutisya (2015) notes that most real estate managers lack the required level of knowledge, skills and capacities to be able to manage real estate projects effectively. A strong organizational performance in the real estate sector requires not only completing the project but also using the minimum possible resources. Further, most of real estate firms lack sufficient internal competencies and resources that has affected their performance. Business Process Outsourcing with relevant organization offers the needed competencies to enhance performance of the real estate industry.

Despite the fast-growing outsourcing practice, there are few documented sources of information about outsourcing in Kenya's real estate market. Several studies have also attempted to address the topic of business process and firm performance, but the results have
been mixed. Macharia (2012), for example, investigated the influence of business process outsourcing on organizational performance in Kenya's media industry. The research included a descriptive survey of 34 managers from six key industry companies. The findings indicated that business process outsourcing methods and organizational performance had a substantial and positive relationship. However, the previous research focused on the media business, but the present study will only look at the real estate industry. Another study conducted by Kamanga and Ismail (2016) focused on the effect of business process outsourcing on firms in the manufacturing sector in Kenya. The study involved 42 participants in management positions at Del Monte Kenya Limited. The findings showed that quality, cost and technology adaption were strong predictors of organizational performance for firms in the manufacturing sector. The current study sought to investigate the effect of business process outsourcing on organizational performance in the real estate industry in Nairobi County.

1.2 Objectives of the Study

The general objective of the study was to establish the influence of business process outsourcing on performance of selected real estate firms in Nairobi City County, Kenya. Specific objectives were:

i) To determine the effect of Information Technology outsourcing on performance of selected real estate firms in Nairobi City County.

ii) To establish the effect of knowledge process outsourcing on performance of selected real estate firms in Nairobi City County.

iii) To examine the effect of administrative support systems business process outsourcing on performance of selected real estate firms in Nairobi City County.

iv) To determine the effect of project management skills business process outsourcing on performance of selected real estate firms in Nairobi City County.

2.0 Literature Review

2.1 Theoretical Literature Review

2.1.1 Transaction Cost Economics

The transaction cost economics theory was pioneered by Coase in 1953 and analyzes how firms achieve efficiency by comparing internalization and business process outsourcing (Williamson, 2006). The theory posits that firms will tend to expand through internalization until the cost of such transactions is equal to the cost of outsourcing after which the firm transfers the business function to the external service provider. According to Williamson (2006), in a perfectly competitive market environment business process outsourcing tend to be more efficient compared to internalization of business operations. The underlying assumption of this theory is that market conditions are always competitive, which is not always the case (Deloitte, 2014). One of the critiques labelled against transaction cost economics theory is the fact that it is founded on opportunism and the abandonment of differential capabilities which defines firm heterogeneity as well as other dynamics (Dosi & Marengo, 1994). The theory fails to embrace capabilities, dynamic capabilities and competencies.

Differential capabilities result in varied manufacturing costs, which can have a big influence on whether you create or buy anything. As a result, firms may internalize activities because they can do so more cost-effectively in terms of production (rather than transaction) than other firms (Abell, Felin & Foss, 2008). Transaction cost economics theory was specifically chosen for this study since it analyzes the firm boundaries and contracting deals
in the market which are at the core of business process outsourcing. Applying transaction cost economies to this study provides information on why firms choose business process outsourcing as opposed to internalization and the various assumptions surrounding such decisions (Richard et al., 2009). The arguments of the theory are relevant in anchoring the independent study variables.

2.1.2 Resource-Based View

The resource-based view of the company is a strategic theory of the business in which the firm is seen as a collection of tangible and intangible resources that must be put to productive use in order to meet the organization's goals and objectives (Conner, 2001). A firm's resources are a critical strategic asset which enables it to compete which other firms in the same industry. According to Conner (2001), resources have inherent characteristics such as value, rarity, impossibility, and the lack of strategically comparable alternatives. The resource-based perspective, according to Barney and Hesterly (2006), is based on the notion that a firm's resources and distinctive skills differ considerably among companies. These disparities in resources and capabilities of firms can create a competitive advantage for the firm if they are mixed and deployed in the proper way.

Williamson (1979) further emphasizes that a firm’s asset only become a resource when it brings value to the firm. The premise of resource immobility and resource heterogeneity underpins the resource-based perspective of the company. A firm’s resource must also be rare in order to provide sustained competitive advantage for the firm in the market. Present and potential competitors in the industry should not find it easy to imitate the resource and therefore enabling the firm with such a resource to have competitive advantage over those that lack the resource (Shaharudin et al., 2014). Because multiple resource configurations may create the same value for companies, the resource-based perspective of the company has been challenged, indicating that there is no competitive edge. Similarly, product markets play a minor role in the argument, with little emphasis on capabilities. Furthermore, the theory presents concerns of retrospective causality, in which any current achievement might be attributed to one-of-a-kind resources, but the connection is not always obvious (Sanchez, 2008).

Because outsourcing of resources can assist the company attain competitive advantage that may not be accessible in the internal environment, the resource-based view of the firm is crucial to this study in understanding how business process outsourcing affects firm performance. Using the resource-based approach of the company, McIvor et al. (2008) found that most businesses are only able to internalize a few resources, explaining the growing trend in business process outsourcing. The firm's resource perspective is critical to comprehending the decision-making process that explains why companies choose to outsource their business operations. A firm identifies all the resource it needs and compares the characteristics of the resources. Resources that are rare, of greater value, non-imitable and without substitutes are internalized while resources without these attributes are outsourced (McIvor et al., 2008).

2.1.3 Contingency Theory

Drazin and Van de Ven, (1985) argued that organizations operate in a relatively complex and uncertain internal and external constraints and therefore management and strategic decisions are dependent on the situation at hand. In the context of resources, organizations may not be able to predict the resources that would be needed in the future. As a result, the organization is faced with the risk of not having sufficient resources to meet its goals (Rothaermel, Hitt & Jobe, 2006). The resources may also depreciate in value and therefore make the firm unable to generate sufficientrent and substitute resources may be expensive for the firm. By creating
a ‘fit’ between organizational characteristics and environmental variables, contingency theory aims to establish stability in businesses that encounter a high degree of uncertainty in their settings. The idea fills in the perceived gap between a company's current and future capabilities (Brown & Wilson, 2005). According to the contingency theory, a more unpredictable and dynamic external environment will lead to a rise in outsourcing as businesses strive to improve operational efficiency, productivity, and profitability. The contingency theory is useful in this study because it allows the researcher to look at the influence of business process outsourcing on real estate firms in Nairobi City County in terms of project completion rate, profitability, productivity, and operational efficiency.

3.0 Research Methods

A descriptive survey research approach was used in this study. According to Saunders, Lewis, and Thornhill (2009), a descriptive research design includes distributing a questionnaire or interviewing a sample of the study population. The primary objective is to obtain information of interest from the sampled individuals or objects using a standard questionnaire. The study's target demographic was 245 registered real estate companies in Nairobi City County. Managers of real estate businesses that submitted the needed information were especially targeted in research. The sample size was calculated using Krejcie and Morgan's (1970) technique, which estimates a representative sample of 245 people from a population of 152. The 152 respondents were divided into three strata depending on how real estate companies are classified as high, middle, and low class. The respondents were chosen using a proportional stratified sample approach, as shown in the table. The data was collected from one responder in each business, the CEO.

Data was collected from the sample using a standard structured questionnaire approach. To measure respondents' opinions of the influence of business process outsourcing on firm performance, the questionnaire's response options were mapped on a 5-point Likert scale. The list of statements on the questionnaire was linked with the study aims to ensure that the responses recorded answered the research questions. The questionnaire responses were coded, and the data was then uploaded into SPSS for analysis. Various descriptive statistical approaches were used to analyze the data. Descriptive statistics were chosen since the objective of the study was to understand the impact of business process outsourcing on corporate performance. The method uses frequencies, percentages, mean, and standard deviation to characterize the responses. The data was presented in figures and tables to make it easier to understand.

4.0 Data Analysis Results

Regression and correlation were the main inferential methods applied to determine the influence of business process outsourcing on performance of selected real estate firms in Nairobi City County, Kenya. The association between the independent and dependent variables was determined using the significance of the coefficients with the level of confidence set at 95%. Pearson correlation tests were done to establish the relationship between information technology outsourcing, knowledge process outsourcing, administration support systems and project management skills outsourcing and performance of selected real estate firms in Nairobi City County, Kenya. Correlation may be used to identify the degree to which changes in one attribute's value are connected to changes in another, according to Kothari (2004). The study carried out a Pearson’s correlation test with association direction and strength denoted by Pearson correlation coefficient (R). The results of the correlation analysis are depicted in table 1.
Table 1: Correlation Results

<table>
<thead>
<tr>
<th></th>
<th>IT services outsourcing</th>
<th>Knowledge process outsourcing</th>
<th>Administration support systems</th>
<th>Project management skills outsourcing</th>
<th>Firm performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT services outsourcing</td>
<td>R 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge process outsourcing</td>
<td>R .195</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration support systems</td>
<td>R 0.144</td>
<td>.321</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project management skills outsourcing</td>
<td>R .199</td>
<td>.329</td>
<td>.626</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Firm performance</td>
<td>R .534**</td>
<td>.429**</td>
<td>.558**</td>
<td>.611**</td>
<td>1</td>
</tr>
</tbody>
</table>

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

Source: Survey Data (2021)

The findings presented in Table 1 indicate that there was a positive and significant association between IT services outsourcing and performance of selected real estate firms in Nairobi City County (R =0.534, P=0.000<0.05), a positive and significant association between knowledge processes outsourcing and performance of selected real estate firms in Nairobi City County (R =0.429, P=0.000<0.05). Similarly, there was a positive and significant relationship between the outsourcing of admiration support systems and the performance of selected real estate firms in Nairobi City County (R =0.558, P=0.0000.05), as well as a positive and significant relationship between the outsourcing of project management skills and the performance of selected real estate firms in Nairobi City County (R =0.611, P=0.0000.05). From the conceptual framework, it was hypothesized that information technology outsourcing, knowledge process outsourcing, administration support systems and project management skills outsourcing influence performance of selected real estate firms in Nairobi City County, Kenya. Multiple linear regression analysis with a 5% significance threshold was used to evaluate the various hypotheses. Pearson Correlation, R was 0.787, indicating a strong relationship between
information technology outsourcing, knowledge process outsourcing, administration support systems, and project management skills outsourcing and the performance of selected real estate firms in Nairobi City County, Kenya, according to the model summary results in table 2.

Table 2: Model Summary

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.787</td>
<td>0.62</td>
<td>0.607</td>
<td>0.51491</td>
</tr>
</tbody>
</table>

*a Predictors: (Constant), Project management skills outsourcing, IT services outsourcing, Knowledge process outsourcing, Administration support systems

Source: Survey Data (2021)

Table 2 demonstrates that outsourcing of information technology, knowledge processes, administrative support systems, and project management skills accounts for 62% of the variance in performance of chosen real estate businesses in Nairobi City County, Kenya. This means that extraneous factors not accounted for in the study's model account for 28% of the variation in performance of chosen real estate firms in Nairobi City County, Kenya. The results of the model significance tests are shown in Table 3.

Table 3: Analysis of Variance (Model Significance)

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>51.412</td>
<td>4</td>
<td>12.853</td>
<td>48.477</td>
</tr>
<tr>
<td>Residual</td>
<td>31.551</td>
<td>119</td>
<td>0.265</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>82.964</td>
<td>123</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a Dependent Variable: Firm Performance

b Predictors: (Constant), Project management skills outsourcing, IT services outsourcing, Knowledge process outsourcing, Administration support systems

Source: Survey Data (2021)

Table 3 also demonstrates that the overall regression model linking information technology outsourcing, knowledge process outsourcing, administration support systems, and project management skills outsourcing and the performance of selected real estate firms in Nairobi City County is significant, as evidenced by a p-value of 0.000, which is less than 0.05 at a 5% levy. The fact that F calculated (48.477) is more than F crucial confirms the model's significance (2.4479). Table 4 shows the regression coefficients that informed the interpretation of study hypotheses.

Table 4: Regression Coefficients

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

146
Coefficients | B | Std. Error | Beta | t | Sig.
--- | --- | --- | --- | --- | ---
(Constant) | -0.457 | 0.404 | | -1.131 | 0.26
IT services outsourcing | 0.424 | 0.061 | 0.403 | 6.909 | 0.00
Knowledge process outsourcing | 0.291 | 0.108 | 0.165 | 2.7 | 0.00
Administration support systems | 0.223 | 0.067 | 0.244 | 3.325 | 0.00
Project management skills outsourcing | 0.262 | 0.06 | 0.324 | 4.366 | 0.00

a Dependent Variable: Firm Performance

Source: Survey Data (2021)

From model coefficient results in Table 4, if independents variables are fixed, the performance of selected real estate firms in Nairobi city county would decline by 0.457 units. The model coefficient results were also used in addressing the specific objectives of this study as show in the following discussions. The first objective of this study was to determine the effect of Information Technology outsourcing on performance of selected real estate firms in Nairobi City County. From the results in table 4.16, holding other factors constant at zero, IT services outsourcing positively and significantly influence performance of selected real estate firms in Nairobi City County (Beta = 0.424, p=0.000<0.05). This means a unit improvement in outsourcing IT services would result to .424 improvement in performance of selected real estate firms in Nairobi City County. The results are supported by Dozier and Chang (2006) that IT outsourcing has significant impact on profitability of firms. Brown and Wilson (2005) also concur with this result as they found in their study that outsourcing of IT services encompasses elements such as networks, workstations, hardware and software components which when effectively applied result to an improvement in firm performance. Moreover, Cox (2014) conceded that IT services outsourcing has enabled large firms in the banking sector to deal with high costs and improve output for IT operations. Majority of the firms were found to use IT outsourcing to maintain their position in a competitive market environment. Firms embark on expansion, outsourcing of IT services is likely to be an important consideration for growing revenue and maintaining a competitive edge. According to transaction economics theory, in a perfectly competitive market, environment outsourcing IT services tends to be more efficient compared to internalization of such operations. Firms therefore opt to outsource IT services to improve their performance (Richard et al., 2009).

The second aim of the study was to see how knowledge process outsourcing affected the performance of a set of real estate companies in Nairobi City County. A lot of realestate businesses in Nairobi City County have seen a good and significant impact from knowledge process outsourcing (Beta = 0.291, p=0.000005), according to the coefficient results in table 4.16. This suggests that a.291 improvement in the performance of chosen real estate enterprises in Nairobi City County would result from a unit improvement in knowledge process outsourcing. These findings are supported by Baruch and Holtom (2008) that outsourcing various knowledge processes positively impacts firm performance. (Shaharudin et al, 2014). The increasing adoption of knowledge process outsourcing signifies a shift in the outsourcing model as managers experience the benefits out outsourcing other aspects of their business. According to Conner (2001), improved efficiency is derived from outsourcing core processes.
that required judgement skills and analytical thinking. As a result, risk management, business intelligence, financial planning, and market research are the most popular knowledge outsourcing sectors among executives looking to boost their company’s performance. The research’s third goal was to look at the impact of administrative support systems on the performance of a few real estate companies in Nairobi City County. Administration support systems outsourcing has a favorable and significant influence on the performance of chosen real estate businesses in Nairobi City County when all other parameters are held constant. (Beta = 0.223, p=0.0000.05). This means that a.223 improvement in the performance of chosen real estate businesses in Nairobi City County will come from a unit improvement in administration support systems outsourcing. According to Kagume (2013), outsourcing customer service, payroll processing, and employee training services improves business culture and client satisfaction. Finally, the objectives of this paper was to see how project management skills and business process outsourcing affected the performance of a few real estate enterprises in Nairobi City County. As shown in table 4.16, project management skills outsourcing has a favorable and significant influence on the performance of chosen real estate enterprises in Nairobi City County (Beta = 0.262, p=0.0000.05). This suggests that a.262 improvement in performance of chosen real estate enterprises in Nairobi County would result from a unit improvement in project management skills outsourcing. The findings support the findings of Ismail and Orawo (2016), who found that outsourcing project management skills enhances project delivery speed, customer satisfaction, profitability, and market share.

5.0 Conclusions and Recommendations

5.1 Conclusion

The study stated that IT services outsourcing has a good and significant impact on the performance of selected real estate enterprises in Nairobi City County, based on the aforementioned findings. To a large extent, the selected real estate enterprises outsourced their information communications and technology (ICT) infrastructure. The most outsourced information technology infrastructure was IT support services, followed by software applications, computer network infrastructure, IT security infrastructure and IT training consultancy. The study also concluded that selected real estate firms in Nairobi City County outsource knowledge processes that positively and significantly influence performance. The most outsourced knowledge processes included managing performance and legal obligations, contract management and law, business and market research, building and research as well as research and development. It was also discovered that outsourcing of administrative support systems has a favorable and considerable impact on the performance of a few real estate businesses in Nairobi City County. Capturing adviser fees or commissions to spreadsheets and back-office systems to be the most outsourced administration support system followed by general business administration, drafting and sending letters of authority to providers, Compliance management services, Personnel management as well as HR and tax compliance management. The study also found that outsourcing project management skills has a favorable and significant impact on the performance of certain real estate businesses in Nairobi City County whereby project portfolio management was the most outsourced project management skill followed by project performance measurement, negotiation and deal making, project risk management, real estate management and Organization’s project planning activities in that order.

5.2 Recommendations

The study recommended that in order for real estate firms in Nairobi City County to improve various indicators of performance such as profitability, productivity, client satisfaction and operational efficiency, there is need to outsource information communications and technology (ICT) infrastructure such as infrastructure was IT support services, software applications,
computer network infrastructure, IT security infrastructure and IT training consultancy. To further improve performance, the study also recommended real estate firms to outsource knowledge processes including managing performance and legal obligations, contract management and law, business and market research, building and research as well as research and development as they positively and significantly influence performance.

Another recommendation made by the study is that in order to boost performance indicators such as profitability, productivity and client satisfaction, real estate firms in Nairobi City County should focus on outsourcing administration support systems such as capturing adviser fees or commissions to spreadsheets and back-office systems, general business administration, drafting and sending letters of authority to providers, compliance management services, Personnel management as well as HR and tax/compliance management. The study further recommended real estate firms in Nairobi City County to consider outsourcing project management skills that positively and significantly influence performance. Project portfolio management, project performance measurement, negotiation and deal making, project risk management, real estate management and Organization’s project planning activities are among the project management skills these firms can outsource.

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