

**INFLUENCE OF MACRO ENVIRONMENT ON THE PERFORMANCE OF
BUSINESS PROCESS OUTSOURCING COMPANIES IN KENYA**

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DECLARATION

This thesis is my original work and has not been presented elsewhere for a degree or any other award.

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DEDICATION

This thesis is dedicated to my family, my husband Benjamin and children, Joy and Daniel.

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ABBREVIATIONS AND ACRONYMS

BPO	Business Process Outsourcing
BSC	Balanced Scorecard
EPZ	Export Processing Zone
FRG	Federal Republic of Germany
ICT	Information Communication Technology
IT	Information Technology
ITES	Information Technology Enabled Services
NACOSTI	National Commission for Science, Technology, and Innovation
NITA-U	National Information Technology Authority, Uganda
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PIDS	Philippine Institute for Development Studies
USA	United States of America

DEFINITION OF TERMS

The following terms are defined according to the purpose of the study:

Balanced Scorecard	It is a strategic management measure of organizational performance using both financial and non-financial perspectives namely financial, customer, internal processes, and learning and growth.
Business Process Outsourcing	It is one or more business processes or functions by a third party together with information technology that supports the process or function.
Bandwidth	It is the amount of data that can be transmitted over the channel during a given period and is measured in bits per second.
Kenya IT and Outsourcing Services	A trade association for Business Process Outsourcing and Information Technology Enabled Services companies.
Offshoring	Offshoring is the practice of relocating business activities, including jobs, to a location outside the home country of operation.
Tax Holiday	It is a situation where a tax authority does not collect tax from an organization for a certain period.
Macro Environment	It is the external factors which affect a company's planning and performance and are beyond its control like political, social, economic, legal, and technological changes.

ABSTRACT

Business Process Outsourcing is one of the six priority sectors in the economic pillar of the Kenya Vision 2030. The vision envisages that the country becomes the top business process outsourcing destination in Africa. However, this has not been achieved since some other countries like South Africa, Ghana, Morocco, and Egypt have been more preferred destinations than Kenya. Statistics have also shown that the global business process outsourcing destination position for Kenya has deteriorated. It is in this regard that this study sought to establish the influence of macro environment on the performance of the business process outsourcing companies in Kenya. The study was underpinned by four theories, namely, Open systems, Porters Diamond, Contingency and Macro Environment model. Pragmatic paradigm was used to support the mixed research approach used in the study. The target population consisted of all 118 registered business process outsourcing companies in Kenya. Primary data was collected using a questionnaire with a Likert-type interval using a five-point scale. Additionally, secondary data from 2014 to 2017 on performance, namely, the number of services and return on assets was collected. To improve the reliability and validity of data, pretesting of the research instrument was carried out on 12 companies. Cronbach's reliability coefficients ranged from 0.740 to 0.891 which was more than 0.7 and thus the research instrument was found to be reliable and valid for the study. Tests on assumptions of the regression models namely, linearity, multicollinearity, autocorrelation and heteroscedasticity were all met. Descriptive statistics showed the features and patterns of the data. Analysis of variance showed that there was a significant relationship between all the independent variables with the dependent variable. The regression analysis was carried out through testing of five null hypotheses which were all rejected since there was a statistically significant influence of political, economic, technological, and legal environments on the performance of business process outsourcing companies in Kenya. Further, there was a moderating influence of firm strategy on the performance of the business process outsourcing companies in Kenya. The study recommends that the companies adopt new technology, come up with innovations of doing business, expand their offshore business by positioning themselves internationally and diversify their services. Regarding policy, the study recommends that the cybercrimes legislation be reviewed and amended continuously to address the emerging cybercrimes to ensure the security of customer data in possession of the business process outsourcing companies. The study recommends that other studies be replicated in other sectors and countries to establish whether the results would be similar. In addition, studies may be carried out on the combined influence of both micro and macro environments while other variables be considered as moderators between macro environment and performance while the firm strategy may be considered as one of the independent variables to establish its influence on performance. The study has provided contribution to the Contingency Theory by establishing a positive influence of external environment on performance and particularly the economic and technological environments.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The dynamic global trends have resulted in a competitive and turbulent business environment, driving organizations to seek strategies to keep them afloat. One of the strategies adopted by organizations to remain competitive is outsourcing. This has, in turn, created business opportunities for Business Process Outsourcing (BPO) companies who provide the services to the outsourcing firms. BPO involves the transfer of responsibility from an organization to a service provider (Sople, 2016).

Outsourcing involves the sourcing of goods and services previously produced internally within the organization from external suppliers. BPO is a form of outsourcing that has emerged as one of the leading business and economic issues of our time. It has progressed from involving only peripheral business activities to encompassing more critical business activities that contribute to an organization's strategic advantage (Niranjan, Saxena & Bharadwaj, 2007). The drive for greater efficiencies and cost reductions has forced many organizations to increasingly specialize in a limited number of key areas. This has led organizations to outsource activities traditionally carried out in-house.

Click and Duening (2004) opines that many of the early adopters of BPO were those who needed software development expertise or technical expertise to help-desks call centres. It has now evolved from these information technology aspects to encompass nearly every business process. However, the implementation of a BPO will always involve a technology component. It is an interdisciplinary innovation providing a diverse set of skills thus becoming a source of competitive advantage.

BPO drivers include broadband internet, data storage, analytic software, and internet security. The first driver is broadband internet which is the pipeline capacity of the internet that allows large chunks of information to flow with less congestion. High-speed internet enables organizations in different countries to share data which is an important aspect of BPO. The second driver is inexpensive data storage. One danger of shifting work to a third party is the potential loss of organizational learning.

However, with the availability of large storage space, this obstacle is largely overcome. Technical advances have driven down costs through limitless cloud storage capacity enabling files to be retrieved whenever required. This enables BPO activities to be carried out with ease. Analytic software is the third BPO driver. The business analysis was formerly a domain of human logicians and executive decisions. However, analytic software is capable of providing sophisticated output and thus creates new value (Click & Duening, 2004). Reliable data analysis software eliminates high-cost analyst labour and replaces it with relatively lower cost of implementation. For many business processes, the outcomes of processed data are predictable. These data analysis activities are now carried out by outsourcing companies. Lastly, internet security is the other BPO driver and enabler. This involves sending information and data, including voice over the internet without fear of leakage, espionage, or outright loss. These technological breakthroughs enable organizations to work within virtual walls with the same level of security they enjoyed within physical walls (Click & Duening, 2004).

The performance of organizations is influenced by internal and external environments. The internal environment comprises of the elements that are within the control of the organization which includes plans, policies, human resources, financial resources, corporate image, plant, and machinery. The external environment is comprised of the macro-environment consists of elements that the organization cannot control and they may create opportunities or pose threats. These elements include political, economic, social, technological, environmental, and legal environments, (Kalpana, 2015). These elements form the PESTEL(political, economic, social, technological, environmental and legal) framework which is used in strategic management to group macro-environmental elements to help strategists look for sources of general opportunity and risk in which fundamental changes in them may lead to the transformation of organizations (Witcher & Chau, 2010). The response to the macro environment and the strategic positioning of an organization are paramount as this determines the survival and competitiveness of an organization. This therefore calls for scanning of the macro environment so as to identify the requisite opportunities and the risks. The organization is then required to develop appropriate strategies to take advantage of the opportunities and mitigate the effects of the risks. This study considered the macro environment, which includes political, economic, technological, and legal

environments and firm strategy as a moderator. These elements of the macro environment may influence organizational performance favorably or unfavorably.

Kenya Vision 2030 included the BPO sector due to its potential to contribute to the country's economy and therefore aimed at making Kenya the top BPO destination in Africa (the Republic of Kenya, 2007). To achieve this, the performance of the sector is important and this can be achieved by BPO companies through increased employment opportunities, increased number of services offered, an increased number of clients, and revenue growth. This eventually translates to economic growth.

Globally, India has emerged as one of the most preferred locations for outsourcing. The Philippines has also emerged as a preferred outsourcing destination for many companies mainly due to the cheap cost of labor (Senate Economic Planning Office, 2010). Fiscal and non-fiscal incentives granted include tax holiday, 5 percent tax on gross income in lieu of all taxes, additional deduction of labor expenses from taxable income subject to certain conditions, and various tax exemptions and tax credits. Non-fiscal incentives include the simplification of customs procedures for imports and exports and incentives specific to regional or area headquarters (Punongbayan & Araullo, 2012). In India, some companies are leading service providers of BPO services like Infosys, Wipro, Spectra Mind, Daksh EXL, Tata Consultancy Services (Tholons, 2011). Tata Consultancy Services is the outsourced service provider of the iTax platform by the Kenya Revenue Authority. However, in India, there are grey areas that need to be fixed and improved which include infrastructure, transportation, financial services, consumer privacy, and cybersecurity involving sensitive medical and financial information, legal and regulatory environment, and enhance capital investment in the BPO industry (Kurien, 2010).

The BPO industry in Philippine is the second largest contributor to the local economy next to remittance inflows. The country prides itself of having leading BPO service providers like Accenture Inc, Convergys Philippines Services Corp, and 24/7 Customer Philippines Inc. (Association of Southeast Asian Nations, 2017). A study by KPMG (2010) indicates that the sector faces various challenges like brand visibility of the industry both internally and externally and unpaid bills by the Philippine Congress. The BPO sector in Philippine also requires government support in remedial training and educational reforms, granting investor incentives, international and local

marketing and promotions, improvements in telecommunications infrastructure, supporting industry-policy frameworks (Prado & Lourdes, 2015). Germany is one of the biggest shared service center and BPO industry growth markets in Europe. The country meets all the major requirements of the international sourcing industry due to the presence of a highly qualified workforce and integrated processes can easily be implemented. Some of the leading BPO companies in Germany include Basf, Bayer, Beiersdoff, Merck, and Parexel. However, there is a shortcoming in that the duration and the terms of employee service termination in the hiring companies are not subject to labor laws but are set out in the contract between the hiring company and employment agency (Federal Republic of Germany FRG, 2017). Aegis is a leading BPO company in 56 locations across 13 countries in Europe, Asia, Middle East, the USA, and Africa including Kenya. It has more than 55,000 employees and annual revenue of 400 million dollars. The company has won many accolades including best contact center services provider and top global BPO among others (Aventus, 2017).

In Africa, Egypt is one of the preferred BPO destinations. Egypt's strategy is based on the development of outsourcing capability to compete efficiently worldwide and maximize the revenues generated by the investments in the industry (Shenawi & Lanvin, 2009). Egypt was number sixteen in the year 2016 on the global location index and number one in Africa in terms of financial attractiveness, people skills, and business environment (Sethi & Gott, 2016). Egypt has been constantly ranked high in the aspect of ease of doing business due to government support. There are large BPO companies like Silicon Waha, BDO Esnad Dell EMC, ECCO Outsourcing, eSpace, and Raya Contact Centre (German Outsourcing Association, 2017). The latter serves 1000 companies across Europe, the Middle East, and Africa in 25 different languages. South Africa has identified BPO as an enabler for economic and social growth. The South African government has already taken some initiatives to promote the BPO and off-shoring industry in the country (Deloitte & Touche, 2015). Government support for the South African BPO industry is important for its growth. However, the inflexibility in labor laws has the potential to create a problem in the future since the companies in the BPO industry need labour flexibility to function efficiently (Alkali, Abbott, Dasuki & Quaye, 2016).

In the East African region, the fast evolution of the information and communication technology (ICT) landscape of Kenya and Rwanda has attracted the attention of actors from private investors. Being late followers of BPO, Kenya and Rwanda have faced strong competitive pressure from mature BPO industries in India and South East Asia. The local BPO sectors do not have the depth, scale efficiencies, cost competitiveness, and skill base to compete for international customers with established foreign BPO companies and markets (Mann, Graham, & Friederici, 2014). In Rwanda, BPO is an industry that creates knowledge-based employment, which aligns with Rwanda's strategic document, Vision 2020. Energy cost is a major impediment to the Rwandan industrial sector and energy supply needs to be provided at a lower cost to compete internationally. Indeed, roads in Rwanda need upgrading; and network infrastructure needs to be improved to increase BPO productivity (Republic of Rwanda, 2011).

The Ugandan government identified Information Technology Enabled Services Business Process Outsourcing (ITES-BPO) as one of the key sectors to enhance economic growth and reduce youth unemployment in the country. The overall vision of the Ugandan government is to transform the country into a 'Knowledge-Based Uganda' (National Information Technology Authority, Uganda (NITA-U), 2012). Despite government efforts to improve the business environment through the National Information Technology Authority, the infrastructure remains comparatively poor and Uganda has still not implemented globally acceptable BPO standards (Karebi, 2016). Other problems face Uganda which includes lack of specific incentives to the BPO sector, high cost and lack of availability of high-quality buildings, high telecom costs and lack of last-mile connectivity, high inflation, and interest rates, and no policies or incentives specifically for the ITES-BPO sector (NITA-U, 2012).

Kenya is the largest economy in East Africa and is the region's financial, communication, and transportation hub, therefore, the BPO sector emerges as one with great potential. The BPO sector has the potential for employment and business opportunities which arises from investors' venture into the sector thus giving Kenya a competitive edge in the market. Despite this, Kenya and its other East African countries are conspicuously missing in the world's top 50 most attractive global outsourcing destinations (Wathigo, 2012). Wachira, Brookers, and Haines (2016) indicate that Kenya has the potential to engage in domestic and offshoring outsourcing

activities at a larger scale. The challenge lies with outsourcing firms' inability to penetrate the local and global market to obtain an equitable market share. Njuguna (2010) recommends that the Kenya Government should come up with incentives for the business process outsourcing companies to become competitive in the region.

Organizational performance may be considered as the degree of attainment of work mission as measured in terms of work outcome, intangible assets, customer link, and quality services (Maina, 2016). In theory, the concept of performance forms the core of strategic management and empirically, most strategy studies make use of the construct of business performance in their attempt to examine various strategy content and process issues. In management, the significance of performance is clear through the many prescriptions provided for performance enhancement. Organizational performance is the most important criterion in evaluating organizations, their actions, and environments (Al-Matari, Al-Swidi, & Fadzil, 2014). Performance is a contextual concept associated with the phenomenon being studied. The concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources to achieve a shared purpose. Performance may be based on financial and non-financial parameters (Dinda, Ojera, & Mathews, 2016). This study considered performance from financial and non-financial perspectives which is commonly referred to as the Balanced Scorecard (BSC).

The BSC was originated by Kaplan and Norton (2015) because of the failure of financial measures to adequately measure performance. However, the BSC retains the financial measures which alone are inadequate for guiding and measuring performance that the information age organizations must make to create future value (Kaplan & Norton, 2015). The balanced scorecard as postulated by Hopf, et al. (2005), provides a conceptual framework for translating an organization's strategic objectives into a set of performance indicators distributed among four perspectives; financial, customer, internal business processes, and learning and growth. BSC assists the organizations to exploit their intangible assets which enables them to cultivate customer relations that retain loyalty, introduce innovative products and services, mobilize employee skills and motivate them for continuous improvement and deploy information technology (Kaplan & Norton, 2015). Marete (2015) postulates that the balanced scorecard

framework enables an organization to implement the chosen strategy successfully, as the approach helps in providing adequate linkages, to enable organizations to implement complex and intricate activities involved in implementing the corporate strategies and monitor every activity of the firm with the intent to achieve the strategic objectives. BSC being a systemic approach, helps to integrate financial and non-financial factors into a comprehensive model and builds a meaningful relationship among different criteria using cause and effect methods (Namazifard, Makui, & Barzinpour, 2011).

For organizations to survive and remain competitive, they need to use measurement and management systems derived from their strategies and capabilities. BSC is thus used to measure business performance by linking customers, internal processes, employees, and financial success (Kaplan & Norton, 2015). The four perspectives are interdependent and each builds on the other to achieve the desired organizational goals. Niven (2014) portrays their relationship like a tree, where he likens the learning and growth, which is employee-oriented with the roots that lead through the trunk of internal processes, to the branches of customer results, and finally to the fruit of financial returns.

The financial perspective is the long-range target for profit-making (Hopf et al., 2005). Financial performance measures indicates whether a company's strategy implementation is contributing to overall improvement (Kaplan & Norton, 2015). It is a critical component of BSC which informs whether the strategy execution in the other three perspectives leads to improved bottom-line financial performance (Niven, 2014). Ahmad and Soon, (2015) asserts that the financial perspective describes how the intangible assets are be converted into tangible value. It controls how a firm manages its finances and the involvement of the stakeholders in the firm's operation. The indicators are usually inclusive of operating income, operating costs, return on investment, net profit rate, cash flow among others.

Customer perspective helps the organization to identify the customer and market segments in which to compete using measures such as customer satisfaction, customer retention, new customer acquisition, customer profitability, and market share (Kaplan & Norton, 2015). Niven (2014) proposes that the customer perspective answers three

questions that include, who the target customers are, what their expectations are, and what the organization's proposition is in serving them. The customer perspective defines how the organization differentiates itself from competitors to attract, retain, and deepen relationships with targeted customers. The value of the customer perspective is crucial because it helps an organization connect its internal process to improved outcomes with its customers (Muiruri & Kilika, 2015). For businesses to achieve their long-run superior financial performance, they must create and deliver products and services that are valued by customers (Kaplan & Norton, 2015).

The internal process perspective is concerned with the processes that create and deliver the organization's customer value proposition as postulated by (Muiruri & Kilika, 2015), and provides mechanisms through which performance expectations are achieved (Hopf et al., 2005). It helps identify the key processes that the organization must excel in to continue to add value for its customers and improve its performance financially (Niven, 2014). This perspective highlights the processes some of which the organization may not be performing and are critical for its strategy to succeed. This may start by identifying current and future customer needs, develop new solutions to these needs, and offer after-sales services that add to the value customers receive from the product offering (Kaplan & Norton, 2015). It is measured in terms of the introduction of new products, order response time, capacity utilization, technology capability order conversion rate, on-time delivery from suppliers, cost of non-conformance, cost of non-conformance, and lead-time reduction (Ibrahim, 2015; Muiruri & Kilika, 2015; Ahmad & Soon, 2015).

Learning and growth perspectives looks at the ability of the employees, the quality of information systems, and the effects of organizational alignment in supporting the accomplishment of its goals. Processes only succeed if adequately skilled and motivated employees, provided with accurate and timely information are driving them (Hopf et al., 2005; Niven, 2014). Kaplan and Norton (2015) indicates that financial, customer, and internal processes reveal the gaps between the existing capabilities of people, systems and procedures, and what is required to achieve breakthrough performance. To close the gap, organizations must invest in reskilling employees, enhance technology and systems. Ahmad and Soon (2015) suggest that the

performance measures for these perspectives are employee satisfaction, employee continuity, and employee productivity.

1.2 Statement of the Problem

Business Process Outsourcing is one of the six priority sectors in the economic pillar of the Kenya Vision 2030. The vision envisages that the country becomes the top business process outsourcing destination in Africa. However, this has not been achieved since other countries which include South Africa, Ghana, Morocco, and Egypt have been more preferred destinations than Kenya (Wachira et al., 2016). Statistics have also shown that the global destination position for Kenya has deteriorated. Kenya's dismal performance at the global arena has been brought out clearly through the global assessment framework for global outsourcing destinations by Tholons, a consulting company based on the cost of doing business like bandwidth costs, business catalyst/ environment, infrastructure like transportation and internet connectivity, innovation like government incentives and risk profile like political risks (Tholons, 2017). Kenya retained position 97 out of 100 as a BPO destination globally in 2014 and 2015 consecutively (Tholons, 2015). In 2016, Kenya dipped from position 97 to 98 out of 100 as a BPO destination based on the cost of doing business, business catalyst/environment, infrastructure, innovation, and risk profile (Tholons, 2016). In 2018, Kenya was not listed by Tholons in the BPO 100 destinations (Tholons, 2018). Therefore, Kenya and by extension, the BPO companies which are the players in the industry have not become the top Africa destination as envisaged by the Vision 2030. This has been resounded by Kenya's tail-end performance in annual global assessment frameworks. One of the areas that may influence the performance of the BPO sector is the macro environment and it is in this regard that this study therefore, sought to establish influence of macro environment on the performance BPO companies.

Recent empirical studies in this area have emphasized on the internal environment of the organization as the one that influences the performance of BPO companies (Mann & Graham, 2016; Gitau, 2014; Gatheru, 2017; Mclvor, 2016; Lacity, Willocks & Craig, 2014). Mann and Graham (2016) focused on internal barriers faced by BPO sector in Kenya, while Gatheru (2017) and Gitau (2014) considered internal factors affecting the growth of the BPO sector in Kenya. A study by Maclvor (2016) focused on the internal capabilities for applying process improvement techniques in the BPO while another study by Lacity, Willocks & Craig, (2014) considered internal factors

affecting South Africa as a BPO destination. Regarding macro environment and organizational performance, studies have been carried out on various sectors other than the BPO sector. These studies include on health services Ahmad (2012), Kithusi (2015) was on furniture enterprises, Mhlanga and Steyn (2017) was on airline industry, Njoroge et al., (2016) was on state corporations and Watende (2014) was on export services sector. This study therefore tried to fill the gap by focusing on the macro environment as most studies on BPO sector have considered the internal environment. Additionally, the studies on macro environment and performance have been carried out on other sectors other than the BPO sector, and thus this study intends to fill that gap. Moreover, the foregoing studies recommended that studies be replicated in other sectors and thus this study aims at implementing those recommendations by researching on the influence of macro environment on the performance of BPO companies in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to investigate the influence macro environment on the performance of BPO companies in Kenya.

1.3.2 Specific Objectives

1. To evaluate the influence of political environment on the performance of Business Process Outsourcing companies in Kenya.
2. To investigate the influence of the economic environment on the performance of Business Process Outsourcing companies in Kenya.
3. To evaluate the influence of the technological environment on the performance of Business Process Outsourcing companies in Kenya.
4. To investigate the influence of the legal environment on the performance of Business Process Outsourcing companies in Kenya.
5. To determine the moderating influence of firm strategy on the relationship between the macro environment and performance of Business Process Outsourcing companies in Kenya.

1.4 Research Hypotheses

H₀₁: Political environment does not influence the performance of Business Process Outsourcing companies in Kenya.

H₀₂: Economic environment does not influence the performance of Business Process Outsourcing companies in Kenya.

H₀₃: Technological environment does not influence the performance of Business Process Outsourcing companies in Kenya.

H₀₄: Legal environment does not influence the performance of Business Process Outsourcing companies in Kenya.

H₀₅: Firm strategy has no moderating influence on the relationship between external context and performance of Business Process Outsourcing companies in Kenya.

1.5 Scope of the Study

The study covered the macro environment which included political, economic, technological, legal environments, and the moderating factor of influence of firm strategy on performance of BPO companies. Four theories underpinned the study which include the Open System Theory, Porter's Diamond Theory, Contingency Theory and Macro Environment (PESTEL) Model. Open Systems Theory, regard organizations as open systems which interact with the external environment to survive and are therefore influenced by the external environment. Porter's Diamond Theory helps sectors understand the competitive advantage they have due to certain factors available to them. It also explains how the government can act as a catalyst to improve their positions in the globally competitive environment.

The Contingency Theory proposes that organizational performance results from fitting the organization to contingencies which includes the environment, organizational size and strategy. It also adds that organizations are shaped by contingencies since it needs to fit them to avoid loss in performance. The Contingency theory stresses on the proper alignment among the internal and external organizational factors that positively affect the performance. The Macro Environment Model considers the uncontrollable macro environment that might affect the organization. The model is used in evaluating the business environment that is highly dynamic. It is used in risk ascertainment and in development of risk response strategies. The model consists of political, economic, social technological, environmental and legal environments. The study used four of them that were considered more relevant to BPO companies.

The study was conceptualized through the four independent variables that included political, economic, technological and legal environments and the dependent variable

being performance. The moderating variable was firm strategy. Each of the variables was operationalized using some indicators which were used to measure the relationship between the independent and the dependent variables. Political environment was operationalized through political climate, government incentives and support and infrastructure; economic environment through monetary and fiscal issues, cost of doing business and globalization; technological environment through technological changes, technology access and cost and data protection; legal environment through local laws and standards, regulation and licensing and international law. Performance was measured using balanced scorecard which considered both financial and non -financial perspectives, namely, financial, customer, internal business, customer and learning and growth. Firm strategy was operationalized through response strategies, adoption strategies and review of strategies.

Methodologically, the study focused on all the 118 registered BPO companies in Kenya as at December 2018. The pragmatic research philosophy was adopted since the both quantitative and qualitative data was collected and analysed. On the same vein, the mixed research approach was used. Collection of data was done through questionnaire for primary data and data review sheet for secondary data. The data was analysed through descriptive statistics and regression analysis.

1.6 Justification of the Study

The findings are intended to assist policy makers to make legislation, regulations, and policies that will promote the performance of the BPO companies. The BPO companies will benefit from the findings which they can incorporate in discussions with the government on how the cost of doing business can reduced, favorable tax structures can be established, and the necessary government support can be provided to promote their performance. The study is helpful to scholars and academia as it gives reference for future research work on BPO companies and has also made recommendations for further study on other sectors and countries.

1.7 Limitations of the Study

The study had some limitations which did not affect the research findings significantly. Some respondents feared to divulge information about their organizations. However, they were informed that the information required from them was for academic

purposes and would not be disclosed to unauthorized persons and especially their competitors. The research permit from the National Commission for Science, Technology, and Innovation (NACOSTI) gave them confidence as it was proof of the foregoing explanation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter reviews theories that underpin the study and empirical review, conceptual framework, summary of the reviewed literature, and research gaps.

2.2 Theoretical Framework

The research was guided by four theories; open systems theory, Porter's diamond theory contingency theory, and macro environment model.

2.2.1 Open Systems Theory

Open systems theory was developed by Katz and Kahn (1966), where the theorists viewed the organization as an open system that takes in resources from its external environment and transforms them into goods or services that are sent back into the environment. The organization, therefore, interacts with the external environment to survive (Foster, 2016). The organizational change depends on the strategic analysis of the environment and these changes are used to propel organizational growth and development. The organization is affected by the elements from the environment which includes suppliers, distributors, government agencies, and competitors (Ramanathan, 2009). This theory regards an organization as an open system that is influenced by the external environment and therefore its relevance to this study since it is considering the influence of the macro-environment on the performance of BPO companies.

2.2.2 Porter's Diamond Theory

Michael Porter proposed the diamond model in 1990 to assess sources of competitive advantage of a particular industry in a country (Shambi, 2009). Porter (1990) indicates that a nation's competitiveness depends on the capacity of its industry to innovate and upgrade. The scholar designed the theory to help understand the competitive advantage of nations or sectors due to certain factors available to them and explain how governments can act as catalysts to improve the country's position in the globally competitive economic environment. The theory suggests that organizations may use the theory to identify the extent to which they can build on home-based advantages to create a competitive advantage globally. The theory provides four determinants of

organizational performance and competitiveness which include, factor conditions, home demand condition, related supporting industries and firm strategy, structure, and rivalry (Smit, 2010).

The theory is relevant to the study since the BPO companies can apply it to build on their home-based advantages to create a competitive advantage globally thus impacting their performance. It can also be used by the government by developing policies that influence the political, economic, technological environments. This would in turn enable the sector to develop a strong competitive position. Besides, the majority of the factors in this theory are external to the organization thus the relevance to the study. It also related closely with the contingency theory which is concerned with fitting organizations to contingencies and among them is the environment.

2.2.3 Contingency Theory

Contingency theory originated from the criticism of the universal approach that there is 'one best' way that influences organizational performance. The Universalist scholars fronted the idea that the organizational structure is the only one that influences organizational performance. However, Woodward (1965) and Lorsch (1967) criticized the Universalists and thus originated the contingency theory by suggesting that organizational performance depends on contextual aspects that need to be taken into consideration. Other scholars have built on the works of Woodward and Lorsch, one of them being Donaldson (2001), through his book, "The Contingency Theory of Organizations" where he indicates that the organizational performance results from fitting the organization to contingencies which includes environment, organizational size, and organizational strategy. Additionally, the organization is shaped by contingencies because it needs to fit them to avoid loss of performance. Lindow (2013) adds that contingency theory has a firm performance orientation and that the contingencies of a firm are internal and /or external which are referred to as the environment. Linton (2014) suggests that the core concept of contingency theory is a proper alignment among internal and external organizational factors that positively affect organizational performance. This theory is relevant to this study since it considered the macro environment of the BPO companies and the influence upon their performance that is reflected in the theory.

2.2.4 Macro Environment Model

The importance of considering the uncontrollable macro-environment that might affect the organization was postulated by Aguiler (1967), where he discussed the elements as economic, technical, political, and social. This has since evolved into the PESTEL Model to represent political, economic, social, technological, environmental, and legal aspects. Witcher & Chau (2010) indicates that the PESTEL model is a mnemonic used in strategic management to group macro-environmental elements to help strategists look for sources of general opportunity and risk in which fundamental changes in them may lead to the transformation of organizations.

The model is used as a tool of situational analysis and is the most used model in the evaluation of a business environment that is highly dynamic. The model appraises each of the key factors which directly and indirectly affects the business performance so that strategies could be developed to overcome the issues for a better market position. It enables the organization to understand its market position, trends, and performance schedules. It is used in risk ascertainment and to develop risk response strategies based on the risk capacity of the organization and the risk attitudes of the top levels of the organization. (Perera, 2017). The model examines trends in the macro-environment and how they might influence the organization. It brings scrutiny to the non-market structures in which organizational activities occur and in which the organization operates (Mackay, Arevuo, Meadow & Mackay, 2020).

PESTEL model consists of political, economic, social technological, environmental, and legal environments. The political environment is made up of factors that determine the extent to which a government may influence the economy or a certain industry (Rastogi & Trivedi, 2016). Mackay et al., (2020) adds that the model takes into consideration how the political parties, local, national and regional governments might have a direct or indirect impact on the operating environment for the organization. It also involves government support to the organization or industry and is a highly significant consideration to a business especially if it is a foreign company where political support is essential for success (Perera, 2017). Political environmental factors include political stability or instability, political consequences, tax policies, changes in the constitution, policies, and government action (Rastogi & Trivedi, 2016; Perera, 2017).

The economic environment consists of the factors that are determinants of an economy's performance that directly impacts a company and have resonating long term effects. For instance, a rise in the inflation rate of any economy would affect the way companies' price their products and services. Additionally, it would affect the purchasing power of a consumer and change demand/supply models for that economy (Rastogi & Trivedi, 2016). The economic factors include inflation rate, interest rates, foreign exchange rates, economic, age structure, income levels, population growth, disposable income, poverty consideration, tax rates, educational levels, energy prices, national growth in the economic setting in which the organization operates (Mackay et al., 2020; Rastogi & Trivedi, 2016; Perera, 2017).

The social environment takes into consideration the trends in attitudes and demographics within the society at large which shapes products, services, and the way the organization is operated. Macro- social conditions will consider how customer demands and needs are evolving in the long-term and how employee expectations and availability are shifting. For a strategist, this factor raises questions about capabilities and capacities that need to be invested in to meet future customer demands sustainably; for instance shifting consumer attitudes towards data, technology, mobile devices, and openness of information has created new markets and industries based on social media platforms (Mackay et al., 2020). The sociological factor takes into consideration all events that affect the market and community socially. Thus, the advantages and disadvantages to the people of the area in which the project is taking place also need to be considered. These events include cultural expectations, norms, population dynamics, healthy consciousness, career altitudes, global warming among others. These factors scrutinize the social environment of the market, and gauge determinants like cultural trends, demographics, and population analytics (Rastogi & Trivedi, 2016). The social environment aspects include traditions, cultural aspects, norms, myths, religious values, perceptions, and attitudes towards the organization and the industry. The environment is linked with the cultural and traditional values of the country and thus adapting to these cultural values is important for better performance, higher productivity, and achievement of growth targets. Moreover, purchase behaviour and consumer behaviour are shaped according to the social environmental factors that are highly significant. The product or service mix development should address these

environmental factors to ensure customer satisfaction within the industry (Perera, 2017).

The technological environment involves developments in product process and service, enabling technologies and associated possibilities and impacts on the value the organization creates and how it operates (Mackay et al., 2020). Rastogi and Trivedi (2016) add that technological factors pertain to innovations in technology that may affect the operations of the industry and the market favourably or unfavourably. It also involves automation, research and development, and the amount of technological awareness that a market possesses. This factor takes into consideration all events that affect technology. Since technology often becomes outdated within a few months after it is launched, it is important to consider this. This factor could also take into consideration all barriers to entry in certain markets and changes to financial decisions. This is highly relevant to the technology-based industry. However, technology has become a vital part of every business today where most of the operations are done using technology. The aspects included here are technical upgrades, technological infrastructure, technology hardware, and software (Perera, 2017).

The environmental aspect is a macro review of how the changing state of the natural environment will affect the activities of an organization. This addresses the implications of climate change on the natural environment and the acceptable organizational practices, regulation of environmental impacts like carbon footprint, incentives, and opportunities for progressive environmental practices. The factors that draw attention to an organizational opportunity and competitive advantage appear to be available for those willing to go beyond compliance in sustainability practice (Mackay et al., 2020). Perera (2017) emphasizes the importance of ecological or natural concerns in business as critical with the increasing pressures of global warming, negative environmental impacts, and sustainability concerns. Some of the aspects for consideration include environmental pollution, waste disposal, energy efficiency, eco-friendliness, impact of the environment on business activities climate, weather, geographical location, global changes in climate, environmental offsets, ground conditions, and ground contamination (Rastogi & Trivedi, 2016).

The legal environment is laws, legislation, and regulation affecting all stakeholders in the localities in which an organization operates. By considering the current and likely

future, formal parameters within which an organization operates, decisions can be made on how to optimally organize activities and how to reconfigure products and services to exploit the opportunity and avoid costs of non-compliance presented by the legislative context (Mackay et al., 2020). Further, legal factors highly vary from industry to industry and they can have a critical control of business activities. Adhering to legal requirements can derive a strategic advantage to an organization over the others. This ensures that the company is ethically directed that promoted ethical business (Perera, 2017).

The purpose of the PESTEL model is to identify the high-level trends in the external context that impacts on the broad environment in which the organization operates. It helps the organization to gain insight on how to meet these challenges in the future. It can provide foresight of threats to an organization's existence. It helps identify where long-term investment and capability building should be directed. It also highlights the possibilities of shaping the environment in a way that is favourable to the organization. PESTEL model provides a multitude of possible macro-environmental influences on the organization. Not all of these factors are of equal relevance to the organization and thus there is a need to identify trends to establish the most important aspects (Mackay et al., 2020). Following this suggestion, not all PESTEL aspects are relevant to this study. Environmental and social environments are not included in this study because environmental aspect which is concerned with the natural activities like climate change and the social environment deals with aspects like attitudes, religious values, cultural trends and perceptions which are considered not relevant to this study. Therefore, political, economic, technological, and legal aspects are used since they are considered more relevant to BPO companies. This model forms the basis of this study where the macro environment which is not controllable by the organization influences the organizational performance.

2.3 Empirical Review

This section discusses the past studies according to the objectives of the study which include political environment, economic environment, technological environment, legal environment, firm strategy, and performance of the BPO sector.

2.3.1 Political Environment

The political environment involves government decisions that support or impede organizational performance. The literature on the political environment suggests that it influences organizational performance positively and negatively. Several studies reinforce the positive influence of the political environment on organizational performance (Ahmad, 2012; Kithusi, 2015; Watende, 2014). These studies have made it evident that the political environment may promote the performance of an organization. Ahmad (2012) established that favorable political environment in Saudi reduced the uncertainty for organizations thus promoting their performance with recommendations that the study is replicated in other service sectors other than the health sector, which this study intends to do for the BPO industry. To affirm this proposition (Kithusi, 2015) found that favorable political stability at the time of the study in Kenya, influenced the availability and access to requisite resources thus resulting in optimum firm performance. The researcher recommends that similar studies be replicated in other medium and small enterprises to establish whether similar results can be obtained. Another study supports this positive influence (Watende, 2014) which established that favorable political climate and political stability in the markets where the organizations exported their services, contributed to their satisfactory performance. The study recommends that similar studies be carried out in service sectors with a bigger sample since the sample size was 28 organizations. This study considered a larger number of organizations, 118 companies in number.

Some other literature revealed the negative influence of the political environment on organizational performance (Ridwani & Primiana, 2015; Mark & Nwaiwu, 2015). Ridwani and Primiana (2015) resounded the proposition in the study on the performance of Indonesian organizations by establishing that unpredictable political climate resulted in uncertainty and thus adversely affecting the performance. The study recommends the need for the government to make the political terrain stable and eliminate violence to enable business growth and development. This proposition was retaliated by Mark and Nwaiwu, (2015) where they established that political instability and violence negatively affected the organizational performance. The study recommends that the political environment needs to be addressed for firms to optimize their performance. Other studies that specifically focused on BPO organizations established that the performance of BPO organizations was negatively affected by

taxes, weak incentives, and inadequate government support (Kagume, 2015; Gitau, 2014; Wathigo, 2012; Njuguna, 2010). The studies recommended further research on the role of government on the growth of the BPO sector in Kenya, a similar study on factors affecting the growth of BPO firms in other countries, and studies to determine government incentives that can propel the growth of the BPO industry respectively.

The political environment affected the organizational performance in diverse ways in these studies due to the political aspects considered, the difference due to the country, sector, and the type of organizations under the study. Other studies had very small samples that may not be representative of the area under study, whereas this study use census on all the registered BPO companies. The research design used by many is descriptive and case study while this study used mixed-method research. This study, therefore, built on the findings of these studies and established the influence of the political environment on the performance of BPO companies.

2.3.2 Economic Environment

Organizations are subject to changes in the economic environment which may offer opportunities or threats thus favorable or adverse influence on performance. The literature on the economic environment has reflected these two scenarios. Some studies affirmed that the economic environment had a favorable influence on organizational performance (Ahmad, 2012; Wathigo, 2012; Kagume, 2015). Ahmad (2012) established that high income, low inflation increased the purchasing power of the population, thus contributing to a favourable performance by organizations. The low taxes levied by the Saudi government also enabled the organizations to purchase inputs at lower prices thus enhancing their performance. The researcher recommends that the study is replicated in other service sectors other than the health sector, which this study intends to do for the BPO industry. Faster and reliable internet in Kenya was found to facilitate the performance of organizations in Kenya (Wathigo, 2012; Kagume, 2015). However, the aspect of the cost of the internet services and its effects was not considered by these studies while it was included in this study.

Other studies emphasized the adverse influence of the economic environment on organizational performance (Eruemegbe, 2015; Mhlanga & Steyn, 2017; Watende, 2014). Eruemegbe (2015) established that inflation and high-interest rates in Nigeria

adversely affected organizational performance and recommended that firms should scan their environments to reduce uncertainties and thus optimize performance. The performance of Southern African countries' airlines was adversely affected by the economic recession, high oil prices, and currency instability (Mhlanga & Steyn, 2017). The study recommends that firms should take advantage of opportunities in the macro-environment to improve performance. The scenario of the adverse influence of the economic environment which includes interest, exchange, and inflation rates has been retaliated by (Watende, 2014). The study recommends that the firms should consider the economic environment for threats and opportunities and take necessary actions to deal with them. The economic environment affected the firm performance in diverse ways in these studies where the economic aspects were different due to the country, sector, and the type of organizations under the study. Other studies had very small samples that may not be representative of the area under study, whereas this study used census on all the 118 registered BPO companies. The research design used by many is descriptive and case study while this study used mixed-method research. This study, therefore, built on the findings of these studies and established the influence of the economic environment on the performance of BPO companies.

2.3.3 Technological Environment

The technological environment is the most dynamic element of the macro environment and causes obsolescence of equipment and processes at a very fast rate thus negatively impacting firm performance. It is also a great enhancer of performance when it is proactively embraced and adopted by an organization. Some of the reviewed literature supported the view that the technological environment contributed to improved organizational performance (Njoroge, Ongeti, Kinuu, & Kasomi, 2016; Ajayi, 2016). Njoroge et al. (2016) established that technological changes provided opportunities and ease of doing business that was favorable to organizational performance. The study recommends similar studies in other sectors other than the state corporations and this study focused on BPO companies. Additionally, technological changes provided efficient ways of production thus increasing productivity and innovation that led to the development of new products, resulting in high performance (Ajayi, 2016). The study recommends that firms understand the technological environment and its impact on their performance.

On the contrary, a study by (Maweu, 2016) based on sugar companies in Kenya confirmed that technology change may have adverse effects on performance where new technology is not adopted. The study found that the companies were performing poorly due to the use of outdated technology. The study recommends that similar studies be extended to other sectors of the economy which this study intends to do. The literature reviewed suggests that the technological environment highly influences the performance of an organization, which is relevant to this study since business process outsourcing is highly dependent on technology and therefore its importance to this study.

2.3.4 Legal Environment

The legal environment can be an enhancer or an impediment to an organization's performance. Additionally, organizations have no control over the legislation since they are enacted by respective government bodies and can only align with them. To support the proposition of the positive influence of the legal environment on organizational performance is a study which established that stability and favorable laws provided an opportunity of reducing uncertainty (Ahmad, 2012). The study recommended replication of the same study in another sector other than the health sector which this study intends to do. However, other studies have revealed a divergent side of the influence of the legal environment which impeded the performance of organizations in that there were inadequate laws to support the respective businesses (Adomako & Danso, 2014; Jankovic, Mihajlovic & Cvetkovic, 2016; Njoroge et al., 2016). The studies recommend the development of a better legal framework to improve performance, a larger sample size larger than 60 firms be considered and similar studies are replicated in other sectors other than state corporations respectively. The literature reviewed suggests that the legal environment impedes performance, especially where there are inadequate legislation and favorable laws to enhance it. These findings provided the astute foundation of this study in establishing the influence of the legal environment of BPO companies.

2.3.5 Business Process Outsourcing

Business Process Outsourcing is a global phenomenon and is employed by organizations to outsource their non-core activities for them to concentrate on their core business. This helps them leverage on the expertise of other firms, deepen themselves on their core-competence and thus increasing their competitiveness at the

market place. Thite (2008) is one of experts in business process outsourcing management issues and indicates that BPO has emerged as a key business strategy having the driving factors as globalization, comparative advantages, and technological trends, global pool of creative talent, public sector reforms, hyper competition and demanding customers, focus on core competency and changing organizational structures.

Empirical review reflects both positive and negative experiences of the BPO business. Gerbl, McIvor, and Humphreys (2016) opines that globalization and advances in information and communication technologies have facilitated the trend towards outsourcing to improve performance. In Germany, the first wave of BPO involved outsourcing labour-intensive manufacturing processes which has now expanded to include intensive professional services such as accounting and legal services. Another study established a significant change in the availability, cost and quality of digital connectivity in Rwanda and Kenya. As a result, the internet access rose from 10% to 43.4% and from 7.7% to 10.6% in Kenya and Rwanda respectively in 2014. This impacted positively to the performance of BPO companies since their business highly depend on the internet. The respective government efforts to install broad band internet through installation of the fibre optic cable is associated with this impact. However, despite the substantial national investment, strong government support, and positive media publicity, the study found a small and shrinking number of locally owned BPO firms in Kenya and virtually no locally dedicated BPO firm in Rwanda. The BPO local firms in Kenya, were also found to engage themselves in low-value work, some were struggling for financial survival and due to lack of offshore business, and many were dependent on a few domestic clients (Foster, Graham, Mann, Waema, & Friederici, 2018).

Some studies established that the BPO companies faced some challenges which affected their performance which included, infrastructure, regulatory framework, labour laws, securing BPO business, marketing the services especially abroad, accessibility of start-up capital, bandwidth costs and cost of energy (Chumo, 2015; Gatheru; 2017). Wachira, Brookes and Haines (2016) established that Kenya has potential to engage in domestic and offshore business, but the firms are required to penetrate the market to obtain an equitable market share which has high competition from India, Philippines, China, Taiwan, Malaysia, South Africa and Egypt. Another

challenge is lack of BPO ethics and guidelines for outsourcing which is seen as a risk by outsourcing firms especially because of data security.

In its effort to implement the Vision 2030, the government develops medium term plans. The Third Medium Term Plan (2018-2022) is currently being implemented after the end of the Second Medium Term Plan which notably achieved the installation of the fibre optic cable and enactment of the Special Economic Zones (2015). During the implementation of the Second Medium Term Plan some emerging issues were encountered which included inadequate BPO legislation, vandalism of ICT infrastructure, lack of harmonized data management system, inadequate supply of affordable and uninterrupted power supply, lack of ICT qualification framework and rapid technological change. In view of enhancing the BPO sector, this plan has come up with some flagship projects which include developing of the Konza Technopolis by construction of a National Data Centre and associated ICT infrastructure, tarmacking of 40 kilometers murram roads and marketing the Technopolis to attract new BPO investors. The other projects include establishment of ICT Research Centre at the Multi-Media University of Kenya, establishment of e-commerce hub, establishment of ICT Innovation and Enterprise for commercialization of innovations to create incentives to start-ups and establishment of ICT Ecosystem Initiative to enhance cross border broadband connectivity through harmonization of tariffs on mobile calls, messages and data transmission within East Africa Community and the Common Market for Eastern and Southern Africa regional blocks (Republic of Kenya, 2018).

2.3.6 Firm Strategy

Strategy determines the firm's performance which is propelled by its response to the macro environment. For a strategy to benefit an organization, two considerations are important which include alignment of strategy to environment and adoption of an appropriate strategy. On the alignment of strategy to the environment, studies established that a strategy does not afford meaningful results if it is not aligned with the environment to take advantage of opportunities and address the threats it poses.

The results of some studies were that the alignment of strategy to environment resulted in improved performance (Musibau, Ojochide, Ekanem, Uidomoh, & Sunday, 2016; Tawaha, 2015; Ogaga & Owino, 2017). The studies recommended that the firms align

their strategy with the environment to improve their performance. These findings informed the study since the alignment of strategy to the macro environment was an important consideration. On appropriate strategy, several studies established that choice and implementation of appropriate strategy reinforced performance. Each organization is affected by the environment differently and therefore the importance of selecting the appropriate strategy and implement it (Mbithi, Muturi & Rambo, 2017; Hajar, 2015; Pushpakumani & Watanabe, 2016; Agboola & Ologunde, 2012). These studies recommend that the firms need to employ appropriate strategies to realize significant performance and that similar studies be replicated in other sectors other than sugar, manufacturing, and banking. Most of the studies used firm strategy as an independent variable while this study considered it as a moderating variable. The study also applied a firm strategy directly related to BPO companies as other studies used strategies appropriate to their areas of study.

2.3.7 Organizational Performance

Organizational performance may be considered to be the degree of attainment of work mission as measured in terms of work outcome, intangible assets, customer link, and quality services (Maina, 2016). In theory, the concept of performance forms the core of strategic management and empirically, most strategy studies make use of the construct of business performance in their attempt to examine various strategy content and process issues. In management, the significance of performance is clear through the many prescriptions provided for performance enhancement. Organizational performance is the most important criterion in evaluating organizations, their actions, and environments (Al-Matari et al., 2014). This study based the firm performance on financial indicators and recommended the use of both financial and non –financial indicators. Performance is a contextual concept associated with the phenomenon being studied. The concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, to achieve a shared purpose. Performance may be based on financial and non- financial parameters (Dinda et al., 2016). This study used the balanced scorecard which considers both financial and non-financial perspectives of financial, customer, internal business process, and learning and growth (Kaplan & Norton, 2015).

The Balanced Scorecard has been used in many studies to measure organizational performance. Successful organizations have notably adopted BSC to measure performance (Ibrahim, 2015). The increase in studies covering various sectors is an indication that BSC has attracted a lot of interest. These include some studies on manufacturing (Tibbs & Langat, 2016; Valmohammadi & Ahmadi, 2015) that established a positive relationship between BSC and organizational performance which contributed to an increase in revenue. In the education sector studies such as (Marete, 2015; Al-Hayaly & Alnajjar, 2016; Lin, Hu, Tseng, Chiu, & Lin, 2016) echoed that BSC was an important measure of performance and recommended that it be incorporated with the fuzzy evaluation to evaluate the BSC indicators. The studies on the public sector by (Osewe, Gachunga, Senaji, & Odhiambo, 2018; Muda, Erlina & Nasution, 2018; Lubis, Torong & Muda, 2016), found out that implementation of BSC affected the performance of educational institutions. Further, other studies on small and medium enterprises (Chong, Ong, Abdullah, & Choo, 2019, Afonso & do Rosario Cabrita, 2015, Malagueno, Lopez-Valeiras, & Gomez-Conde, 2018) established that SMEs that used BSC reported better performance. A study carried out on transport by (Lu, Hsu, Liou, & Lo, 2018) found out that BSC was an important tool for measurement of performance. The banking sector was found to use more of the financial perspective in the measurement of performance (Ibrahim, 2015; Mungai & Moturi, 2015). Pham and Vu (2019) in a study in the health sector established financial perspective was adopted to a greater extent and recommended using other perspectives for the hospitals to improve performance. Additionally, a study on the cooperative sector established that the use of financial perspective was more significant, primarily due to the moderating variable of the Sector Regulation (Muda, Erlina, & Nasution, 2018).

Studies based on various disciplines have used BSC as a measure of performance. In research and development, Spanò et al., (2016) found out that BSC was not only a measure of performance but also a tool for managing different aspects of innovation, especially in research organizations. In the supply chain, studies have been carried out and BSC was not only found to measure performance but also as a decision-making tool for sustainability (Callado, 2015; Xia, Yu, Gao, & Cheng, 2017). In accounting, Harden and Upton (2016) recommended that the organizations not only used traditional financial measures of performance but also all the BSC perspectives to

evaluate performance to strengthen competitive advantage. A study on customer relationships management on the use of BSC found out that learning and growth was the most influential perspective, and that it influenced the other perspectives (Keramati & Shapouri, 2016). Other researchers have combined BSC to measure performance with other methods like fuzzy evaluation and six sigma to evaluate the BSC indicators (Lyu, Zhou, & Zhang, 2016; Raval, Kant & Shankar, 2019).

BSC has been used to measure performance as reflected by many studies carried out in various countries. Hladchenko (2015) carried out a study on higher education institutions in Germany and established that BSC provided a systematic view of strategy and ensured a full framework for implementation of the strategy. Pham and Vu (2019) carried out a study on public hospitals in Vietnam which concluded that implementation of BSC influenced performance, and recommended that the hospitals focus on the customer and internal processes perspectives to improve their performance. In Portugal, a study on food manufacturing small and medium enterprise (SME) was carried out by Afonso, do Rosario Cabrita (2015) where BSC was combined with Lean Supply Chain Performance to measure its performance. Malagueño et al., (2018) carried out another similar study on SMEs in Spain, where it was established that the firms using BSC obtained better financial performance and presented higher levels of exploitative innovation. Callado and Jack (2015) used the scorecard in the study on agribusiness companies in Brazil and they were using the customer satisfaction metric of all the BSC perspectives. The study thus recommended the use of other perspectives to obtain balanced results.

Similar studies have also been carried out in some Asian countries. Lubis et al., (2016), researched on the implementation of the scorecard in a local authority in Indonesia and found out that this affected its performance. In the same country, Muda et al., (2018) research on the palm oil cooperatives where the results reflected that the financial perspective was more significant than the non- financial perspectives due to the moderating variable of prevailing governing regulations. In Malaysia, several studies have been conducted on the scorecard. Among them is a study on higher education institutions by Ahmed and Soon (2015) which concluded that the scorecard was an important management tool for the measure of performance since it takes into consideration both financial and non- financial measures. In a study on a Malaysian company, it was found out that BSC helped in aligning the company's strategic

objectives thus achieving its goals (Ayoup, Rahman & Kamal, 2016). The use of BSC was echoed in another study on Malaysian SMEs, which established positive and significant performance with scorecards. Two studies carried out in Taiwan showed the importance of using BSC and echoed the interdependence of the four perspectives namely financial, customer, internal business processes, and learning and growth (Lu et al., 2018; Lin et al., 2016).

In Kenya, various studies have been carried out on both the public and private sectors. One of the studies on the public sector was carried out by Marete (2015) at the University of Nairobi, established that there was a positive relationship between BSC and organizational performance and that the customer perspective was the most popular among the four perspectives. Two studies on state corporations in Kenya found out that BSC significantly predicted performance and that it helped clarify vision and strategy and translated them into action and goals (Osewe et.al, 2018; Muiruri & Kilika, 2015). Regarding studies on the private sector, which consisted of banks and manufacturing organizations, two studies, established that there was a positive and significant effect on performance resulting in increased revenue (Mungai & Moturi, 2015; Tibbs & Langat., 2016). The aforementioned studies are a reflection of the importance of the use of BSC to measure organizational performance as it considers both financial and non-financial perspectives which this study used to measure the performance of BPO companies in Kenya.

2.4 Conceptual Framework

This section provides a schematic presentation of the relationship between the variables. The independent variables individually and jointly influenced the dependent variable. The relationship between the independent variables and the dependent variable is moderated by the firm strategy. The independent variables of the study are the political environment, economic environment, technological environment, and the legal environment. The dependent variable is the performance of BPO companies while the moderating variable is the firm strategy. The conceptual framework is presented in Figure 1.

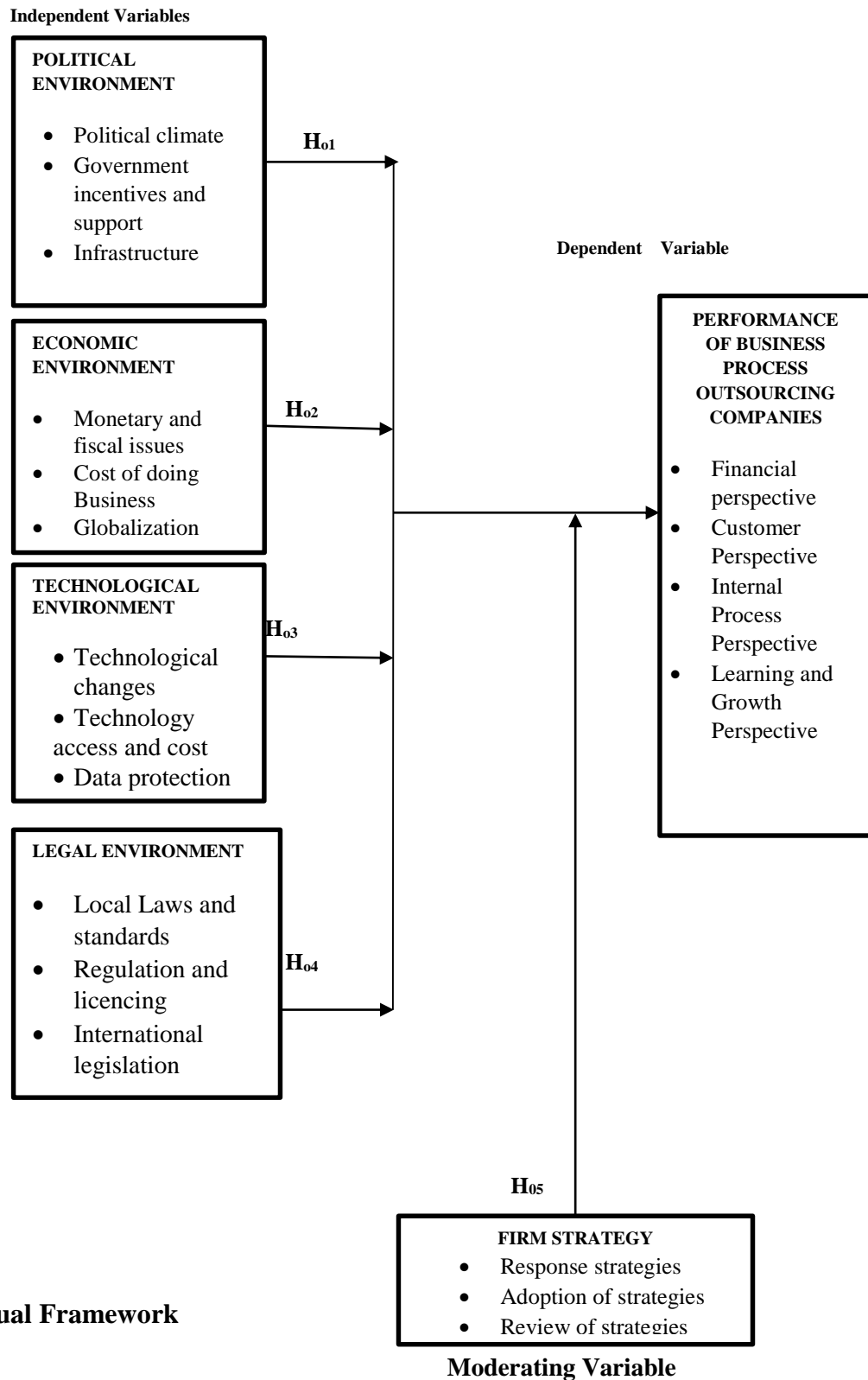


Figure 1: Conceptual Framework

Figure 1 shows the relationship between the independent, dependent, and moderating variables with the respective operationalization and measurement of variables. The political environment is operationalized through political climate, government incentives, and infrastructure. The economic environment is operationalized through monetary and fiscal issues, the cost of doing business, and globalization. The technological environment is operationalized through technological changes, technology access, and cost and data protection. The legal environment is operationalized through local laws and standards, regulation and licensing and international legislation while performance is operationalized through financial, customer , internal process and learning and growth perspectives; the moderating variable of firm strategy through response strategies, adoption of strategies and review of strategies.

2.5 Summary of the Literature Review

The chapter has considered four theories that underpin the study. Open systems theory proposes that an organization is an open system and thus interacts and is influenced by the external environment. Porter's diamond theory advocates that the competitive advantage of an industry is influenced by many elements that are internal and external with the government role acting as a catalyst. Contingency theory indicates that the contingencies of a firm which are both internal and external affect organizational performance. The macro-environment model indicates that the macro environment which is uncontrollable might affect the organization and it offers opportunities as well as threats. The study considered the macro environment as brought out in the contingency theory and macro environment model. The independent variables include political, economic, technological, and legal environments; the dependent variable is the performance of BPO companies while the moderating variable is a firm strategy. The chapter also contains the conceptual framework which schematically illustrates the relationship between the independent and dependent variable and the firm strategy as the moderating variable.

2.6 Research Gaps

Organizational performance has elicited a lot of interest among many researchers, which is evidenced by the available empirical studies. The traditional measure of performance is based on the financial approach which may not be sufficient since it does not consider other important aspects of performance. As a result of the

inadequacy of using financial measure of performance, many organizations have employed the balanced scorecard approach which considers both financial and non-financial approaches. In this regard, there are empirical studies on the use of the BSC on various sectors but there are scanty studies on the BPO sector. For instance, (Tibbs & Langat, 2016; Valmohammadi & Ahmadi, 2015) carried out as a study on manufacturing that established a positive relationship between BSC and organizational performance that contributed to an increase in revenue. On the same vein, (Marete, 2015; Al-Hayaly & Alnajjar, 2016; Lin, Hu, Tseng, Chiu, & Lin, 2016) carried out studies on the education sector and established that BSC was an important measure of performance and recommended that it be incorporated with the fuzzy evaluation to evaluate the BSC indicators. In addition, (Osewe, Gachunga, Senaji, & Odhiambo, 2018; Muda, Erlina & Nasution, 2018 Lubis, Torong & Muda, 2016) researched on the public sector and established that the implementation of BSC affected the performance of various public sector institutions. Other studies have been carried out on the small and medium enterprises by (Chong, Ong, Abdullah, & Choo, 2019, Afonso & do Rosario Cabrita, 2015, Malagueno, Lopez-Valeiras, & Gomez-Conde, 2018) which established that the SMEs which used BSC reported better performance. Further, a study was carried out on transport by (Lu, Hsu, Liou, & Lo, 2018) and found out that BSC was an important tool for measurement of performance.

Organizations operate in a business environment which consist of internal and external environments. The organizations rely on the elements of these environments since they have a significant effect on the overall performance. The empirical studies in this area have emphasized on the internal environment of the organization as the one that influences the performance of BPO companies (Mann & Graham, 2016; Gitau, 2014; Gatheru, 2017; Mclvor, 2016; Lacity, Willocks & Craig, 2014). Mann and Graham (2016) focused on internal barriers faced by BPO sector in Kenya, while Gatheru (2017) and Gitau (2014) considered internal factors affecting the growth of the BPO sector in Kenya. A study by Maclvor (2016) focused on the internal capabilities for applying process improvement techniques in the BPO while another study by Lacity, Willocks & Craig, (2014) considered internal factors affecting South Africa as a BPO destination. Regarding macro environment and organizational performance, studies have been carried out on various sectors other than the BPO sector. These studies include one by Ahmad (2012), which was on health services, Kithusi (2015) was on

furniture enterprises, Mhlanga and Steyn (2017) was on airline industry, Njoroge et al., (2016) was on state corporations and Watende (2014) was on export services sector. This study therefore tried to fill the gap by focusing on the macro environment as most studies on BPO sector have considered the internal environment.

Methodologically, most related studies used a small sample while this study considered all the 118 registered BPO companies. For instance, a study by Njuguna (2010), on determinants of the growth of the BPO sector in Kenya had a sample of twelve (12) companies, while another study by Eruemegbe (2015) on the impact of business environment on organizational performance had a sample of 39 organizations. A study by Gitau (2014) on the factors affecting the growth of BPO firms in Kenya had a sample of 50 firms and close to that sample is in a study by Jankovic et al.(2016) which had a sample of 60 companies. Njoroge et al., (2016), considered a sample of 98 organizations in the study on the influence of external environment on organizational performance of state corporations. Further, in study on the impact of political environment on business performance, a sample of 27 companies was used (Mark & Nwaiwu, 2015). In research, larger samples are more reliable, have a greater precision and thus more representative. Small samples have a tendency of having a large margin of error, thus making the results less reliable and may not precisely represent the entire population. This study intended to produce results that are more reliable and therefore targeted all the registered BPO companies in Kenya. A detailed summary of the research gaps is provided in Appendix I.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter discusses how the research was carried out. This includes the research philosophy, research design, target population, data collection, operationalization and measurement of variables, pretesting of research instruments, data processing and analysis, and tests of assumptions of regression models.

3.2 Research Philosophy

The study was approached from a pragmatic philosophical point of view. The pragmatic approach grants itself the freedom to use any of the techniques associated with quantitative and qualitative research. The pragmatic researcher is able to maintain both subjectivities in their reflections on research and objectivity in data collection and analysis (Baker, 2016). Since the study employed quantitative and qualitative data, closed-ended and open-ended questionnaire, subjectivity and objectivity approach in data collection and analysis, pragmatic philosophy was considered the most suitable.

3.3 Research Design

The study used a mixed research approach where both quantitative and qualitative data were collected. A cross-sectional survey was used since the data was collected at one point in time. The research design produced statistical information on the how macro environment influenced performance of the BPO companies.

3.4 Target Population

The target population was the 118 BPO companies in Kenya registered with Kenya IT& Outsourcing Services (Appendix III). A Census survey was carried out on all the 118 companies and the target respondents were the heads of marketing departments in the respective companies.

3.5 Data Collection Instruments

The study used both primary data and secondary data. Questionnaires were used to collect primary data which had both open and closed-ended questions. Open-ended questions sought in-depth information while closed-ended required precise responses.

The secondary data was collected by the use of a data review sheet to establish the performance in terms of returns on assets and the number of services provided by BPO companies (Appendix II).

3.6 Data Collection Procedure

To enable the collection of data, a research permit was obtained from the National Commission for Science, Technology, and Innovation (NACOSTI) (Appendix IV). The research assistants were identified and trained by the researcher on how to collect the data which included familiarization with research instruments, communication with respondents, and research ethics. The training approach included interactive plenary, role play, group discussion, questions, and answers session. The research assistants together with the researcher were allocated the companies to visit and distribute the instruments. The questionnaires were distributed to the head of marketing departments from each company since they are believed to be conversant with the influence of the macro-environment on the performance of the company. The respondents were given some days to complete the questionnaires and after which they were collected for analysis.

3.7 Operationalization and Measurement of Study Variables

The variables were measured through a Likert-type interval using a five-point scale interval scale ranging from strongly agree, agree, neutral, disagree to strongly disagree, and very great extent; great extent; moderate extent; less extent to not at all. Operationalization involved translating the variables into indicators that were measured using a research instrument as shown in Table 3.1.

Table 3.1 Operationalization and Measurement of Study Variables

Variable	Type of variables	Indicators	Measurement	Measurement Scale	Type of Statistical Analysis	Tools of Analysis
Political Environment	Independent	Political climate Government incentives and support Infrastructure	Interval Scale by use of Five Point Likert Scale The responses were converted into a continuous variable by aggregating the mean and the standard deviation	Interval	Parametric	Regression analysis
Economic Environment	Independent	Monetary and fiscal issues Cost of doing Business Globalization	Interval Scale by use of Five Point Likert Scale The responses were converted into a continuous variable by aggregating the mean and the standard deviation	Interval	Parametric	Regression analysis
Technological Environment	Independent	Technological changes Technology access and cost Data protection	Interval Scale by use of Five Point Likert Scale The responses were converted into a continuous variable by aggregating the mean and the standard deviation	Interval	Parametric	Regression analysis

Legal Environment	Independent	Local Laws and standards Regulation and licensing International legislation	Interval Scale by use of Five Point Likert Scale The responses were converted into a continuous variable by aggregating the mean and the standard deviation	Interval	Parametric	Regression analysis
Firm strategy	Moderating	Response strategies Adoption of strategies Review of strategies	Interval Scale by use of Five Point Likert Scale The responses were converted into a continuous variable by aggregating the mean and the standard deviation	Interval	Parametric	Regression analysis
Performance of business process outsourcing companies	Dependent	Financial perspective Customer Perspective Internal Business Processes Learning and Growth	Interval Scale by use of Five Point Likert Scale The responses were converted into a continuous variable by aggregating the mean and the standard deviation	Interval	Parametric	Regression analysis

3.8 Pretesting of Research Instruments

Before administering the questionnaires to the respondents, a pretest of the instrument was carried out. Questionnaires were administered to twelve (12) companies that were randomly selected, which translated to 10% of the 118 companies. The companies used in pretesting of research instruments were omitted during the study. This percentage is as postulated by Cooper and Schindler, (2008) that a pilot test constitutes 10% of the main sample. The questionnaires were tested for reliability using Cronbach's alpha correlation coefficient. The closer the coefficient is to 1, the higher the internal consistency reliability with a recommended coefficient of at least 0.7. Content validity was used to test the accuracy of data collecting instruments. A judgment procedure of assessing whether a tool is likely to provide content valid data is to request the opinion of an expert in a particular field to review it and give suggestions on content improvement (Kumar, 2018). To ensure validity, the questionnaire was reviewed by a panel of four academicians and five experts in the field of study. This facilitated the necessary modification and revision of the research instruments to enhance their validity.

3.9 Data Processing and Analysis

After administering the questionnaires, the raw data was processed by editing to check for errors, then it was coded, classified, and tabulated to make it understandable. Qualitative data was analyzed through content analysis to make generalizations concerning the categories of the interest of the study. Quantitative data was analyzed through descriptive statistics which are frequencies, percentages, arithmetic mean, and standard deviation. Inferential statistics which include Pearson correlation, analysis of variance, and regression analysis was also used to determine the relationship of the variables.

To test the hypothesis, regression analysis was used to test the significance of the influence of independent variables on the dependent variable shown in Table 3.2. This study used the regression model as fronted by Hoffman. The general model to show the relationship between each independent variable and the dependent variable is shown in equation 3.1.

The general model to show the relationship between the independent variables and the dependent variable is shown in equation 3.1.

$$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \text{ (Hoffman, 2010)} \dots \dots \dots 3.1$$

Where,

Y_i is Dependent Variable;

α is Constant term;

$\beta_1 - \beta_4$ is Beta coefficients of the independent variables;

$X_1 - X_4$ are Independent variables (political, economic, technological, legal environments);

e is the Error term.

The general moderating regression model is shown in equation 3.2

$$Y = \alpha + \beta_1 X_1 Z + \beta_2 X_2 Z + \beta_3 X_3 Z + \beta_4 X_4 Z + e \text{ (Cooper & Schindler, 2006)} \dots \dots \dots 3.2$$

Where,

Y_i is Dependent Variable (Performance of BPO companies);

α is the Constant term;

$\beta_1 - \beta_4$ are the Beta coefficients of the independent variables;

$X_1 - X_4$ are the Independent variables (Political, economic, technological, and legal environments);

Z is the Coefficient of the moderating variable;

e is the Error term

The moderating influence will be carried out in two stages. In the first stage, the influence of the independent variables on the dependent variable will be tested by regressing the independent variables on the dependent variable without the interaction of the moderator. In the second stage, the moderator will be introduced where it will be interacted with the independent variables. Where there is an increase in R square, then it means that the moderator explains the variation in performance by that increase and vice versa.

Table 3.2 Models for Testing Hypothesis

Objective	Hypothesis	Model	Type of Analysis
To evaluate the influence of the macro environment on the performance of BPO companies strategy in Kenya.	H₀₅ : Macro environment does not influence the performance of BPO companies in Kenya.	$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e,$ <p>Y is the Performance of BPO companies; α is the constant term; $\beta_1 - \beta_4$ are coefficients of independent variables $X_1 - X_4$ are the independent variables (political environment, economic environment, technological environment, legal environment respectively), e is the error term.</p>	Multiple Regression Analysis
To determine the moderating influence of the firm strategy on the relationship between macro environment and the performance of Business Process Outsourcing companies in Kenya.	H₀₆ : Firm strategy has no moderating influence of the firm strategy on the relationship between the macro environment and performance of Business Process Outsourcing companies in Kenya.	$Y = \alpha + \beta_1 X_1 Z + \beta_2 X_2 Z + \beta_3 X_3 Z + \beta_4 X_4 Z + e$ <p>Y is the performance of business process outsourcing companies, α is the constant term, $\beta_1 - \beta_4$ are the beta coefficients for the independent variables, $X_1 - X_4$ are the independent variables (political environment, economic environment, technological environment, legal environment respectively), Z is the corresponding coefficients for the moderating variable, e is the error term.</p>	Moderated Multiple Regression Analysis

3.10 Tests of Assumptions of Regression Models

Some assumptions are made when using linear regression to model the relationship between the independent and the dependent variables. The assumptions act as conditions to be met to draw inferences regarding model estimates for constructing necessary predictions. The assumptions include linearity, multi-collinearity, autocorrelation, homoscedasticity and heteroscedasticity.

3.10.1 Test of linearity

One of the assumptions of linear regression is that the independent and dependent variables are assumed to be linear. Linearity was therefore tested using scatter plots which displays whether the data fall within or close to the line meaning presence of linearity or far from the line which means the presence of outliers.

3.10.2 Test of Multi-Collinearity

The other regression assumption is that there is little or no multi-collinearity in data; which means that the independent variables are uncorrelated. Pearson r correlation was used to test the magnitude of the correlation between independent variables. Hope-Haily, Farndale and Killiher (2010) asserted that correlation values that are less than 0.8 or not close to +1 or -1 are an indication that the factors are measures of separate variables and are not multi-correlated. The variance inflation factor (VIF) was also used to test whether there is a problem of multi-collinearity. The rule of thumb is that where there is a strong linear association between the independent variables, the VIF is greater than 10 and the tolerance value is less than 0.1.

3.10.3 Test of Autocorrelation

Linear regression requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the error terms or residuals are not independent of each other. Durbin-Watson test was used to test the null hypothesis that the residuals are not linearly autocorrelated. To ensure that there is no first-order linear autocorrelation, the value of the Durbin Watson statistic should lie between the two critical values of $1.5 < d < 2.5$.

3.10.4 Test of Homoscedasticity and Heteroscedasticity

Homoscedasticity assumes that the variance of the residuals should be the same for all the predicted scores. A Scatter plot was used to check homoscedasticity. When this

assumption is met, the scatter plot takes the approximate shape of a rectangle, which means that the scores are concentrated in the center and distributed in a rectangular pattern. In contrast, any systematic pattern or clustering is considered a violation of the assumption. To check heteroscedasticity, the Glejser test was conducted by regressing the absolute variable with a regression equation. If the value of significance is greater than 0.05, then there is no problem of heteroscedasticity. If the value of significance is less than 0.05, then there is a problem of heteroscedasticity.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis of findings and discussions of the study which sought to establish the influence of the macro environment on the performance of BPO companies in Kenya. The chapter presents the response rate, background information of the respondents, pretesting results of the research instruments, testing of assumptions of regression models, descriptive statistics, correlation analysis, and testing of hypothesis using inferential analysis.

4.2 Response Rate

The questionnaires were administered to 106 respondents who were heads of marketing departments from 106 companies. This is exclusive of 12 companies that participated in the pretesting of the research instrument. Eighty-nine (89) questionnaires were filled and returned. This formed a response rate of 84% that was considered a representative sample for further analysis. Babbie (2004) recommended that a 60% return rate is good and a 70% return rate is very good. Kothari (2011) who indicates that a response rate of 70% is very good supports this response rate. Similar studies on BPO companies by Gatheru (2017) had a response rate of 53% while Gitau (2014) had 80%. Therefore, the response rate of 84% was considered adequate for analysis.

4.3 Background Information of the Respondents

The study sought to find out the background information of the respondents in terms of gender, age, years of experience in the company, their level of education, and the number of years their firms had been in operation, which was based on the items in the questionnaire. The findings from the analysis of the data helped to establish whether the respondents were normally distributed.

4.3.1 Gender Distribution of the Respondents.

The study sought to establish the gender of the respondents by requesting them to indicate their gender in the research instrument. The findings are as presented in Table 4.1.

Table 4. 1: Gender distribution of Respondents

Gender	Frequency	Percent
Male	59	66
Female	30	34
Total	89	100.0

The results in Table 4.1 show that 66% of the respondents were males while 34% were female. This indicates that the majority of the heads of marketing in the BPO companies were male. The findings also show that the ratio of males and females in the companies is within the third gender rule provided in the Constitution of Kenya.

4.3.2 Distribution of the Respondents by Age

The study sought to find out the age of the respondents by requesting them to indicate their age bracket in the research instrument. The results are as shown in Table 4.2

Table 4. 2: Distribution of the Respondents by Age

Age Bracket	Frequency	Percent
Below 30 years	6	6.7
31-35 years	9	10.1
36-40 years	21	23.6
41-50 years	41	46.1
51 years and above	12	13.5
Total	89	100.0

The findings in Table 4.2 shows that 46.1% of the respondents were aged between 41-50 years, 23.6% were aged between 36-40 years, 13.5% were aged 51 years and above, 10.1% were aged between 31-35 years while 6.7% were aged below 30 years. The study, therefore, represents the views of respondents of different ages and experiences.

4.3.3 Academic Qualification of the Respondents

To determine the academic qualifications, the respondents were requested to indicate their highest level of qualification in terms of the certificate, diploma, bachelor's degree, and postgraduate degree. The distribution of the level of education of the respondents is as presented in Table 4.3.

Table 4. 3: Academic Qualification of the Respondents

Academic Qualification	Frequency	Percent
Certificate	4	4.5
Diploma	12	13.5
Bachelor's Degree	43	48.3
Postgraduate Degree	30	33.7
Total	89	100.0

The results in Table 4.3 shows that 48.3% of the respondents had attained a Bachelor's Degree, 32.6% had a Postgraduate Degree, 13.5% had a Diploma while 4.5% had a Certificate. The findings show that 82% of the respondents had a Bachelor's Degree and above level of education and therefore sufficiently qualified.

4.3.4 Distribution of the Respondents by the Years Worked in the Company

The study sought to establish the experience of the respondents in the company by indicating the number of years they have served in the organization. This enabled the study to determine if the respondents' information could be relied upon to make conclusions based on the period they have served in the organization. The findings are as shown in Table 4.4.

Table 4. 4: Distribution of the Respondents by the Years Worked in the Company

Years Worked in the Company	Frequency	Percent
1 to 2 years	11	12.4
3 to 5 years	18	20.2
over 5 years	60	67.4
Total	89	100.0

The results in Table 4.4 shows that 67.4% of the respondents had worked for over 5 years, 20.2% for a period of between 3 to 5 years while 12.4% for a period between 1 to 2 years. Most of the respondents had therefore gained experience in their area of operation and the issues relating to the industry, which made them resourceful in the study.

4.3.5 Distribution of the BPO Companies by Years in Existence

The study sought to determine the age of the company by requesting the respondents to indicate the number of years the company has been in existence. The results are as shown in Table 4.5.

Table 4. 5: Distribution of the BPO Companies by Years in Existence

Age of the Company	Frequency	Percent
1 to 2 years	7	7.8
3 to 5 years	16	18.0
over 5 years	66	74.2
Total	89	100.0

The findings in Table 4.5 indicate that 74.2% of the companies had been in operation for over 5 years, 18.0% for a period of between 3 to 5 years while 7.8% of the companies had been in operation for a period of between 1 to 2 years. The results demonstrates that most of the companies had operated for more than five years thus they possessed adequate experience in the sector to provide the information sought by the study.

4.4 Pretesting Results of the Research Instruments

Pretesting was conducted in twelve (12) BPO companies to determine the reliability and validity of the research instruments. This is 10% of the population as recommended by (Cooper & Schindler 2011). The companies used in pretesting were omitted when administering the research instruments during the study.

4.4.1 Reliability Test

The study applied the internal consistency technique to measure the reliability of the data. This was done through pretesting of the research instrument using 12 randomly selected respondents who represented their respective companies. This represented 10% of the total population of the 118 companies. The scores attained from different items in the questionnaire were correlated and Cronbach's Alpha Coefficient was then computed to determine the correlation between the items. The results of reliability tests are summarized in Table 4.6.

Table 4. 6: Reliability Coefficients

Section of Questionnaire	Variable	Number of Items	Cronbach Reliability Coefficients
Part B	Political Environment	10	0.762
Part C	Economic Environment	10	0.842
Part D	Technological Environment	7	0.792
Part E	Legal Environment	10	0.740
Part F	Firm Strategy	11	0.755
Part G	Performance of BPO	25	0.891
Composite Cronbach's Alpha Reliability Coefficient			0.795

The study adopted the Cronbach's alpha statistics which recommend a threshold of more than 0.7 (Cronbach, 1951). The results in Table 4.6 reflect that Cronbach's reliability coefficients range from 0.740 to 0.891. All the variables, therefore, gave a Cronbach's alpha coefficient of more than 0.7 and thus were retained for further study.

4.4.2 Validity Test

To establish the validity of the research instruments, content validity was used. The test determines whether the research instruments measure what it claims to measure (Orucho & Awino, 2017). The questionnaire was reviewed by a panel of four academicians and five experts in the field of study. This facilitated the necessary modification and revision of the research instruments to enhance their validity.

4.5 Descriptive Statistics

The objective of this study is to investigate the influence of the macro environment on the performance of BPO companies in Kenya. As such the study sought to establish the extent to which the respondents agreed with given aspects of the macro environment as affecting the financial performance of BPO companies in Kenya. This section presents the results of how the respondents responded to the different statements relating to the dependent and independent variables.

4.5.1 Performance of BPO Companies in Kenya

This section presents the analysis of the independent variable which is the performance of BPO companies in Kenya. The indicators of the variable were financial, internal processes, customers, and learning growth perspectives. The respondents were given five items rated on a five-point Likert scale ranging from: To a very great extent; To a

great extent; To a moderate extent; To a less extent and Not at all from which to choose.

4.5.1.1 Financial Perspective

The study sought to determine the performance of BPO companies in relation to financial perspective which include company profits, return on assets, cash flow, cost of business, and capital. The respondents were therefore given five items rated on a five-point Likert scale ranging from: 1, To a very great extent; 2, To a great extent; 3, To a moderate extent; 4, To a less extent; 5, Not at all, to choose from. The findings are presented in Table 4.7.

Table 4. 7: Descriptive Statistics for Financial Perspective

Statement	Very Great Extent	Great Extent	Moderate Extent	Less Extent	Not at all	Mean	Std. Dev
Company's profits have increased over the last 5 years	6.7% (6)	18.0% (16)	23.6% (21)	30.3% (27)	21.3% (19)	3.415	1.204
Return on assets has increased over the last 5 years	10.1% (9)	12.4% (11)	25.8% (23)	28.1% (25)	23.6% (21)	3.427	1.260
Cash flow has improved over the last 5 years	13.5% (12)	15.7% (14)	27.0% (24)	24.7% (22)	19.1% (17)	3.202	1.298
Cost of business has reduced over the last 5 years	3.4% (3)	10.1% (9)	31.5% (28)	31.5% (28)	23.6% (21)	3.618	1.060
The amount of capital has increased due to growth in business over the last 5 years	6.7% (6)	16.9% (15)	30.3% (27)	29.2% (26)	16.9% (15)	3.325	1.145
Financial Aggregate Mean and Standard Deviation Scores						3.395	1.190
Coefficient of Variation Mean/SD							35%

The results in Table 4.7 reflects that the aggregate mean and standard deviations for financial perspective were 3.395 and 1.190 respectively, while the coefficient of variance is 35% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean. The results also show that

51.6% of the companies did not experience an increase in their profits over the last 5 years (mean = 3.415, std = 1.204). Also, 51.7% indicated that there was no increase in return on assets over the last 5 years (mean = 3.427, std = 1.260) while 29.2% of the indicated that cash flow had improved over the last 5 years (mean = 3.202, std = 1.298). Also, 55% of the companies indicated that the cost of business had reduced over the last 5 years (mean = 3.618, std = 1.060) and 53.9% of the companies had their amount of capital increase due to growth in business over the last 5 years (mean = 3.325, std = 1.145). From the findings it is evident that performance based on financial perspective had increased to a less extent.

4.5.1.2 Internal Processes Perspective

The respondents were requested to indicate how the company had set up internal processes that improve performance. They were given five items rated on a five-point Likert scale ranging from: 1, To a very great extent; 2, To a great extent; 3, To a moderate extent; 4, To a less extent; 5, Not at all, to choose from. The findings are presented in Table 4.8.

Table 4. 8: Descriptive Statistics for Internal Processes Perspective

Statement	Very Great	Great	Extent	Moderate	Extent	Less	Extent	Not at all	Mean	Std. Dev
The company has improved its overall efficiency as a result of innovations	27.0% (24)	42.7% (38)	16.9% (15)	9.0% (8)	4.5% (4)				2.213	1.081
The company has introduced new services over the last 5 years	31.5% (28)	46.1% (41)	14.6% (13)	7.9% (7)	0% (0)				1.988	0.885
Company's market share has increased over the last 5 years	12.4% (11)	11.2% (10)	43.8% (39)	21.3% (19)	11.2% (10)				3.078	1.130
The company has improved its service delivery	23.6% (21)	48.3% (43)	19.1% (17)	9.0% (8)	0% (0)				2.134	0.881
The company has improved its critical internal processes to capture the market	25.8% (23)	41.6% (37)	27.0% (24)	5.6% (5)	0% (0)				2.123	0.863
Internal Process Perspective									2.278	0.962
Aggregate Mean and Standard Deviation Scores										
Coefficient of Variation									42%	
Mean/SD										

The findings in Table 4.8 show that the aggregate mean and standard deviations for internal process perspective were 2.278 and 0.962 respectively, while the coefficient of variance is 42%. This a relatively low value which is an indication that the data represents a more precise estimate and therefore the lesser the level of dispersion around the mean. The results also indicate that 69.7% of the companies improved their overall efficiency as a result of innovations (mean = 2.213, std = 1.081) and majority of the companies, 77.6% introduced new services over the last 5 years (mean = 1.988, std = 0.885). The results also show that 67.5% of the companies increased their market share over the last 5 years (mean = 3.0787, std = 1.130), 71.9% of the companies had

improved their service delivery (mean = 2.134, std = 0.881) while 94.4% of the companies improved their critical internal processes to capture the market (mean = 2.123, std = 0.863). This implies that the internal processes of most BPO companies contributed greatly to their performance.

4.5.1.3 Customer Perspective

The study sought to establish the performance of the company due to customer service and satisfaction. The respondents were given eight items rated on a five-point Likert scale ranging from: 1, To a very great extent; 2, To a great extent; 3, To a moderate extent; 4, To a less extent; 5, Not at all, to choose from. The findings are presented in Table 4.9.

Table 4. 9: Descriptive Statistics for Customer Perspective

Statement	Very Great Extent	Great Extent	Moderate Extent	Less Extent	Not at all	Mean	Std. Dev
The number of customers have increased over the last 5 years	6.7% (6)	20.2% (18)	30.3% (27)	27.0% (24)	15.7% (14)	3.247	1.150
The company has created value for its customers through quality service	27.0% (24)	50.6% (45)	13.5% (12)	6.7% (6)	2.2% (2)	2.067	0.939
The company has been able to deliver services on time	32.6% (29)	44.9% (40)	22.5% (20)	0% (0)	0% (0)	1.898	0.739
The company has been able to create good structures to support customer relationship management	30.3% (27)	49.4% (44)	15.7% (14)	4.5% (4)	0% (0)	1.943	0.802
The company has employed continuous improvement in quality services to customers	20.2% (18)	52.8% (47)	15.7% (14)	11.2% (10)	0% (0)	2.179	0.886
There is established customer relationship system that attracts and keeps customers delighted	30.3% (27)	49.4% (44)	13.5% (12)	6.7% (6)	0% (0)	1.966	0.845
The company's forecasting on customer needs and requirements have been accurate	27.0% (40)	36.5% (65)	27.0% (48)	8.4% (15)	5.6% (10)	2.224	1.063
The company has handled customer feedback/ complaints promptly	28.1% (24)	39.3% (35)	22.5% (20)	6.7% (6)	0% (0)	1.955	0.877
Customer Perspective Aggregate Mean and Standard Deviation Scores						2.153	0.904
Coefficient of Variation Mean/SD						42%	

The findings in Table 4.9 show that the aggregate mean and standard deviations for customer perspective were 2.153 and 0.904 respectively, while the coefficient of variance is 42%. This a relatively low value which is an indication that the data represents a more precise estimate and therefore the lesser the level of dispersion around the mean. The findings show that 57.2% of the companies enlarged the number of customers over the last 5 years (mean = 3.247, std = 1.150). The results also show that 77.6% created value for their customers through quality service (mean = 2.067, std = 0.939), 77.5% delivered services to their customers on time (mean = 1.898, std = 0.739), 79.7% of the companies created good structures to support customer relationship management (mean = 1.943, std = 0.802) and 73% of the companies employed continuous improvement in quality services to customers (mean = 2.179, std = 0.886). The results also show that 79.7% established customer relationship system that attracted and kept customers delighted (mean = 1.966, std = 0.845), 63.5% of the companies' forecasting on customer needs and requirements had been accurate (mean = 2.224, std = 1.063) while 67.4% of handled their customer feedback or complaints promptly (mean = 1.955, std = 0.877). The findings suggests that the customer perspective contributed to the performance of the BPO companies to a great extent.

4.6.1.4 Learning and Growth Perspective

The respondents were requested to indicate the performance of the company in terms of learning and growth. They were given seven items rated on a five-point Likert scale ranging from: 1, To a very great extent; 2, To a great extent; 3, To a moderate extent; 4, To a less extent; 5, Not at all, to choose from. The findings are presented in Table 4.10.

Table 4. 10: Descriptive Statistics for Learning and Growth Perspective

.Statement	Very Great Extent	Great Extent	Moderate Extent	Less Extent	Not at all	Mean	Std. Dev
The company has ensured that there is enough qualified and skilled professional staff employed	27.0% (24)	50.6% (45)	15.7% (14)	6.7% (6)	0% (0)	2.022	0.839
The high staff morale has resulted in loyal staff with low turnover	20.2% (18)	50.6% (45)	22.5% (20)	6.7% (6)	0% (0)	2.157	0.824
The company has systems that support upward employee growth through merit	6.7% (6)	33.7% (30)	39.3% (35)	11.2% (10)	9% (8)	2.820	1.028
The company has embraced continuous learning on how to perform better	13.5% (12)	43.8% (39)	33.7% (30)	6.7% (6)	2.2% (2)	2.404	0.888
The company has created a good work environment conducive to support its operations	10.1% (9)	30.3% (27)	39.3% (35)	9.0% (8)	11.2% (10)	2.809	1.106
The employee productivity and staff development has improved	23.6% (21)	33.7% (30)	31.5% (28)	6.7% (6)	4.5% (4)	2.348	1.056
The company has been keen on employee health and safety	30.3% (27)	49.4% (44)	13.5% (12)	6.7% (6)	0% (0)	1.966	0.845
Learning and Growth Perspective Aggregate Mean and Standard Deviation Scores						2.339	0.935
Coefficient of Variation Mean/SD							40%

The findings in Table 4.10 shows that that the aggregate mean and standard deviations for financial perspective were 2.339 and 0.935 respectively, while the coefficient of variance is 40% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean. The results also indicate that

77.6% of the companies ensured that they employed adequate qualified and skilled professional staff (mean = 2.022, std = 0.839) and the high staff morale had resulted in loyal staff with low turnover as indicated by 70.8% of the companies (mean = 2.157, std = 0.824). The results also show that 39.3% indicated that their systems supported upward employee growth through merit (mean = 2.820, std = 1.028). Further, (57.3%) embraced continuous learning on how to perform better (mean = 2.820, std = 1.028).

The findings also show that 79.7% of the companies created a good work environment conducive to support its operations (mean = 2.809, std = 1.106). Besides, 67.3% improved their employee productivity and staff development (mean = 2.348, std = 1.056) while 79.7% been keen on employee health and safety (mean = 1.966, std = 0.845). The findings are an indication that most companies implemented learning and growth for their staff thus contributing greatly to their performance.

4.7.1.2 Performance Based on Return on Assets and Number of Services Offered

Secondary data was sought to support the findings of the primary data as fronted by Johnston (2017). This data was on performance based on return on assets and number of services offered by the companies. The results are shown on Table 4.11 and Figure 2.

Table 4. 11: Performance Based on Return on Assets and Number of Services

Year	Return On Assets				Overall	Number Of Services Offered
	2014	2015	2016	2017		
Mean	6.97	6.14	4.54	5.87	5.88	4.49
Maximum	26.77	26.31	22.51	25.21	26.77	9.00
Minimum	1.31	0.77	0.73	1.13	0.73	2.00

The findings in Table 4.11 on return on assets show a minimum of 4.54 and a maximum of 6.97 and an average of 5.88 while Figure 2 shows the trend of return on assets from 2014 to 2017 that reflects a downward trend. From 2014 up to 2016 there was a downward trend and an upward trend in 2017. This confirmed the findings from the primary data in Table 4.7 that showed that the majority of the respondents, 51.7 % disagreed that return on assets had increased for the last five years. Additionally, the average number of services offered was four with a minimum and a maximum of two and nine respectively. This reflects that majority of companies offered about four services. This confirms the findings from the primary data in Table 4.8 which indicated

that the majority of the respondents (77.6%) agreed that the company had introduced new services in the last five years. However, the global number of services offered by BPOs is about fifteen United Nations (2005), which shows that the BPO sector in Kenya is yet to offer a wide range of services as per global threshold.

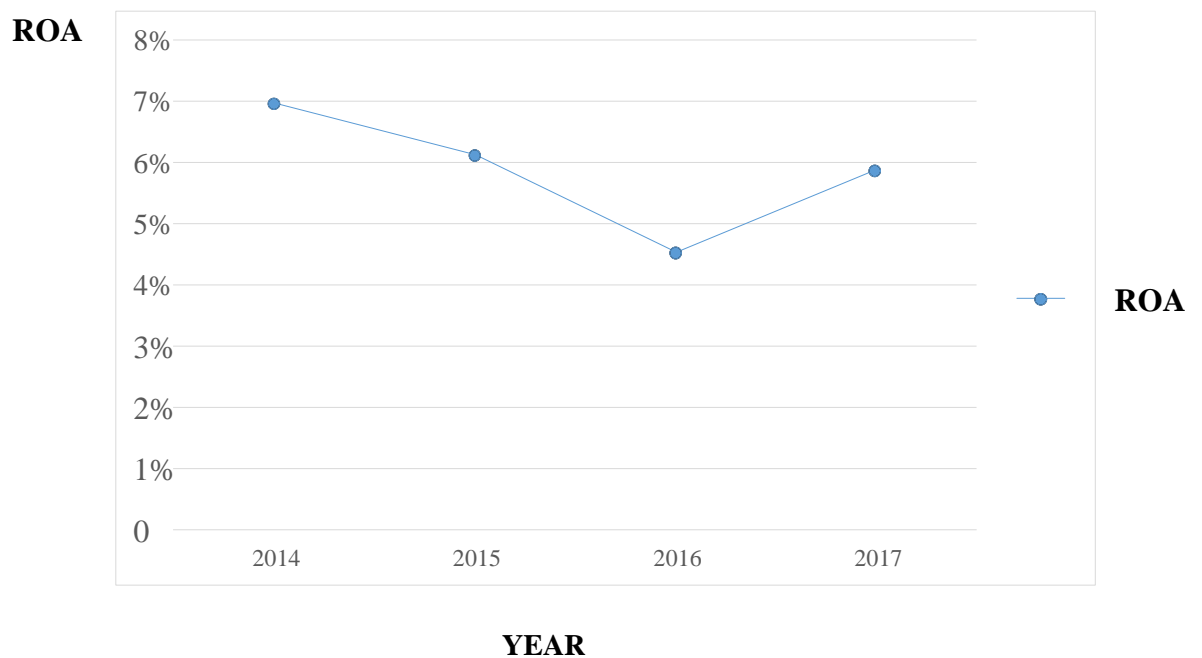


Figure 2: Trend Analysis of ROA on the Performance of BPO Companies

4.5.2 Macro Environment of BPO Companies in Kenya

The study considered four elements of macro environment which include political, economic, technological and legal.

4.5.2.1 Political Environment

The section outlines the descriptive statistics of the influence of the political environment on the performance of BPO companies in Kenya. Political Environment was measured using three indicators; political climate, government incentives or support, and infrastructure. The respondents were required to respond to ten statements rated on a five-point Likert scale ranging from 1, Strongly Agree; 2, Agree; 3, Neutral; 4, Disagree; 5, Strongly Disagree. The findings were presented in terms of percentages, means, and standard deviation. The results of the respondent's summary on political environment are shown in Table 4.12.

Table 4. 12: Descriptive Statistics for Political Environment

Political Environment Indicators	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Dev
Political climate							
Political climate in Kenya has been conducive for BPO business	0% (0)	32.6% (29)	0% (0)	49.4% (44)	18% (16)	3.528	1.129
Government Incentive and Support							
Government business registration and licensing processes are efficient	36% (32)	48.3% (43)	2.2% (2)	13.5% (12)	0% (0)	1.932	0.962
The government has addressed cyber security issues	0% (0)	18% (16)	12.4% (11)	59.6% (53)	10.1% (9)	3.618	0.898
The government has exempted taxes of imported products used by BPO companies	0% (0)	13.5% (12)	12.4% (11)	55.1% (49)	19.1% (17)	3.797	0.906
The government has given tax and investor incentives to BPO companies	0% (0)	33.7% (30)	12.4% (11)	40.4% (36)	13.5% (12)	3.337	1.086
The government has marketed the country in foreign countries as a BPO destination	11.2% (10)	44.9% (40)	15.7% (14)	28.1% (25)	0% (0)	2.606	1.018
The government has supported the BPO sector by outsourcing its services from BPO companies	0% (0)	22.5% (20)	9% (8)	46.1% (41)	22.2% (20)	3.685	1.061
Infrastructure							
The government has made fibre optic cable easily accessible	0% (0)	41.6% (37)	15.7% (14)	36.0% (32)	6.7% (6)	3.078	1.024
The transport system in Kenya has been efficient and conducive to our business	0% (0)	34.8% (31)	5.6% (5)	44.9% (40)	14.6% (13)	3.393	1.114
The government has made the supply of power reliable and affordable	0% (0)	22.5% (20)	14.6% (13)	41.6% (37)	21.3% (19)	3.618	1.060
Political Environment Aggregate Mean and Standard Deviation Scores						3.202	1.023
Coefficient of Variation Mean/SD							32%

The findings in Table 4.12 shows that that the aggregate mean and standard deviations for political environment were 3.202 and 1.023 respectively, while the coefficient of

variance is 32% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean. The results also indicate that 67.4% of the companies indicated that political climate was not suitable for BPO business in Kenya (mean = 3.528, std = 0.129). As regards government incentive and support, 84.3% of the companies find business registration and licensing processes efficient (mean = 1.932, std = 0.962). The results also indicate that 69.7 % indicated that the government had addressed not addressed cyber security issues adequately (mean = 3.618, std = 0.898). Regarding tax exemption, 74.2% indicated that the government had not exempted taxes of imported products used by BPO companies (mean = 3.797, std = 0.906). The findings also show that 53.9% indicated that the government had not given tax and investor incentives to BPO companies (mean = 3.337, std = 1.086).

Further, 56.1% of the companies indicated that the government had marketed the country in foreign countries as a BPO destination (mean = 2.6.6, std = 1.018) while 68.3% specified that the government had not supported the BPO sector by outsourcing its services from BPO companies (mean = 3.685, std = 1.061). On marketing of the country as a BPO destination, 56.1% indicated that there was some effort by the government to that end. The findings also shows that 59.3% indicated that the government had made fibre optic cable easily accessible (mean = 3.078, std = 1.024). The results also show that 59.5% of the companies find the transport system in Kenya inefficient and not conducive for business (mean = 3.393, std = 1.114). Similarly, 62.9% of the companies find the supply of power unreliable and unaffordable (mean = 3.618, std = 1.060). The results show that there was some government support through marketing BPOs to foreign countries, efficient business registration and licensing and making fibre optic easily accessible. This has facilitated the performance of the BPO companies who normally leverage through offshore business and heavy use of the internet. However, it was also observed that political climate was not suitable, the transport system is inefficient and not conducive for business, supply of power unreliable and unaffordable, cyber security and tax issues are not adequately addressed. This shows that the political environment is by and large not conducive for BPO companies. For business to well, these aspects are very important and it takes government effort and good will to address them for businesses to thrive. In overall,

the implication of the findings is that many aspects of political environment are not conducive for BPO business.

4.5.2.2 Economic Environment

The section outlines the descriptive statistics of the influence of the economic environment on the performance of BPO companies in Kenya. The economic environment was measured using three indicators; monetary and fiscal issues, cost of doing business, and globalization. The respondents were required to respond to ten statements rated on a five-point Likert scale ranging from 1, Strongly Agree; 2, Agree; 3, Neutral; 4, Disagree; 5, Strongly Disagree. The findings were presented in terms of percentages, means, and standard deviation. The results of the respondent's summary on economic environment are shown in Table 4.13.

Table 4. 13: Descriptive Statistics for Economic Environment

Economic Environment Indicators	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Dev
Monetary and Fiscal Issues							
Exchange rates in the country have been favorable	0% (0)	22.5% (20)	13.5% (12)	56.2% (50)	7.9% (7)	3.494	0.930
Interest rates charged on loans have been favourable	0% (0)	34.8% (31)	18% (16)	34.8% (31)	12.4% (11)	3.247	1.068
The inflation rate have been low	0% (0)	25.8% (23)	6.7% (6)	40.4% (36)	27.0% (24)	3.685	1.134
Fiscal policy supports BPO business	0% (0)	42.7% (38)	12.4% (11)	44.9% (40)	0% (0)	3.022	0.941
Increased disposable income has expanded the demand for BPO services by clients	0% (0)	33.7% (30)	18.0% (16)	48.3% (43)	0% (0)	3.146	0.898
Cost of Doing Business							
Internet charges are affordable	0% (0)	16.9% (15)	13.5% (12)	55.1% (49)	14.6% (13)	3.674	0.926
Energy costs have been affordable	0% (0)	23.6% (21)	16.9% (15)	48.3% (43)	11.2% (10)	3.471	0.978
Business start-up process and cost in the country encourage companies to start BPO business	0% (0)	32.6% (29)	22.5% (20)	44.9% (40)	0% (0)	3.123	0.876
Globalization							
Our company is involved in provision of offshore services	16.9% (15)	56.2% (50)	5.6% (5)	21.3% (19)	0% (0)	2.314	0.995
Globalization has increased access to resources	23.6% (21)	43.8% (39)	14.6% (13)	18.0% (16)	0% (0)	2.269	1.019
The government has made the supply of power reliable and affordable	0% (0)	22.5% (20)	14.6% (13)	41.6% (37)	21.3% (19)	3.618	1.060
Economic Environment Aggregate Mean and Standard Deviation Scores						2.278	0.974
Coefficient of Variation Mean/SD						31%	

The findings in Table 4.13 indicates that the aggregate mean and standard deviations for internal process perspective were 2.278 and 0.974 respectively, while the coefficient of variance is 31%. This a relatively low value which is an indication that the data represents a more precise estimate and therefore the lesser the level of dispersion around the mean. The results also show that 64.1% of the companies find

exchange rates to be unfavourable in the country (M=3.494, SD=0.93), 47.2% find the interest rates charged on loans to be favourable (M=3.247, SD=1.068). Further, 67.4% find the inflation rate high (M=3.685, SD=1.134), while 44.9% indicated that fiscal policy does not support BPO business (M=3.022, SD=0.941) and 48.3% (M=3.146, SD=0.898) indicated that the demand for their services had declined due to decreased disposable income. Further, 69.7% of the companies find internet charges to be unaffordable (M=3.674, SD=0.926). The findings also show that 59.5% of the companies find energy costs to be high (M=3.471, SD=0.978) while 44.9% find business start-up process and cost in the country discouraging to start BPO business (M=3.123, SD=0.876).

Concerning globalization, 73.1% of companies were involved in the provision of offshore services (M=2.314, SD=0.995) while 67.4% indicated that globalization increased access to resources (M=2.269, SD=1.019). From the findings, globalization has played a big role in affecting BPOs favourably since they are able to do offshore business and has also given them increased access to resources. This is an indication that for a company to thrive, it may need to look for opportunities that are availed by globalization since it opens up larger markets and resources. Conversely, the findings also show that there are some economic aspects that posed challenges to the companies, namely, unfavourable exchange rates, high inflation rates, fiscal policy does not support business, decreased disposable income has reduced demand of their services and business start-up costs are high. These findings show that economic environment is both favourable and unfavourable to the BPO companies and this influences their performance.

4.5.2.3 Technological Environment

The section outlines the descriptive statistics of the influence of the technological environment on the performance of BPO companies in Kenya. The technological environment was measured using three indicators; technological changes, technological access, and costs and data protection. The study sought to establish the extent to which the technological environment influenced the performance of BPO companies in Kenya. The respondents were required to respond to ten statements rated on a five-point Likert scale ranging from 1, Strongly Agree; 2, Agree; 3, Neutral; 4, Disagree; 5, Strongly Disagree. The findings were presented in terms of percentages,

means, and standard deviation. The results of the respondent's summary on Technological environment are shown in Table 4.14.

Table 4. 14: Descriptive Statistics for Technological Environment

Technological Environment Indicators	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Dev
Technological Changes							
The company has benefited from new innovations and inventions	30.3% (27)	46.1% (41)	16.9% (15)	6.7% (6)	0% (0)	2.000	0.866
Technological changes have assisted the company create new products and processes	28% (25)	50% (45)	16.9% (15)	5.1% (4)	0% (0)	1.955	0.810
Technological Access and Cost							
We have access to relevant technology	30.3% (27)	46.1% (41)	16.9% (15)	6.7% (6)	0% (0)	2.000	0.866
New technology is affordable	2.2% (2)	22.5% (20)	19.1% (17)	50.6% (45)	5.6% (5)	3.348	0.966
Technology has helped reduce costs and improve quality	39.3% (35)	42.7% (38)	13.5% (12)	4.5% (4)	0% (0)	1.831	0.828
Technological Data Protection							
Through technology we have data protection and security	25.8% (23)	14.6% (13)	42.7% (38)	16.9% (15)	0% (0)	3.505	1.056
Technology has assisted in knowledge management system that ensures business continuity	28.1% (25)	43.8% (39)	22.5% (20)	5.6% (5)	0% (0)	2.056	0.857
						2.305	0.889
Technological Environment Aggregate Mean and Standard Deviation Scores							
Coefficient of Variation Mean/SD							39%

The results in Table 4.14 show that the aggregate mean and standard deviations for political environment were 2.305 and 0.889 respectively, while the coefficient of variance is 39% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean .The findings also indicates

that 76.4% of companies benefited from innovations and inventions ($M=2.000$, $SD=0.866$), while 78% had technological changes assist them to create new products and processes ($M=1.955$, $SD=0.810$). On access to relevant technology, 76.4% of the companies indicated that they had access to relevant technology ($M=2.000$, $SD=0.866$) but that 56.2% found the new technology to be unaffordable ($M=3.348$, $SD=0.966$). The findings also show that 82% find technology assisted in reduction of costs and improvement of quality ($M=1.831$, $SD=0.828$). Further, 40.4% indicated that technology enhanced data protection and security ($M=3.505$, $SD=1.056$). Also, 71.9% indicated that technology assisted in the knowledge management system that ensured business continuity ($M=2.056$, $SD=0.857$). Technology is a major enabler of BPO business since it is technology-based and therefore any organization that embraces technological changes, innovations, and inventions is likely to benefit greatly and thus promote its performance. The results show that most of the aspects of technological environment were favourable to BPO companies, apart from the cost of new technology that was found to be high and thus affecting their adoption of the same which is very key to performance and growth. The results therefore imply that technological environment was of great help in promoting the performance of BPO companies.

4.5.2.4 Legal Environment

The section outlines the descriptive statistics of the influence of the legal environment on the performance of BPO companies in Kenya. The legal environment was measured using three indicators; local laws and standards, regulation and licensing, and international legislation.

The study sought to establish the extent to which the legal environment influenced the performance of BPO companies in Kenya. The respondents were required to respond to ten statements rated on a five-point Likert scale ranging from 1, Strongly Agree; 2, Agree; 3, Neutral; 4, Disagree; 5, Strongly Disagree. The findings were presented in terms of percentages, means, and standard deviation. The results of the respondent's summary on Legal environment are shown in Table 4.15.

Table 4. 15: Descriptive Statistics for Legal Environment

Legal Environment Indicators	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Dev
Local Laws and Standards							
There are adequate laws to support the BPO services	5.6% (5)	37.1% (33)	14.6% (13)	42.7% (38)	0% (0)	2.943	1.015
The Labour laws have been adequate to support BPO services	0% (0)	41.6% (37)	11.2% (10)	47.2% (42)	0% (0)	3.056	0.945
The government has enacted adequate laws for data protection and privacy to protect BPO companies	0% (0)	27.0% (24)	28.1% (25)	37.1% (33)	7.9% (7)	3.258	0.947
The government has enacted adequate protective laws that affect foreign business	6.7% (6)	21.3% (19)	14.6% (13)	40.4% (36)	16.9% (15)	3.370	1.059
Regulation and Licensing							
Regulatory bodies have developed suitable BPO regulations	0% (0)	29.2% (26)	19.1% (17)	37.1% (33)	14.6% (13)	3.370	1.059
The licensing of BPO companies is a one- stop shop	0% (0)	30.3% (27)	27% (24)	42.7% (38)	0% (0)	3.123	0.850
BPO specific standards are available in the country	16.9% (15)	37.1% (33)	31.5% (28)	14.6% (13)	0% (0)	2.438	0.940
BPO services are effectively guided by established ethical standards	10.1% (9)	33.7% (30)	10.2% (18)	36.0% (32)	0% (0)	2.820	1.039
International Legislation							
International laws have facilitated offshore business	13.5% (12)	37.1% (33)	34.8% (31)	14.6% (13)	0% (0)	2.505	0.906
Legislations enacted by other countries have promoted our foreign business	6.7% (6)	24.7% (22)	21.3% (19)	37.1% (33)	10.1% (9)	3.393	1.192
Legal Environment Aggregate Mean and Standard Deviation Scores						3.008	0.991
Coefficient of Variation Mean/SD							32%

The results in Table 4.15 indicates that the aggregate mean and standard deviations for internal process perspective were 2.008 and 0.991 respectively, while the coefficient of variance is 32%. This a relatively low value which is an indication that the data represents a more precise estimate and therefore the lesser the level of dispersion around the mean. The findings also show that 42.7% of companies find the laws to be inadequate to support the BPO services (M=2.943, SD=1.015). Similarly, 47.2% find the labour laws adequate to support BPO services (M=3.056, SD=0.945). The findings also show that 51.7% indicated that the government had not enacted adequate laws for data protection and privacy to protect BPO companies (M=3.258, SD=0.947) while 57.3% indicated the government had not enacted adequate protective laws that affect foreign business (M=3.370, SD=1.059). Regarding regulations, 51.7% of the companies were of the opinion that regulatory bodies had not developed suitable BPO regulations (M=3.370, SD=1.059). Additionally, 42.7% indicated that the licensing of BPO companies was a not one-stop shop (M=3.123, SD=0.850). Another 54% indicated that BPO specific standards were available in the country (M=2.438, SD=0.940) while 43.8% find that the BPO services are effectively guided by established ethical standards (M=2.820, SD=1.039). As regards international laws, 50.6% of the find international laws aided offshore business (M=2.505, SD=0.906) while 47.2% indicated that legislation enacted by other countries had not promoted their foreign business (M=3.393, SD=1.192).

The findings reflect that most aspects of the legal environment have not been conducive to the BPO industry. The findings further suggest that there are inadequate regulations suitable for the BPO industry and that the licensing of BPO companies is not a one-stop shop. This means that where there are inadequate regulations, the companies may not be well guided in their operations. Further, when there is no one-stop shop for licensing, it pauses a problem for a lengthy and costly process. The influence of globalization seems to provide some international laws that may promote BPO companies abroad. This means that they may be able to expand and do business in many continents thus improving their performance. On the flip side, it is evident that some countries had enacted legislation that did not promote foreign business.

These may be countries that have restrictive laws that protect their own companies from competition.

4.6 Qualitative Data Analysis

The open ended questions on the firm strategy were analysed and the results are summarized in Table 4.16

Table 4. 16: Qualitative Data Analysis.

Study Variable	Question Description	Responses	Frequency
Firm Strategy	Other strategies employed to respond to the macro environment	1.Price skimming strategy	11%
		3. Customer retention strategy	30%
		4. Market penetration strategy	9%
		5. Global strategy	30%
		6. Response strategy	20%
		Review of strategy	Annually
		Above one year	66%

The findings in Table 4.16 implies that the majority of the respondents used customer retention strategy, global strategy and response strategy to respond to the macro environment in addition to product development, organizational change, cost reduction and proactive strategies covered in the research instrument. This is an indication that the BPO companies are aware of the requisite strategies to employ in order to respond to the macro environment, and they have adopted them accordingly. Further, the majority of companies reviewed strategy above one year period. This implies that most of the strategies employed worked for them for longer periods and thus did not require very frequent reviews.

4.7 Correlation Analysis

Pearson correlational analysis was done to determine the relationship between the macro environment and the performance of BPO companies. The results are presented in Table 4.17.

Table 4. 17: Correlation Analysis

		Political Environment	Technological Environment	Economic Environment	Legal Environment
Performance of BPO Companies	Pearson				
	Correlation	-.361**	.287**	.351**	-.283**
	Sig. (2- tailed)	.001	.006	.001	.007
	N	89	89	89	89

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

The correlation results in Table 4:17 indicate a negative significant correlation between the political environment ($r = -0.361$, $p\text{-value} < 0.01$) and the performance of BPO companies. The results also show that the correlation between the technological environment and performance of PBO companies is positive and significant ($r = 0.287$, $p\text{-value} < 0.01$). Similarly, the correlation between the economic environment and the performance of BPO companies is positive and insignificant ($r = 0.351$, $p\text{-value} < 0.01$). In addition, the correlation between the legal environment and performance of BPO companies is negative and significant ($r = -0.283$, $p\text{-value} < 0.01$). This implies that macro environment has statistically significant influence of the performance of BPO companies and therefore inferential analysis may be carried out.

4.8 Inferential Analysis

Linear regression analysis was used to test hypotheses. However, before testing the hypotheses, some tests on assumptions made regarding regression models were carried out to confirm the quality of data in drawing inferences regarding model estimates. This would enable necessary predictions to be made. This section, therefore, presents the results of diagnostic tests that were carried out to determine linearity, multi-collinearity, autocorrelation, homoscedasticity, and heteroscedasticity.

4.8.1 Test of Assumptions

In linear regression analysis, assumptions are made on the data used. The assumptions are linearity, no multi-collinearity, no autocorrelation, no heteroscedasticity and homoscedasticity. This section, therefore, presents the results of diagnostic tests that were carried out to determine linearity, multi-collinearity, autocorrelation, heteroscedasticity and homoscedasticity.

4.8.1.1 Test of Linearity

In regression models, the independent and dependent variables are assumed to be linear, which is characterized by a straight line. To test this, a scatter diagram plot was generated to show the relationship between the independent and dependent variables. The findings are presented in Figure 3.

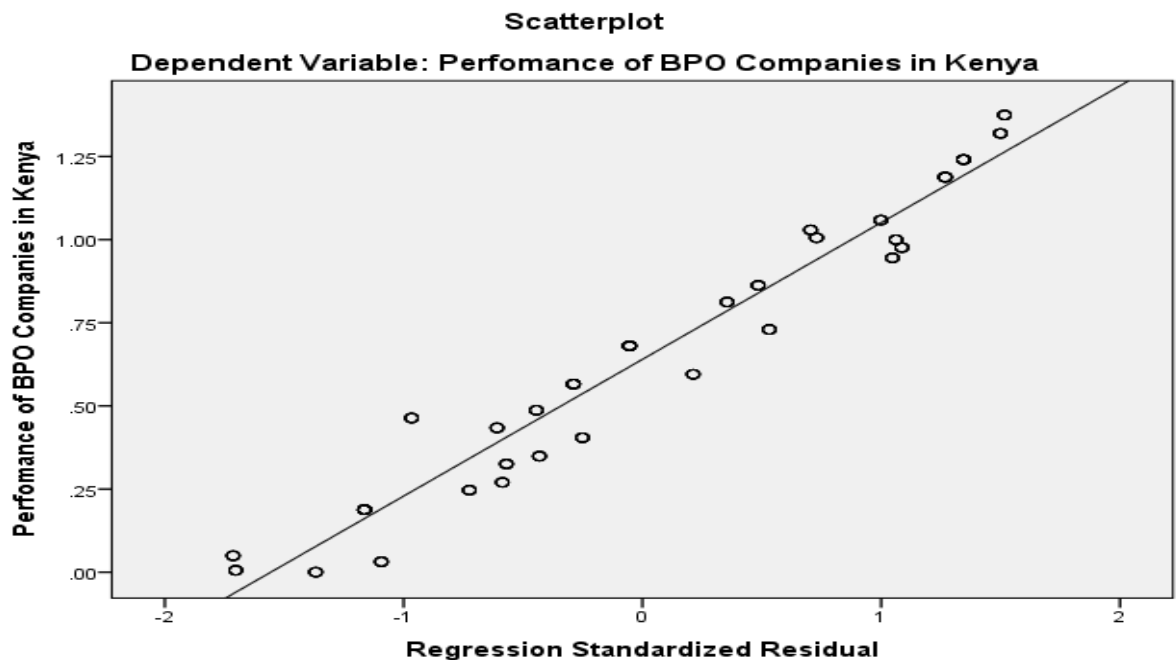


Figure 3: Linearity Test Results

The results in Figure 3 indicate that the data points fall close to the line reflecting that the independent and dependent variables have a linear relationship. This implies that the regression model accurately estimates the relationship between the dependent and independent variables.

4.8.1.2 Test of Multi-collinearity

Regression analysis assumes that there is no multi-collinearity in the data, which implies that the independent variables are not correlated to each other. Pearson Correlation analysis was done to test the magnitude of the correlation between the

independent variables. The Pearson coefficient denoted by r was used to measure the strength of a linear association between the variables. The stronger the relationship of two variables the closer the Pearson correlation coefficient r is to +1 or -1 depending on whether the relationship is positive or negative. The results are presented in Table 4.18.

Table 4. 18: Multicollinearity Test Results

		Political Environment	Economic Environmen t	Technologica l Environment	Legal Environmen t
Political Environment	Pearson Correlatio n Sig. (2- tailed) N		1 89		
Economic Environment	Pearson Correlatio n Sig. (2- tailed) N	.328** .002 89	1 89		
Technologica l Environment	Pearson Correlatio n Sig. (2- tailed) N	.438** .000 89	.228* .032 89	1 89	
Legal Environment	Pearson Correlatio n Sig. (2- tailed) N	.244* .021 89	.260* .014 89	.247* .020 89	1 89

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

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

The findings in Table 4.15 are that the Pearson correlation coefficient between the political environment and economic environment is 0.328. The results also indicate that the correlation coefficient between the political environment and technological environment is 0.438, the political environment and legal environment is 0.244, the

technological environment and economic environment is 0.228, legal environment and economic environment is 0.260 while the correlation coefficient between technological environment and legal environment is 0.247. It is therefore evident that the correlation among all the independent variables is less than 0.8. Correlation values that are less than 0.8 or not close to +1 or -1 is an indication that the factors are measures of separate variables and are not multi-correlated Hope-Haily, Farndale & Killiher (2010). The absence of multi-correlation allows the study to utilize all the independent variables.

The variance inflation factor was also used to test the multicollinearity of the variables by regressing the independent variables against each other in the model. Where there is a strong linear association between the independent variables, the VIF is greater than 10 and the tolerance value is less than 0.1. The findings are presented in 4.19.

Table 4. 19: Variance Inflation Factor (VIF) Test Results

Variable	Collinearity Statistics	
	Tolerance	VIF
Political Environment	.753	1.328
Economic Environment	.814	1.229
Technological Environment	.799	1.252
Legal Environment	.913	1.095

The results in Table 4.19 show the tolerance and Variance Inflation Factor (VIF) statistics of the variables where the tolerance level for the political environment is 0.753 with VIF of 1.328 while the tolerance level of the economic environment is 0.814 with VIF of 1.229. The results also show that the tolerance level for the technological environment is 0.799 with a VIF of 1.252 while the tolerance level for the legal environment is 0.913 with a VIF of 1.095. Therefore, the tolerance level for all the variables was above 0.1 while the VIF values were below 10 which implies that there is no multi-collinearity between the independent variables.

4.8.1.3 Test of Autocorrelation

Linear regression requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the error terms or residuals are not independent of each other. Durbin- Watson test was used to test the null hypothesis to establish that the residuals are not linearly autocorrelated. The test was conducted by regressing the

predictor variables against the dependent variable. The results are presented in Table 4.20.

Table 4. 20: Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson Statistic (d)
1	.850 ^a	.723	.710	.26461	2.413

a. Independent Variable (Constant) Political Environment, Economic Environment, Technological Environment, Legal Environment.

b. Dependent Variable: Performance of BPO Companies in Kenya

The Durbin-Watson statistic denoted by d ranges in value from 0 to 4 and the acceptable range is between 1.5 and 2.5 (Garson, 2012). The results in Table 4.20 shows that the value of the Durbin Watson statistic (d =2.413), lies between the two critical values of $1.5 < d < 2.5$, thus there was no first-order linear autocorrelation.

4.8.1.4 Test of Heteroscedasticity

Linear regression models assume that the data does not have a heteroscedasticity problem which is a lack of an equal level of variability for each value of the independent variables. Heteroscedasticity was tested using the Glejser test which was conducted by regressing the absolute values of the residuals on the dependent variable. The results are presented in Table 4.21.

Table 4. 21: Heteroscedasticity Test Results

Model	Coefficients ^a				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
	(Constant)	.681	.221		3.084	.002
1	Political Environment	.044	.053	.066	.821	.413
	Economic Environment	-.033	.052	-.051	-.641	.522
	Technological Environment	-.060	.038	-.129	-1.592	.113
	Legal Environment	.028	.074	.030	.378	.706

a. Dependent Variable: Performance of BPO Companies in Kenya

The results in Table 4.21 indicates that the value of significance for the political environment is 0.413 (>0.05), the significance value for the economic environment is 0.522 (>0.05), the significance value for the technological environment is 0.113 (>0.05), while the significance value for the legal environment is 0.706 (>0.05). The rule of thumb is that if the value of significance is greater than 0.05, then there is no problem of heteroscedasticity. If the value of significance is less than 0.05, then there is a problem of heteroscedasticity (Glejser, 1969). As per the results, the significance value for all the variables is >0.05, thus there is no problem of heteroscedasticity. In addition, regression models require that there is homoscedasticity which is a situation in which the error term in the relationship between the independent variables and the dependent variable is the same across all values of the independent variables. To echo the results on heteroscedasticity, a scatter plot was plotted to establish whether the assumption homoscedasticity was met by regressing the independent variables against the residuals to see if homoscedasticity was met. The results are presented in Figure 4.

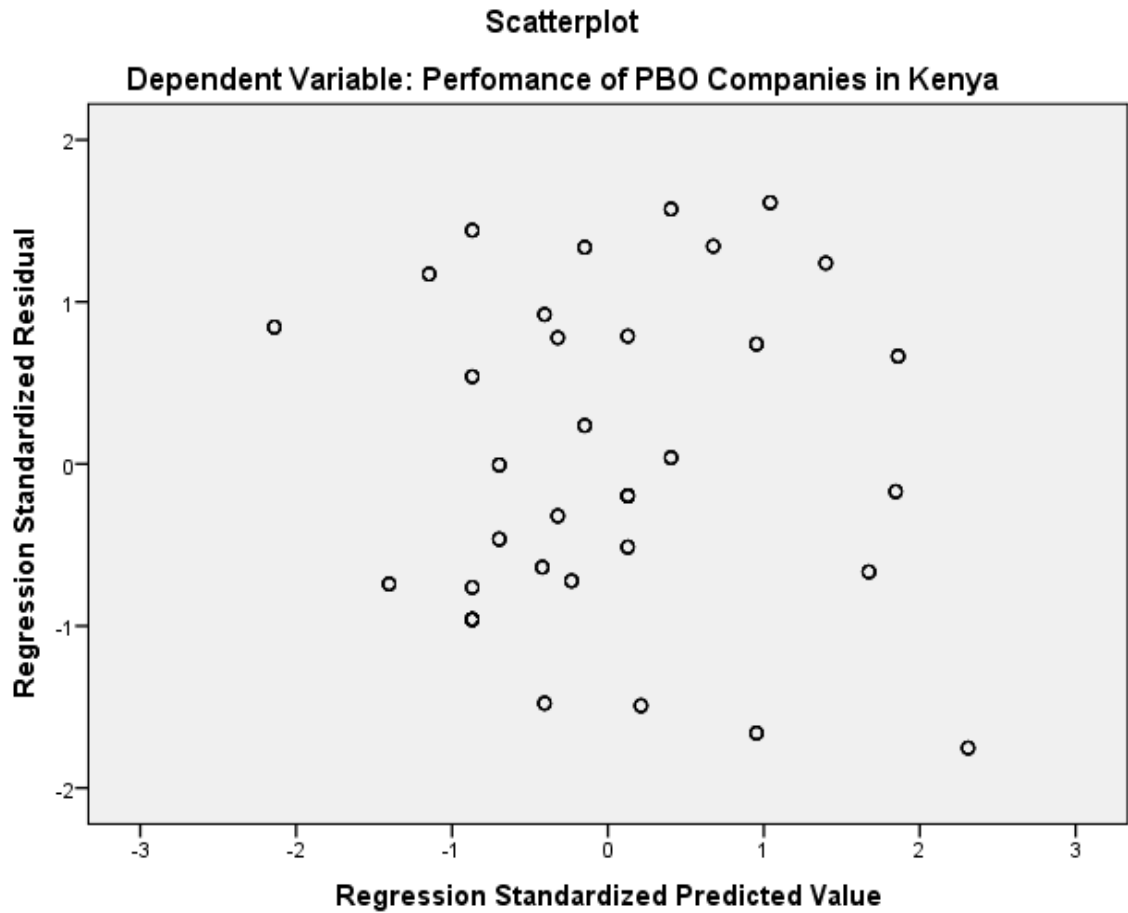


Figure 4: Homoscedasticity Test Results

The results in Figure 4 indicate that the points are equally distributed above and below zero on the X-axis, and to the left and right of zero on the Y-axis. It has no clustering or systematic pattern which means that the assumption of homoscedasticity was met.

4.9 Testing of Hypotheses

Inferential analysis was used to test the hypotheses in the study. This section presents the results of the hypotheses tests.

4.9.1 Political Environment and Performance of BPO Companies in Kenya

The first objective of the study was to establish the influence of the political environment on the performance of BPO companies in Kenya. The hypothesis was as follows:

H_{01} : Political environment does not influence the performance of Business Process Outsourcing companies in Kenya.

The linear regression model gave the following findings:

Table 4. 22: Model Summary for Political Environment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.707 ^a	.500	.482	.35355

a. Predictors: (Constant), Political Climate, Government Incentives and Support, Infrastructure

The results in Table 4.22 show that the coefficient of determination (R^2) is 0.500 meaning that the model estimated explains 50.0% of the variations in the performance of BPO companies in Kenya.

Table 4. 23: ANOVA^a for Political Environment

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.611	3	3.537	28.296	.000 ^b
1 Residual	10.625	85	125		
Total	21.236	88			

a. Dependent Variable: Performance of BPO Companies in Kenya

b. Predictors: (Constant), Political Environment

The results of the Analysis of Variance (ANOVA) indicated in Table 4.23 show that the relationship between the independent variables and the dependent variable is significant ($F = 28.296$, $\text{sig} < .05$). This reveals that the political environment significantly affect the performance of BPO companies. The political environment was therefore statistically acceptable as useful in predicting the performance of BPO companies in Kenya. The model results shows that political environment explains 50.0% of the variations in the performance of BPO companies in Kenya while the ANOVA results indicate that political environment significantly influences performance (sig. level is 0.000 which is less that 0.05) . This is supported by the findings by Dihel, Fernandes, Gicho, Kashangaki, and Struchacz (2011) which established that the foreign perception of Kenya’s government is unstable and this plays a negative role which is likely to deter foreign companies from outsourcing work

to Kenyan BPO companies. However, the study also established that Kenya has high visibility as a business process outsourcing provider in the East Africa Community. Another study by Watende (2014) established that the favourable political climate and political stability contributed to the satisfactory performance of the business. Furthermore, a study by Ridwani and Primiana (2015) on Indonesian organizations found out that unpredictable political climate resulted in uncertainty and thus adversely affecting their performance. Mark and Nwaiwu (2015) also established that political instability and violence negatively affected organizational performance, and recommended that this need to be addressed for organizations to optimize their performance. Conversely, a study by Ahmad (2012) established that a favourable political climate in Saudi reduced the uncertainty to organizations thus promoting their performance.

In overall political environment had statistical significant influence on performance of BPO companies. Several studies reinforce the positive influence of the political environment on organizational performance (Ahmad, 2012; Kithusi, 2015; Watende, 2014). The studies indicated that favourable political environment and stability enhanced business performance. Some other literature revealed the negative influence of the political environment on organizational performance (Ridwani & Primiana, 2015; Mark & Nwaiwu, 2015). These include unpredictable political climate, political instability and violence, weak BPO incentives and inadequate government support to BPO firms. In this regard the null hypothesis that political environment does not influence the performance of BPO companies is rejected.

4.9.2 Economic Environment and Performance of BPO Companies in Kenya

The second objective of the study was to establish the influence of the economic environment on the performance of BPO companies in Kenya. The hypothesis was as follows:

H₀₂: The economic environment does not influence the performance of Business Process Outsourcing companies in Kenya.

The linear regression model gave the following findings:

Table 4. 24: Model Summary For Economic Environment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.561 ^a	.315	.291	.41368

a. Dependent Variable: Performance of BPO Companies in Kenya

b. Predictors: (Constant), Economic Environment

The results in Table 4.24 show that the coefficient of determination (R^2) is 0.315 meaning that the model estimated explains 31.5% of the variations in the performance of BPO companies in Kenya.

Table 4. 25: ANOVAa for Economic Environment

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6.690	3	2.230	13.031	.000 ^b
¹ Residual	14.546	85	.171		
Total	21.236	88			

a. Dependent Variable: Performance of BPO Companies in Kenya

b. Predictors: (Constant), Economic Environment

The results of the Analysis of Variance (ANOVA) in Table 4.25 show that the relationship between the independent variables and the dependent variable is significant ($F = 13.031$, $\text{sig} < .05$). This reveals that the economic environment significantly affect the performance of BPO companies. Economic environment was therefore statistically acceptable in predicting the performance of BPO companies in Kenya. The model results shows that economic environment explains 31.5% of the variations in the performance of BPO companies in Kenya. The ANOVA results indicate that the economic environment significantly influence performance (sig. level is 0.000 which is less that 0.05). This implies that the economic environment in Kenya influences the performance of BPO companies. Other studies are in support of these findings, where Eruemegbe (2015) established that inflation and high-interest rates in Nigeria affected organizational performance. This is resounded by a study by Watende (2014) which observed adverse influence of the economic environment and specifically interest rates, exchange, and inflation rates affected performance. On the other hand, Ahmad (2012) established that high income, low inflation increased the

purchasing power of the population, thus contributing to a favourable performance by organizations.

The findings are also supported by studies by Chumo (2015) and Gatheru (2017) who observed that although there was internet connectivity, the costs were still high and that energy costs were considered as very high. Additionally, Chumo (2015) observed that the process of setting up a BPO business was complex and lacked a one-stop facility for obtaining licenses. Concerning globalization, Tholons (2016) indicates that success and spread of globalization have allowed tremendous economic gains to be shared across global markets, but also have exposed organizations and nations to an ever-increasing number of shared vulnerabilities. The findings therefore suggest that the economic environment has a statistically significant influence on the performance of BPO companies and therefore the null hypothesis that economic environment does not influence the performance of BPO companies is rejected.

4.9.3 Technological Environment and Performance of BPO Companies in Kenya

The third objective of the study was to establish the influence of the technological environment on the performance of BPO companies in Kenya. The hypothesis was as follows:

H₀₃: Technological environment does not influence the performance of Business Process Outsourcing companies in Kenya.

The linear regression model gave the following findings:

Table 4. 26: Model Summary for Technological Environment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.317 ^a	.101	.069	.80207

a. Predictors: (Constant), Technological Changes, Technological Access, Data protection

The results in Table 4.26 show that the coefficient of determination (R^2) is 0.101 meaning that the model estimated explains 10.1% of the variations in the performance of BPO companies in Kenya.

Table 4. 27: ANOVAa Technological Environment

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6.127	3	2.042	3.175	.028 ^b
¹ Residual	64.682	85	.643		
Total	60.809	88			

a. Dependent Variable: Performance of BPO Companies in Kenya

Predictors: (Constant), Technological Environment

The results in Table 4.27 show that the coefficient of determination (R^2) is 0.101 meaning that the model estimated explains 10.1% of the variations in the performance of BPO companies in Kenya.

The results of the Analysis of Variance (ANOVA) in Table 4.27 indicates that the relationship between the independent variables and the dependent variable is significant ($F = 3.175$, $\text{sig} < .05$). This reveals that technological environment significantly affect the performance of BPO companies. Technological environment was therefore statistically acceptable in predicting the performance of BPO Companies in Kenya. The model results shows that technological environment explains 10.1% of the variations in the performance of BPO companies in Kenya and from the ANOVA results, that it significantly influence performance (sig level is 0.028 which is less than 0.05). This implies that the technological environment in Kenya influences the performance of BPO companies. The importance of technological changes to business is reflected in the study by Njoroge et al. (2016) which postulated that technological changes provided opportunities and afforded ease of doing business. However, where organizations do not adopt new technology their performance is adversely affected due to inefficiencies (Maweu 2016). Several studies are in agreement with these findings as they indicate that there technology is enhanced through by access to broadband internet connectivity through the installation of fibre optic cable (Graham, 2014; Dihel et al., 2011; Gatheru, 2017). Other studies found that although there was access to technology, the costs were still high for organizations (Republic of Kenya, 2016; Gatheru, 2017; Chumo, 2015). In overall, the findings suggest that the technological environment has a statistically significant influence on the performance of BPO

companies and therefore the null hypothesis that technological environment does not influence the performance of BPO companies is rejected.

4.9.4 Legal Environment and Performance of BPO Companies in Kenya

The fourth objective of the study was to establish the influence of the legal environment on the performance of BPO companies in Kenya. The hypothesis was as follows:

H₀₂: The legal environment does not influence the performance of Business Process Outsourcing companies in Kenya.

The linear regression model gave the following findings:

Table 4. 28: Model Summary for Legal Environment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.298 ^a	.089	.056	.80746

a. Predictors: (Constant), Local laws and standards, Regulations and Licensing, International legislation

The results in Table 4.28 show that the coefficient of determination (R^2) is 0.089 meaning that the model estimated explains 8.9% of the variations in the performance of BPO companies in Kenya.

Table 4. 29: ANOVA^a for Legal Environment

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.390	3	1.797	2.755	.047 ^b
	Residual	55.419	85	652		
	Total	60.809	88			

a. Dependent Variable: Performance of BPO Companies in Kenya

b. Predictors: (Constant), Legal Environment

The results of the Analysis of Variance (ANOVA) in Table 4.29 show that the relationship between the independent variables and the dependent variable is significant ($F = 2.755$, $\text{sig} < .05$). This reveals that legal environment variables significantly affect the performance of BPO companies. The model results shows that legal environment explains 8.9% of the variations in the performance of BPO companies in Kenya and from the ANOVA results, that it significantly influence

performance (sig. level is 0.047 which is less than 0.05) .This implies that the legal environment influences the performance of BPO companies in Kenya. These findings are similar to studies that established that there lacked clear regulations to regulate the BPO sector, the labour laws are unsuitable for the sector, and that it was challenging to set up a BPO business due to lack of one-stop facility for licenses (Gatheru, 2017; Chumo, 2015). Further, findings from some other studies indicate that there is a lack of policy and guidelines regarding BPO business (Dihel et al., 2011; Gatheru, 2017; Waema, 2009). This is in contrast with the situation in Saudi as there were favourable laws that reduced uncertainty (Ahmad, 2012). In overall, the findings indicate that the legal environment has a statistically significant influence on the performance of BPO companies and therefore the null hypothesis that legal environment does not influence the performance of BPO companies is rejected

4.9.5 Test of Significance of the Overall Model

The results are presented in Table 4.30, 4.31, and 4.32.

Table 4. 30: Model Summary for the Overall Model

Model	R	R Square	Adjusted R Square	Std. Error
1	.850 ^a	.723	.710	.26461

Predictors: (Constant), Political environment, Economic environment, Technological environment, Legal environment

The results in Table 4.30 show that the coefficient of determination (R^2) is 0.723 meaning that the model estimated explains 72.3% of the variations in the performance of BPO companies in Kenya.

Table 4. 31: ANOVA^a for the Overall Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	15.355	4	3.839	54.825	.000 ^b
1 Residual	5.881	84	.070		
Total	21.236	88			

a. Dependent Variable: Performance of BPO Companies in Kenya

Predictors: (Constant), Political environment, Economic environment, Technological environment, Legal environment

The results of the Analysis of Variance (ANOVA) in Table 4.31 are significant ($F = 54.825$, $\text{sig} < .05$). This means that the overall model has a statistical significant relationship with the performance of BPO companies. This implies that the macro environment has a significant influence on the performance of BPO companies.

The coefficient results from the overall model are shown in Table 4.32.

Table 4. 32: Coefficients^a for the Overall Model

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.091	.186		16.662	.000
Political environment	-.694	.062	-.744	-11.247	.000
1 Economic environment	.374	.047	.511	8.036	.000
Technological environment	.309	.035	.570	8.873	.000
Legal environment	-.413	.066	-.378	-6.296	.000

a. Dependent Variable: Performance of BPO Companies in Kenya

b. Independent Variables: Political environment, economic environment, technological environment, legal environment

The results in table 4.32 provide the coefficients of the variables used in the study.

The study variables were predicted as shown in Equation 4.1

$$y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \dots\dots\dots \text{Equation 4.1}$$

y = Performance of Business Process Outsourcing companies in Kenya

β_1 - β_4 = Beta coefficients for independent variables

X_1 = Political environment

X_2 = Economic environment

X_3 = Technological environment

X_4 = Legal environment

e = error term

The prediction model for the study variables is as shown in equation 4.2.

$$Y = 3.091 - 0.694X_1 + 0.374X_2 + 0.309X_3 - 0.413X_4 \dots\dots\dots \text{Equation 4.2}$$

The findings indicate that the constant term is 3.091, implying that holding the variables under consideration at zero, could result in improvement of performance by 3.091. This could be due to other factors not considered in this study. The regression coefficient for the political environment is (-.694, $p < .05$) which indicates that holding other independent variables at zero, an increase in the political environment variable by one interval results in a decrease in performance by of 0.694. The coefficient for the economic environment is (0.374, $p < .05$). This indicates that holding other independent variables at zero, an increase in the economic environment variable by one interval results in an increase in performance by 0.374. It implies that the economic environment in Kenya positively influences the performance of BPO companies. The coefficient for the technological environment is (0.309, $p < .05$). This indicates that holding other independent variables at zero, an increase in the technological environment variable by one interval results in an increase in performance by 0.309. It implies that the technological environment in Kenya positively influences the performance of BPO companies. The regression coefficient for the legal environment is (-0.413, $p < .05$), this indicates that holding other independent variables at zero, an increase in the legal environment variable by one interval results in a decrease in performance by 0.413. This implies that the legal environment in Kenya is not conducive to the BPO companies and thus it negatively affects its performance.

Both economic and technological environments had a positive influence while political and legal environments had a negative influence. The findings are supported by the theories considered in this study. One of them is the Open Theory which proposes that organizations interact with the external environment to obtain their resources and survival. In this regard, the positive influence of the economic and technological environments is supported. The theory also suggests that, due to the influence of the external environment, organizations change accordingly and this contributes to growth and development. This, therefore, supports the positive influence on performance by these two environments.

The second one is Porter's Diamond Theory which proposes that governments can act as catalysts to improve performance. The converse is also true that where government support is inadequate, the result is a negative influence on performance. In this study, both political and legal environments are government-related and have not been conducive to BPO companies thus influencing their performance negatively. The third one is the Macro Environment Model from where the four elements considered in this study were selected. The model assists organizations to look for sources of opportunities and risks, which fundamental changes in them may lead to their transformation. The model further encourages organizations to scan their environments to identify those opportunities and risks or threats, and therefore be able to take advantage of the opportunities and mitigate the risks or threats.

4.9.6: Moderating Influence of Firm Strategy on the Performance of BPO Companies in Kenya

The other objective of the study was to establish the moderating influence of firm strategy on the relationship between the macro environment and performance of Business Process Outsourcing companies in Kenya. The composite index for the two indicators was computed and used in testing the hypothesis. To satisfy this objective, the following hypothesis was tested using a moderating multiple regression model.

Hypothesis six

H₀: Firm strategy has no moderating influence on the relationship between firm strategy and performance of BPO companies.

The null hypothesis was tested using the following multiple regression model advocated by Cooper and Schindler (2006):

$$y = a + \beta_1 X_1 * Z + \beta_2 X_2 * Z + \beta_3 X_3 * Z + \beta_4 X_4 * Z + e \dots\dots\dots \text{Equation 4.3}$$

Where;

y = Performance of BPO companies in Kenya

a = Constant

$\beta_1 - \beta_5$ = Beta coefficient

$X_1 - X_4$ = Macro environment variables (Political, economic, technological, and legal environments)

Z = Coefficient of moderating variable (Firm strategies)

e = error term

The determination of the moderating influence of firm strategy on performance was done as fronted by Hoffman (2010) and Cooper and Schindler (2006), and was carried out in two stages. In the first stage, the influence of independent variable, the macro environment (political, economic, technological and legal) on the independent variable was tested. This was done by regressing the independent variables on the dependent variable without the interaction of the moderator. In the second stage, the moderator was introduced therefore interacting it with the independent variable with a view of establishing whether there is a moderating effect. The moderation is said to be present if the influence of the interaction between the independent and the moderating variable on the dependent variable is significant.

Stage One

Influence of macro environment on performance without the interaction of the moderating variable

The macro environment was regressed on the performance of the BPO companies. The results are shown on Table 4.33.

Table 4. 33: Regression Results of the Influence of Macro Environment on Performance Without the interaction of the Moderating Variable

Model	R	R Square	Std Error	F	Sig
1	.850	.723	.26461	54.825	0.000

Model	Unstandardized Coefficients^a		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.091	.186		16.662	.000
1 Political environment	-.694	.062	-.744	-11.247	.000
Economic environment	.374	.047	.511	8.036	.000
Technological environment	.309	.035	.570	8.873	.000
Legal environment	-.413	.066	-.378	-6.296	.000

a. Dependent Variable: Performance of BPO Companies in Kenya

The results in Table 4.33 reflects that macro environment explained 72.3% of the variation in the performance of BPO companies (R square =.723). The F values (F=54.825, sig<.05) reveals that macro environment variables significantly influenced performance. This depicts that the value of 3.091 was due to other variables not considered in the study. Political environment resulted in a decrease in performance by 0.694, economic environment an increase by 0.374, technological environment an increase by 0.309 while legal environment a decrease by 0.413 when each variable was increased by one interval.

Stage Two

The influence of macro environment on performance with the interaction of the moderating variable

In this stage, the interaction of the moderating variable was introduced in the relationship between the independent and the dependent variables. The results are shown in Table 4.34.

Table 4. 34: Regression Results of the Influence of Macro Environment on Performance with the interaction of the Moderating Variable

Model	R	R Square	Std Error	F	Sig
1	.850	.723	.26461	54.828	0.000
2	.867	.751	.25076	63.428	0.000

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
(Constant)	2.960	.148		20.062	.000
Political Environment*Firm Strategy	-1.204	.100	-1.273	11.987	.000
Economic Environment *Firm Strategy	.943	.087	1.215	10.800	.000
Technological Environment*Firm Strategy	.589	.059	.791	10.040	.000
Legal Environment*Firm Strategy	-.682	.104	-.624	-6.539	.000

a. Predictors: (Constant), Political environment, Economic environment, Technological environment, Legal environment.

b. Dependent Variable: Performance of BPO Companies in Kenya

The results in Table 4.34 show that by introducing the moderator, the R square value increased by 0.028 and thus the firm strategy improving the goodness of fit by 2.8%. This implies that macro environment and firm strategy explains 2.8% of the variation in the performance of BPO companies. F values are still significant at (F=63.428,

sig<.05), which implies that the micro environment variables and firm strategy significantly influence performance.

The model with moderation is:

$$Y = 2.960 - 1.204X_1*Z + 0.943X_2*Z + 0.589X_3*Z - 0.682X_4*Z + e \dots \text{Equation 4.4}$$

Where

Y =Performance of BPO companies in Kenya

2. 960 is the constant term

X_1*Z =Political environment * Firm strategy

$X_2 *Z$ =Economic environment * Firm strategy

$X_3 *Z$ =Technological environment * Firm strategy

X_4*Z =Legal environment * Firm strategy

e = Error term

It can therefore be deduced that when the interaction of the moderating variable was introduced the values related to other variables not considered in the study reduced by 0.131 while those of macro environment variables increased by 0.51 for political environment, 0.569 for economic environment, 0.28 for technological environment and 0.269 for legal environment. This implies that the introduction of the moderator into the regression model improved the relationship between the independent variables and the dependent variable. There are several studies that echo the findings as regards the influence of firm strategy of organizational performance. A study by Musibau et al. (2016) on firm strategy as a contributor to organizational strategy established that strategy determined performance while appropriate strategy reinforced performance. Further, Tawaha (2015) established that alignment of strategy with environment improved performance. Another study by Ogaga and Owino, (2017) found out that performance depended on the extent to which strategy is aligned to the business environment. Studies by Mbithi et al., 2017; Agboola & Ologunde, 2012) established that strategy determined organizational performance. Other studies postulated that strategy and organizational performance had a positive significant relationship (Pushpakumani &Watanabe, 2016; Agboola & Ologunde, 2012).

Some of the theories in this study support the importance of firm strategy in relation to macro environment and performance. Porter's Diamond Theory lists four determinants of organizational performance and competitiveness which include, factor condition, related supporting industries and firm strategy, structure, and rivalry. Of

interest in this study is the firm strategy which has concurred with the theory that the macro-environment variables and firm strategy significantly affect the performance of BPO companies. Contingency theory proposes that organizational performance results from fitting the organization to contingencies that include the environment, organizational size, and organizational strategy. It also indicates that an organization is shaped by these contingencies and thus needs to align with them to influence its performance positively. This proposition is in line with the findings of this study that firm strategy significantly affected the performance of BPO companies. To reinforce these theories and the findings, suggestions from other studies emphasized that the choice and implementation of appropriate strategy reinforced performance (Mbithi et al., 2017; Pushpakumani & Watanabe, 2016; Agboola & Ologunde, 2012). It can therefore be deduced that firm strategy has a statistically significant moderating influence on the relationship between macro environment and the performance of BPO companies. In this regard, the null hypothesis that there is no moderating effect on the relationship between firm strategy and the performance of BPO companies is rejected.

4.9.7 Summary Tests of the Hypotheses

The summary of the six hypotheses tested, the results and decisions are presented in Table 4.35

Table 4. 35: Summary of Tests of Hypotheses

Research Objective	Research Hypothesis	Results	Decision
To evaluate the influence of the political environment on the performance of Business Process Outsourcing companies in Kenya.	H₀₁ : Political environment does not influence the performance of Business Process Outsourcing companies in Kenya.	The political environment had a statistically significant influence on the performance of BPO companies in Kenya (Sig. is 0.000)	The null hypothesis was rejected
To investigate the influence of the economic environment on the performance of Business Process Outsourcing companies in Kenya.	H₀₂ : Economic environment does not influence the performance of Business Process Outsourcing companies in Kenya.	The economic environment had a statistically significant influence on the performance of BPO companies in Kenya (Sig. is 0.000)	The null hypothesis was rejected
To evaluate the influence of the technological environment on the performance of Business Process Outsourcing companies in Kenya.	H₀₃ : Technological environment does not influence the performance of Business Process Outsourcing companies in Kenya	The technological environment had a statistically significant influence on the performance of BPO companies in Kenya(Sig. is 0.000)	The null hypothesis was rejected
To investigate the influence of the legal environment on the performance of Business Process Outsourcing companies in Kenya.	H₀₄ : Legal environment does not influence the performance of Business Process Outsourcing companies in Kenya.	The legal environment had a statistically significant influence on the performance of BPO companies in Kenya (Sig. is 0.000)	The null hypothesis was rejected
To determine the moderating influence of the firm strategy on the relationship between macro environment and the performance of Business Process Outsourcing companies in Kenya.	H₀₆ : Firm strategy has no moderating influence of the firm strategy on the relationship between the macro environment and performance of Business Process Outsourcing companies in Kenya.	The firm strategy had a statistically significant moderating influence on the relationship between the macro environment and the performance of BPO companies in Kenya (Sig. is 0.000)	The null hypothesis was rejected

Findings in Table 4.35 show that all the null hypotheses were rejected and is therefore concluded that the macro environment has an influence on the performance of BPO companies and that firm strategy has a statistically significant moderating influence on the relationship between the macro environment and the performance of BPO companies in Kenya.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary of the findings, conclusion, recommendations, and suggestions for further research.

5.2 Summary of the Findings

This study sought to investigate the influence of the macro environment on the performance of BPO companies in Kenya. As such, six specific objectives were tested through six hypotheses. The study population comprised of 118 BPO companies in Kenya registered with Kenya IT and Outsourcing Services. The study was guided by several objectives which include, to evaluate the extent to which the political environment influences the performance of Business Process Outsourcing companies in Kenya; to investigate the influence of the economic environment on the performance of Business Process Outsourcing companies in Kenya; to evaluate the influence of the technological environment on the performance of Business Process Outsourcing companies in Kenya; to investigate the influence of the legal environment on the performance of Business Process Outsourcing companies in Kenya and to determine the moderating influence of firm strategy on the relationship between the macro environment and performance of Business Process Outsourcing companies in Kenya.

5.2.1 Influence of Political Environment on the Performance of Business Process Outsourcing Companies in Kenya

The first objective of the study was to evaluate the extent to which the political environment influences the performance of Business Process Outsourcing companies in Kenya. The null hypothesis stated that the political environment does not influence the performance of Business Process Outsourcing companies in Kenya. The coefficient analysis results show that the relationship between the political environment and performance was significant since it was 0.000, which was less than the .05 level of significance. From these findings, it can be deduced that the political environment significantly influenced the performance of BPO companies. The null hypothesis was therefore rejected and the study concluded that the political

environment had a statistically significant influence on the performance of BPO companies in Kenya. The findings are similar to other studies that also found out that the political environment influenced organizational performance both favourably and unfavourably (Ahmad, 2012; Ridwani & Primiana, 2015; Mark & Nwaiwu, 2015; Kithusi, 2015).

5.2.2 Influence of Economic Environment on the performance of Business Process Outsourcing companies in Kenya.

The second objective of the study was to investigate the influence of the economic environment on the performance of Business Process Outsourcing companies in Kenya. The BPO business interacts very much with the economic environment since there is an element of offshore engagement. The null hypothesis tested was that the economic environment does not influence the performance of Business Process Outsourcing companies in Kenya. The coefficient analysis results show that the relationship between the economic environment and performance was significant since p-value was 0.000, which was less than the .05 level of significance. From these findings, it can be deduced that the economic environment significantly influenced the performance of BPO companies. The null hypothesis was therefore rejected and the study concluded that the economic environment had a statistically significant influence on the performance of BPO companies in Kenya. The findings concur with those of other studies that established that the economic environment influenced organizational performance positively and negatively (Ahmad, 2012; Wathigo, 2012; Kagume, 2015).

5.2.3 Influence of Technological Environment on the Performance of Business Process Outsourcing companies in Kenya.

The third objective of the study was to evaluate the influence of the technological environment on the performance of BPO companies in Kenya. Technology is a major driver of the BPO business and thus plays a key role in influencing its performance. More importantly, technology is very dynamic and therefore technological changes may greatly influence performance. The null hypothesis tested was that the technological environment does not influence the performance of Business Process Outsourcing companies in Kenya. The coefficient analysis results show that the relationship between the technological environment and performance was significant

since it was 0.028, which is less than the .05 level of significance. These findings suggest that the technological environment significantly influenced the performance of BPO companies. The null hypothesis was therefore rejected and the study concluded that the technological environment had a statistically significant influence on the performance of BPO companies in Kenya. Several studies by (Njoroge et al., 2016; Ajayi, 2016) are also in agreement with the findings of this study, where they found out that the technological environment contributed to improved performance while Maweu (2016) established that technology change had an adverse effect on organizational performance.

5.2.4 Influence of the Legal Environment on the Performance of Business Process Outsourcing companies in Kenya.

The fourth objective of the study was to investigate the influence of the legal environment on the performance of BPO companies in Kenya. For organizations to thrive, proper and adequate laws are required to support their operations. The null hypothesis tested was that the legal environment does not influence the performance of Business Process Outsourcing companies in Kenya. The coefficient analysis results show that the relationship between the legal environment and performance was significant since it was 0.047, which was less than the .05 level of significance. The null hypothesis was therefore rejected and the study concluded that the legal environment had a statistically significant influence on the performance of BPO companies in Kenya. To support this proposition are other studies that established that the legal environment impeded the performance of organizations particularly because of inadequate laws to support the respective sectors (Adomako & Danso, 2014; Jankovic, et al., 2016; Njoroge, et al., 2016).

5.2.6 Moderating Influence of firm strategy on the relationship between the Macro-environment and Performance of BPO Companies in Kenya.

The null hypothesis tested was that the firm strategy has no moderating influence on the relationship between firm strategy and performance of BPO companies. The results were $R^2 = 0.751$, $P=0.00<0.05$. The linear regression model established that the coefficient determination R^2 was 0.751. This implies that the macroeconomic environment and firm strategies explain 75.1% variation in the performance of BPO companies in Kenya. The moderating variable increased the value of R^2 from 0.723

before interaction to 0.751 which amounts to 2.8%. Therefore, firm strategy improved the goodness of fit by 2.8%. In the result for ANOVA, the relationship between the political environment and performance was significant since p-value was 0.000, which was less than the .05 level of significance. From these findings, it can be deduced that firm strategy had statistically significant influence the performance of BPO companies. The null hypothesis was therefore rejected and the study concluded that firm strategy has a statistically significant moderating influence on the relationship between the macro environment and the performance of BPO companies in Kenya. This proposition is in line with the findings of this study that firm strategy significantly affected the performance of BPO companies. To reinforce these theories and the findings are suggestions from other studies that emphasized that the choice and implementation of appropriate strategy reinforced performance (Mbithi et al., 2017; Pushpakumani & Watanabe, 2016; Agboola & Ologunde, 2012).

5.3 Conclusions

This section presents the conclusions from the analysis of the data collected and the findings in line with the objectives and hypothesis of the study.

The study findings show that the macro-environment influences the performance of BPO companies in Kenya. Business registration and licensing process are perceived to be efficient while fibre optic cable has been installed and is accessible, but the internet costs are high. Additionally, it was evident from the findings that the transport system was not efficient, energy costs are high and power is unreliable and expensive. All these aspects raise the cost of doing business thus making it unattractive for companies to venture into BPO business in Kenya. These aspects contributed to the poor performance of the BPO sector. This was made apparent by Tholons (2017), through the global assessment framework for global outsourcing destinations where the dismal performance by Kenya was attributed to high bandwidth costs, infrastructure like transportation internet connectivity, government incentives a political risk. From the findings of the study, these concerns have not been fully addressed and they still influence the performance negatively.

The findings of the study have therefore concluded that as per the specific objective of the political environment that sought to evaluate the extent to which political environment influences the performance of BPO companies in Kenya, it was concluded that it influences the performance. This was further supported by hypothesis

testing which rejected the null hypothesis that the political environment does not influence the performance of BPO companies. The rejection of the null hypothesis was arrived at since the political environment was found to significantly influence the performance of BPO companies in Kenya.

The economic environment considered fiscal and monetary issues, cost of doing business, and globalization. The economic environment was found to influence the performance of BPO companies. In some instances, the economic environment was favourable, for instance, increased disposable income contributed to increased demand for BPO services, a fiscal policy supported the business, and interest rates charged on loans were favourable resulting in cheaper loans. Additionally, due to globalization, many companies have been able to do offshore business as well as access to more resources. In other instances, the economic environment was unsuitable due to unfavourable exchange rates thus making imported products used by the BPO companies expensive, high internet, energy costs high inflation rates thus increasing the cost of doing business. The findings of the study have therefore concluded that a specific objective that sought to determine the extent to which economic environment influences the performance of BPO companies in Kenya was achieved. Further, this is supported by hypothesis testing, which rejected the null hypothesis that the economic environment does not influence the performance of BPO companies. The rejection of the null hypothesis was arrived at since the economic environment was found to significantly influence the performance of BPO companies in Kenya

The technological environment is considered a major driver of BPO business since it highly depends on technology to operate. The aspects considered include technological changes, access to technology, and data protection. The findings reflect that technological changes had provided an avenue for the promotion of performance. Additionally, access to relevant technology has helped them reduce costs, improve quality, and enhanced knowledge management thus ensuring business continuity. However, although technology is available, it is unaffordable to the majority of the companies. Overall, it may be concluded that technology being a major driver of the BPO companies, it has greatly promoted BPO businesses thus influencing performance. The findings of the study therefore concluded that the specific objective of the study on examining the extent to which technological environment influences

the performance of BPO companies in Kenya was achieved. Also, this was supported by the results of hypothesis testing which rejected the null hypothesis that the technological environment does not influence the performance of BPO companies in Kenya. This rejection was arrived at because the findings established that the economic environment significantly influenced the performance of BPO companies in Kenya.

The legal environment was evaluated using the aspects of local laws and standards, regulations, and licensing, and international legislation. The findings showed that the legal environment influenced the performance of BPO companies in one way or the other. Regarding legislation currently in place, it was established that they did not fully support the BPO business. Conversely, the study observed that there are adequate BPO specific standards and ethical standards in the country. Further, the study established that international laws facilitated international business, although some countries enacted laws that impeded their offshore business. From these observations, it is an indication that the specific objective that sought to establish the extent to which the legal environment influences the performance of BPO companies in Kenya was achieved. This was further supported by hypothesis testing which rejected the null hypothesis that the legal environment does not influence the performance of BPO companies in Kenya. This rejection was arrived at because the findings established that the legal environment significantly influenced the performance of BPO companies in Kenya.

The moderating influence of firm strategy on the relationship between the macro-environment and performance. Three aspects of firm strategy were considered, namely, response strategy, adoption strategy, and review of strategy. The study established that the majority of the firms employed response and adoption strategies and that they reviewed their strategies periodically. The study, therefore, achieved the specific objective of the study that examined the moderating effect of firm strategy on the influence of macro environment on the performance of BPO companies in Kenya. To support this, the null hypothesis that firm strategy has no moderating influence on the performance of BPO companies in Kenya was rejected since the study established that firm strategy had a statistically significant moderating influence on the relationship between the macro environment and the performance of BPO companies in Kenya.

5.4 Recommendations

This section presents recommendations on policy and practice based on the findings of the study.

The study established that the macro environment significantly influences the performance of BPO companies. For the industry to thrive and attain the aspirations of the Vision 2030 of making Kenya the top BPO destination in Africa, several issues may need to be addressed.

5.4.1 Recommendations on Policy

The political climate was rated as not conducive to the BPO sector. The government may need to come up with a policy on handling political issues that normally raise political temperatures, especially during general elections. Through such a policy, the relevant government departments and agencies may be empowered to deal firmly with such issues. This will contribute to political stability and encourage more investors into various business ventures including BPO.

Cyber security is another serious threat to the BPO sector as it deals with a lot of clients' data. Cybercriminals keep on devising new ways of committing their illicit business and therefore cybercrimes legislation needs to be continually amended to address such emerging issues. Further, other policies on reducing the cost of doing business may include is reducing internet costs, and lower tariffs on power to make it cheaper. Due to limited access to foreign markets, the government may sponsor international conventions to promote Kenya as a BPO destination. Technology requires to be affordable for the BPO companies to effectively compete internationally. In this regard, it is recommended that the government should come with a policy to subsidize the BPO specific technologies and software to make them affordable. The other aspect is concerning legislation where the government may be required to legislate, strengthen, and review existing laws, develop BPO standards, and benchmark them with international standards. The regulatory bodies like the ICT Authority to may also develop suitable BPO regulations.

5.4.2 Recommendations on Practice

It is recommended that BPO companies scans the macro environment to identify the relevant opportunities and risks to and capitalize on the opportunities and mitigate the potential risks. Since BPO business is technology-based, it is recommended that the companies adopt new technology and come up with innovations of doing business so

that they can enhance their competitiveness. The companies may also position themselves internationally so that they may expand their customer base and thus promote their performance. They may also diversify their services by developing new products thus improving their performance.

5.4.3 Suggestions for Further Study

This study focused on the influence of the macro-environment on the performance of BPO companies. It is recommended that other studies be replicated in other sectors and countries to establish whether the results will be similar. It is also recommended that studies be carried out on the combined influence of both micro and macro environments. The firm strategy was used as a moderating variable that moderated the relationship between macro environment and performance. It is therefore recommended that other variables be considered as moderators between macro environment and performance. Further, the firm strategy may be considered as one of the independent variables to establish its influence on performance.

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APPENDICES
APPENDIX I: QUESTIONNAIRE

Instructions

This questionnaire is aimed at collecting information on the performance of Business Process Outsourcing Companies in Kenya. The information you provide shall be treated with confidentiality and is intended for academic purposes only. Kindly answer the following questions to the best of your knowledge by ticking or writing your answer as appropriate.

PART A: BACKGROUND INFORMATION

- a) Please indicate your gender.
Male [] Female []
- b) What is your age bracket?
Below 30 years []
31-35 years []
36- 40 years []
41- 50 years []
51 and above years []
- c) What is your highest academic qualification?
Secondary School []
Certificate []
Diploma []
Bachelor's Degree []
Postgraduate Degree []
- d) How long have you worked in the company?
Less than 1 year [] 1 to 2 years [] 3 to 5 years [] Over 5 years []
- e) How long has your company been in existence?

Less than 1 year [] 1 to 2 years [] 3 to 5 years [] Over 5 years []
- f) What position do you hold in the organization?

PART B: POLITICAL ENVIRONMENT

The statements below refer to the influence of the political environment on the performance of your company. The response ranges as follows: **Strongly Agree; Agree; Neutral; Disagree; Strongly Disagree**. Please indicate the degree to which you agree or disagree with each of the given statements by putting a tick in the box of your choice.

S/NO	DESCRIPTION	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a)	Political climate in Kenya has been conducive for BPO business					
b)	Government business registration and licensing processes are efficient					
	The government has addressed cyber security issues					
	The government has exempted					

	taxes of imported products used by BPO companies					
	The government has given tax and investor incentives to BPO companies					
	The government has marketed the country in foreign countries as a BPO destination					
	The government has supported the BPO sector by outsourcing its services from BPO companies					
	The government has made fibre optic cable easily accessible					
	The transport system in Kenya has been efficient and					

	conducive to our business					
	The government has made the supply of power reliable and affordable					

PART C: ECONOMIC ENVIRONMENT

The statements below refer to the influence of the economic environment on the performance of your company. The response ranges as follows: **Strongly Agree; Agree; Neutral; Disagree; Strongly Disagree**. Please indicate the degree to which you agree or disagree with each of the given statements by putting a tick in the box of your choice.

S/NO	DESCRIPTION	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	Exchange rates in the country have been favorable					
	Interest rates charged on loans have been favorable					
	The inflation rate have been low					

	Fiscal policy supports BPO business					
	Increased disposable income has expanded the demand for BPO services by clients					
	Internet charges are affordable					
	Energy costs have been affordable					
	Business start-up process and cost in the country encourage companies to start BPO business					
	Our company is involved in provision of offshore services					
	Globalization has increased access to resources					

PART D: TECHNOLOGICAL ENVIRONMENT

The statements below refer to the influence of the technological environment on the performance of your company. The response ranges as follows: **Strongly Agree; Agree; Neutral; Disagree; Strongly Disagree**. Please tick in the appropriate box.

S/NO	DESCRIPTION	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	The company has benefited from new innovations and inventions					
	Technological changes have assisted the company create new products and processes					
	We have access to relevant technology					
	New technology is affordable					
	Technology has helped reduce costs and improve quality					
	Through technology we have data					

	protection and security					
	Technology has assisted in knowledge management system that ensures business continuity					

PART E: LEGAL ENVIRONMENT

The statements below refer to the influence of the legal environment on the performance of your company. The response ranges as follows: **Strongly agree; Agree; Neutral; Disagree; strongly disagree.** Please tick in the appropriate box.

S/NO	DESCRIPTION	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	There are adequate laws to support the BPO services					
	The Labour laws have been adequate to					

	support BPO services					
	The government has enacted adequate laws for data protection and privacy to protect BPO companies					
	Regulatory bodies have developed suitable BPO regulations					
	The licensing of BPO companies is a one- stop shop					
	BPO specific standards are available in the country					
	BPO services are effectively guided by established ethical standards					
	International laws have facilitated offshore business					

	The government has enacted adequate protective laws that affect foreign business					
	Legislations enacted by other countries have promoted our foreign business					

PART F: FIRM STRATEGY

In response to changes in the macro environment indicate the extent your company has adopted any of the following strategies. The response ranges as follows: **Very Great Extent; Great Extent; Moderate Extent; Less Extent; Not at all.** Please tick in the appropriate box.

S/NO	DESCRIPTION	Very Great Extent	Great Extent	Moderate Extent	Less Extent	Not at all
	The company has adopted innovation in company processes and services					
	The company has effectively positioned itself in the industry					

	The company has used product development strategy					
	The company has adopted diversification (services and products) strategy					
	The company has implemented organizational change strategy					
	The company has enhanced customer service.					
	The company has employed cost reduction strategies					
	We have employed change in corporate culture.					
	We respond to the changes in the environment that are relevant to our business					
	We have adopted a proactive strategy to respond to the					

	changes in the environment					
	We periodically review our strategies					

l) Kindly indicate other strategies that your company has come up with to respond to changes in the macro environment.

- i.....
-
- ii.....
-
- iii.....
-
- iv.....
-
- v.....
-

m) If your company reviews its strategies, how often is it done?

- i. Monthly []
- ii. Quarterly []
- iii. Twice a year []
- iv. Annually []
- v. Above one year []

PART H: PERFORMANCE OF BUSINESS PROCESS OUTSOURCING

Please indicate the extent to which the following statements describe your company’s performance over the last 3 years. The response ranges as follows: **Very Great Extent; Great Extent; Moderate Extent; Less Extent; Not at all.** Please tick in the appropriate box

S/NO	DESCRIPTION	Very Great Extent	Great Extent	Moderate Extent	Less Extent	Not at all
Financial Perspective						
	Company's profits have increased over the last 5 years					
b)	Return on assets has increased over the last 5 years					
c)	Cash flow has improved over the last 5 years					
d)	Cost of business has reduced over the last 5 years					
e)	Amount of capital has increased due to growth in business over the last 5 years					
Internal Processes						
	The company has improved its overall efficiency as a result of innovations					
	The company has introduced new services over the last 5 years					
	Company's market share has increased over the last 5 years					
	The company has improved its service delivery					

	The company has improved its critical internal processes to capture the market					
Customers						
	The number of customers have increased over the last 5 years					
	The company has created value for its customers through quality service					
	The company has been able to deliver services on time					
	The company has been able to create good structures to support customer relationship management					
	The company has employed continuous improvement in quality services to customers					
	There is established customer relationship system that attracts and keeps customers delighted (customer loyalty)					
	The company's forecasting on customer needs and requirements have been accurate					
	The company has handled customer					

	feedback/complaints promptly					
Learning and Growth						
	The company has ensured that there is enough qualified and skilled professional staff employed					
	The high staff morale has resulted in loyal staff with low turnover					
	The company has systems that support upward employee growth through merit					
	The company has embraced continuous learning on how to perform better					
	The company has created a good work environment conducive to support its operations					
	The employee productivity and staff development has improved					
	The company has been keen on employee health and safety					

THANK YOU.

APPENDIX II: RESEARCH GAPS

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
Ahmad, A.M.K. (2012)	Influence of the macro environment on health service strategy in Saudi Arabia	Exploratory in-depth research	In political and legal environments, the most influential aspects were government type and stability, regulations, and policies. For the economic environment, the most influential aspect was purchasing power. The technological environment's most influential aspect was updated diagnosis methods.	The study considered the influence of the macro-environment on strategy as the dependent variable	The study looked at the influence of the macro-environment on the performance of BPO companies, while strategy was the moderating variable.

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
Eruemegbe, G.O. (2015)	Impact of business environment on organizational performance in Nigeria	Descriptive Survey.	Both political and economic environments impacted on organizational performance.	The study considered both micro and macro environments on organizational performance	The study considered the influence of the macro-environment on the performance of BPO companies, with firm strategy as the moderating variable.
Gatheru, C.M. (2017)	Factors affecting the growth of BPO Firms	Descriptive Survey	The study established that the factors affecting the growth of BPO firms as a policy framework and human capital.	The study focused on the internal environment	The study considers macro-environment elements that influence the performance of BPO companies
Gitau, C.W. (2014)	Factors affecting the growth of business process	Descriptive Survey	The study indicated that leadership style, financial resources, staff skills and	The study focused on the internal environment	The study considers macro-environment elements that

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
	outsourcing firms in Kenya		training, and the adoption of new technology influence the growth of the BPO sector.		influence the performance of BPO companies
Ilori, D.B.(2015)	Corporate strategy and performance evaluation	Case study	An effective strategy has a positive impact on performance.	The study considered the relationship between strategy and performance but did not include the influence of the macro environment	The study considered the influence of the macro-environment on the performance of BPO companies, with firm strategy as the moderating variable
Jankovic, M., Mihajlovic, M., & Cvetkovic, T. (2016)	Influence of external factors on the business of companies in Serbia	Case study	Political and legal environments had a negative impact on the business of companies more than the other environments	The measurement of business operations has not been indicated	The study measured performance in financial and non-financial terms.
Kagume, M. (2015).	Investigation of factors inhibiting the growth of	Descriptive Survey. Used	The study established that fibre optic cable in Kenya had led to an	The study did not establish whether the increase in	The study considered the influence of

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
	BPO companies in Kenya.	primary and secondary data.	increase in internet speed.	internet speed also affected internet costs.	internet costs (under economic environment) on the performance of BPO companies.
Kithusi, A.N.N.(2015)	Firm resources, external environment, entrepreneurial strategy and performance of small and medium furniture enterprises in Kenya	Descriptive Survey	The study observed that firm performance was positively correlated to all the macro environments except changes in the economy. The relationship was strongest and statistically significant with socio-cultural beliefs followed by the emergence of new technologies and changes in the political scene.	The study considered the macro environment as a moderating variable in small and medium furniture enterprises in Kenya	The study considers the 1 macro environment as the dependent variable and its influence on the performance of BPO companies.

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
Lacity M.C., Willcocks, L.P., & Craig, A. (2014)	Evaluation of South Africa as a BPO destination	Case study	South Africa's value proposition is high-quality service and staff, strong and cultural compatibility.	The study does not consider the macro environment but only the internal environment	The study considers macro environment and its influence on the performance of BPO companies.
Mann, L., & Graham, M. (2016).	Business process outsourcing and the growing automation of Kenyan organizations.	Descriptive Survey. Used interviews and focus groups.	The study established that the internal barriers faced by the BPO sector include managerial experiences and lack of personal connections by managers. Additionally, the researchers found that Kenya had substantially invested in infrastructure but the BPO firms struggled to reach into international markets.	The study considered the managerial factors and lack of international markets only.	The study considers the influence of macro environment on the performance of BPO companies.

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
Mark, J., & Nwaiwu, J.N. (2015)	Impact of Political environment on the performance of multinational companies in Nigeria	Case study	The political environment has a negative significant impact on business performance.	The study only considered the political environment	The study considered political, economic, technological, and legal environments
Mbithi, B., Muturu, W., & Rambo, C. (2017).	Macro environment moderating effects on strategy and performance	Descriptive Survey. Used questionnaire and interviews	The study established that strategy affects strategy and that the macro environment moderates the relationship with social-cultural and technological factors affecting the performance of sugar companies the most.	The study considered manufacturing firms on the effect of strategy on performance and the macro environment as a moderator. The performance was measured from a financial perspective.	The study considered the influence of the macro-environment on the performance of BPO companies, with firm strategy as the moderating variable. The performance was measured using financial and non-financial perspectives.

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
McIvor, R. (2016)	Application of process improvement techniques in business process outsourcing	Descriptive Survey	The findings highlighted the importance of formal contracting, relational contracting, and internal capabilities for applying process improvement techniques in the BPO sector.	The study focused on internal capabilities	The study considers macro-environment elements that influence the performance of BPO companies
Mhlanga, O., & Steyn, J.N. (2017)	Impact of macro environment on organizational operations in Southern Africa	Descriptive Survey. Interviews were used to collect data	The airline industry in southern Africa is highly impacted by the macro environment. Political interference has resulted in an un-level playing field in the airline industry and has served to destabilize rival operators. In terms of the economic environment,	The study considered the airline industry in various South African countries and the macro environment impact various industries differently.	The study considered the influence of the macro-environment on the performance of BPO companies.

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
			economic recession, high oil prices, currency instability significantly impacted the performance of airlines. Lack of adoption of new technology impacted performance negatively. Legally, restrictive bilateral arrangements resulted in many airlines not able to operate as many routes or frequencies.		
Musibau, A.A., Ojochide, F.P., Ekanem, E.U., Uidomoh, A.A., & Sunday, E.A. (2016)	Business strategy as a contributor to organizational performance	Case study	Strategy determines performance and appropriate strategy reinforces the performance	The study considered the contribution of strategy to performance without a moderating variable	The study considered the influence of the macro-environment on the performance of BPO companies, with firm strategy

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
					as the moderating variable
Njoroge, J.K., Ongeti, W.J., Kinuu, D., & Kasomi, F.M. (2016)	Influence of external environment on the performance of state corporations in Kenya	Descriptive Survey.	<p>The external environment had a significant influence on all the indicators of performance. However technological and legal environments had a greater influence on performance. The external environment had a positive effect on the six indicators of organizational performance. Dynamism had a positive effect on three indicators of financial, customer focus, and internal business processes. Munificence, on the</p>	The study considered the influence of the external environment on performance and the effect of environmental dimensions on performance indicators but had no mediating variable.	The study considered the influence of the macro-environment on the performance of BPO companies, with firm strategy as the moderating variable.

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
			other hand, had a positive effect on social performance. Complexity had a positive impact on the environmental integrity indicator.		
Ogaga B.J., & Owino, O.J. (2017)	Moderating influence of industry competition on the relationship between corporate strategy and organizational performance	Descriptive Survey.	Performance of the firm depends on the extent to which corporate strategy is aligned to the business environment	The study considered the relationship between strategy and organizational performance and industry competition as a moderating variable	The study considered the influence of the macro-environment on the performance of BPO companies, with firm strategy as the moderating variable
Agboola, A.A. & Ologunde, A.O. (2012)	Business strategy as a measure of performance	Descriptive Survey	Business strategies employed determines the organizational performance	The study considered the relationship between strategy and performance but did not include the influence of the	The study considered the influence of the macro-environment on the performance of BPO companies, with firm strategy

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
				macro environment. The performance was measured using financial ratios only.	as the moderating variable. The performance was measured using financial and non-financial perspectives.
Pushpakumani, M.D., & Watanabe, T. (2016)	The relationship between strategies and performance of small and medium enterprises in Japan and Sri Lanka	Descriptive Survey	Strategy and performance have a positive significant relationship	The study considered manufacturing firms and also did not consider the effect of the macro-environment on performance	The study considered the influence of the macro-environment on the performance of BPO companies, with firm strategy as the moderating variable
Ridwani, I. & Primiana, I. (2015)	Influence of the business environment on the organizational performance	Case study	The business environment has a significant effect on organizational performance. Furthermore, it was found that the business environment has	The study considered both internal and external environment on Indonesian	This study concentrated on the influence of the macro-environment on the performance of BPO companies.

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
			implication on organization performance	cooperative financial services	
Watende, E.C. (2014)	External environmental factors affecting the performance of the export services sector in Kenya	Cross-sectional design	The finding on the extent of external environment influence on the performance of the export sector was that the technological environment was ranked highly, and the political environment as the one that experiences the greatest change.	The study focused on the influence of the external environment on the performance of the export services sector.	The study considers the influence of macro environment on the performance of BPO companies.
Wathigo, G.W. (2012).	Strategic planning for business process outsourcing in Kenya	Descriptive Survey. Interviews and questionnaires were used to collect data	The researcher recommended that the government requires to support the sector by formulating a plan for encouraging BPO firms to invest in the country by outsourcing some of	The study recommended the need for government support to BPO firms	The study considered the political environment as one of the elements of the macro environment where government

Author	The focus of the study	Methodology used	Findings	Gaps in Knowledge	The focus on the current study
			its non-core functions as a way of increasing volumes and confidence in the industry.		involvement was looked into.
Tibbs, C. Y., & Langat, L. K. (2016)	Internal process, learning perspective of balance Scorecard and organizational performance A case of Tata chemicals Magadi Limited, Kenya	Causal research design.	The two perspectives of the internal process and learning and growth of the balanced scorecard had a positive relationship with organizational performance	The study concentrated only two perspectives of BSC to measure performance	This study uses all the four perspectives of the BSC.
Valmohammadi, C., & Ahmadi, M. (2015)	The impact of knowledge management practices on organizational performance	Descriptive Survey.	Used BSC in the manufacturing sector in Iran	The study concentrated on manufacturing sector	This study will look at service sector of BPO

APPENDIX III: SECONDARY DATA REVIEW SHEET

YEAR	RETURN ON ASSETS	NUMBER OF SERVICES OFFERED
2017		
2016		
2015		
2014		

APPENDIX IV: LIST OF BUSINESS PROCESS OUTSOURCING COMPANIES IN KENYA

1. Accu BPO
2. Adec Kenya Services EPZ Limited
3. Adept Technologies Ltd
4. Aegis
5. Africa Fleet Management Solutions Limited
6. African BPO Academy
7. Andest Bites
8. Asonicslive (K) Limited
9. Attain Enterprise Solutions Ltd
10. Beninda.com
11. Bunifu Technologies
12. Business Associates Group
13. Business Connections
14. C&R Group
15. Call Centre Africa Limited
16. Call Centre Solutions East Africa Ltd
17. Cambridge Africa
18. Career Options Limited
19. Cascade Global
20. Capture Solutions Ltd
21. Centum Limited
22. Ceva Limited
23. Cloudsource Limited
24. COMP-RITE Kenya Limited Data Centre Limited
25. CompuLynx
26. Computer Revolution Africa Ltd
27. Contactworld
28. Corporate Staffing Services
29. Craft Silicon
30. Cyka Manpower Services Ltd
31. Crystal Tech Solutions

32. Daproim Africa
33. Data Science Ltd
34. Digital Divide Data
35. Digital Vision EA
36. Direct Channel Limited (Simba Tech Limited)
37. Dynamic Systems
38. Echelon Human Capital Limited
39. Echnovate Bpo & Research
40. Eco-Conquest Africa
41. Edamars Enterprises
42. Envisage Multimedia Limited
43. Eighteen O Nine Ltd
44. Empire Microsystems Ltd
45. Flex Communications
46. Flexi Personnel Ltd
47. Fortcom Consult Ltd
48. Freelance Consultants
49. Fusion Communication Systems
50. Foundation Support Services
51. Genius Executives Limited
52. Genpact Kenya Limited
53. Global Business Process Outsourcing
54. Global Outsourcing Intl. Ltd
55. Grephys Outsourcing Limited
56. Guliyo Limited
57. GreenBell Communications Ltd
58. HIFIN Solutions
59. Horizon Contact Centers Limited
60. Infotrak Research and Consulting Limited
61. Insight Consultancy Services (K) Ltd
62. Intellect Group Limited
63. Intelligent Contacts Solutions Limited
64. International Talent Management Consulting
65. Ison BPO Kenya Limited

66. Insyque Solutions Ltd
67. Janta Kenya
68. Ken – Tech Data Ltd
69. Kencall Epz Limited
70. Kinde Engineering Works Limited
71. Lance Alexander Communication Limited
72. Lynxbits Limite
73. Lynxbits Limited
74. Manpower Networks
75. Masada Agencies Ltd
76. Midland Energy Limited
77. My Expert Desk Services
78. Netcom Information Systems Ltd
79. New Edge Technologies Ltd
80. Nia Moja Business Solutions (K) Limited
81. Nurture World Solutions Ltd
82. Odumont Consulting
83. Opensky East Africa Ltd
84. Outsourced Accountancy Kenya
85. Oxygen 8 East Africa Limited
86. Performance Through People Africa
87. Primesoft Solutions Ltd
88. Plus People Kenya Ltd
89. Quick Data BPO Limited
90. Ramsa Ltd
91. Records & Archives Management Systems (K) Ltd. (Rams)
92. Sasa Host Limited
93. Sabalink Technologies Ltd
94. Sapana Technological Co. Ltd
95. SawaSawa.com Ltd
96. SGS Kenya
97. Simba Technology Ltd
98. Skyweb Technologies Limited
99. Smart Beaver Digital Decoders

100. SME Kenya
101. SSA Accounting
102. Stanza Solutions
103. Surge Dynamics Ltd
104. Sunesis Consulting Ltd
105. Sycom Africa Ltd
106. Synergy Informatics Ltd
107. Systech Ltd
108. Syntax Communications
109. Techno Brain Group
110. Technocate BPO & Research
111. Terra Group
112. Times Media Group Limited
113. Verve K.O Ltd
114. Virtual Office
115. Vodacom Business (Kenya) Limited
116. Wavuh Ltd
117. Web Tribe Limited
118. XRX Technologies Ltd

(Source: Kenya IT & Outsourcing Services, 2017)

APPENDIX V: NACOSTI PERMIT

Permit No : **NACOSTI/P/19/99334/30262**
Date Of Issue : **23rd May, 2019**
Fee Recieved : **Ksh 2000**

THIS IS TO CERTIFY THAT:
MS. PURITY NYAMBURA CHEGE
of UNIVERSITY OF EMBU, 1558-60100
EMBU, has been permitted to conduct
research in Nairobi County
on the topic: ORGANIZATIONAL MACRO
ENVIRONMENTAL AND PERFORMANCE
OF BUSINESS PROCESS OUTSOURCING
COMPANIES IN KENYA
for the period ending:
23rd May, 2020


Applicant's Signature



Director General
National Commission for Science, Technology & Innovation