CHAPTER III

DATA COLLECTION AND METHODOLOGY

3.0 INTRODUCTION

The objective of the thesis is to translate the private sector's extensive outsourcing experience into a scorecard that would serve as a decision-making tool for the UN in identifying services that have a potential for successful outsourcing. To achieve this, the thesis identifies outsourcing criteria applicable to the UN which is used as the basis for development of the decision-making scorecard. Being non-profit making and due to the nature of services they offer, the goals and objectives would differ from those of profit making firms. Therefore the traditional focus of a scorecard would be insufficient as a decision-making tool for UN managers in making decisions relating to whether or not to outsource. The traditional scorecard will be modified to suite the unique needs of the UN. This effort supplements and ensures completeness of the scorecard for the purpose of the UN.

In order to attain the objective of this research and ensure that the model outsourcing decision-making scorecard is suitable to the United Nations' outsourcing needs, there was a requirement to examine the outsourcing practices of the UN and the private sector firms (manufacturers and service providers) and establish whether a relationship exists between the groups. It was also necessary to review some decision-making criteria utilized by the groups and to determine whether a correlation exists between them and the scope of these relationships to gain a better understanding of outsourcing and how it can be successfully applied to the UN (Leedy and Ormrod 2001). These important criteria include risks, establishment of goals and objective, barriers to outsourcing, the use of experts, provider selection, benchmarks, establishment of appropriate policies and procedures and the evaluation of a service provider's performance. A correlational study examines the extent to which differences in one characteristics or variable are related to differences in or more other characteristics or variable (Leedy and Ormrod 2001).

Hence it was necessary to use the quantitative research method for the statistical investigation of the relationship (Leedy and Ormrod 2001). A quantitative study was adopted as the appropriate research method because of the need to fully analyse all outsourcing trends, associations and relationships between the UN, manufacturing firms and service providers (Leedy and Ormrod 2001). Additionally, to ensure the research study is accomplished in a very clear and direct way, since it will define a population more clearly and to develop the instrumentation more specifically (Buys, 2005). The intent is to establish, confirm and validate relationships to develop generalizations that contribute to theory (Leedy and Ormrod 2001).

The chapter starts with a general introduction into the methodology of the research and followed by a detailed description of the samples and data collection method. The firms and organizations surveyed are:

- Fifteen service providers;
- Fifteen privates sector manufacturing firms; and
- Ten UN peacekeeping operations

3.1 METHODOLOGY

Since the research required a statistical investigation of the relationship between the UN, manufacturing firms and service providers, a correlational research was deemed appropriate (Leedy and Ormrod 2001).

These consideration where considered before quantitative research method was adopted for the thesis (Leedy and Ormrod 2001).

- There is an objective reality that can be measure
- My audiences is familiar with quantitative studies
- The research question is confirmatory
- The literature available for the study is relatively large
- The research focus covers a wide area
- The time available is relatively short

- A high desire for structure

- Skills in deductive reasoning and statistics

- Strong technical and writing skills

3.2   INSTRUMENTATION

The survey instrument was constructed from current industry literature, annual financial and management reports of service providers and manufacturing firms. Others include the financial performance reports of peacekeeping operations and the report of the Secretary-General on the financing of peacekeeping operations.

The manufacturing firms and service providers are used as very good examples of private sector outsourcing because of their extensive outsourcing experience. Information about each individual firm was collected through telephone interviews, the internet, periodicals, executive summaries, research sites and industry trade data. However, most financial and management information was gathered from online annual and management reports of the respective firms.

For the UN, the financial and management information was abstracted from United Nations General Assembly documents on the financing of United Nations peacekeeping forces for the period 01 July 2005 to 30 June 2006. All other information was from the survey responses and personal interviews.

The annual financial report and statement of account which normally gives a fair representation of the affairs of firms were the main source of the financial and management data used in abstracting financial information from the group. Others were from individual financial records of the groups.

3.3   DATA COLLECTION

The quantitative research was carried out through telephone interviews, written questionnaires.   The interviews were structured in such a way as to ensure that the same questions were always asked, however, semi structured interviews were also

employed when clarifications were needed (Klopper, 2003). The surveys and interviews were developed to recognise the unique issues facing each of the organizations as they face outsourcing decision and implementation. Three separate questionnaires were developed and used for the surveys for the groups: 34, 62 and 39 questions respectively for the UN, manufacturing firms and service providers respectively.

A variety of question formats were used which included multiple choices, rating scale and important scale including close-ended and also open-ended questions (Klopper, 2003). They were designed to be broad enough to be applicable to all the UN peacekeeping operations, service providers and manufacturing firms. Several modifications were made to the questionnaires depending on earlier responses received to ensure that all questions are simplified and explained. Emphasis was placed on outsourcing goals and objectives because they form the basis of the thesis which addresses outsourcing decisions and implementation. Furthermore, services presently being outsourced by the groups, and their outsourcing policies and procedures were used to confirm the outsourcing history of the UN, service providers and manufacturing firms. The type of outsourced activities, barriers and risks associated with outsourcing, together with the use of outside experts were used to confirm whether a relationship exists among the groups and if there is a reliance on institutional history to guide benchmarks between the UN, the private sectors and service providers. Outsourcing of services to local vendors as a peace-building measure was also included in the questionnaire to highlight the extent that outsourcing has been able to enhance the local economy, encourage capacity building and empower the local populace.

One would have imagined that gathering information from United Nations would be simple and easy, but on the contrary, it was apparent that the service providers and manufacturing firms were more used to dealing with other firms, universities and research institutions in sharing and exchange of information. The UN, especially the peacekeeping branch, on the other hand indicated that authorisation had to be sought from their headquarters due to the sensitive nature of the questions in the survey. This was an indication that institutional settings had a part to play with regards to open door policy of the organization regarding sharing of information and that all the

reforms have failed to be translated into action.   However, most of the sensitive information referred to was found on the organization's website.

For the same reason most of the top management could not be interviewed directly. However a good number of responses were later received from these peacekeeping operations once it was explained to them that it would be of benefit to them. Staff members in procurement, engineering, logistics, transport and communication and information technology were approached and they provided most of the data. The procurement staffs were most useful because of their outsourcing expertise; their response was complete in all forms providing information on what was presently being outsourced, the reward system in place, the risks, barriers, benchmarks/models used. Other information provided included the aim and objectives of their organizations for considering outsourcing and the use of experts, polices and procedures and performance incentives and the scorecard used. The engineering, communication and transport department provided information on measurements and how results were achieved in outsourcing projects. Also the staff strength of each department in each peacekeeping operation was adapted from online telephone directory based staffing list in organizations' website while other management information was extracted from staff members. It was much easier gathering information from manufacturing firms and service providers.

All the financial and management information was abstracted from the annual financial reports and statements of accounts of the firms (manufacturing firms and service providers) because it is not subject to a lot of manipulation, especially since the firms were not given prior notice of this study. The survey covered large and medium sized firms that account for 90% of the market share of both manufacturing firms and service providers industries in South Africa. Since the survey covered a reasonable proportion of both markets, it would be assumed to represent the two types of industries in South Africa. Also data abstracted from 10 (ten) peacekeeping operations surveyed/interviewed was considered adequate representation of the organizations.

3.4   SAMPLE

Considering the large number of manufacturing firms and service providers in the various industries, only a small sample of these firms (50 manufacturing firms and 40 service providers) will be used to make a generalisation of the various industries. Sampling size is critical because it provides basis for the estimation of sampling error (Hair, Anderson, Tatham and Black 1995). However, only 15 respondents were returned for each of the groups. The fifteen returned surveys were considered sufficient because they completely cover the target groups and all the main areas of service provision, i.e. small, medium, and large manufacturing firms and service providers and therefore formed a good representative sample of manufacturing firms and service providers.

Due to their spread and remote location of the UN peacekeeping operations around the globe and the need to reduce the number of organizations to a manageable size, purposive sampling a non-probability sampling method was use. Additionally, since the manufacturing firms and service providers were also chosen for a purpose, purposive sampling was used to ensure that each segment, service or product is represented in the sample. This method guarantees that each segment, service or product of the group or firms have a chance of being selected (Leedy and Ormrod 2001).

Multi-national manufacturing firms were targeted because of their similarity (i.e. size, capacity, assets and overhead) to the UN peacekeeping Operations. Also large sized service providers in South Africa were approached because of their size, capacity and overhead which compares well with the UN peacekeeping operations that were used in the thesis. The aim was to determine whether a correlation exists between the groups and the scope of these relationships. In addition, the UN peacekeeping operations are chosen for a particular purpose because of their resemblance to large multi-national firms. The geographical spread of the current peacekeeping operation is Africa, Middle East, Europe and the Americas.

There was an agreement that the names of the firms (manufacturers and service providers) should not be disclosed in the study although they can be used for comparison.

3.4.1 Sample from Third Party Service Providers

Forty surveys were sent out to the service providers in South Africa. A very small sample could lead to acceptance of a model which is not necessarily a fit, simple because there was not enough statistical power to reject the model. On the other hand, if the sample size is too large, the model may be rejected due to sensitivity in detecting small differences (Hair *et al,* 1995). Fifteen surveys were returned for a total response rate of 37.5%. Information received from the fifteen respondents was effectively complete and was found to be useful, although only information received from 13 of these firms was complete in all respects. However, the fifteen returned surveys were considered because they completely cover the target groups, i.e. small and large service providers. They also formed a good representative sample of service providers as they cover all the main areas of service provision i.e. logistics, transportation and warehousing; facility management; logistics, transportation, clearing and forwarding, freight and terminal operations, global logistics, express mail services; construction, civil, structural engineering and management consultancy. In terms of capacity, operating volume, number of employers, net assets, overheads and profit, the large, medium and small providers were covered.

To ensure a fair representation of the services provider because of their large number in South Africa, purposive sampling was identified as the best tool to guarantee equal representation of all the firms (Leedy and Ormrod 2001). The samples were also divided according to the services they offer, including turnover, capacity/net assets, and size of profit/turnover and scope of operation.

3.4.1.1 *Third Party Service Providers*

The small service providers were mainly locally based facility management firms and small sized locally based firms that provide services similar to those of big service providers but on a small scale. Such services include, facilities management, property

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management, customs clearing shipping and forwarding and agents clearing services. The larger ones were mainly leading global logistics multi-nationals providers with offices located all over the world, and firms that provide some of the best possible logistic solutions to satisfy today's customer needs.

The larger service providers offered services and operations with competitive advantage based on situations, experience, and industry standards and provided common benchmarks for establishing goals. They were mainly leading global logistics firms that provide some of the best possible logistic solutions to satisfy today's customer needs.

The fifteen service providers' respondents are grouped into the following services:

- Logistics, transportation and warehousing;
- Facility management;
- Transportation, clearing/forwarding, freight and terminal operations
- Global logistics, express mail services;
- Supplier, automobile and building control systems;
- Construction and management consultancy; and
- Civil and structural engineering consultancy

They comprise of two logistics, transportation and warehousing firms; six facility management firms; three logistics, transportation, clearing/forwarding firms, one freight and terminal operations firm, one global logistics express mail services firm; one construction and civil firm and one structural engineering and management consultancy firm. In terms of capacity, operating volume, number of employers, assets and overhead/profit, the large, medium and small providers are covered.

- *Logistics, Transportation and Warehousing*

Provider No. 1

This firm started business in 1985 and has grown to become a force in its three chosen areas of business: transportation and warehousing, logistics, garage repairs both commercial and non-commercial, including private and executive transport hire. Since these three areas of operation are complimentary, and often overlap, it allows them to manage overheads better, and provide a more competitive package to clients.

It is a complete warehousing and transportation company that is privately owned and provides the following services; warehousing, which includes, storage, Pick and Pack, Just-in-time freight holding and freight forwarding. It is also involved in small transportation, which includes taxi, and mini bus services with a range of vehicles from standard taxis, to executive Mini buses and small van haulage and rental services. Among the services offered by the firms are limousine and executive chauffeur driven vehicles services, which includes airport and seaport collections.

Provider No. 2

This firm offers a variety of storage handling and storage options, which includes the provision of a full range of depot and storage facilities that are strategically located within their area of operation. The firm's infrastructure is ideally suited for project staging operations with various handling equipment dedicated to container handling. The container depot handles stores and washes containers for various shipping companies. In addition to the depot operations, they provide shipping principals relating to container storage and repair facilities. The warehousing department is ISO 9001:2000 accredited and provides bonded and bulk storage facilities and containerised cargo. Other third party services provided included packing, unpacking, packaging and delivery.

It also provides warehousing facilities in Namibia and in 2004, the Namibia operation received a compliance certificate for affirmative Action Plan (AA) and shared a 3rd place with another firm for meeting the requirements of the Act.

- *Facility Management*

<u>*Provider No. 3*</u>

This service provider is a facility management firm that recently secured the contract to provide a full facilities management service to Microsoft in Sunninghill, Johannesburg, which includes the management of all technical and software services for Microsoft, incorporating everything from air conditioning, fire detection, waste management and security, to pest control, catering, carpeting and landscaping. They were also contracted to establish a helpdesk and toll-free line that is linked to a computerised facilities management system that is Web-enabled and fully networked. A full-time facilities manager and handyman were employed on site at the software company to manage all building services and maintenance work.

In addition to this, it was also given the task of managing Microsoft's utilities accounts that involves conducting full analyses of tariffs, time of usage, unit rates and maximum demand charges relating to electricity and water.

<u>*Provider No. 4*</u>

This service provider is also a facility management firm but more into consulting and specializing in the wine industry in South Africa. The head office is based in America. One of the firm's facilities management venture is something completely different from the usual and in other ways it is the next step in a career that has included over 30 years of assisting individual organizations to maximize value and cut costs through maintenance and facility planning. Their other specialities include assisting facility owners,

commercial real estate developers, brokers, lenders and managers with master planning, site planning and programming for the: production facility, wine tasting room, emergency preparedness and recovery planning.

The firm has grown from $7 million to $40 million over an eight-year period. In one landmark incident, the firm's work improved an entire industry. Using a unique ability to assess all aspects of the challenges facing a facility, it developed a maintenance program for a renowned laboratory that is today the national model for ensuring that safety equipment is maintained in readiness status at nuclear power plants. With career experience in facility management and planning for Fortune companies and the military, the firm has used their expertise in the wine industry to assist wineries in saving money through the planning of effective injury reducing production areas, hospitality rooms designed to increase sales and efficient administrative offices.

Provider No. 5

This facility management firm is based in South Africa and provides cost-effective, high quality support services. It focuses on organizations that need to increase their overall performance by outsourcing all non-core and support services through a service provider that provide integrated facilities management services by integrating both local and international best practices.

Provider No. 6

Based in South Africa, this service provider offers property, facilities, assets and project management services and other services which include shopping centre leasing and commercial management among other services. In 2004, it signed a R1 billion lease agreement and was recently nominated as BEE finalist. This firm has also expanded its services into Namibia.

Provider No. 7

An acknowledged leader in South Africa, this facility management firm provides cost-effective, high quality support third party services, managed and delivered through a unique approach to ensure seamless service integration. It was specifically established to focus on those organizations wanting to raise their overall performance output by outsourcing all non-core and support services through one reliable source.

The management of all support services is undertaken by the management of the firm and delivered by directly employed personnel or carefully procured service providers. In providing integrated facilities management it tries to ensure that effective management is based on integrating local and international best practice, supply chain evaluation and recommendations, optimising of business systems and processes developed through the management and benchmarking of several millions of square metres of space, buying power and economies of scale, selectively screened and qualified service providers and effective logistics and procurement management. The benefit of this supports the firm's approach in best practices to support service by ensuring highest quality and value for money.

Provider No. 8

This is a leading European facility management firm specializing in the provision of a complete range of facility management services to a variety of clients ranging from automobile manufacturers and banks to hospitals, aviation retail and mining. In 1998, it commenced operation in South Africa. Their first major breakthrough into South Africa's facilities management market was a contract awarded by South African Airways. The operation started officially in April 2000, when 298 staff was taken over as part of an outsourcing contract on a going concern basis without any loss of their rights or obligations. The contract was awarded for an initial period of ten years with an option of further ten years.

Their second last contract with South African Bureau of Standards was awarded in March 2001 where 120 staff was taken over on the same basis as at South African Airways. The services provided for both these clients go far beyond normal total integrated facilities management. They include service such as fleet and vehicle maintenance, aircraft movements, security, catering, manufacturing and project managements.

The firm provides a full range of facilities management services including technical, as well as, non-technical services. These non-technical services are provided by a black empowered subsidiary. Currently the firm generates an annual turnover in excess of   R140 million and is employing a total of 498 staff permanently in the local parent company in South Africa and a further 120 in a local subsidiary firm.

Internationally it is one of the largest financial muscles in the facilities management industry. With a gross turnover of €480 million it is the perfect choice of many blue chip clients worldwide.

- *Transportation, Clearing/Forwarding, Freight and Terminal Operations*

Provider No. 9

This small sized service provider is also based in South Africa and provides third party support services in customs clearing, shipping and forwarding, agents clearing, forwarding, customs clearing, shipping and forwarding services.

Provider No. 10

This firm provides one of the best possible logistic solutions to satisfy today's customers' logistical needs which are becoming more complicated in proportion as the business process of sourcing, manufacturing, and marketing expands further in a global context. It is also recognized internationally and in South Africa as a logistics provider.

Its logistics' purpose is to serve customers by designing, building and operating innovative logistics solutions which are measurable, to improve quality, cost and customer services. It delivers fully integrated logistics solutions tailored to the needs of its customers and is now recognized as one of the leading logistics providers in the market. Our diverse range of logistics services include warehousing and distribution, freight forwarding, international network solutions, supply chain consulting, and IT solutions.

The group has a perfect line-up of logistics business units inside every field of transportation i.e. (sea, land and air), forwarding, warehousing, distribution and other logistics services. Each unit is a specialist with a long and rich experience of supporting the customer, taking the leading position in sea, land and air transportation. This firm which forms part of a larger group was founded in 1885. Since its founding, it has grown to become one of the world's leading shipping companies. The group has more than 30,000 employees around the world and offers various transportation services: Container Transport, RORO, Bulk and Energy resource transport, Terminal, and Cruises. When it started logistics solution business such as warehousing and distribution in the 1980's, revenues from this new business field were only US $80 million. Today, as part of the US$10 billion group, its logistics' revenues have grown to more than US$3.3 billion including the contribution of another sister company.

Provider No. 11

Trading since 1849 it was instrumental in developing a fledgling shipping industry of South Africa in the early days and throughout the 1900's, pioneering shipping cargoes and moving people into and out of South Africa as the economy blossomed.

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Listed on the Johannesburg, Sydney and Luxembourg Stock Exchanges, it provides secure financial support as well as backing from the largest freight group in Africa. The group's activities span a full range of related services including terminal operations, stevedoring, travel, clearing and forwarding,

surveying, logistics and road haulage services. Other logistics services provided include, dry bulk carriers, port operations, P and I consultancy, container logistics, crude, product, gas and chemical tankers, passenger operations, documentation services, specialised vessels, crew operations, stevedoring, claims handling, heavy lift vessels, sea and airfreight forwarding, trade and project studies, crew movements, container depots, container logistics, dry bulk terminals, tanker container operations, NEO bulk terminals and road haulage.

- *Global Logistics, Express Mail Services*

Provider No. 12

A global provider of express mail and logistics services, it designs, implements and operates complex supply chain solutions on a national, regional or global scale for medium to large enterprises. This service provider is a leading global logistics company, operating in 28 countries. Established in 1946, it is now a global integrator and offers a range of unique international express delivery services between more than two hundred countries.

This service provider employs more than 40,000 people worldwide who manage over 7 million square meters of warehouse space and operate complex transportation networks. It has a fleet of 43 jet freighter aircraft together with 20,000 road vehicles organised by a worldwide network of nearly 1,000 company owned depots. Their extensive resources also include numerous state of the art sorting centres and all these efficient facilities enable them to provide the fastest and most reliable door to door transit times in the industry.

Being the leading provider of business to business express delivery services, this service provider has been one of the principal mail providers in Europe for more than 200 years and is a market leader in international business mail and operates worldwide delivery services, including unique integrated pan-European and domestic express delivery.

In 2005 the firm's revenue totalled €3.5 billion. Its holding company is also a global leader in express, logistics and mail and employs over 160,000 people in 63 countries and serves over 200 countries in total. It reported sales of €10.1 billion in 2005.

- *Supplier, Automobile and Building Control Systems*

<u>*Provider No. 13*</u>

This firm which was founded in 1885 has expanded remarkably from manufacturing electric room thermostat and has grown into a multi-billion dollar corporation, with worldwide leadership in two businesses: automotive systems and building controls.

Founded in 1885, this is the world's largest independent supplier of automotive interior systems such as seating systems, electronics, instrument panels, overhead systems, floor consoles, door systems and cargo management systems. Customers include: BMW, DaimlerChrysler, Ford, General Motors, Honda, Mazda, Mitsubishi, Nissan, Renault, Rover, Toyota and Volkswagen. It is also the largest replacement and original equipment automotive battery manufacturer in the Americas. Customers include: Advance Auto, AutoZone, Carport, Costco, DaimlerChrysler, Diamond-Star, Ford, Honda, Interstate Battery System of America, John Deere, Mazda, Nissan, Toyota and Wal-Mart.

The automotive branch is the global leader serving automakers around the world this is because most automakers outsource their interior system requirements to the firm in order to maximize quality and reduce costs. This firm does not only manufacture automotive interior systems but are also involved with the design, the engineering and integration as well as ensuring that it is distributed at all corners of the globe. This firm is also a leading worldwide supplier of building control systems, services and building management systems for schools, health care, offices, government, retails and

the telecommunication sectors. Customers include SBC, GlaxoSmithKline, JC Penney and Novartis as well as 7,000 U.S. school districts, more than 2,000 hospitals and tens of thousands of other non-residential and government.

With more than 500 branches worldwide and employing about 136,000 staff worldwide, its 2005 sales stands at a staggering $27.9 billion.

- *Construction and Management Consultancy*

Provider No. 14

A quality driven, international construction and management consultancy firm recognized for the value and innovation it brings to every project it under takes. From a global network of 50 strategically located offices, it provide a full range of consultancy services designed to deliver effective solutions for clients in any sphere of private and public sector activity, anywhere in the world.

It opened its first Africa office in Johannesburg in 1982. The firm has now established itself as a leading construction and management consultancy in Southern Africa with 12 strategically located offices across the region, employing 250 staff in six countries.

Its special expertise in the region has traditionally been in the mining and process sector and with blue chip clients as Anglo Platinum, De Beers, BHP Billiton, Lonmin, Potgietersrust Platinum and Rustenburg Platinum Mines. Other blue chip clients include Old Mutual, Nissan, Vodacom, ABSA, Consol and Southern Suns.

It has a wealth of experience on projects such as office developments, education, health, transport, housing, infrastructure, hotels, leisure as well as oil and gas. Recently completed projects include the domestic terminal at Johannesburg international airport, Cape Town international convention

centre, asset management, consultancy for government buildings and programme management for the department of water affairs and forestry.

Current projects include the K4 project for Lonmin, comprising the main and ventilation shafts at the platinum mine near Rustenburg; Sasol's Project Turbo; development of 300 staff houses in Burgersfort for Anglo Platinum; development of an infrastructure planning module for use by provincial government for National Treasury; roll-out programme for Nissan SA; acting as technical advisor for Kwa-Zulu Natal Department of Health's PPP; and providing legal services to Ticor SA on their R1.28 billion Heavy Mineral Sands Project in Empangeni, Kwazulu-Natal, South Africa.

It has also been involved in projects in other African countries such as Namibia, Ivory Coast, Mali, Algeria, Democratic Republic Congo, Lesotho, Swaziland, Ethiopia, Uganda, Nigeria, Egypt, Burundi and Libya.

- *Civil and Structural Engineering Consultancy*

Provider No. 15

Firmly rooted in South Africa, the company was founded in 1951. This firm was established more than half-a-century ago as a conventional civil and structural consulting engineering company and later as a facility management out fit that provides third party services. According to Engineering News-Records 2004 Global Construction Sourcebook, the firm has become a dynamic, leading-edge consultancy ranked amongst the world's top 200 international design firms, and also according to Top 500, South Africa's best managed companies. It is amongst South Africa's top 5 (five) companies in the consulting engineering sector. The firm is today a multidisciplinary consultancy, offering professional solutions across a wide range of sectors and throughout the full life cycle of projects of virtually any magnitude.

The past five decades have, however, not only witnessed it spreading its wings in terms of scope of work but geographically, the company has branched out

into all corners of South Africa as well as internationally, where it is today involved in more than 50 countries worldwide. The firm's skills base comprises a professional and technical staff complement of more than 850 engineering and other professionals. The firm's showcase Projects include the following; Erongo Regional Electricity Distributor Company (Erongo RED), Gautrain Rapid Rail Link, Madinat Jumeirah Leisure Resort, MTN Campus Development, N3 toll road, Olifantsvlei Wastewater Treatment Works, South African Reserve Bank and the Nova Vida Housing Development.

3.4.2 Sample from Public Sector Manufacturing Firms

The initial intention was to survey a wide variety of manufacturing firms; however, the sampling size was reduced because it was observed that the collection and analyses of data of such magnitude would go beyond the scope of the thesis. Due to the low sample size, attention was focused on using purposive sampling because it has the advantage of guaranteeing equal representation of each of the identified services and products (Leedy and Ormrod 2001).

After receiving responses from the manufacturers, a further survey was developed to ensure that the perspective of service providers is fully explored relative to outsourcing issues and practices identified by the manufacturers sector. This survey explored their opinions including doing business with the UN.

The manufacturing sector was then grouped into these services and products.

- Vehicle manufacturers;
- Truck manufacturers;
- Rubber and Tyre making firms;
- Lift and escalator manufacturers;
- Chemical manufactures;
- Cosmetics manufacturers;
- Glass making manufacturers;
- Beverage manufacturers;

- Aggregate and ready-mix firms; and

- Packaging firms.

The sample size was reduced to thirty and survey questions were sent to thirty manufacturing firms in South Africa. The thirty questionnaires were sent to the manufacturing firms according to the service/products they offer i.e. three to each service/product. Fifteen surveys were returned with a total response rate of 50%. Information from respondents from the fifteen returned surveys was found to be completely useful. The fifteen firms are a good representative sample of international and South African manufacturing industry. They cover the major manufacturing areas, in diversity, including the size and method of operation from very large to medium and small, especially in size of assets and overheads/profits

3.4.2.1 *Private Sector Manufacturing Firms*

The manufacturing firm cover the major manufacturing areas, in diversity, including the size and method of operation from very large to medium and small, especially in size of assets and overheads/profits.

- *Vehicle Manufacturers*

Vehicle Manufacturer No.1

The first vehicle manufacturing firm is the world's largest automaker and has been the global industry sales leader for 75 years. Founded in 1908, it today employs about 327,000 people around the world, with its global headquarters in Detroit. It manufactures its cars and trucks in 33 countries. In 2005, 9.17 million of its cars and trucks were sold globally. It is also a majority shareholder in other vehicle manufacturing companies in South Korea, Japan and Germany, including vehicle manufacturing ventures with several automakers around the world, like China, Russia and France.

As the world's largest automaker it has its largest national market in the United States, followed by China, Canada, the United Kingdom and Germany.

Its total net sales and revenue in 2005 was $192.604 million and worldwide production was 9,051,000. It however suffered a loss in net income in 2005.

Vehicle Manufacturer No.2

The second vehicle manufacturer has industrial and commercial presence in 118 countries. It designs, develops, manufactures and sells innovative, safe and environmentally-friendly vehicles worldwide. It currently has 126,584 employees, is Europe's leading brand and the only vehicle manufacturer to have eight cars with the maximum five-star Euro NCAP rating, and the winner of the Formula 1 world championship for constructors and drivers. The group's activities are organized in two main divisions: In 2005, the automobile division; which designs, develops and markets passenger cars and light commercial vehicles, accounted for 95.5% of total revenues. In the same year, the sales and financing division reported revenues of more than €1.9 billion, 4.5% of total group revenues.

The total revenues for 2005 were €40,715 million and €41,338 million in 2005. The group's worldwide production [Cars + Light Commercial Vehicles (LCVs)] for 2004 and 2005 was €2,471 billion and € 2,510 billion respectively. While the group's sales worldwide (Cars + LCVs) were € 2,490 billion and €2,533 billion respectively. The total group's workforce increased from 124,277 personnel in 2004 to 126, 584 in 2005.

Vehicle Manufacturer No.3

This firm is Europe's largest car maker and was established in 1946. This firm's South African subsidiary is located in an industrial town some 35 km from Port Elizabeth in the Eastern Cape in South Africa. Since its first vehicle rolled off the assembly line on 31 August 1951, this firm has become one of the major passenger car manufacturers in South Africa. Today, their market share has more than doubled since the mid-80's; increasing to such an extent that now more than one in five cars sold may come from their assembly line. From the very first car that rolled off their production line in 1951, through to

the high-tech, high performance vehicles, on to the launch of the other brands in 2000 and 2002, the firms' era spans six decades of South Africans building cars for South Africans.

As one of the largest foreign employers in South Africa, it employs 5100 people, whilst the group company encompasses over 1000 suppliers and a national network of over 122 franchised dealerships. The firms 100 000th export car was celebrated during its 50th anniversary and it achieved passenger market leadership in 2005. It is one of the biggest private sector employers in the Eastern Cape in South Africa with more than 6000 workers in the factory and thousands of allied jobs at suppliers. It spends approximately R18 million annually on Corporate Social Investment initiatives. It also contributed R1.1 Million Uitenhage Despatch Development Initiative (UDDI) project in 2005. It also established a community in 1989 with the intention of helping communities to help themselves and provided R7 million toward the project and has further donated an average of R2 million to the trust each year. In 2005, R2.2 million was donated towards community upgrades, education and youth development in Port Elizabeth, Uitenhage and Gauteng. Its South African employees also contribute R600 000 every year to a programme which assists vulnerable children and orphans across the country.

Vehicle Manufacturer No.4

This trucks and buses manufacturer started commercial production in 1915. In 1924 the company pioneered the world's first truck powered with a direct injection diesel engine.

This firm has its head headquarters in Europe and is the largest company of the group as well as one of the leading international commercial vehicle manufacturers. Its trucks, intercity buses; overland coaches as well as diesel and natural gas engines are manufactured in a worldwide production network. Additional production sites can be found in several other countries including, Poland with two Austrian subsidiaries,

It also produces overland coaches and city buses for the domestic market in Turkey as well as for export especially to the Middle East. In a joint venture with a large Chinese omnibus manufacturer group it makes bus chassis for city and overland buses as well as coaches.

In Germany, sales and service are transacted in over 22 branches with 160 and 45 service and sales offices respectively and 220 authorised dealers. The local company in South Africa is a wholly-owned subsidiary of the main group and is a leading manufacturer of medium, heavy and extra-heavy trucks, as well as commuter buses and luxury coaches.

The product has been represented in South Africa since the early 1960's. The company currently holds second position in the heavy truck market and is the leading supplier of passenger buses in the country, both as assembler and manufacturer. The product is not only designed for the South African market but for the rest of Africa as well where its trucks and buses are currently responsible for 14 other countries. The firm's truck and bus growth in 2002 reflected a massive increase of 19.7%, exceeding the overall South African commercial vehicle market growth and upping volumes from 1 322 units in 2001 to 1 585 trucks and buses in 2002. During 2002, and for the 8th year in a row, its trucks and buses have seen a growth of their share of the heavy truck and bus market especially for vehicles that are over 7.5 tons. The real impetus for its success has taken place due to an increase of market share from 7.7% in 1997 to a more than double 19.7% share in 2002, for all new heavy trucks and buses sold within the Customs Union of Southern Africa.

The South African heavy truck and bus market has shown minimal growth since 996. Despite this, its annual volumes increased from 700 units in 1996 to 1 585 units in 2002, a growth in market share of 52.9%. The South African assembly plant is responsible for engineering, production and technical service. The facility has 300 employees. In 2002, 1 233 were produced with the emphasis on 6x4 configuration vehicles demanded by the local market. On the other hand the bus and coach manufacturing plant is the only manufacturer in South Africa able to supply complete bus and coach products

(chassis and body) or, alternatively, to supply chassis only to approved body builders of the customers' choice. The plant has 67 employees and in 2002, 414 units were produced. The parts warehouse has a staff of 53 and a stockholding of R93-million and supplies 31 617 line items to a network of 34 parts dealers. A total of 693 people are employed at the firm's facilities throughout South Africa, which include an assembly plant, a bus manufacturing facility, as well as parts operations, a head office and the dealer network.

The firm has investments in excess of R100 million in South Africa since the beginning of 1999. The fiscal year 2004 was a very successful one for the firm's group. With an operative result of €342 million it surpassed the previous year's figure by € 139 million and thus took a further step towards sustained profitability. In terms of production, vehicles sold and turnover, the group is one of the leading commercial vehicle manufacturers in Europe and the world. Its order intake for 2005 was €9,434 million and the rest of the world accounted for € 6,708 million of these orders. Sales were € 7,805 million. It earns an after tax profit of € 266 million in 2005.

- *Tyre and Rubber Manufacturers*

Tyre and Rubber Maker No.1

The tyre and rubber Company was founded in 1898 and in Aug. 29, 1898, it was incorporated with a capital stock of $100,000. It presently operates more than 100 plants in 29 countries.

It is one of the world's leading tyre firms and the number one tyre maker in North and Latin America. It is Europe's second largest tyre maker and has more than 80,000 associates around the world. Its net sales were $ 19,723 million in 2005 and $ 18,353 in 2004. The total assets were $ 16,101 in 2004 and $ 15,627 in 2005.

Tyre and Rubber Maker No.2

The second tyre and rubber maker is one of the world's leading automotive industry suppliers offering comprehensive know-how in tyre and brake technology, vehicle dynamics control, electronics and sensor systems.

It employs approximately 80,000 personnel at more than 100 locations (manufacturing facilities, research centres and test tracks) in Austria, Belgium, Brazil, Chile, China, the Czech Republic, France, Germany, Greece, Hungary, India, Japan, Korea, Malaysia, Mexico, the Philippines, Portugal, Romania, Russia, Slovakia, South Africa, Spain, Sweden, Taiwan, Turkey, the UK and the USA. One of its division's manufactures products for machine engineering and mining and for the furniture and print industries.

Its sales in 2004 was €12,597.4 million and in 2005 it increased to €13,837.2

- *Chemical and Cosmetics Manufacturers*

Chemical and Cosmetics Manufacturer No.1

This chemical and cosmetics manufacturer is the largest chemical and polymer distributor in Africa and trades with all of the sub-Saharan countries on a regular and increasing scale. It operates from 13 sites and is situated in all of the major business centres throughout Southern Africa. This firm's trading influence is extended across the entire range of industries, especially in South Africa and Zimbabwe where the group is competitive in most spheres of its activity, especially in mining, water care, the engineering trades including metal treatment, the petroleum industry, chemical formulating, food and beverage, fish canning, textiles and surface coatings. Their main areas of specialisation are chemicals/speciality chemicals, animal feeds and mining. At present the firm has more than 100 major suppliers and 6500 customers.

Chemical and Cosmetics Manufacturer No.2

The firm was established in South Africa as recently as 1990. It is a medium-sized specialist chemical distributor to mainly the institutional and industrial chemical formulating cosmetic and toiletry industry. It is also a medium sized supplier of speciality raw materials and ingredients to the cosmetic, nutrition, pharmaceutical and food industries, representing market leading international agencies offering technical services and innovative new products.

Chemical and Cosmetics Manufacturer No.3

Established in 1970, it is one of the oldest direct selling cosmetics companies in South Africa. Its cosmetics cater for skin care, ladies fragrances, men's range, hand care, lipsticks, family products, make-up, inner naturals, and foot care. The company offers a contract manufacturing service comprising of development, manufacturing and packaging of all cosmetic products.

- *Lifts and Escalators Manufacturer*

This firm is the world's leading manufacturer of escalators and the world's second largest manufacturer of elevators world wide with more than 100 national companies and over 1,000 local branches worldwide. It employs around 40,000 employees and has operations spanning all five continents. It is the pioneer manufacturers of lifts in Southern Africa

Internationally, the firm was founded 1874. It designs, manufactures, installs, maintains and modernizes internal transport systems for every type of building requirements worldwide. Globally, its equipment moves more than 700 million people per day.

Significant contracts in South Africa include, among others, the Melrose Arch, Menlyn Park, Brooklyn and Gateway shopping centres, the Johannesburg International Airport and the new corporate head offices of Rand Merchant Bank and Coopers and Lybrand. The company also has a significant share of the refurbishment and maintenance markets and components are being

exported to parts of Africa and Israel. Globally, the orders received by the firm in 2004 were CHF8428 million and 2005 CHF9445 million. The operating revenue in 2004 was CHF8254 and CHF8870 in 2005. Net profit was CHF329 in 2004 million and increased to CHF401 million in 2005, while the number of employed personnel as at end of 2004 and 2005 were 39,443 and 40,385 respectively.

- *Glassware Manufacturers*

Glassware Maker No.1

A tremendous shortage of glass during the First World War encouraged the building of a small plant in South African. In 1918 the factory relocated to Dundee where it evolved but operated by South African Breweries. At the beginning of the Second World War a second glass factory, came into being. Not only did they produce glass containers but also made tumblers, fruit bowls etc. This factory gave rise to this firm. After the Second World War, this glass making firm was among the leaders in the great industrial expansion in this country and development was rapid. After a new plant was built in 1948 the firm has grown constantly ever since.

Today, it has become a significant player in the world of international glass packaging. For the fiscal year ended 31 December 2005, the firms had a volume growth of 10% and the revenue went up by 9.2% to R1.3 billion. The operating profit for the same period was R303.3 million up by 8.4%.

Glassware Maker No.2

Based in Johannesburg, this firm manufactures glassware, stemware, glass ovenware, dinnerware, tableware, bakeware, vases, stainless steel cutlery and catering equipment. It is also a leading direct importer, wholesaler and distributor to the retail, gifting and catering industries.

- *Beverage Making Firm*

  The beverage manufacturing firm was established in 1923. It however started making beverages in South Africa in 1982 and has become one of South Africa's leading beverage makers. This firm has won many beverage awards around the world.

- *Aggregates and Ready-Mix Manufacturer*

  Founded in 1833, this aggregates and ready-mix manufacturer is the world leader in building materials classified as No.1 worldwide in cement and roofing, No.2 worldwide in aggregates and concrete, and No.3 worldwide in gypsum. It is located in 76 countries including South Africa and has a workforce of 80,000 people. In 2005, the number of its shareholders was 253,200. It is listed on the stock exchange in Paris and New York and had a capital of €704,678,748 as at June 30th, 2006. Its 2005 sales stood at €16 billion with a current operating income of €2,357 million.

- *Packaging Manufacturer*

  Founded in 1998, the firm is proficient in worldwide product stewardship, packaging, batteries, electronics, other product types. Their expertise also includes take-back /recovery fee obligations, environmental design requirements (e.g. material restrictions, source reduction, and design for recycling) and environmental labelling requirements and voluntary eco-labelling.

  This is a specialist firm in global environmental packaging and product stewardship requirements. Product stewardship is a product-centred approach to environmental protection which calls on manufacturers, retailers, and users to share responsibility for reducing the environmental impacts of products throughout their life cycle. It also offers consultancy services specializing in compliance with Extended Producer Responsibility (EPR) laws for packaging, batteries, and electronics. It offers a full range of customized regulatory

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tracking, research, and compliance management services. It assists many of its clients in integrating aspects of environmental compliance such as data collection, fee calculation and reporting into their supply chain management, product design process, and other business systems.

3.4.3 Sample from UN Peacekeeping Operations

The United Nations peacekeeping operations are grouped according to their geographical locations.

Africa

- MINURSO (Western Sahara)
- MONUC (Democratic Republic of the Congo)
- ONUB (Burundi)
- UNOCI (Côte d'Ivoire)
- UNMIS (Sudan)
- UNMIL (Liberia)
- UNMEE (Ethiopia and Eritrea)

Middle East

- UNDOF (Israel-Syria Disengagement)
- UNIFIL (Lebanon)
- UNTSO (Israel)

Europe

- UNOMIG (Georgia)
- UNFICYP (Cyprus)
- UNMIK (Kosovo)

- MINUSTAH (Haiti)

At the start of the survey, the sampling size for the UN peacekeeping operations was (19) nineteen, because there were 19 peacekeeping and peace-building operations as at 2006. Therefore, 19 separate questionnaires were sent to all the peacekeeping and peace-building operations. However, at the end of the survey the number of operations had reduced by 1 (one), less ONUB (Burundi), making only 18 current operations. Later it was realised that data from peace-building operations would be inadequate for analysis due to the nature of their operations and geopolitics, hence, they would not give a fair representation of a proper outsourcing practice.

These locations included UNMISET/UNOTIL (Timor-Leste), UNAMSIL/ UNIOSIL (Sierra Leone), UNAMI (Iraq) and UNAMA (Afghanistan). Also, UNAMI (Iraq) and UNAMA (Afghanistan) which were originally included in the survey because they were designed to evolve into peacekeeping operations, however, due to the continued heavy resistance to coalition forces in Iraq and Afghanistan they have remained a support operation to the peace-building efforts. Furthermore, UNMISET/UNOTIL (Timor-Leste) and UNAMSIL/UNIOSIL (Sierra Leone) have down-sized considerably leaving only a skeletal staff and therefore, most of the information contained in the survey would no longer be valid, especially historical information. Consequently no responses were required from these peace-building operations. It was then decided to concentrate on the current 14 (fourteen peacekeeping operations. However, responses were not received from four peacekeeping operations, i.e. MINURSO (Western Sahara), MINUSTAH (Haiti), UNTSO (Israel) and UNMOGIP (India and Pakistan).

3.4.3.1 *UN Peacekeeping Operations*

Since the aim of this research was to identify outsourcing criteria and develop an outsourcing decision-making scorecard for the UN, the survey questions concentrated on four main areas of an organization vis-à-vis size, scope, goals, information, plans and programmes. Ten out of the fourteen current peacekeeping operations surveyed

were returned with a total response rate of 71 %. The 10 surveys returned are a very good representative sample of UN peacekeeping operations especially in size and spread because it covers big, medium and small operations. Though it did not include the Americas, it however, did cover the major geographic areas of operations of UN peacekeeping operations namely Asia, Africa and the Middle East. Responses were returned from the following 10 peacekeeping operations.

- United Nations Observer Mission in Georgia (UNOMIG);
- United Nations Interim Administration Mission in Kosovo (UNMIK);
- United Nations Peacekeeping Force in Cyprus (UNFICYP);
- United Nations Interim Force in Lebanon (UNIFIL);
- United Nations Disengagement Observer Force (UNDOF);
- United Nations Mission in the Democratic Republic of the Congo (MONUC);
- United Nations Operation in Côte d'Ivoire (UNOCI);
- United Nations Mission in Ethiopia and Eritrea (UNMEE);
- United Nations Mission in Liberia (UNMIL); and
- United Nations Mission in the Sudan (UNMIS)

However, responses were not received from four peacekeeping operations, i.e. MINURSO, MINUSTAH, UNTSO and UNMOGIP. Each of the 10 peacekeeping operations is briefly discussed below.

- *United Nations Observer Mission in Georgia (UNOMIG)*

    The conflict in Abkhazia, strategically located on the Black Sea in the north-western region of the Republic of Georgia, began with social unrest and attempts by the local authorities to cede from the Republic. It escalated into a series of armed confrontations in the summer of 1992 when the Government of Georgia deployed 2,000 Georgian troops in Abkhazia. Fierce fighting ensued resulting in the leadership of Abkhaz abandoning the Abkhaz capital of Sukhumi and retreating into the town of Gudauta. A ceasefire agreement was reached on 3 September 1992 in Moscow by the Republic of Georgia, the

leadership of Abkhazia and the Russian Federation. It also set out, as the basis of the peace settlement, a ceasefire to take effect as of 5 September 1992. The agreement, however, was never fully implemented.

The United Nations sought to revive the peace process by diplomatic means, consulting with the Conference on Security and Cooperation in Europe (CSCE) [now re-designated the Organization for Security and Cooperation in Europe (OSCE)] so as to ensure effective coordination of activities. In November 1992, a United Nations office opened in the Georgian capital of Tbilisi to provide an integrated United Nations approach in the region and to assist in the peacemaking efforts of the Secretary-General. In May 1993, the Secretary-General appointed a Special Envoy for Georgia. His first mission to the region reaffirmed that all parties supported an active role of the United Nations in reaching a peaceful resolution to the conflict.

On 4 August, the Secretary-General proposed the deployment of an advance team of up to 10 United Nations military observers to help verify compliance with the ceasefire. The advance team would then become part of the observer group if the Security Council decided to establish one. The Council agreed to this proposal. On 24 August 1993, the Security Council, by resolution 858 (1993), decided to establish the United Nations Observer Mission in Georgia (UNOMIG), comprising up to 88 military observers plus minimal civilian support staff to verify compliance with the ceasefire agreement (UN DPKO, 2006).

- *United Nations Interim Administration Mission in Kosovo (UNMIK)*

UNMIK was set up on 10 June 1999 when the Security Council in resolution 1244 authorized the Secretary-General to establish an interim civilian administration led by the United Nations in the war-ravaged province of Kosovo. The United Nations took on a sweeping undertaking that was unprecedented in both its scope and structural complexity. No other mission

had ever been designed in a way such that other multilateral organizations were full partners under the auspices of United Nations (UN DPKO, 2006).

- *United Nations Peacekeeping Force in Cyprus (UNFICYP)*

The Republic of Cyprus became an independent state on 16 August 1960 and a member of the United Nations one month later. The Constitution of the Republic, which came into effect on the day of independence, was intended to balance the interests of both the Greek Cypriot and the Turkish Cypriot communities. Cyprus, Greece, Turkey and the United Kingdom entered into a treaty to guarantee the basic provisions of the Constitution and the territorial integrity and sovereignty of Cyprus.

However, the application of the provisions of the Constitution, created difficulties from the very beginning and led to a succession of constitutional crises. The accumulated tension between the two communities resulted in the outbreak of violence on the island on 21 December 1963. On 27 December, the Security Council met to consider a complaint by Cyprus charging intervention in its internal affairs and aggression by Turkey. Turkey maintained that Greek Cypriot leaders had tried for more than two years to nullify the rights of the Turkish Cypriot community and denied all charges of aggression. On 15 February 1964, after all attempts to restore peace on the island had failed, representatives of the United Kingdom and of Cyprus requested urgent action by the Security Council. On 4 March 1964, the Council unanimously adopted resolution 186 (1964), by which it recommended the establishment of the United Nations Peacekeeping Force in Cyprus (UNFICYP). The Force became operationally established on 27 March 1964 (UN DPKO, 2006).

- *United Nations Interim Force in Lebanon (UNIFIL)*

In the early 1970s, tension along the Israel-Lebanon border increased, especially after the relocation of Palestinian armed elements from Jordan to Lebanon. On 11 March 1978, a commando attack in Israel resulted in many

dead and wounded among the Israeli population, the Palestine Liberation Organization (PLO) claimed responsibility for that raid. In response, Israeli forces invaded Lebanon on the night of 14 to 15 March 1978, and in a few days occupied the entire southern part of the country except for the city of Tyre and its surrounding area. On 15 March 1978, the Lebanese Government submitted a strong protest to the Security Council against the Israeli invasion, stating that it had no connection with the Palestinian commando operation. On 19 March, the Council adopted resolutions 425 (1978) and 426 (1978), in which it called upon Israel to immediately cease military action and withdraw their forces from all Lebanese territory. It also decided on the immediate establishment of the United Nations Interim Force in Lebanon (UNIFIL). The first UNIFIL troops arrived in the area on 23 March 1978 (UN DPKO, 2006).

- *United Nations Disengagement Observer Force (UNDOF)*

On 6 October 1973 war erupted in the Middle East between Egyptian and Israeli forces in the Suez Canal area and the Sinai, and between Israeli and Syrian forces on the Golan Heights. On 24 October, as fighting between Egypt and Israel reached a critical stage, the Security Council decided to set up a second United Nations Emergency Force UNEF II. The Force was immediately moved into place between the Israeli and Egyptian armies in the Suez Canal area, and its arrival effectively stabilized the situation. In the Israel-Syria sector tension remained high, and from March 1974 the situation became increasingly unstable. Against this background, the United States undertook a diplomatic initiative, which resulted in the conclusion of an Agreement on Disengagement between Israeli and Syrian forces. The Agreement was signed on 31 May 1974 and, on the same day, the Security Council adopted resolution 350 (1974) by which it set up the United Nations Disengagement Observer Force (UNDOF). UNDOF, the Israel-Syria Disengagement Force was finally established in June 1974. (UN DPKO, 2006)

- *United Nations Mission in the Democratic Republic of the Congo (MONUC)*

On 10 July 1999 in Lusaka, Zambia, the Democratic Republic of the Congo (DRC), along with Angola, Namibia, Rwanda, Uganda and Zimbabwe signed the Ceasefire Agreement for a cessation of hostilities between all belligerent forces in DRC. The Movement for the Liberation of the Congo, one of two Congolese rebel movements, signed the Agreement on 1 August. The Agreement included provisions on the normalization of the situation along the DRC border; the control of illicit trafficking of arms and the infiltration of armed groups; the holding of a national dialogue; the need to address security concerns; and the establishment of a mechanism for disarming militias and armed groups. On 6 August, Security Council welcomed the agreement and urged the second rebel group, the Congolese Rally for Democracy (RCD) to sign as well. On the same occasion, the Council commended OAU, the Southern African Development Community (SADC) and the United Nations Secretary-General for their efforts to find a peaceful settlement to the conflict.

In a further statement, in December 1998, the Council reaffirmed the obligation to respect the territorial integrity of DRC. It also indicated that it was prepared to consider the active involvement of the United Nations, in coordination with OAU, to help implement a ceasefire and an agreed process for a political settlement. In April 1999, to further demonstrate his commitment to regional peace efforts, the Secretary-General appointed a Special Envoy for the DRC peace process, to be assisted by the Secretary-General's Representative for the Great Lakes Region. The Council welcomed the appointment of the Special Envoy in its resolution 1234 of 9 April 1999 and requested the Secretary-General to make recommendations on the role of the United Nations in the peace process. In the same resolution, the Council, among other things, deplored the presence of forces of foreign States in DRC "in a manner inconsistent with the principles of the Charter of the United Nations", and called on those States to end the presence of the uninvited forces. In June, the Council reaffirmed its commitment to preserving the territorial integrity and political independence of all States in the region and

called upon all parties to participate with a constructive and flexible spirit in the upcoming Lusaka summit (UN DPKO, 2006).

- *United Nations Operation in Côte d'Ivoire (UNOCI)*

Action on the recommendations of the Secretary-General, the Security Council adopted resolution 1528 (2004) of 27 February 2004, establishing the United Nations Operation in Côte d'Ivoire (UNOCI) from 4 April 2004. The mandate of the small political mission, the United Nations Mission in Côte d'Ivoire (MINUCI), ended on that same date. In accordance with the Council's request, the Secretary-General transferred authority from MINUCI and ECOWAS forces to UNOCI on that date (UN DPKO, 2006).

- *United Nations Mission in Ethiopia and Eritrea (UNMEE)*

In a 30 June 2000 report to the Security Council, the Secretary-General described the 30 June 2000 agreement as the first but extremely vital step towards the restoration of peace between the two countries. He informed the Council about his intention to dispatch an "appropriate" number of liaison officers to each capital, to be followed by the deployment of a military observer group. It was envisaged that up to a total of 100 United Nations military observers would gradually be deployed to each country over the next two months, pending the establishment of a United Nations peacekeeping operation.

On 31 June, the Security Council, by its resolution 1312 (2000), decided to establish the United Nations Mission in Ethiopia and Eritrea (UNMEE) The Mission's mandate would be to undertake the following tasks: establish and maintain liaison with the parties; visit the parties' military headquarters and other units in all areas of operation of the mission deemed necessary by the Secretary-General; establish and put into operation the mechanism for verifying the cessation of hostilities and prepare for the establishment of the Military Coordination (UN DPKO, 2006) .

- *United Nations Mission in Liberia (UNMIL)*

On 8 July 2003, as fighting between Government forces and various warring factions intensified and humanitarian tragedy threatened, the Secretary-General on 29 July 2003 outlined a three-phased deployment of international troops to Liberia, leading to a multidimensional United Nations peacekeeping operation. The Council requested the Secretary-General to transfer authority to UNMIL on 1 October from forces led by ECOWAS, which it commended for its rapid and professional deployment. The Council terminated the mandate of the United Nations Office in Liberia (UNOL) and transferred the major functions performed by that Office to UNMIL. UNOL had been coordinating at UN activities prior to 2003. On 19 September, the Security Council unanimously adopted resolution 1509 (2003) welcoming the Secretary-General's report of 11 September 2003 and its recommendations. It decided that UNMIL would consist of up to 15,000 United Nations military personnel, including up to 250 military observers and 160 staff officers, and up to 1,115 civilian police officers, including formed units to assist in the maintenance of law and order throughout Liberia, and the appropriate civilian component (UN DPKO, 2006).

- *United Nations Mission in the Sudan (UNMIS)*

The United Nations Mission in the Sudan (UNMIS) was established by the Security Council on 24 March 2005, by resolution 1590, after it had determined that the situation in the country continued to constitute a threat to international peace and security. The Secretary-General, in his report dated 31 January 2005, recommended the deployment of a multidimensional peace support operation, consisting of up to 10,000 military personnel and an appropriate civilian component including more than 700 civilian police officers. Acting on the recommendation of the Secretary-General, the Council decided that the task of UNMIS would be:

- To support implementation of the Comprehensive Peace Agreement signed by the parties;

- To facilitate and coordinate, within its capabilities and in its areas of deployment, the voluntary return of refugees and internally displaced persons and humanitarian assistance;

- To assist the parties in the mine action sector; (d) to contribute towards international efforts to protect and promote human rights in Sudan , as well as to coordinate international efforts towards the protection of civilians, with particular attention to vulnerable groups including internally displaced persons, returning refugees, and women and children, within UNMIK's capabilities and in close cooperation with other United Nations agencies, related organizations, and non-governmental organizations. (UN DPKO, 2006).

3.5   **SUMMARY**

This chapter started with a general introduction into the method of data collection and this was followed by a description of firms and organizations used as samples in the survey. It further described the survey instruments used in the survey. Although the sample size for the manufacturing firms and service providers was small, they were considered sufficient because they completely cover the target groups and all the main areas of service provision, i.e. small, medium, and large manufacturing firms and service providers and therefore formed a good representative sample of manufacturing firms and service providers. The responses received from the UN, were also considered adequate and therefore a very good representative sample especially in size and spread because it covers big, medium and small operations. Regardless of the small sample size, the responses contain all necessary factors for the purpose of establishing correlations between outsourcing practices of both the UN and the private sector.

Quantitative research method was used in the collection of data for the statistical investigation of the relationship between two or more variables (Leedy and Ormrod 2001). It was necessary to examine the outsourcing practices of private sector manufacturing firms and service providers as well as the operational history of past and present peacekeeping operations.   A total of 84 service providers, private sector

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manufacturing firms and UN peacekeeping operations were approached and fifteen service providers, fifteen private sector manufacturing firms and ten UN peacekeeping operations responded. The sample size for the manufacturing firms and service providers covers the target groups and all the main areas of service provision that is small, medium, and large and therefore form a good representative sample of the groups. The ten United Nations peacekeeping operations cover the major geographic areas (Middle East, Africa and Europe). The survey was carried out through telephone interviews and questionnaires. The annual financial report and statement of account of the affairs of firms were the main source of the financial and management data used for the group for the period 01 July 2005 to 30 June 2006. Purposive sampling, a non-probability sampling method, was used to ensure equal representation.

Emphasis was placed on outsourcing goals and objectives because they form the basis of the paper which addresses outsourcing decisions and implementation. Furthermore, services presently being outsourced by the groups, and their outsourcing policies and procedures were used to confirm the outsourcing history of UN peacekeeping operations, service providers and manufacturing firms. Other include, type of outsourced activities, barriers, risks together with the use of outside experts were used to confirm whether a relationship exists among the groups and if there is a reliance on institutional history to guide benchmarks between UN peacekeeping operations, private sector manufacturers and service providers. Outsourcing of services to local vendors as a peace-building measure was also included to highlight the extent that outsourcing may and empower the local populace. Other important criteria include establishment of goals and objective, barriers to outsourcing, provider selection, benchmarks, establishment of appropriate policies and procedures and the evaluation of a service provider's performance. The firms in the study adopted either a service contract or a multi-activity contract. The multi-activity contract is very similar to a service contract in that it operates on the basis of Service Level Agreements and Key Performance indicators. The UN used mainly service contracts. Lastly, this chapter concludes by highlighting that each firm or organization surveyed and interviewed were chosen for a purpose and therefore, purposive sampling, a non-probability sampling method was used to ensure that each segment, service or product is represented in the sample.

CHAPTER IV

PRESENTATION AND INTERPRETATION OF DATA

4.0   INTRODUCTION

The objective of the thesis is to translate the private sector's extensive outsourcing experience into a scorecard that would serve as a decision-making tool for the UN in identifying services that have a potential for successful outsourcing, Therefore, this chapter will employ the decision-making criteria derived from collected data to develop an outsourcing scorecard which would serve as an outsourcing decision-making tool for the UN in identifying services that can be outsourced successfully.

This chapter focuses on statistical analysis of data abstracted from UN peacekeeping operations, service providers and manufacturing firms and the evaluation of survey findings. Using consolidated data from responses received from the groups, all outsourcing trends, associations and relationships between the groups are first fully analysed. This then followed by a detailed analysis of survey responses from 15 service providers and 15 manufacturing firms as well as a detailed discussion of data received from 10 UN peacekeeping operations.   This chapter concludes with the development of a decision-making scorecard from criteria identified in the research as well as identifying functions and services that can be successfully outsourced in a typical UN peacekeeping operation. The statistical hypothesis testing is carried out at the end of the statistical analysis.

Since we need to know the relationship how two or more variable are interrelated in this study, one function of statistics is to describe or indicate the strength of such relationship. Therefore, the statistical process by which we discover the nature of the relationship among different variables is called correlation (Leedy and Ormrod 2001). Correlational study is adopted as the appropriate research method because it examines the extent to which differences in one characteristics or variable are related to differences in or more other characteristics or variable (Leedy and Ormrod 2001). Additionally, since there is a requirement to fully analyse all outsourcing trends,

associations and relationships between the UN peacekeeping operations (UN PKOs), manufacturing firms and service providers, a correlational, quantitative study is used (Leedy and Ormrod 2001). Additionally, to ensure the research study is accomplished in a very clear and direct way, since it will define a population more clearly and to develop the instrumentation more specifically (Buys, 2005).

Type	No. Approached	No. Responses	% Responses	Type
Service providers	40	15	37.5%	Logistics, transport, warehousing (2) Facilities Management (6) Transportation, clearing, forwarding freight/terminal operations (3) Global logistics, express mail (1) Supplier, automobile, building control systems (1) Construction and management consultancy (1) Civil/structural engineering consultancy (1)
Manufacturing firms	30	15	50%	Vehicles and Trucks (4) Rubber and tyre (2) Lifts and escalators (1) Chemical and Cosmetics (3) Glass (2) Beverage (1) Aggregate and ready-mix (1) Packaging
UN Peace keeping operation	14	10	75%	Africa (5) Middle East (2) Europe (3)
TOTAL	84	40	48%	

Table 13: Breakdown of respondents

Source: Data collected

The statistical procedures used for the analysis of data are Chi-square (X^2) test and/or Fisher's exact test. The Chi-square test is used to determine how closely observed frequencies or probabilities match expected frequencies or probabilities while the Fisher's exact test is used to compare two dichotomous variables (nominal or ordinal) when the same sample size are small (Leedy and Ormrod 2001). Mehta and Patel (1983) observed that Fisher's exact treatment of the 2 x 2 contingency tables readily generalizes to an exact test of row and column independence in *r x c* contingency tables. It preferred to report the exact p value associated with the observed r x c table

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especially when the entries in each cell are small. However, for sparse contingency tables, fisher exact test and Pearson's chi-square (X^2) test frequently lead to contradictory inferences concerning row and column independence. Another disadvantage of the Chi-square (X^2) test, is that though being a popular statistical method and can used to test for the independence of 2 variables, it is a long, cumbersome process to do by hand and it only determines if the variables are related and it does not indicate how they are related or how one affects the other (Mantel, 1963). Therefore, the Fisher's Exact test should be used to report for all variables for purposes of uniformity.

The analysis of data indicates the summaries of the responses by group UN PKOs/Service Providers/Manufacturing firms sorted by "Yes" frequencies for all the variables/statements within each question showing which statements are the most "popular". Additionally, it also indicated the frequency counts, that is how many companies/organizations of this type gave this response and column percentage, that is what percentage of this company/organization type gave this response

4.1   ANALYSIS OF CONSOLITDATED DATA FROM THE GROUPS

In this section, consolidated survey responses from the manufacturing firms, the service providers and the UN are analysed.

Eighty-four service providers, private sector manufacturing firms and UN peacekeeping operations were approached and fifteen service providers, fifteen private sector manufacturing firms and ten UN peacekeeping operations responded (Table 13). Forty and fifteen surveys respectively were sent out to the service providers and manufacturing firms in South Africa. The response rate was 37.5% and 50% respectively for the service providers and manufacturing firms. While ten out of the fourteen current peacekeeping operations surveyed were returned with a total response rate of 71 %.

Due to the large amount of data received from the three questionnaires (appendices, A, B and C) and to ensure proper analysis, it was necessary to consolidate or rationalize the responses within each question Therefore, only variables from 74

responses from 9 questions were considered in determining outsourcing trends, patterns and relationships between the UN, manufacturing firms and service providers. The rest of the responses were used to provide back ground information about the groups. The questions and responses were consolidated as a measure to reduce data size and make data analysis more manageable,   Therefore 'Yes' and 'No' responses were identified as being the most appropriate to ensure easy identification of association between the groups. They were then sorted by 'Yes' frequencies for all the individual variables within each 9 questions to show the most frequently occurring or most common variables. When examining the relationship between two variables, it helpful to plot the number pairs on a graph to allow a visual inspection of the relationship between the two variables (Leedy and Ormrod 2001).

Having classified each firm or organizations thereafter, Chi-square and or Fishers' Exact tests were run on each of the 74 variables to test for associations between the consolidated questions' response and the group. The Chi-square results, rather than the Fisher's Exact test results was used in cases where there was a warning that some cells have expected counts of less than 5. For example when 50% of the cells have expected counts less than 5, then Chi-Square may not be a valid test. The reason is that the Fisher's Exact Test is more precise than the Chi-square method and should be used in cases where the Chi-square test signals a warning. Therefore, the Fisher's Exact result was used to report for all variables for purposes of uniformity in order to avoid having Chi-square results for some items and Fisher's Exact results for others. Fisher's Exact test results on the 74 consolidated questions are show in appendix D. Fisher's Exact result indicates that when the probability or p-value is < 0.05, there is statistically significant evidence of an association between the response and the group that the respondent belongs to. However, when the p-value>0.05, there is no statistical evidence of an association between the response and the group that the respondent belongs to.

Using the examples of Q1, what services do you presently outsource? That is, from v2-v19. Services v5, v13, v14 and v16 are currently outsourced by 100% of the UN. While v2, v3, v4, v6, v7, v8, v9 are services that none of them currently outsource. Additionally, v4 and v5 are services that are currently outsourced by 33.3% of the Manufacturing companies. While, v2, v3, v15 are services that none of them currently

outsource. Services v3, v12, v14 are currently outsourced by 26.7% of the service providers. While v6, v7, v8, v9, v11, v15, v17, v18, v19 are services that none of them currently outsource. In making a comparison between the 3 groups, it is clear from the example above that the "popularity" of services in terms of outsourcing is different in the 3 groups.

	Question	Variable	p-value
Q1.	**What services do you presently outsource?**		
	Customer Service	v2	NS
	Freight consolidation/distribution	v3	<0.05
	Selected manufacturing activities	v4	NS
	Information Technology	v5	<0.05
	Product assembly	v6	NS
	Order fulfilment	v7	NS
	Parts packaging and accessories	v8	NS
	Packaging for retail item	v9	NS
	Engineering services and maintenance	v10	<0.05
	Communication and communication maintenance	v11	<0.05
	Traffic, transportation/fleet operations and maintenance	v12	<0.05
	Assets/warehousing/property management	v13	<0.05
	Facilities /camp management /catering	v14	<0.05
	Medical services	v15	<0.05
	Heavy and specialized activities	v16	<0.05
	Security/fire safety	v17	<0.05
	Payroll	v18	NS
	Human resources	v19	<0.05

Services presently being outsourced by the groups, and their outsourcing policies and procedures were used to confirm the outsourcing history of the UN, service providers and manufacturing firms. The type of outsourced activities, barriers and risks associated with outsourcing, together with the use of outside experts were used to confirm whether a relationship exists among the groups and if there is a reliance on

institutional history to guide benchmarks between the UN, the private sectors and service providers.

The establishment of goals and objectives is the process of deciding what is to be outsourced. The two-way frequency table (Table 14) indicates 'Yes' responses from collected data for the goals and objectives of each group (UN Peacekeeping operations or UN PKOs, manufacturers and service providers) and the percentage of the firms and organizations that gave this response. Varied responses were received from the UN, manufacturing firms and service providers regarding their goals and objective for outsourcing. When the UN were asked to, comment on what was their goals and objectives for outsourcing, 80% indicated that risk avoidance is their major reason for contemplating outsourcing while 100% of them indicated that the following goals and objective were their main purpose for considering on outsourcing (Chart 14):

Table 14:   The goals and objectives of outsourcing

Source: Data collected

Goals/Objectives	UN PKOs	Manufacturers	Service Providers
Capacity building and economy enhancement	100	6.67	0.00
Cost reduction	100	60	92.86
Enhanced Technology	100	13.33	0.00
Labour issues	100	20	61.54
Performance improvement	100	13.33	71.43
Risks	80	6.67	0.00
Competitive issues	0.00	26.67	14.29
	N=10	**N=15**	**N=15**

- Capacity building and economy enhancement;

- Cost reduction;

- Enhancement of technology;

- Resolution of labour issues; and

- Performance improvement

Being non-profit making, UN did not consider the resolution of competitive issues a major concern, while the private sector firms (manufacturers and providers) considered only cost reduction, performance improvement, labour and competitive issues as their goals and objectives for outsourcing. However, across the groups, they regarded the following as their major goals and objectives for considering an outsourcing relationship:

- Capacity building/ economy enhancement;

- Cost reduction;

- Enhancement of technology;

- Resolution of labour related issues;

- Performance improvement;

- Risks avoidance; and

- Resolution of competitive issues

The manufacturing firms distinctively focused on cost reduction and competitive issues as their major objectives for outsourcing, while the service providers indicated that their major concerns are reduction of costs, labour related issues and performance improvement as their goals and objective for outsourcing. However, there was a strong correlation between the groups regarding cost reduction as being a vital criterion for outsourcing decision-making. Though the UN is non-profit making, cost reduction is necessary because of the need to maximise limited funds. However, all the UN peacekeeping operations indicated that performance improvement was their objective to ensure product quality. Furthermore, an association was found across the three groups regarding their goals and objectives for outsourcing (Chart 14), signifying that there was no difference in the outsourcing motive, regardless of whether the organizations were profit or non-profit making. However, the quality of output and performance improvement rather than profit is of major concern to the UN.
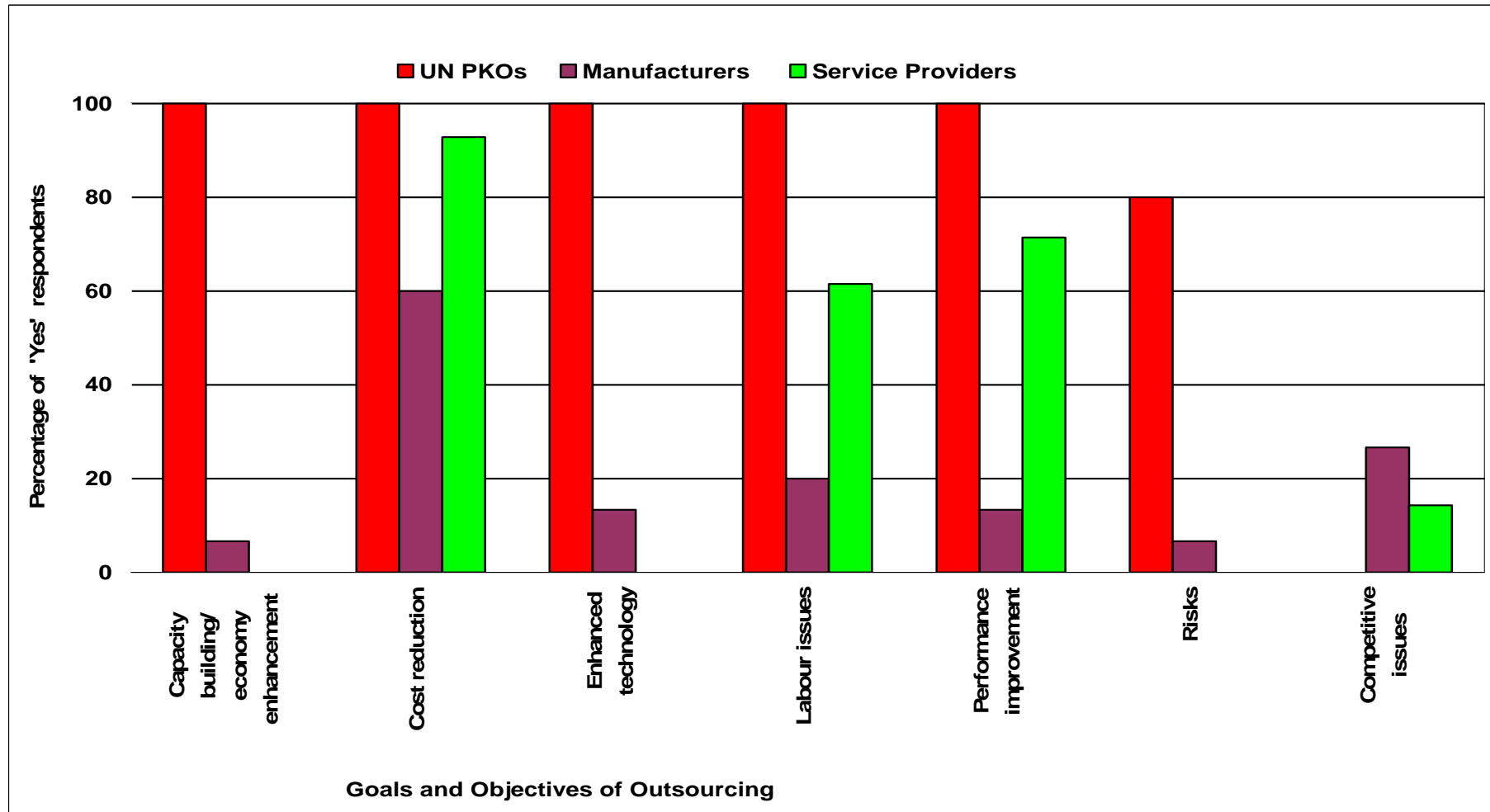
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Chart 14: Goals and objectives of outsourcing by percentage of 'Yes' respondents

Source: Data collected

Services	UN PKOs	Manufacturers	Service Providers
Assets, warehousing and property management	100	13.33	6.67
Facilities, camp management and catering	100	6.67	26.67
Heavy and specialized activities	100	20	20
Information Technology	100	33.33	7.14
Engineering services and maintenance	90	13.33	6.67
Human resources	90	6.67	0.00
Medical services	90	0.00	0.00
Traffic, transportation and fleet operations and maintenance	90	20	26.67
Communication and communication maintenance	70	13.33	0.00
Security and fire safety	40	26.67	0.00
Payroll	10	20	0.00
Customer Service	0.00	0.00	6.67
Freight consolidation and distribution	0.00	0.00	26.6
Order fulfilment	0.00	6.67	0.0
Packaging for retail item	0.00	6.67	0.00
Parts packaging and accessories	0.00	13.33	0.00
Product assembly	0.00	6.67	0.00
Selected manufacturing activities	0.00	33.33	13.33
	N=10	**N=15**	**N=15**

Table 15:   Outsourced services

Source: Data collected

Since a relationship must exist for a successful outsourcing contract, it is therefore necessary to begin early in the outsourcing decision-making process to build this relationship. Most of the group indicated that it is a vital aspect of an outsourcing arrangement and an essential aspect to the development of an outsourcing scorecard. Clear outsourcing objectives are necessary for setting parameters, collecting appropriate information for analysis, formulating a RFP, evaluating proposal responses, analyzing and resolving trade-off issues, and negotiating a sound contract. Between the manufacturer and the provider, the factors influencing the decision to outsource are essential in providing the groundwork for developing an outsourcing relationship and scorecard criteria.

It was also observed that to establish the goals and objectives of outsourcing satisfactorily, it is necessary to consider these factors:

- Barriers to outsourcing;
- Risks of outsourcing;
- Involvement of outsiders in decisions to outsource; and
- Benchmarking

Prior to outsourcing, having an in-depth knowledge of these factors enables organizations to make knowledgeable outsourcing decisions and identify services that have the potential for successful outsourcing. It important to identify the barriers to outsourcing because they usually provide an insight into the institutional setting in which outsourcing is or would be occurring and are therefore important aspect for the development of an outsourcing decision making scorecard. Also important to note, is that the use of experts to assist in analysing outsourcing decision-making may decrease risks associated with outsourcing may by providing external validity to the contract. The benchmark used by an outsourcing organization is critical because it indicates what part institutional history plays in a decision making process. When considering outsourcing, the UN may need to apply the same principles as those used by private sector manufacturing firms by ensuring the existence of similarities between them and providers in many respects.
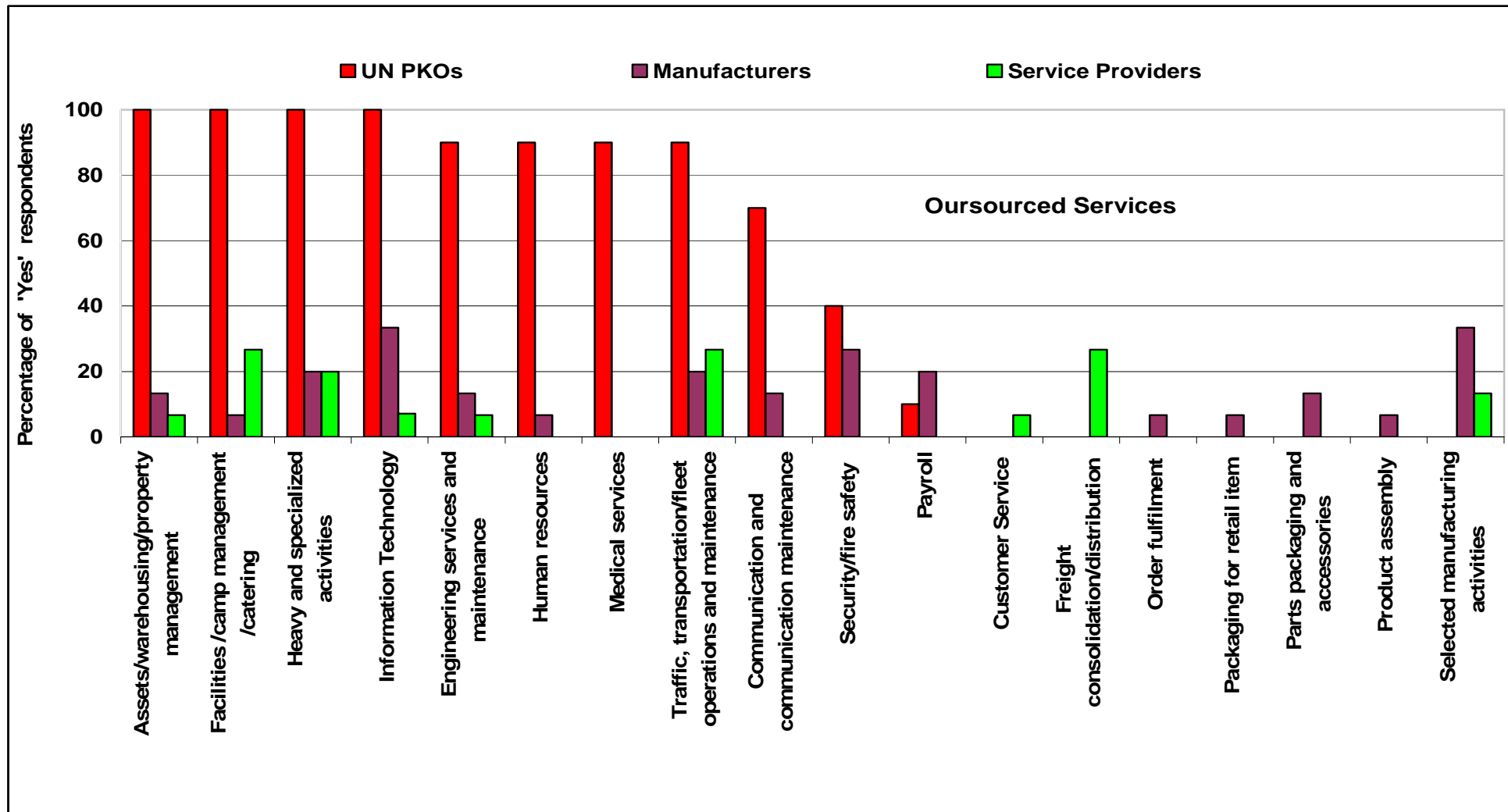
Chart 15: Outsourced services by percentage of 'Yes' respondents

Source: Data collected

These similarities should be found in current outsourcing activities, barriers, and risks associated with outsourcing. Lastly, to ensure success, the UN must ensure that similar to the manufacturing sector, they should enter into outsourcing partnership with providers whose business goals and objectives are closely aligned to theirs.

The two-way frequency table (Table 15) indicates 'Yes' responses for each group (UN, manufacturers and service providers) and the percentage of organizations or firms that responded. The services presently being outsourced by the groups were used to confirm their respective outsourcing history. In the UN, the commonly outsourced services are (Chart 15):

- Assets, warehousing and property management;
- Facilities, camp and catering;
- Heavy and specialized maintenance activities; and
- Information technology

On comparing figures among the groups (Table 15), there were also similarities in the outsourcing of the following services:

- Assets, warehousing and property management;
- Facilities, camp management and catering;
- Heavy and specialized activities;
- Information Technology;
- Engineering services and maintenance; and
- Traffic, transportation, fleet operations and maintenance

Even though the result of the survey indicates that the UN outsource more of the above services than the manufacturing firms and service providers, the value of outsourced services are limited in comparison to the rest of the groups. An example is to buttress this is even though a large number of UN peacekeeping operations outsource transportation and fleet maintenance, they cannot be compared to the scale of those of manufacturing firms and service providers outsourcing. The UN's outsourcing is marginal and is limited to specialised maintenance and body works.

Moreover, since the manufacturing firms wholly outsource transportation they would not require fleet maintenance. The UN could learn from that and lease instead of buying vehicles, to avoid high maintenance costs, insurance costs and personnel to operate the vehicles that will have to be paid in the long run. Generally it was noted that there is low participation in outsourcing in South Africa by manufacturing firms and service providers which is probably due to little understanding of the advantages of outsourcing.

Additionally, information exchanged between the groups indicates that the UN outsources more of these services than manufacturing and service providers, however, partially. An example is the outsourcing of IT. Though IT is outsourced by all the UN peacekeeping operations, it was of partial nature for example, IT training, data and call centre services. IT outsourcing by the service providers offer much wider services and include website development, maintenance and LAN's, while the manufacturers offer more extensive outsourcing (33.33%) through 5 (five) firms including application maintenance, WAN's, application development, website development and maintenance, LAN's, IT training, desktop management, disaster recovery, data and call centre. Unlike the manufacturing firms and the service providers, at least one UN peacekeeping operation provides call centre services. Medical service did not form part of services outsourced by manufacturing firms since they do not provide medical facilities and their employees take up personal medical insurance.

However, none of the following services are outsourced by the UN peacekeeping operations organizations surveyed probably because they do not have a need for such services or because they are not aware of the value it will bring to their organizations.

- Payroll;
- Customer service;
- Freight consolidation and distribution;
- Order fulfilment;
- Packaging for retail item;
- Parts packaging and accessories;

- Product assembly; and
- Selected manufacturing activities

However, some services may not be outsourced due to political considerations opposition, local labour laws and other barriers. On the other hand, the service providers outsource only services they would not normally provide to clients. It is clear from Chart 15, that the most frequent outsourced services are different in the three groups. There are also indications that the majority of the UN peacekeeping operations, manufacturers and providers interviewed do not outsource the following services.

- Customer service ;
- Payroll;
- Order fulfillment;
- Packaging for retail item;
- Parts packaging and accessories; and
- Product assembly

Although, some of these services are specific to manufacturers and services providers, however, to become more efficient and cost effective and to ensure that the UN peacekeeping operations concentrate on their core functions, it is essential that these services are outsourced completely. Therefore all barriers impeding the outsourcing of the following services would have to be overcome to ensure that they are successfully outsourced.

- Assets and property management including warehousing;
- Facilities and camp management including catering;
- Heavy and specialized activities;
- Information technology;
- Engineering services and maintenance;;
- Human resources;
- Medical services;

- Traffic, transportation, fleet operations and maintenance;
- Communication and communication maintenance;
- Security and fire safety; and
- Payroll

Major cost saving would be realized by outsourcing all heavy and specialized activities include humanitarian and relief operations and aircraft maintenance. Cost savings can also be achieved by not having equipment and fleet of vehicle to maintain.

All the UN peacekeeping operation indicated that they participate in outsourcing, though partially, and that the type of services outsourced depended on the nature and geographical location of organizations and the unavailability of facilities. The UN peacekeeping operations surveyed are categorized into three types; small, medium and large. The large organizations are based in Africa and include MONUC (Congo), UNMIL (Liberia), UNMEE (Eritrea/Ethiopia) and UNMIS (Sudan). These groups outsource humanitarian and relief services and aviation maintenance extensively due to their far flung and remote geographical location. MONUC especially, expends most of its budget on aviation maintenance which is due to the large number of aircrafts in their fleet and the unavailability of local expertise. Furthermore, amongst peacekeeping operations, MONUC spends a large portion of their budget on outsourced services. The medium sized organizations, for example, UNMIK in Europe and the smaller organizations in Western Asia, outsource all services that they are legally permitted to outsource.

Furthermore, by virtue of the nature of their businesses and in addition to the regular services that may be outsourced, the UN outsources humanitarian and relief operations to specialized agencies and NGOs. These form part of heavy and specialized activities outsourced by the UN. However, participation of local providers and host government is essential in humanitarian and relief operations because it encourages sustainability, builds capacity and empowers the local population.

Table 16:   Barriers impeding outsourcing decision-making
Source: Data collected

Type of Barrier	UN PKOs	Manufacturers	Service Providers
Outsourcing expertise	90	20	6.67
Poor project definition	90	0	13.33
Control	80	26.67	20
Human resources	80	20	0
Political considerations and labour issues	80	13.33	20
Current workload	70	0	13.33
Quality	70	26.67	26.67
Government policies and local economy	20	6.67	20
Cost	0	20	0
Internal organizational issues	0	33.33	0
Provider selection	0	13.33	0
Withholding of financial information	0	6.67	0
	N=10	**N=15**	**N=15**

Therefore, outsourcing of services to local providers as a peace-building measure is vital and highlights the extent to which the UN has supported nation building. Lastly due to lack of capacity most services are partially outsourced by the UN save for aviation maintenance and other specialised services. Another important requirement for the development of an outsourcing decision-making scorecard is the ability to define the barriers to outsourcing. The UN peacekeeping operations indicate that the following are the primary barriers that impeding their ability to outsource (Chart 16):

- Outsourcing expertise;

- Poor project definition;
- Control;
- Human resources;
- Political considerations and labour issues;
- Current workload; and
- Quality

In remote locations lacking basic infrastructure, which is the setting of most UN field operations, it would be practically impossible to completely outsource services such as transportation and fleet maintenance to a local service provider though it may be cheaper. Considering the number of vehicles for examples 1400 in UNMIL (Liberia), a local provider would not be capable providing adequate maintenance services for such a large fleet because that the required expertise and/or capacity would not be available. Therefore, the service may have to be carried out in-house. In situations like this, international providers may become necessary in order to derive all the advantages of outsourcing.

Barriers to outsourcing provide an insight into the institutional setting under which outsourcing would be applied. As indicated in Table 16, most of these barriers to outsourcing in the UN are due to lack of expertise and capacity which impacts on their ability to execute service on a large scale. Most barriers to outsourcing experienced by the UN are due to lack of expertise and capacity which impacts on their ability to execute services on a large scale. For this reason and as outlined earlier, most services are partially outsourced by the UN save for aviation maintenance and other specialised services. Due to the nature of services offered by the UN, political constraints are also a strong impediment in their ability to outsource.

These barriers are not limited to the UN. There is also strong correlation between the UN, manufacturing firms and service providers regarding institutional barriers that impede outsourcing in which all three groups indicate that the following are the primary barriers to outsourcing that they encounter.

- Outsourcing expertise;

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- Poor project definition;
- Control;
- Human resources;
- Political considerations and labour issues;
- Current workload; and
- Quality

However, none of the factors below impedes any outsourcing decision-making by the UN peacekeeping operations surveyed. There are also similarities with respect to these factors as not posing a barrier to outsourcing decision-making by the service providers.

- Cost;
- Internal organizational issues;
- Provider selection; and
- Withholding of financial information

Some impeding factors to outsourcing decision-making are specific to the groups. However, to ensure a successful outcome factors proving barriers to outsourcing decision making by the UN should be minimized, contained or removed to ensure that the organization becomes more efficient. It is therefore, essential that the following barriers to are completely eliminated:

- Outsourcing expertise;
- Poor project definition;
- Control;
- Human resources;
- Political considerations and labour issues;
- Current workload;
- Quality; and
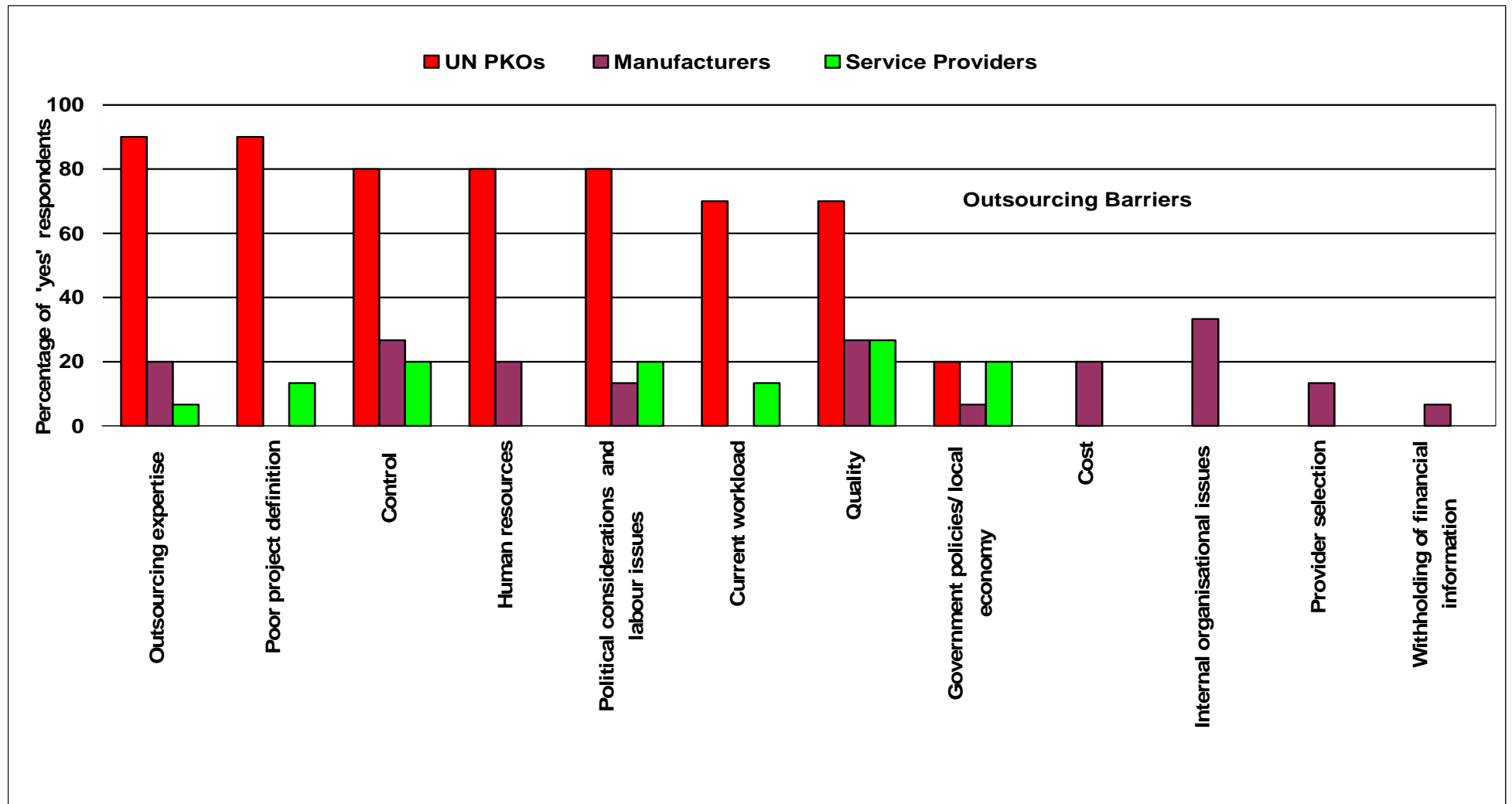- Government policies and local economy

Outsourcing Barriers

Legend: UN PKOs, Manufacturers, Service Providers

Y-axis: Percentage of 'yes' respondents (0 to 100)

Categories: Outsourcing expertise, Poor project definition, Control, Human resources, Political considerations and labour issues, Current workload, Quality, Government policies/ local economy, Cost, Internal organisational issues, Provider selection, Withholding of financial information

Chart 16: Barriers impeding outsourcing decision-making by percentage of 'Yes' respondents

Source: Data collected

Since the UN is non-profit making, cost is not usually a constraint in any decision to use a third party to provide services.

Furthermore, internal organizational issues and withholding of financial information are not barriers to outsourcing decision-making to the UN. On the other hand these same factors affect the way outsourcing decisions were reached by the manufacturers. For example, manufacturing firms, being profit making, cost is of primary concern in the choice of a provider or cost of providing the service by a third party. The result of the survey further indicated that project size, scope and control required in most activities were the primary barriers that impede the UN's ability to outsource services. Since the description of services to be provided by a service provider is the most important aspect of any outsourcing agreement, accordingly the definition of the level of service is regarded as one of the most difficult tasks encountered when preparing an outsourcing agreement and therefore a strong barrier to outsourcing.

Therefore, it is necessary that the service level agreement (SLA) define expected performance levels of a provider, while the development of the SLA should include extensive input from users who know what measurements targets are most importance. It should also describe procedures to be followed in the event of a provider's failure to meet SLA objectives. However, the agreement should not be so detailed that the parties will get bogged down in the bureaucracy of abiding by the contract (Bragg, 2006)). To achieve this, suitably qualified staff should be employed prior to the outsourcing arrangement and where that is not feasible external consultant should be used.

It would be necessary to outsource human resources (Chart 15) in order to ensure that suitably qualified candidates are recruited. The reason is that due to the highly political nature of the UN's recruitment and appointment procedures, particularly at the senior level, inadequately trained and inexperienced personnel by international standards, have been left in charge of, for example, such important functions as human resource management, which is the starting point of any reform initiative (Abdul Aziz, 2007). Reforming the UN should start with outsourcing the human resources department who will in turn recruit apt personnel for the job.

Employing higher cadre personnel whose experience falls far short of the requirements would dash any hopes of any reform being aggressively prosecuted for forever. Therefore individual with superb technical knowledge of the job acquired from outside the UN's archaic system, and most importantly a clear vision for the future should be hired (Abdul Aziz, 2007).

Outsourcing human resources would make salaries more competitive and strengthen the promotion systems by ensuring that only qualified personnel are rewarded which would make any reformation process more effective. Therefore, the human resources are one of the major barriers that should be eliminated or properly managed.

In the event that human resources cannot be re-engineered or properly structured, then in-house alternatives would need to be developed or specialised organizations, consultants and experts approached to assist in defining statements of work, evaluating internal needs, negotiating, evaluating service provider performance, and providing quality assurance. While these services represent additional outsourcing costs, they can enable the organization to reduce outsourcing risks and accomplish organization goals.

Furthermore, due to the nature of services offered by international organizations, political constraints are also a strong impediment in their ability to outsource especially during the peace-building phase. Political consideration may lead to the selection of a local provider in place of a more experienced international provider and local labour issues may ensure that even when international providers are used, almost all employees would be local hands.

Some barriers are positive and should not be eliminated. Examples are political consideration and labour issues. The presence of these barriers ensures that the UN contributes to nation building by empowering the population through job creation as a result of outsourcing to local contractors. When international contractors and vendors are used, provision should be made in the contract to encourage capacity building through the transfer of knowledge from them. Restrictive government policies and labour issues entrenched in local laws should also be included in the terms of a contract. Though these are barriers to outsourcing, they encourage

capacity building and empower the local economy for example by ensuring that provisions are made in outsourcing contract such that international contractors are required to register and pay taxes to a local authority. Furthermore, restricting the number of expatriates allowed to bid in a host country encourages the use of local vendors. The use of local vendors provides much needed jobs. Humanitarian and relief operations such as food and medical supplies sourcing, storage and distribution should be outsourced strictly to specialized local government agencies, NGOs and local provider which build capacity. Purchasing from local products and services ensures that the product or services are grown and or manufactured locally which encourages sustainability, builds capacity and empowers the local population. An example is the procurement of food and medical supplies by WFP, UNICEF and WHO.

Table 17:   The risks of outsourcing
Source: Data collected

Risks	UN PKOs	Manufacturers	Service Providers
Loss of control	100	60	60
Costs	90	33.33	13.33
Performance and product quality	90	60	40
Failure	0.00	13.33	60
Flexibility	0.00	6.67	13.33
Insufficient research and inaccurate data	0.00	0.00	13.33
	N=10	**N=15**	**N=15**

Therefore, barriers that encourage outsourcing of services to local vendors as a peace-building should not be eliminated but strengthened to support nation building; however, it may have an effect on the quality of output.
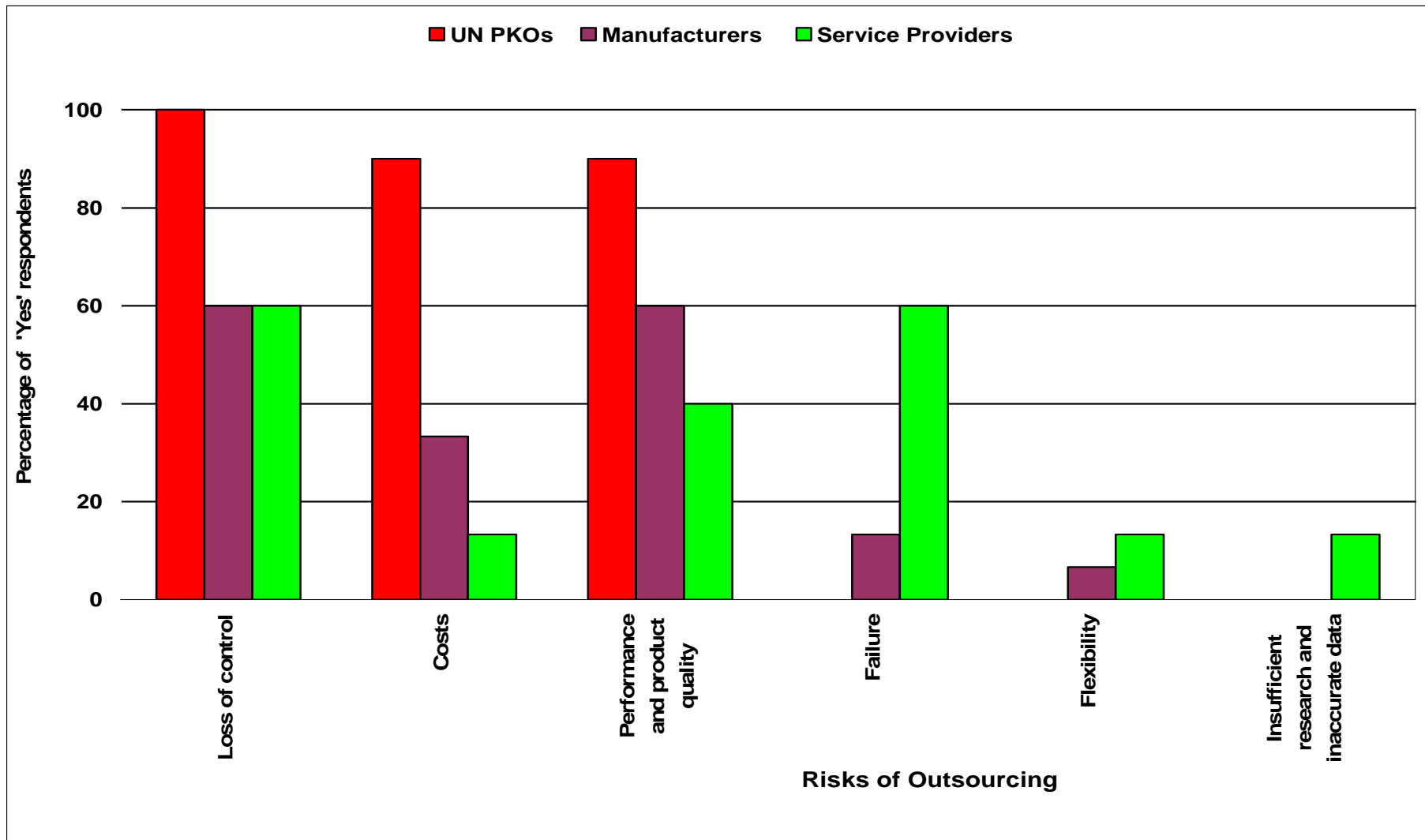
Chart 17: The risks of outsourcing by percentage of 'Yes' respondents
Source: Data collected

Therefore the UN would have to weigh what best satisfies their outsourcing objective in deciding which barriers to eliminate or manage.

In identifying the risks to outsourcing, the UN named loss of control, performance and product quality as well as cost containment as the top three risks to outsourcing. However, the manufacturers and service providers identified loss of control and performance and product quality as the main risks of outsourcing. Therefore, the risk of cost containment was seen as one of the top three risks to outsourcing regardless of whether it was in the private or public sector. Only the service providers did not indicate cost containment as one of the top three risks of outsourcing. Regardless, there is a strong correlation among the groups regarding these three risks to outsourcing.

The two-way frequency table (Table 17) indicates 'Yes' responses for each group and the percentage of the firms and organizations that gave this response. Risks associated with loss of control and cost containment were seen as two of the top three risks to outsourcing by 100% and 90% of the UN respondents respectively, while (60% and 33.33%) and (60% and 13.33%) of the manufacturers and providers respectively noted these as important risks.

Therefore, the UN and the private sector were of the same opinion on the risks of loss of control, performance and product quality as well as cost containment (Chart 17). This goes to show that objectives of non-profit making organizations and the private sector counterpart are gradually drawing closer and are more or less the same with respect to factors affecting their ability to outsource.

However, manufacturers and service providers named risks associated with fear of failure, inflexibility and insufficient research and the use of inaccurate data as the least risks to outsourcing decision-making. While none of these three risks was named by the UN. The probable reason for this is the intuitional setting of the organization.

According to the manufacturers and service providers, the decision to outsource is usually aimed at maximising profit and economies of scale; therefore, failure is not usually an option. In addition, proper research is usually carried out by experts with

accurate data before an outsourcing decision is reached. Though in the UN, the decision to outsource should be to maximise available resources, it is however not profit driven due to the nature of their business.
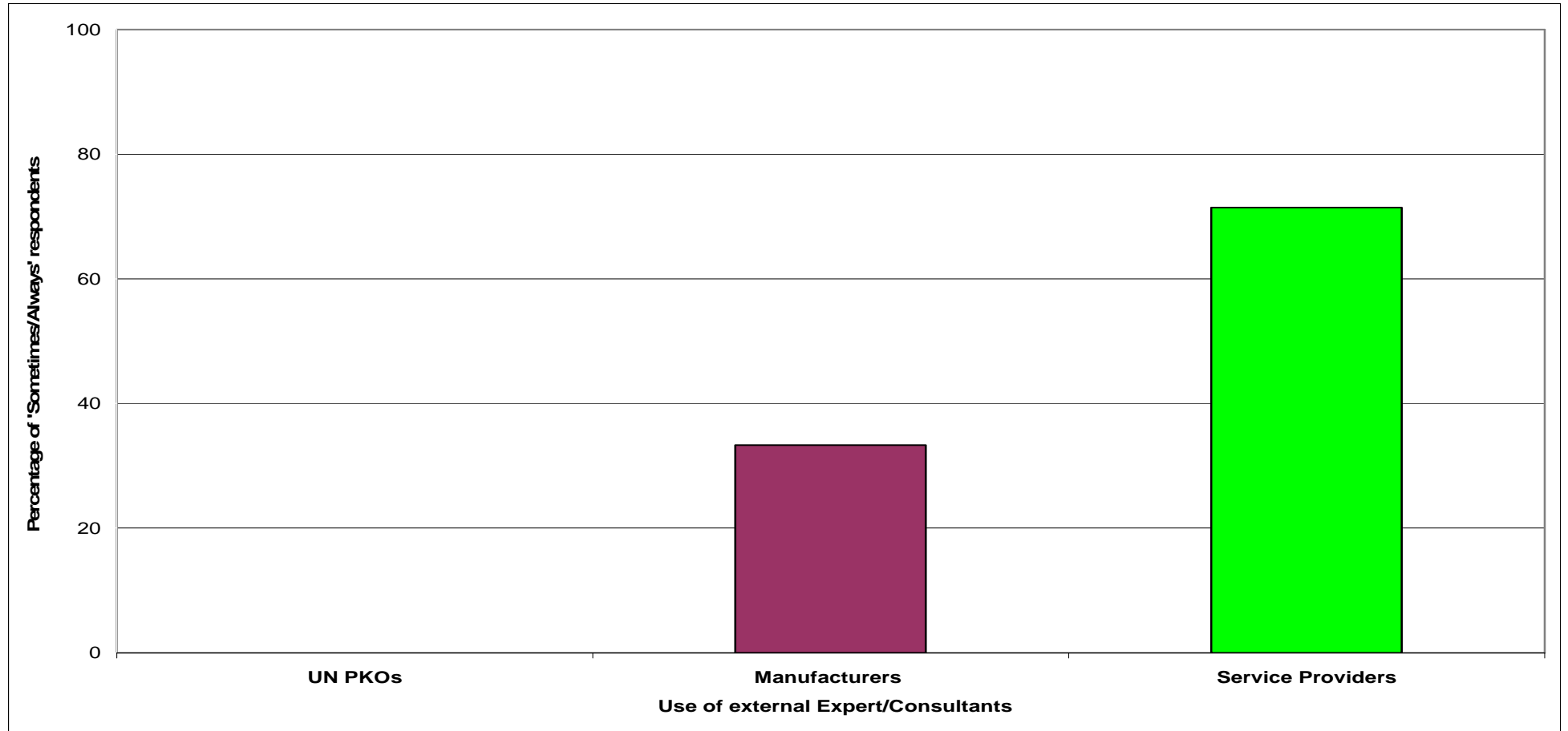
Table 18   Use of outside experts in outsourcing decision-making
Source: Data collected

UN PKOs	Manufacturers	Service Providers
0.00	33.33	71.43
N=10	**N=15**	**N=14**

Even when outsourcing is designed as a peace-building measure only, that is for capacity building and to empower the local economy, the risk of quality is of major concern and organizations have to properly manage what they outsourced even when they are non-profit making. Therefore failure is not an option for profit and non-profit making organizations alike. To reduce outsourcing risks, the UN should use qualified staff and when these are not available they may consider transferring the risk by using outside experts in defining statements of work, evaluating internal needs, negotiating, evaluating service provider performance, and providing quality assurance. While these services involve additional outsourcing costs, they can enable the UN to reduce outsourcing risks and to accomplish their goals. However, due to the remoteness of field operations of the UN, an internal mechanism and oversight to manage the outsourcing contract should be properly established to ensure successful outcome.

Chart 18: Use of outside experts in outsourcing decision by percentage of 'Always/Sometimes' respondents

Source: Data collected

Though many UN peacekeeping operations generally use outside consultants and experts to clearly define their goals and objectives, however as indicated in Table 18 the UN do not use experts or consultants to assist in the analysis of outsourcing decisions but rather use laid down rules, procedures, guidelines and policies. These guidelines are usually existing outsourcing policies and procedures which provide another clear indication of the value of the organization's institutional history. 33.33% of the manufacturing firm indicate that they sometimes or always use experts in decision-making involving outsourcing, while 71.43% of the service providers indicated that they sometimes or always employ the services of experts in deciding whether to outsource (Chart 18).

Although the manufacturers and service providers as private sector firms use more experts compared to the UN to assist in outsourcing decisions, however the groups are similar with respect to making decisions without the use of experts because the number of experts used was insignificant. The statistical analysis indicates that there is a statistically significant association between the use of outside experts by the manufacturing firms and service providers and the UN. In essence, the majority of the firms did not use outside experts in any outsourcing decision-making process indicating a relationship with the UN in the limited use of experts in any decision to outsource. An overall view proves that generally the UN, manufacturing firms and service providers are similar with respect to making outsourcing decisions without the assistance of experts. The UN use experts for advice on reforms and not for actual execution. According to Eger *et al,* (2002), the use of experts to assist in the analysis of an outsourcing decision may provide external validity to a decision and decrease any risks associated with outsourcing, however, the UN, being non-profit making, tend to use less experts compared to the manufacturing sector to assist in any outsourcing decision-making (Table 18).

In the absence of experts, the UN may consider using experienced in-house managers who are not only cost effective replacements of external consultants and experts but also of similar value in achieving successful outcomes (Goolsby 2003). However, the problem with this is the inability to recruit suitable qualified staff due to political motivated recruitment styles used by the UN which are based on recruiting senior staff from donor countries only or on quota basis for other organizations such as the

UN. However, UN peacekeeping operations contemplating outsourcing must consider whether experienced in-house managers' knowledge is relevant and comprehensive for the outsourcing decisions at hand and the relevance of this knowledge has to be well defined. Though there may be similarities, each outsourcing initiative is a unique business case of its own and thus requires a different set of knowledge. According to Goolsby (2003), unlike outside experts and consultants, experienced in-house managers and experts are not exposed to the market on a daily basis; therefore, care must be exercised when recruiting in-house experts. Experienced in-house managers' and experts' knowledge are highly valued and can be blended with those of outside experts and consultants to ensure the outsourcing organization gets the best of both worlds.

Table 19:   Benchmarks and models used in establishing outsourcing goals
Source: Data collected

Type of Benchmark/Model	UN PKOs	Manufacturers	Service Providers
Lessons learnt internally	100.00	20.00	60.00
Professional knowledge and experience	100.00	60.00	46.67
Industry standard	80.00	40.00	53.33
Providers' benchmarks	30.00	0.00	6.67
Research, industry and current literature	10.00	46.67	26.67
Competitive situations	0.00	26.67	13.33
Customer survey	0.00	26.67	13.33
	N=15	**N=15**	**N=10**

Therefore, any decision to use in-house manager and experts should be based on whether the expert is able to structure an outsourcing engagement that produces the desired objectives and reduces the high error rates. However, the use of outside experts is advisable because it brings in new and unadulterated ideas into any

organization and they assist in ensuring proper definition of outsourcing goals and objectives (Eger *et al*, 2003).

With the exception of the provider's benchmark which was not used by the manufacturers, Table 19 indicates that the following are the major benchmarks and models used in establishing goals by the groups.

- Lessons learnt internally
- Professional knowledge and experience
- Industry standard
- Providers' benchmarks
- Research, industry and current literature
- Competitive situations
- Customer survey

Table 19 further indicates that private industry benchmarks and key performance indicators, together with, internal driven decisions and previous contract history are the major benchmarks used in establishing goals by the group. Also the group made minimal use of outside experts which substantiates that institutional history played a key role in decision-making.

A look at Chart 19 indicates the significant similarities between lessons learnt internally and professional knowledge and experience across the groups. Similarities were also found between the benchmarks used by manufacturing firms and service providers. A strong relationship was suggested by the correlation between professional knowledge and experience; lessons learnt internally; research, industry and current literature used as benchmarks by the groups. The benchmarks and model used by the manufacturers and service providers are:

- Professional knowledge and experience;
- Research, industry and current literature;
- Competitive situations;
- Customer survey; and

- Industry standard

However, the UN makes use of the following benchmarks and models below to establish outsourcing goals and objectives.

- Lessons learnt internally;
- Professional knowledge and experience ; and
- Industry standard

Therefore, being non-profit making, the UN tended to use benchmarks and models that are non-profit driven, while the rest of the groups used benchmarks and models conducive to the profit making private industry. Though not profit making, the UN would need to consider using benchmark and models that are conducive to profit making to ensure a more effective outsourcing decision-making. However, the type of benchmark and model used to begin an outsourcing process is vital to ensure that right decisions are made and on time.

The association across the group on the use of lessons learnt internally and professional knowledge as the most common benchmarks is an indication that benchmark and models used by the groups depend on an organization's institutional setting. Furthermore, in defining how benchmarks are used to establish outsourcing goals those applied by most UN peacekeeping operations, are based more on lessons learnt internally, professional knowledge and experience rather than on industry standards (Chart 19). However, since outsourcing contracts should include a detailed specification of service level, therefore the UN should ensure that appropriate benchmarks are in place to measure providers' performance.

These appropriate benchmarks would enable the UN determine how well a provider is performing against agreed-upon standards. Without these benchmarks, it will be impossible to evaluate not only the provider's efficiency but the outsourcing organization's own customer-service performance as well.
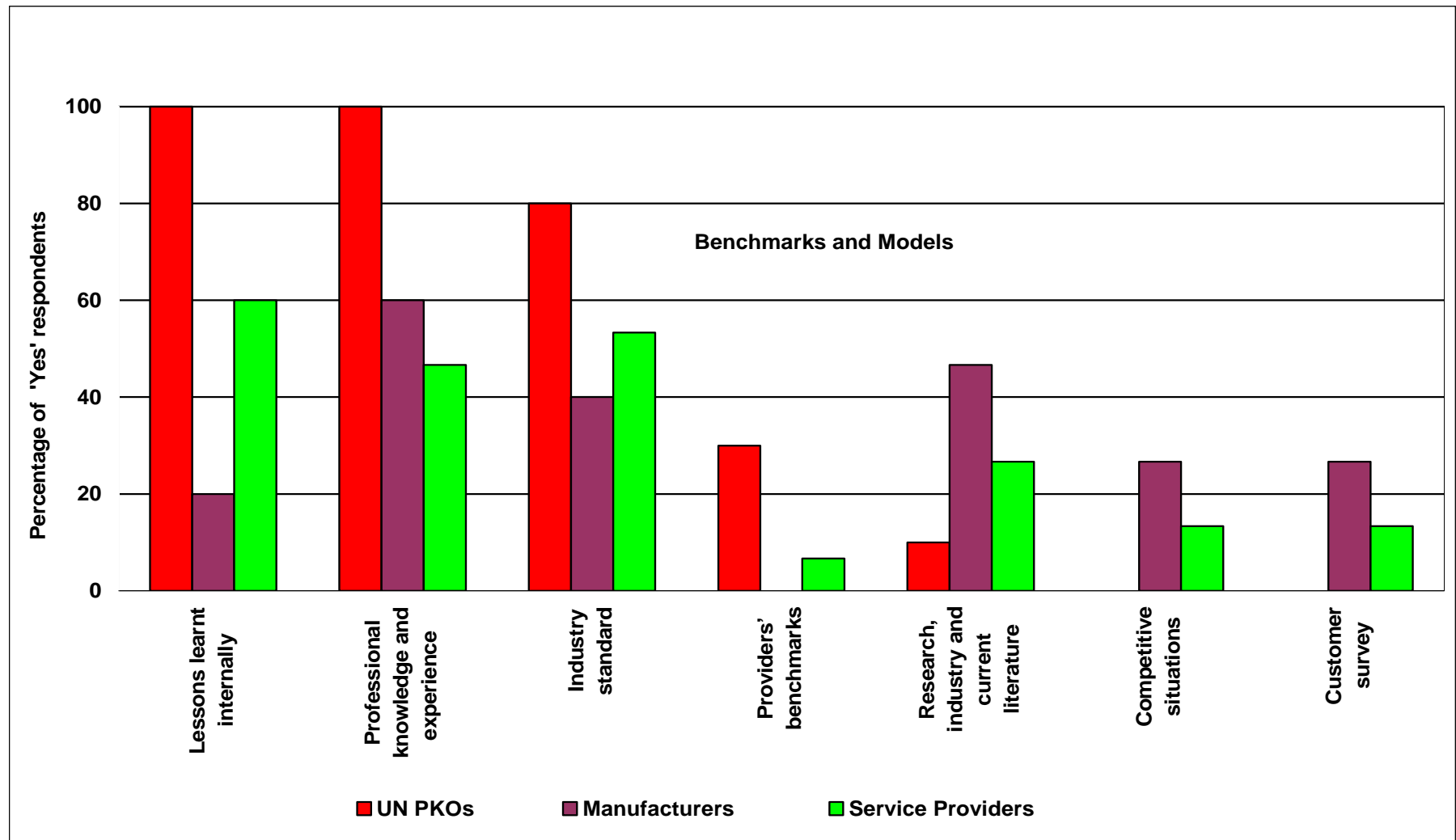
Chart 19: Benchmarks and models used in establishing outsourcing goals by percentage of 'Yes' respondents

Source: Data collected

Table 20:   Factors influencing service provider selection

Source: Data collected

Factors	UN PKOs	Manufacturers	Service Providers
Business qualifications	100	88.89	85.71
Cost	100	86.67	100
Financial stability	100	100	92.31
Operational excellence and reputation	100	100	100
Physical equipment and capabilities	100	72.73	92.86
Previous experience with provider	100	0.00	0.00
Safety record	100	0.00	0.00
Similar business experience	100	0.00	0.00
Size, strength and management style	100	87.50	92.86
Strategic direction and compatibility	100	100	100
Information technology	40	100	92.86
	N=10	**N=8**	**N=14**

According to responses received during interviews of UN peacekeeping operations, providers are selected locally or internationally from a local and international service provider databases which are usually updated regularly. Depending on the type of project, an organization has the right to requests that a provider should be recruited internationally or locally. This usually depends on the type of specialization requirement in the project, which could also be based on lessons learnt from the use of local contractors from past projects.
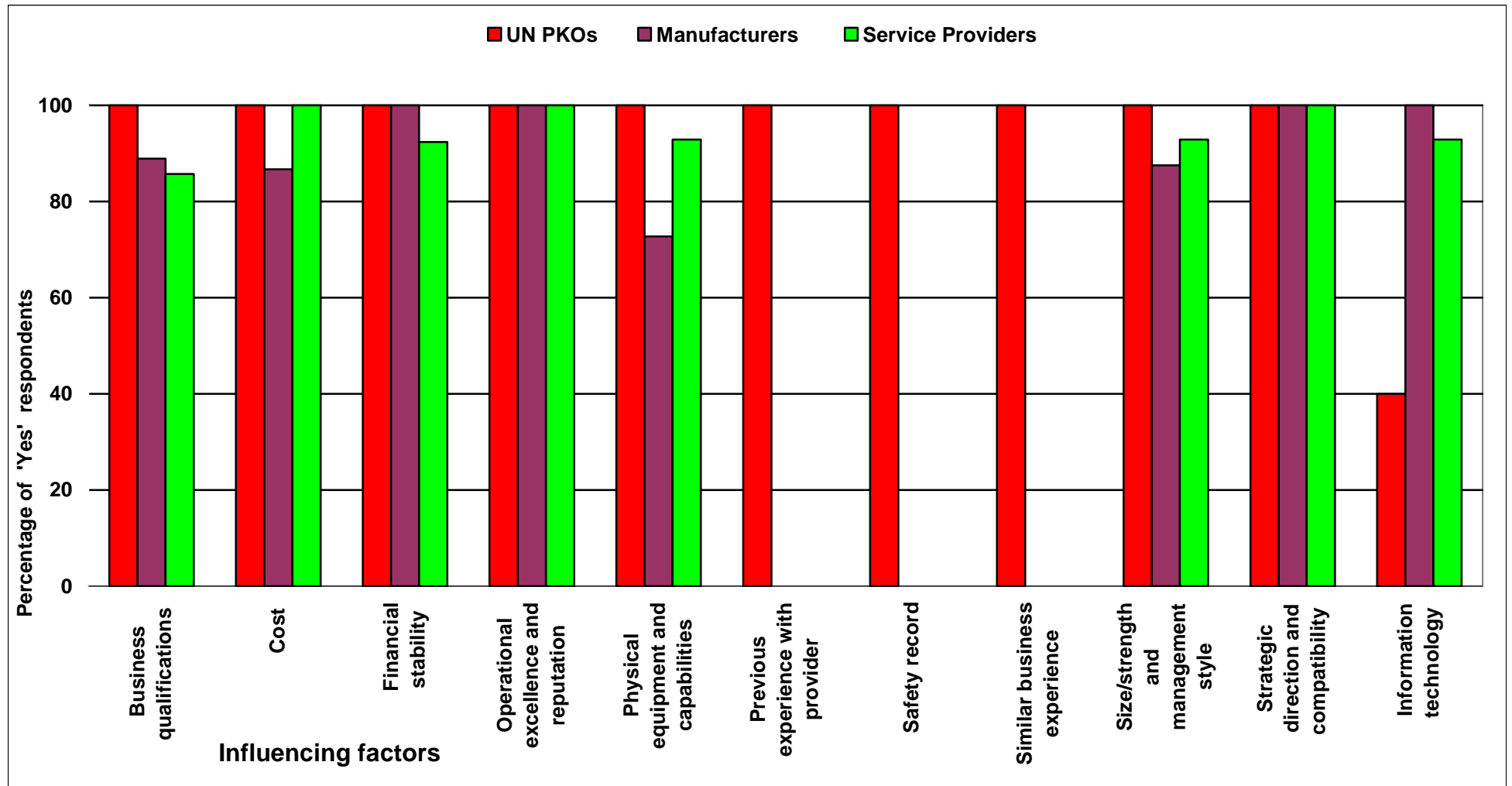
Chart 20:   Factors influencing service provider selection by 'Yes' respondents

Source: Data collected

Providers may also be recruited locally as a peace-building measure. This is designed to revitalize and enhance the local economy and encourage development in host nations through the infusion of funds into the local economy. To buttress this point, the UN respondent indicated that 50% of all assets are procured locally for this peace-building reason.

As provided in Table 20, in assessing the factors influencing provider selection, an association was found among the groups regarding operational excellence, including quality and reputation; and strategic direction and compatibility as the most important factors influencing provider selection. Apart from costs, operational excellence and reputation, together with strategic directions and compatibility, the groups also considered business qualification and financial stability of a provider, physical equipment and capabilities as well as a provider's size, strength and management style as other factors influencing provider selection.

Furthermore, based on statistical analysis between the UN, manufacturing firms and service providers there was an exact similarity in choosing strategic direction and compatibility, and operational excellence and reputation as a factor, though it was one of the least important factors (Chart 21). Although across the board, the least important factor influencing provider selection was information technology, the UN were different from the other groups with respect to the factors influencing provider selection in choosing information technology as an important factor. However, in these days of rapid IT evolution, UN may need to consider outsourcing to more providers with good IT historical background. This will reduce the additional cost of hiring consultants and/ or costly upgrades. There is also the need to use expert or suitably qualified staff in the pre-contract and contract period.

Though costs were an important factor for manufacturing firms and service providers because they are profit making, its importance was diminished by operational excellence and reputations; strategic direction and compatibility as the most important influencing factors. It was the same for the other groups. This shows that regardless of the nature of business (profit or non-profit making), the objectives and goals of organizations are becoming more closely aligned. However being non-profit making, the following criteria where used by the UN in choosing service providers:

- Business qualification;

- Financial stability of provider;

- Operational excellence and reputation;

- Strategic direction and compatibility;

- Previous experience with provider;

- Safety record; and

- Similar business experience

The lower the cost of the provider, the better, however this depends on the satisfaction of other criteria mentioned earlier. As a form of managerial efficiency and cost-effectiveness, the cost of providing the services needs to be negotiated as low as possible (Eger *et al.* 2002). However, there comes a time when political consideration would have to be considered rather than economic. Is it better to use a service provider selected internationally or locally? Although international providers would most likely have the required expertise and experience, local providers would ensure that more jobs are created locally and the country's standard of living would improve by supporting the local economy through sustainable development leading to economic growth thereby building peace, which is an essential component of peacekeeping and peace-building. Therefore, political considerations and economic empowerment are also vital criteria for choosing a service provider for many UN peacekeeping operations in developing nations.

To ensure a successful outsourcing outcome, the UN should endeavour to develop a service provider selection or outsourcing team that recognizes all business areas impacted by the project. Key staff to include on the team should comprise of the following categories:

- Senior management;

- Legal staff with contract expertise;

- Technical staff and information systems analysts;

- End users; and

- Financial staff.

Staff conversant with outsourcing would ensure that right providers are matched to appropriate services. These knowledgeable staff must be capable of developing cost-benefit analysis which provides the best basic structure for approaching provider selection and implementation decisions. The UN must identify all internal and external service costs and benefits to make an effective and reasonable comparison. Therefore, an outsourcing team must know providers' expectations for making money from an outsourcing contract, whether providers would offer cost savings and how savings can be generated. This is required to ensure that providers are of good reputation and financial standing.

The selection of a most appropriate service provider by the UN is critical to the outsourcing return on an investment because in outsourcing, a provider delivers services to an outsourcing organization using resources owned and managed by the provider. For the UN, savings in outsourcing engagements are used to fund other projects that would otherwise be cancelled due to lack of funds.

The selection of service providers is a task which demands close and careful attention particularly if a contract is to be offered as a partnership agreement for a broad range of services over a long term by a single provider. Therefore, to ensure that the most appropriate provider is selected, certain principles must be observed for a selection process to be conducted efficiently and to form a long term relationship. Therefore, business qualification, capability, availability of equipment, financial stability as well as strategic direction and compatibility of providers must be unquestionable.

It is also important to weigh all risks and to recognise that damage resulting from a poor selection of a low-cost bidder is likely to outweigh any difference in cost to the next lowest bidder or the alternative of any in-house provision. It follows that total expenditure must be a principal feature in any selection process. Therefore, risks should be identified at the onset and thereafter, properly managed.

According to Bragg (2006), to ensure that a provider does not bid too low in order to win a contract, their financial stability, operational excellence and previous contract history are criteria that must be fully considered to avoid incorrect evaluation of

specifications for the outsourcing contract. However, providers should not be held to the quoted price since an outsourcing organization's main objective for outsourcing is to select a provider that can provide quality services and reduce amount of management time needed to run a function. Therefore, the UN should not necessarily choose lowest bidders because it may be due to a pricing problem with a bid but rather request for a revised bid that would reflects actual costs and profit margin, otherwise it would inevitably lead to cost cutting and consequently a reduction in service level. The reason is that pricing issues are usually identified as the most common point of contention in an outsourcing engagement and should be avoided at all costs using appropriate mechanism to ensure a successful outsourcing relationship Bragg (2006).

The result of the survey indicated that it is important to select a provider that meets the following criteria (Chart 20).

- Operational excellence and reputation;
- Physical equipment and capabilities;
- Previous experience with provider;
- Safety record;
- Similar business experience;
- Size, strength and management style; and
- Strategic direction and compatibility

There is also an association across the groups that the above are the most important criteria for provider selection. Therefore, a service provider whose business goal and organizational culture aligns with that of the UN should be selected so that communication is fostered and developed to support the outsourcing effort.

Another essential component for an outsourcing decision-making process involves establishing outsourcing policies and procedures. The establishment of policies and procedures early in an outsourcing decision-making process ensures that the right decision is made on time. As indicated in Table 21, the group used policies and procedures in conjunction with others depending on the service being outsourced,

that is, they did not use one type for each separate project but by combining with others.

Table 21:   Policies and procedures used for outsourcing decision-making

Source: Data collected

Type of Policy/Procedure	UN PKOs	Manufacturers	Service Providers
By application of clients' existing policies	70	0.00	0.00
Handed down from the head office	70	0.00	0.00
Unique policies developed by client	70	20	53.33
Based on provider's standards	0.00	0.00	6.67
By integrating client and provider's standards	0.00	0.00	6.67
Through service level agreement	0.00	0.00	6.67
Very defined and mutually developed	0.00	66.57	40
	N=10	**N=15**	**N=15**

When UN peacekeeping operations were questioned on how policies and procedures were established for outsourcing decision-making, they indicated that in general it was through application of the outsourcing organizations' existing policies. These policies which were either uniquely developed to managed outsourced tasks or were handed down from the headquarters of the respective organizations. The groups confirmed that one type of policy was never used exclusively but rather in conjunction with one or others policies.
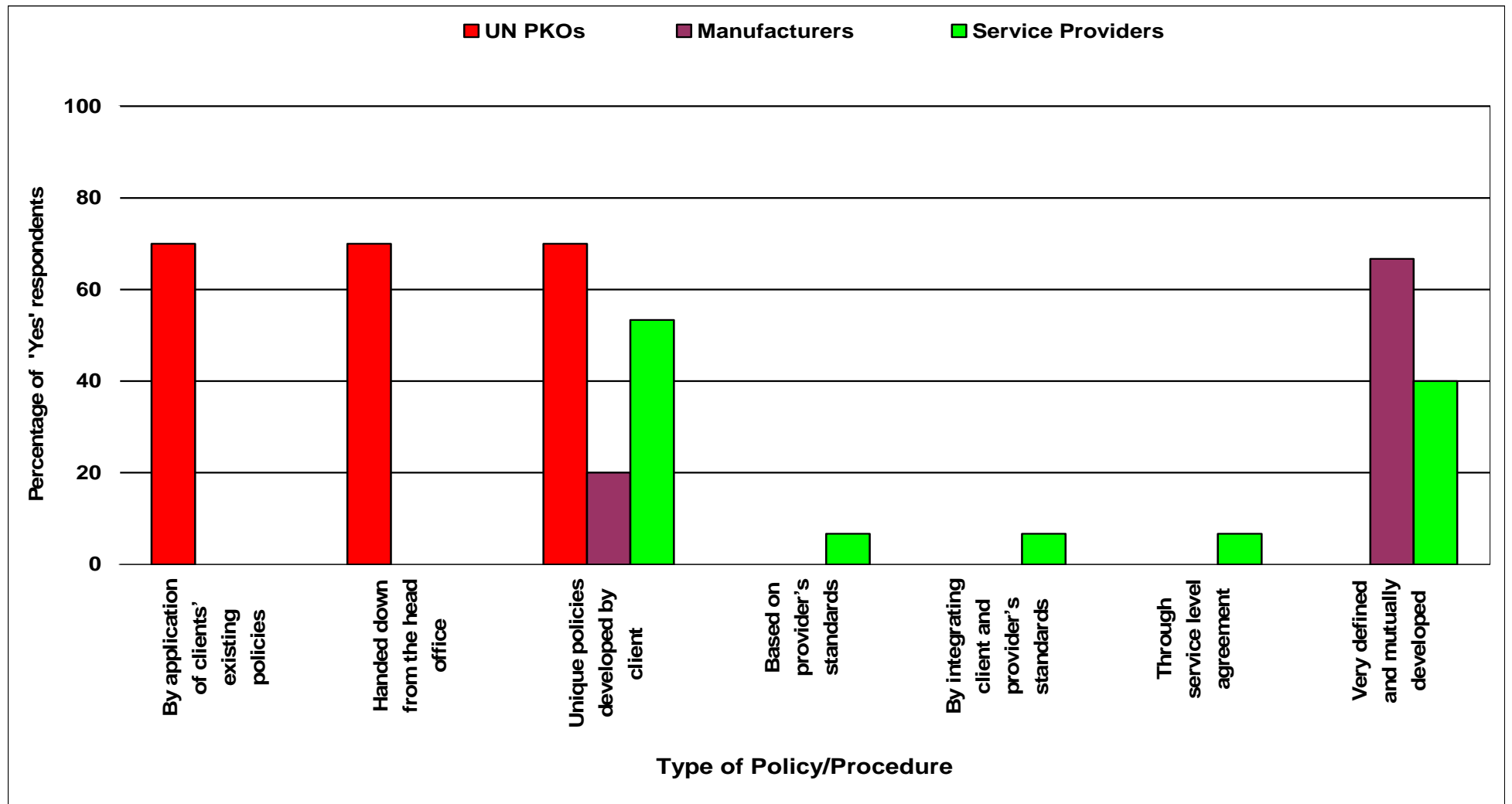
UN PKOs ■ **Manufacturers** ■ **Service Providers** ■

Chart showing Percentage of 'Yes' respondents (y-axis, 0 to 100) by Type of Policy/Procedure (x-axis):

- By application of clients' existing policies: UN PKOs 70
- Handed down from the head office: UN PKOs 70
- Unique policies developed by client: UN PKOs 70, Manufacturers 20, Service Providers 53
- Based on provider's standards: Service Providers 7
- By integrating client and provider's standards: Service Providers 7
- Through service level agreement: Service Providers 7
- Very defined and mutually developed: Manufacturers 67, Service Providers 40

Chart 21: Policies and procedures used for outsourcing decision-making by percentage of 'Yes' respondents

Source: Data collected

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There were commonalities between the UN and manufacturing firms on the type of policies and procedures employed in outsourcing decision-making. As indicated in Table 21, service providers never made use of their client's existing policies but rather those developed by the client specifically to manage outsourced tasks which the used in conjunction with policies based on their standards, which they did by integrating the client's and provider's standards. With respect to the policies and procedures used when providing services to manufacturing firms, the service providers used clear and mutually developed policies. Furthermore, the general use of unique policies developed by clients is a clear indication of the value of institutional history to the group. However, there was a correlation on the application of clients' existing policies and unique policies developed for each outsourcing task and those handed down from the head office across the groups (Chart 21). The application of unique policies and procedures for some projects shows that each outsourcing project has different requirements. This was especially the case with service providers who have to develop and apply unique policies and procedures for different outsourcing ventures. It would be inadequate for a UN peacekeeping operation to apply only their own policies and procedures for outsourcing, rather a well defined and mutually developed policies and procedures would be required. However, the manufacturing industry and service providers develop their own unique policies and procedures to meet the needs of a particular outsourcing venture unlike the UN. These criteria form the basis of the decision-making scorecard.

To ensure successful outcome like their private sector counterparts, the UN may have to consider developing unique policies and procedure to manage outsourced tasks since no outsourcing engagement is the same, regardless of similarities in outsourced services. Therefore to ensure successful partnering with service providers, unique policies and procedures should be properly developed by the UN for each outsourced task to reflect their interest based on service providers' standards.

A further criterion that is crucial to the success of an outsourcing project is measurement. Measures quantify the ability of both internal and external resources to meet end-user needs, analyse for strengths and weaknesses and evaluate alternative option for making changes. The right measurements are essential for evaluating options available for an organization. Measurements are the primary means to

determine the success or failure of an outsourcing project and to ensure that a service provider is held accountable. If good measurements are not in place when a program begins, the contract cannot be managed effectively. Therefore, the timing of performance measurement is a vital aspect of outsourcing. The survey results indicate that performance measurements of outsourcing contracts of in the UN are usually carried out as often as possible from the beginning of an outsourcing contract till the end especially for newly established operations. Therefore, a provider's performance should be measured from as often as daily till the end of an outsourcing project.

As provided in Table 22, daily, weekly and monthly and annual measurements are used as the most common performance measurement timing by the UN. However, this is not consistent with the manufacturing sector. The reason is that the manufacturing sector often use a custom tailored approach to the timeliness of performance measurements. This approach includes continuous and daily assessment in addition to weekly and monthly assessments depending on what aspect of the performance was being measured.

Table 22: Measurement of providers' performance
Source: Data collected

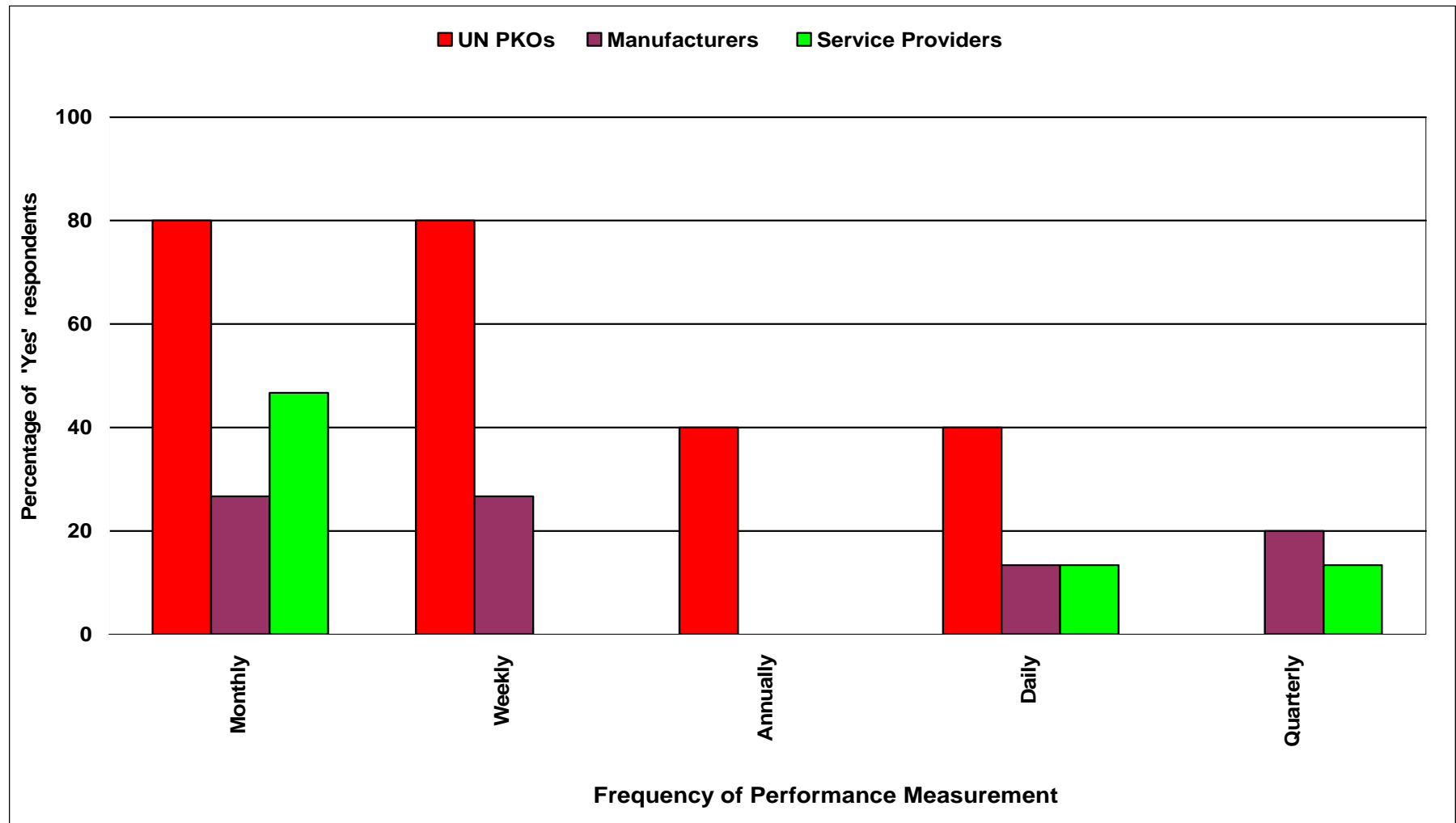| Frequency of Measurement	UN PKOs	Manufacturers	Service Providers
Monthly	80	26.67	46.67
Weekly	80	26.67	0.00
Annually	40	0.00	0.00
Daily	40	13.33	13.33
Quarterly	0.00	20	13.33
	N=10	**N=15**	**N=15**

Chart 22: Measurement of service provider's performance by percentage of 'Yes' respondents
Source: Data collected

In general, manufacturing sectors emphasis lies on the necessity for continuous and consistent performance measurement, especially when faced with exceptions to standard company practice. However, service providers carry out daily and monthly measurements in addition to quarterly measurement which are specifically for control purposes and used during annual reviews. Service providers are different from the other groups in that they not only carry out weekly measurements but daily and monthly because it provides the best measure of continuous performance.

Across the groups, an association exist with respect to weekly, monthly and annual measurements. Furthermore, a correlation also exists between the measurement styles of manufacturing firms and service providers with respect to weekly measurement because of the project dependent nature of their measurements. Since they are not motivated by profit and due to the importance they place on quality, the UN carry out more measurements than both manufacturing firms and service providers (Chart 22) as follows:

- Monthly
- Weekly
- Annually
- Daily

What is not known is how extensive and thorough these measurements are. The frequency of the measurement depended on the stage of the outsourcing project. According to the UN, at inception, spot checks are more frequent and as the project progresses the process is reduced to weekly checks. Finally towards the final stages, measurements are usually made before each payment certification, with the last being made during the retention period. Since performance incentives are not included in outsourcing agreements involving the UN, it is still very essential that a provider's performance should be measured as often as required because an essential aspect of outsourcing is the timing of performance measures. Therefore, the emphasis should lie on the need for a continuous and reliable performance measurement that is tracked on a consistent and regular basis Lynch (2000). These measurements will be the

tracking mechanisms for contract management, so contracts should include specifics about what will happen if standards do not meet agreed-upon expectations.

4.2 ANALYSIS OF DATA FROM THIRD PARTY SERVICE PROVIDERS

This section examined the findings of surveys and interviews relating to third party service providers or simply service providers. Forty surveys were sent out to service providers in South Africa. Fifteen surveys were returned giving a total response rate of 37.5%. Information received from the fifteen respondents was complete and found to be useful and are discussed below. The fifteen service provider's respondents are grouped into the following services.

- Logistics, transportation and warehousing;
- Facility management;
- Transportation, clearing and forwarding, freight and terminal operations
- Global logistics, express mail services;
- Supplier, automobile and building control systems;
- Construction and management consultancy; and
- Civil and structural engineering consultancy

Survey responses for the fifteen service providers are discussed below. The survey question can be found in appendix A.

4.2.1 Service Providers Survey and Interview Findings

The fifteen service providers indicated that they provide the following outsourcing services:

- Freight consolidation and distribution;
- Selected manufacturing activities;
- Facilities and camp management;
- Inbound transportation;
- Outbound transportation;

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- Management consultancy;

- Shipping agency, cargo, Building construction;

- General repairs,

- Customer services;

- Traffic management and fleet operations;

- Website development and maintenance;

- LAN's, transportation and fleet maintenance;

- Property management, Engineering and related services; and

- Heavy and specialised maintenance activities.

Freight consolidation and distribution, selected manufacturing activities, facilities and camp management, inbound and outbound transportation were the most common outsourcing services offered by the service providers. According to the service providers, the most common goals of outsourcing were performance improvement and cost reduction, which was comparable to responses of the manufacturing firms. Similar to the responses of the manufacturing firms (53.3%), the same number of service providers (53.3%) indicated that outside experts were not involved in any outsourcing decision-making process. In the same vein, the manufacturing firms also agreed with the service providers that professional knowledge and experience as well as industry standards were the most common benchmarks for establishing goals. The primary risks of outsourcing identified by the service providers were loss of control and failure, while labour agreements, quality and control have been demonstrated to be barriers impeding outsourcing decision for both the service providers and manufacturing firms.

The service provider pointed out that they targeted their clients based mainly on the nature of the commodity (46.7%) and on geographic locations (26.7%), while financial gains, core competencies and the client's size are factors they consider when they choose to participate in a Request for Proposal (RFP) or Request for Quotation (RFQ). Generally, vital factors influencing provider's selections were cost, quality, operational excellence, reputation/references, business qualification as well as chemistry and compatibility. The providers indicated that they mainly selected and reviewed carriers and subcontractors through a review process, RFP and through

references. Similar to manufacturing firms, expectations were defined through the contract (46.7%) and performance standards in the contracts (40%) and also through laid out procedures using key performance indicators. In the absence of an existing policy, mutually and well defined policies and procedures were developed for specific projects and were established through service level agreements by integrating customer and provider minimum standards using internal procedures which were based on the provider's performance. Furthermore, an assessment of a client's operations was carried out prior to embarking on an outsourcing arrangement through quality measurement programmes and sometimes client's subcontractors and carriers in the new service delivery process are used.

The provider indicated that outsourcing decision-making data was readily available; however, the greatest challenges for outsourcing were an understanding of outsourcing data which is owned and provided by customers as well as by service providers using internal processes. This data originating from multiple sources, are reconciled manually and electronically through an internal process.

The performance of carriers and subcontractors was evaluated by cross functional teams using performance measures stated in the terms and conditions of the contract. Furthermore, comparison to specific expectations, comparison of performance versus cost and comparison to industry standards are largely the method used by the service providers to evaluate performance. Key measures indicated for determining carriers and subcontractors performances were delivery performance, quality, performance and communication. Performance was project dependent and was reviewed daily and monthly; and quarterly, for control purposes. Data used in determining the performance of subcontractors and carriers were provided by suppliers, outsourced agency, the providers staff and on-site personnel as well as provider's project team through self diagnosis. Friction points occurred mainly during changes and price issues. Additionally, exceptions were handled by a crisis management team. Apart from empowering managers to deal with exceptions, quick intervention and use of service policies typically achieved required results. Lastly, the firms agreed that they would readily enter into an outsourcing arrangement with the UN and offered the following recommendations for those considering outsourcing:

- Consider your goals carefully;

- Define deliverables;

- Communication is very essential;

- Carefully defined goals with measurable deliverables are essential;

- Maintain ongoing dialogue;

- Identify key people within the organization; and

- Relationship is critical.

4.3 ANALYSIS OF DATA FROM MANUFACTURING FIRMS

This section examines the survey and interview findings of fifteen manufacturing firms that were returned resulting in a total response rate of 50%. The firms who participated in the survey included four vehicle manufacturing firms, two tyre and rubber making firms, a lift and escalator manufacturer and three chemical and cosmetics manufacturers. Others included two glass making firms, a beverage making firm, a large aggregate and ready-mix firm and a packaging firm. The survey findings are examined below, however the survey questions can be found in appendix B.

4.3.1 Manufacturing Firms Survey and Interview Findings

The fifteen manufacturing firms indicated that they outsourced the following:

- Selected manufacturing activities;

- Advertising and communications;

- Website development and maintenance, application development, application maintenance, LANs , IT training, desktop management;

- Product assembly;

- Order fulfillment;

- Parts packaging and accessories;

- Packaging for retail item;

- Engineering services and engineering maintenance;

- Communication and communication maintenance;

- Transportation and fleet maintenance;
- Information reporting,
- Assets, inventory, warehousing and property management;
- Product assembly:
- Selected manufacturing activities; and
- Security services.

Other outsourced services included payroll, purchasing, wellness programme, catering, cleaning, risk management, staffing, installing seats in public places, maintenance and accounting. Selected manufacturing activities and security services are the most commonly outsourced services by the manufacturing firms. The majority of the firms considered that outsourcing will enable them to resolve the problems associated with high labour costs, better control, large capital expenses, staffing, capacity, costly up to date technology, and lack of expertise. After confirming that their main concerns regarding outsourcing as an option for improving efficiency and effectiveness were control and effectiveness, selection of the right provider and lack of control, they also considered cost as the determining factor for outsourcing. Cost reduction, together with competitive pressures, labour issues, maintaining product and service quality, enhanced technology, risk sharing, lack of resources and specialization were the firm's main goals and objectives for outsourcing.

On the use of outside experts in the decision to outsource, only 26.7% of the firms always used outside experts, while only 6.7% of the firms agreed they sometimes used outside experts. In essence, the majority of firms did not use outside experts in the outsourcing decision-making process. The majority of the firms agreed that the risks they faced when they opted to outsource are loss of control, product quality, costs, delivery, performance, failure, flexibility and loss of clients. It is expected that different firms should expect different results from outsourcing. 33.3% of the firms are not sure that outsourcing would result in an improvement in efficiency, though 26.7% were definitely sure, another 26.7% were also not sure that outsourcing would result in improved technology. On improved process, 20% of the firms were certain it would not lead to improved results, 20% were definitely sure that outsourcing would result in improved technology, while another 20% were probably not sure it would

make a difference. Though 20% were not sure, 20% were certain it would have an effect on the information capabilities of the firms, while 26.7% were probably not sure, 26.7% were certain that it would not lead to reduced costs and only 20% were absolutely sure that outsourcing would lead to lower costs.

On improved performance, 20% of the firms confirmed with certainty that outsourcing would lead to better performance, however another 26% were not sure it would have an effect on performance. At the same time, 20% were definitely sure; another 20% could not verify whether it would lead to improved product quality. 13.3% indicated with certainty that it would provide much needed time that would be spent on improving other services, 13.3% were not sure and 20% were certain that it would not make any difference. Though 13.3% of the firms were convinced that expected result would lead to better delivery; another 20% did not expect it to make a make a difference. 13.3% of the manufacturing firms indicated that outsourcing would lead to better optimization of network, while another 13.3% doubted that it would make a difference and 20% of the firms were certain it would lead to a change.

Though the fifteen manufacturing firms identified several factors as outsourcing barriers, however, internal organizational issues, control, quality, cost, were established as the main determining factors impeding their decision to outsource. 55% of the firms agreed that outsourcing should be introduced gradually into the firms, while others stated that it is introduced by functional area through historic experience that was project specific and other firms stated that it was through areas where resources and outside skills were needed to achieve immediate result with no transition and thorough growth in business. The majority of firms indicated that they used top down (46.7%) and democratic leadership (26.7) styles to implement their outsourcing programmes. Another 80% of the firms also emphasized that they carried out an initial assessment of current operations before embarking on an outsourcing arrangement and that service providers were always (46.7%) involved in the planning process, while 33.6% of them indicated that they did not always use them. Using mainly professional knowledge and experience (60%), industry standards (40%), customer survey (33.3%) and competitive situations (26.7%) as benchmarks for establishing goals, the firms established that outsourcing was mostly evaluated by

end users based on product quality, performance, and cost using performance measures.

The firms indicated that they mainly considered cost information, a good scope of work and a good understanding of outsourcing to begin the outsourcing process. According to them this information was usually provided by vendors/supplier (40%), through internal tasks forces within the firm (26.7%), obtained from individuals within the firm (20%) and from software's and programmes (20%) through quality measurements. Outsourcing data is usually collected from suppliers (40%) and project managers (26.7%) which is usually evaluated by the project managers (60%), providers and other line managers using trend analysis (33.3%), and by comparison to specification (26.7%) and competitive bids. Other methods used include comparison to industry standards and measuring current performance against historical performance. The data collection method remained mainly unchanged throughout the outsourcing process. Some firm indicated that they could improve on data collection process by covering more review meetings (46.7%) and by more upfront planning (40%).

With the primary factors of cost, financial stability, quality, operational excellence, reputation and business qualification as the most influential in an outsourcing decision, they indicated that project managers (53.3%) and top management developed outsourcing plans and programmes including the Request for Proposal(s) (RFP) which included selection factors such as price, delivery, reputation and expertise. Providers were selected through industry reputation (40%), survey of industry trade information (33.3%) and interviews (33.3%) after reference checks and site visits. The RFP was used to review more than ten potential providers by two of the firms (13.3%) and three providers by three of the firms (20%), using interviews and the provider's cost information. The project managers and internal team were involved in defining scopes of works and contracts, while established performance standards were used to define expectations. In addition, policies and procedures were tailored to specific projects through mutually defined and developed unique policies.

In general, the normal term of an outsourcing relationship is year to year. Depending on the project scope, 60% of the firms indicated that usually a cross functional

transition team managed the transition to outsourcing which typically lasted from less than one year to a few months.

There was no hard and fast rule that could be applied to the frequency of performance measurement; which could be daily, weekly, monthly and quarterly depending on the firm and the aspects being measured, however, friction occurred during variations and during measurement on price issues. Performance data to be measured was mainly provided by project teams (46.7%) and vendors (20%). Generally, providers were managed according to contractual terms (73.3%) with contractual incentives and penalties for performance, while participation in gain sharing and exceptions were managed as a team.

Overall, the most vital changes that occurred in the outsourcing arrangement were that it allowed management to focus on their core business (66.7%) and it also brought about lower costs (46.7%). New programmes introduced by providers (46.6%) enhanced outsourcing process by reducing costs and bringing in fresh and new ideas into the firms. With positive results obtained from outsourcing, many firms (53.3%) indicated that they would consider outsourcing other functions in the future. The most significant lessons learnt from an outsourcing arrangement were that change is important (33.3%) and that setting your expectations high was vital (33.3%) to the success of an outsourcing project. They also indicated that project success was determined by relationship and team building, and that having a right attitude was a recipe. It further highlighted that providers bring essential additional skills and resources to an outsourcing project. Lastly the manufacturing firms made the following recommendations to UN peacekeeping operations considering outsourcing; communication is essential (53.3%), outsourcing goal should be carefully considered (40%) and carefully defined goals with measurable deliverables are vital ingredients to consider in the decision to outsource.

4.4   ANALYSIS OF DATA FROM UN PEACEKEEPING OPERATIONS

This section examines surveys and interviews findings of United Nations peacekeeping operations.

- United Nations Observer Mission in Georgia (UNOMIG);

- United Nations Interim Administration Mission in Kosovo (UNMIK);

- United Nations Peacekeeping Force in Cyprus (UNFICYP);

- United Nations Interim Force in Lebanon (UNIFIL);

- United Nations Disengagement Observer Force (UNDOF);

- United Nations Mission in the Democratic Republic of the Congo (MONUC);

- United Nations Operation in Côte d'Ivoire (UNOCI);

- United Nations Mission in Ethiopia and Eritrea (UNMEE);

- United Nations Mission in Liberia (UNMIL); and

- United Nations Mission in the Sudan (UNMIS)

Survey responses from each participating peacekeeping operation are discussed below, while the survey questions can be found in appendix C.

4.4.1 United Nations Observer Mission in Georgia (UNOMIG)

Survey/Interview findings

On 31 January 2006, the strength of the peacekeeping operation was 44 military observers, supported by 22 international civilian personnel and 47 local civilian personnel with an approved budget of $35.5 million for the period 1 July 2005 to 30 June 2006. The budgeted expenditure for the same period was: military and police personnel, $4.2 million; civilian personnel, $17.9 million and operational costs, $13.5 million.

According to the survey 30, 18 and 42 personnel respectively are employed in information technology, engineering and air and ground transportation including movement control respectively. The regional offices staff strength is 27 personnel supported by additional personnel from the local headquarters.

UNOMIG indicated that they currently outsource: engineering and engineering maintenance including project development and construction, IT and personnel

training, medical services, heavy and specialised maintenance services, catering, facilities and camp management. Together with performance improvement, UNOMIG ranked cost reduction and labour issues as its major reasons for outsourcing whilst outsourcing non-essential activities was an ongoing task which varied according to the activity being outsourced. UNOMIG does not use external consultants in the decision to outsource. Furthermore, activities identified as more cost-effective when operated by a third party would be outsourced in the future. The major risks of outsourcing identified were procurement time, loss of control and quality of output. Furthermore, the survey results indicated that quality constraints and project size, scope and control were the most significant barriers impacting on the decision to outsource. As is the case with other peacekeeping operations, UNOMIG took into account the following information when deciding whether or not to outsource:

- DPKO and UNOMIG capacity's to handle the work;
- Experienced staff, equipment, quality and capacity;
- Research of other Peacekeeping Operations and UN Agencies' expenditure;
- Clear specification of scope of works;
- Contractor qualification and clear scope of responsibilities;
- Previous outsourcing experience;
- Reliable analysis of human resources requirements;
- List of available and interested evaluators and assessors;
- Size of project and time for completion;
- The desired final product;
- What, who, where, when and how of the project;
- Qualified personnel that understand the Peacekeeping Operations' system;
- List of qualified and available personnel;
- Local and international vendor databases; and
- Laws of the host country, United Nations Rules and Regulation and Standard Operating Procedure;

Business qualifications, technical expertise, physical equipment, cost, quality and previous experience with the specific provider where considered as vital factors that influenced their decision in the selection of a particular provider. The survey results indicated that UNOMIG's expectations in an outsourcing arrangement were detailed through an open working relationship with end deliverable defined by budget and time, as well as through specifically documented standards that provide performance rating and calibration, and through measured performance standard which carry financial penalties. Being non-profit making, they do not give incentives for superior performance. Outsourcing policies and procedures adopted during outsourcing decision-making were determined by existing policies of the service provider and UNOMIG or policies handed down by DPKO. In other instances, UNOMIG developed and established unique policies to manage the outsourcing of special services. The provider's performance was measured weekly, monthly and annually, depending on the type and nature of the project using a performance scorecard which included factors such as the capacity and ability to perform the work, time performance, product quality, administrative and budgetary accuracy. It was also noted that conflicts arose during the execution stage of the outsourcing project with the following identified friction points identified:

- Contractor claim from different opinion and agreement on quality of finished product;
- Increased inspections;
- Increased administrative issues;
- Establishing appropriate oversight that would resolve performance disputes;
- Contract scope and specifications;
- Contract coordination between peacekeeping operations and providers;
- Quality control and cost;
- Contract schedule and program;
- Timely deliverance of service or product;
- Definition of acceptable service or product and evaluation of service or product;
- Outsourced personnel complaints and concern for their jobs;
- Workload pressure with limited staff;

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- Cost containment;
- UNOMIG procurement policies and control over outsourcing; and
- Communication regarding quality control and conformance to UN standards

The survey findings also indicated that outsourcing results varied with supervision and capability of the provider whereby the quality of work performed was sometimes below that performed in-house by the peacekeeping operation. Generally the quality of output was considered to be equivalent to work performed by UNOMIG. This enabled them to concentrate on their core functions with the intention of outsourcing more of these in the future which would include activities for which the mission may not have the expertise to perform or where it would be more cost-effective and better managed by a third party service provider.

4.4.2   United Nations Interim Administration Mission in Kosovo (UNMIK)

Survey/Interview findings

The strength (June, 2006) of the peacekeeping operation was 38 military observers, 2,221 police observers, 797 international civilians, 2,277 local civilians, and 189 UN volunteer. The budget for the period July 2005 to June 2006 was $252.55 million while budgeted spending for 2005/2006 was $66.6 million for military and police personnel, $138.2 million for civilian personnel and $35.5 million for operations.

The survey indicated that 176, 287, and 245 personnel are employed in information technology, engineering and transportation including, aviation maintenance and movement control respectively, while the regional offices employed 17 personnel. UNMIK indicated that they presently outsource: engineering and engineering maintenance including project development and construction, transportation and fleet maintenance, IT and personnel training, medical services and heavy and specialised maintenance services. Others include, catering, facilities and camp management services.

The results of the survey indicated that when contemplating outsourcing the following details were considered:

- The capacity of DPKO and UNMIK to handle the work;
- Experienced staff, equipment quality, capacity, research of other peacekeeping operations and UN Agencies' expenditure;
- A clear specification of scope of works;
- Contractor qualification and clear scope of responsibilities;
- Previous outsourcing experience;
- Reliable analysis of human resources requirements;
- List of available and interested evaluators and assessors;
- Project size and time for completion; the desired final product;
- What, who, where, when and how of the project;
- Qualified personnel that understand peacekeeping operations' system;
- Cost of doing business and suggested contract price to outsource;
- Local and international vendor database; and
- Proof that it is more effective to outsource maintenance work than to carry it out in-house.

The peacekeeping operation indicated that its primary objective for outsourcing was to improve performance while reducing costs and enhancing the local economy. They further advised that they would outsource more functions in future and that procurement time, increased costs and loss of control were considered as the primary risks of outsourcing, while quality constrains, control of output, current workload and outsourcing expertise were considered as the most significant barriers impacting on the decision to outsource. Other major barriers included political considerations and project size, scope and control. Together with other peacekeeping operations, they indicated that the services of outside experts were not utilized in the decision to outsource.

The results of the survey further indicated that the criteria applied by the peacekeeping operation in provider selection were; financial stability, technical expertise, physical equipment and capabilities, operational excellence, cost and quality.

Previous experience with providers who have performed similar business contract(s) with them was not considered vital criteria for provider selection. UNMIK expectations were detailed through an open working relationship with end deliverables defined by budget and time as well as through measured performance standards which carry financial penalties but offered no incentive for superior performance. Similar to most peacekeeping operations, they indicated that past policies and procedures were established through the application of peacekeeping operations' existing policies or policies handed down by DPKO and that the performance of providers was measured daily through spot checks as well as on a monthly and yearly basis. As with most other peacekeeping operations surveys, the scorecard used to measure the provider performance included:

- Capacity and ability to perform the work;
- On time performance, product quality; and
- Budgetary and administrative accuracy and responsiveness.

Political and labour concerns and opposition were the major common points of friction. Other points of friction were:

- Contractor claim from different opinion and agreement on quality of finished product;
- Increased inspection and administrative issues;
- Contract scope and specifications, contract coordination between UNMIK and contractors;
- Quality control and cost and contract schedule and program;
- Timely deliverance of service or product;
- Definition of acceptable service or product;
- Evaluation of service or product;
- Outsourced personnel complaints and concern for their jobs;
- Workload pressure with limited staff;
- Cost containment, employee resistance; and
- Communication regarding quality control and conformance to UN standards.

Finally, the survey findings indicated that UNMIK outsourcing results varied with supervision and capability of the contractor or vendor. However, the quality of work performed was equivalent to that performed in-house and that in future they would consider outsourcing more essential tasks and other specialised services for which it either does not have the expertise or where it is more effective to do so than to carry it out in house.

4.4.3 United Nations Peacekeeping Force in Cyprus (UNFICYP)

Survey/Interview findings

The budgeted strength of the peacekeeping operation for 2005/2006 was 1,084: troops 860; police 69; international civilian 42; local civilian 113. The approved budget for the period July 2005 to June 2006 was $45.8 million (gross), including voluntary contributions in kind in the amount of $1.4 million. The budgeted expenditure for 2005/2006 for was $18.1 million for military and police personnel, $12.7 million for civilian personnel and $13.6 million for operations.

The survey indicated that 25, 31 and 19 personnel respectively are employed in information technology, engineering and transportation. There are no regional or county offices at this peacekeeping operation. The peacekeeping operation in Cyprus subcontracts: communication and communication maintenance, transportation and fleet maintenance and management, IT training, medical services and heavy and specialised maintenance services; catering; facilities and camp management including cleaning services. However, they indicated that only; engineering services and engineering maintenance, communication and communication maintenance, IT training, facilities and camp management including cleaning, garbage collection and janitor services, security services, heavy and specialized maintenance activities including fleet maintenance could be outsourced.

The results of the survey indicated that UNFICYP also considered it essential to outsource to local than international vendors as part of the peace-building process and to empower the local economy

The operational costs (including all assets and inventories) for running UNFICYP for 2005/2006 were $13.6m. Regarding the maintenance of its assets, less than 5% of communications and IT services, more than 10% of engineering services and more than 75% of transport services are outsourced to private firms, some are however carried out by other UN agencies and NGOs. Furthermore, more that 5% of transport, more than 50% of engineering services and more than 75% of communications and IT services are directly carried out by the peacekeeping operation.

In managing its non-expendable assets, less than 5% of the services are outsourced to private firms, NGOs and UN agencies, while more than 75% of the services are undertaken by the peacekeeping operation and less than 5% of non-expendable asset is outsourced and the rest is managed by the peacekeeping operation. More than 50% of the engineering functions are directly carried out by the peacekeeping operation, and less than 5% are outsourced to private firms, NGOs and UN agencies. However, more than 50% of the facilities are outsourced, while the rest are maintained in-house and by other UN agencies and NGOs.

Most of the medical support to the peacekeepers is directly provided by UNFICYP; however specialised medical care is outsourced to other medical institutions. Government regulations, labour agreements, quality constraints, control of output, current workload, outsourcing expertise, unavailability of skilled labour, political considerations, legal restrictions and project size, scope and control were all considered as the main barriers impacting on their ability to outsource. Capacity building and empowerment of the local economy were ranked as the most important goals of outsourcing, while, procurement time, cost of control and loss of control were ranked as the top three risks of outsourcing. UNFICYP also indicated that outside experts are never involved in the decision to outsource. It also mentioned that the quality of output from outsourced services is sometimes less than the work performed by the peacekeeping operation. UNFICYP indicated that they applied private industry benchmarks and key performance indicators, including previous contract history within DPKO as well as goals established by UN rules and regulations as models and benchmarks for establishing goals. As a non profit making organization, UNFICYP does not reward for exceptional performance.

The results of the survey further indicated that UNFICYP considered past performance and cost of public sector work, the capacity of DPKO and the peacekeeping operation to handle the work, experienced staff, and availability of equipment, quality, capacity, research of other peacekeeping operations and UN agencies' expenditure as vital information they needed to begin the outsourcing process. Others included: clear specification of scope of works, contractor qualification and clear scope of responsibilities, previous outsourcing experience, reliable analysis of human resources requirements, list of available and interested evaluators and assessors, size of project and time for completion. Lastly, the desired final product, cost comparisons and in-house capacity and ability including list of qualified and available personnel, in-house work projections are the information considered when contemplating outsourcing. Other information required when deciding whether to outsourcing are funding and proof that it's more effective to outsource maintenance work than to carry it out in-house. The peacekeeping operation (UN PKO) considered capacity and capability to perform the work, on time performance, product quality, budgetary accuracy, administrative accuracy, responsiveness as essential factors and therefore they were included in the scorecards. They measured providers' performance annually, monthly and weekly, while indicating that business qualification, expertise, physical equipment and capabilities, operational excellence, cost, quality and previous experience with providers were the most important factors that influence provider selection.

According to the peacekeeping operation, the definition of outsourcing expectation is an ongoing thing but varies with project and service and complexity and usually lasts up to a maximum of one year. Initial expectations are usually defined by an open working relationship with end deliverable defined by budget and time or by specifically documented standards that provide performance ratings and calibration, other details include: measured performance standards which carry financial penalties but no incentives.

Polices and procedures used in the outsourcing relationship are established through the application of existing and experienced service providers' policies, peacekeeping operations' existing policies and policies handed down by DPKO. They also indicated that their peacekeeping operations developed and established their own unique

policies to manage outsourced tasks and highlighted these factors as common areas of contention that may impede an outsourcing arrangement:

- Contractor claim from different opinion and agreement on quality of finished product;
- Establishing appropriate oversight and resolving disputes over performance;
- Consultant direction and detailed specifications;
- Increased inspections;
- Increased administrative issues;
- Contract coordination between mission and providers;
- Quality control and cost;
- Contract schedule and program;
- Timely deliverance of service or product;
- Definition of acceptable service or product and evaluation of service or product;
- Definition of amount of effort required to perform a service;
- Work performance and work order authorization;
- Employee resistance;
- Workload pressure with limited staff;
- Field mission's procurement policies and control over outsourcing;
- Cost containment; and
- Communication regarding quality control and conformance to UN standards.

4.4.4 United Nations Interim Force in Lebanon (UNIFIL)

Survey/Interview findings

On 31 January 2006, the strength of the peacekeeping operation was 1,980 troops, assisted by some 50 military observers of United Nations Truce Supervisory Operations (UNTSO) a nearby peacekeeping operation; and supported by 101 international civilian personnel and 300 local civilian staff. The approved budget for the period July 2005 to June 2006 was $94.3 million (gross). The budgeted

expenditure for 2005/2006 for the spending areas was; military and police personnel, $39.1 million; civilian personnel, $33.9 million and operational costs, $21.2 million.

The survey indicated that 60, 65, and 81 personnel are employed in information technology, engineering and transportation including naval, aviation and movement control respectively, while the regional offices employed 68 personnel. UNIFIL indicated that they presently outsource: engineering and engineering maintenance including project development and construction, communication and communications maintenance, transportation and fleet maintenance, IT training, aviation management/ maintenance, medical services and heavy and specialised maintenance services, catering, facilities and camp management including cleaning services.

The results of the survey also indicated that UNIFIL major goals for outsourcing were to improve performance while reducing costs. They also hinted that they would outsource more functions in future. They considered procurement time, increased costs, loss of control as the primary risks of outsourcing, while cost of control, political considerations were considered as the most significant barriers impacting on the decision to outsource. As in most other peacekeeping operations, outside expert were not involved in the decision to outsource. In order to start an outsourcing process, they indicated that the following details were vital to ensure a cost-effective and efficient outsourcing arrangement:

- DPKO and UNIFIL capacity to handle the work;
- Experienced staff, and equipment quality an capacity;
- Research of other peacekeeping operations and UN Agencies' expenditure;
- Clear specification of scope of works;
- Contractor qualification and clear scope of responsibilities;
- Previous outsourcing experience;
- Reliable analysis of human resources requirements;
- List of available and interested evaluators and assessors;
- Size of project and time for completion; the desired final product; what, who, Where, when and how of the project;

- Qualified personnel that understand the system of peacekeeping operations;

- Cost of doing business and suggested contract price to outsource;

- Local and international vendor database;

- Laws of the host country, United Nations: Rules and Regulations, Standard Operating Procedures, manuals and policies; and

- Proof that it's more effective to outsource maintenance work than to carry it out in-house

The results of the survey also indicated that the main criteria for selecting service providers were technical expertise, physical equipment and capabilities, operational excellence, cost, quality and previous experience with the provider. The provider's expectations were detailed through an open working relationship with end deliverables defined by budget and time; as well as through specifically documented standards with performance ratings and calibrations or through measured performance standards which carry financial penalties but no incentive for superior performance. UNIFIL indicated that policies and procedures used in the past were established through the application of peacekeeping operations' existing policies or handed down by DPKO. UNIFIL also indicated that their peacekeeping operation could develop and establish its own policies which would be unique depending on the nature and scope of the outsourcing project. The performance of providers was measured daily, through spot checks, and on a weekly, monthly and yearly basis.

The scorecard used in measuring performance includes the capacity and the ability to perform work, on time performance and budgetary accuracy; administrative accuracy and responsiveness. UNIFIL identified the following as common points of friction affecting outsourcing:

- Ccontractor's claims from different opinion and agreement on quality of finished product;

- Increased inspections;

- Consultant direction and detailed specifications;

- Increase in administrative issues; Contract scope and specifications;

- Contract coordination between UNIFIL and contractors,

- Quality control and cost and contract schedule and program;

- Timely deliverance of service or product;

- Definition of acceptable service or product and evaluation of service or product;

- Definition of amount of effort required to perform a service; and

- Work performance and work order authorization;

Other points of friction include outsourced personnel complaints and concern for their jobs, workload pressure with limited staff, cost containment, employee resistance, and communication regarding quality control and conformance to UN standards. Additionally, political issues were also a cause of friction. UNIFIL also revealed that outsourcing results varied with supervision and capability of the provider, such that sometimes results were either equivalent to or of superior quality to work performed in-house. Lastly, UNIFIL indicated that in future they would consider outsourcing more non-core activities and other specialised items which they do not have the expertise or where it is more effective to outsource than to carry it out in-house.

4.4.5   United Nations Disengagement Observer Force (UNDOF)

Survey/Interview findings

On 31 January 2006, the strength of the peacekeeping operation was 1,066 troops, assisted by some 57 military observers of UNTSO's Observer Group Golan; and supported by 37 international civilian personnel and 104 local civilian staff. The budget for the period July 2005 to June 2006 was $41.6 million, while the budgeted expenditure for the same period for the spending areas was; military and police personnel, $20.1 million; civilian personnel, $8.4 million and operational costs, $13.1 million.

UNDOF indicated that 25, 22, and 28 personnel respectively are employed in information technology, engineering and transportation, and they currently outsource the following activities: engineering and engineering maintenance including project

development and construction, communications and communications maintenance, transportation and fleet maintenance, IT and personnel training, medical services, heavy and specialised maintenance services, catering, facilities and camp management including cleaning services.

The peacekeeping operation identified financial stability, business qualification and technical expertise, physical equipment and capabilities, operational excellence, cost, quality and other similar business contracts as well as previous experience with the provider as key criteria for selecting service providers. The peacekeeping operation's outsourcing expectations were detailed through an open working relationship with end deliverable defined by budget and time as well as through measured performance standards which carry financial penalties but provide no incentive for high performance. They also indicated that policies and procedures used in the past were established through the application of peacekeeping operation existing policies or were handed down by DPKO; while on the other hand, UNDOF also developed and established their own policies depending on the nature and scope of the outsourcing project. The measurement of the performance of providers was carried out daily through spot checks, and on a weekly, monthly and yearly basis. Similar to UNIFIL, the scorecard used in measuring performance included capacity and ability to perform the work, on time performance and budgetary accuracy, administrative accuracy and responsiveness.

The results of the survey indicated that UNDOF's main goals for outsourcing were cost reduction, labour issues and performance improvement. UNDOF added that they would outsource more functions in future should the need arise. Meanwhile, they considered loss of critical core competences, loss and cost of control as risks indicated with outsourcing, while quality constraints, control of output and project size, scope and control were considered as the most significant barriers impacting on the decision to outsource. UNDOF did not use consultants or outside experts in the outsourcing decision-making, on the other hand, and like most peacekeeping operations they indicated that the following information were taken into account to ensure a cost-effective and efficient outsourcing arrangement:

- DPKO and Peacekeeping Operation's capacity's to handle the work;

- Experienced staff, and equipment quality and capacity;

- Research of other Peacekeeping Operation and UN Agencies' expenditure;

- Clear specification of scope of works;

- Contractor qualification and clear scope of responsibilities;

- Previous outsourcing experience; reliable analysis of human resources requirement;

- List of available and interested evaluators and assessors;

- Size of project and time for completion;

- The desired final product;

- Cost, cost comparisons and in-house capacity and ability

- What, who, where, when and how of the project;

- Qualified personnel that understand Peacekeeping Operations' system;

- Cost of doing business and suggested contract price to outsource; local and international vendor database; laws of the host country, United Nations:

- Workload projection;

- Local and international vendor database;

- In-house work projections and funding;

- Proof that it's more effective to outsource maintenance work than to carry it out in-house; and

- United Nations Rules and Regulation, Standard Operating Procedures, manuals and policies.

Furthermore, the results of the survey highlighted that the common point of friction affecting outsourcing were:

- Labour concern/opposition;

- Ccontractor's claim from different opinion and agreement on quality of finished product;

- Increased inspections;

- Consultant direction and detailed specifications;

- Increased administrative issues;

- Contract scope and specifications,

- Contract coordination between UNDOF and contractors;
- Quality control;
- Cost and contract schedule and program;
- Timely deliverance of service or product;
- Definition of acceptable service or product; and
- Evaluation of service or product and the definition of amount of effort required to perform a service.

UNDOF also indicted that other points of friction were outsourced personnel complaints and concern for their jobs; workload pressure with limited staff; cost containment; employee and communication regarding quality control and conformance to UN standards. As with most other peacekeeping operations, UNDOF indicated that the outsourcing results varied with supervision and capability of the provider, however most of the time results were of superior quality to work performed in-house. Furthermore, in agreement with other peacekeeping operations, they also indicated that in future they would consider it essential to outsource more non-core activities and other specialised items that the peacekeeping operation either does not have the expertise to perform the service or where it is more effective to outsource than to carry it out in house.

4.4.6 United Nations Mission in the Democratic Republic of the Congo (MONUC)

Survey/Interview findings

Considered as the largest UN peacekeeping operation, it has a strength (June, 2006) of 16,820 total uniformed personnel, including 15,019 troops, 729 military observers, 1,072 police supported by 856 international civilian personnel, 1,419 local civilian staff and 471 United Nations Volunteers. The budget (gross) approved by the UN General Assembly on 8 December 2005 for the period July 2005 to June 2006 was $1.2 billion. The budgeted expenditure for the same period for these spending areas was; military and police personnel, $451.4 million; civilian personnel, $185.3 million and operational costs, $510.9 million.

The survey indicated that 322 personnel are employed in communication and information technology, 384 personnel in engineering and 674 personnel in transportation including naval, aviation and movement control. The regional offices, officially employed 59 personnel, however, they are complemented by additional support personnel from the local headquarters. MONUC undertakes at least 75% of all maintenance work (IT and communications, engineering and transportation) and 100% of asset and materials management. All other services are subcontracted to private firms, especially air transportation. MONUC manages an inventory of about $500 million.

MONUC indicated that they currently outsource these functions:

- Aviation maintenance;
- Communications and communications maintenance;
- Transport and fleet maintenance;
- Engineering and engineering maintenance including project development and construction; and heavy and specialised maintenance services
- IT training;
- Medical services and heavy;
- Catering, facilities and camp management including cleaning services; and
- Security services.

Humanitarian and relief operations are outsourced to UN agencies and NGOs. MONUC also deemed it necessary to outsource as a peace-building measure to enhance the local economy. Together with performance improvement, it considered peace-building measures as one of its major goals for outsourcing. They also indicated that outsourcing non-core activities of the peacekeeping operation depended on the availability of required information, and initial expectations were either loosely structured, naming key areas of desired performance and quality or through open working relationship with end deliverables defined by budget and time.

Similar to UNMIS, MONUC indicated that the top three risks of outsourcing were cost of control, loss of control, and quality of output, and that external consultants

were not involved in the decision to outsource. In addition, they indicated that the major barriers impacting the decision to outsource were current workload, political considerations, unavailability of skilled labour and project size, scope and control.

MONUC revealed that technical expertise, business qualification, financial stability, physical equipment and capabilities, cost and quality were most influential in the selection of a provider. They further indicated that policies and procedures were established through the application of peacekeeping operation's existing policies or those handed down by DPKO. However, depending on the nature of the outsourcing project, the peacekeeping operation developed and established unique policies to manage outsourced tasks. The performance of the service provider was measured daily, weekly and monthly depending on the type and nature of the project. Furthermore, to ensure that the quality of performance is well defined, the performance scorecard used included capacity and ability to perform the work, on time performance and product quality. MONUC agreed that the most common points of friction were:

- Political and or labour concerns and opposition;
- Contractor claim from different opinion and agreement on quality of finished product; and
- Establishment of appropriate oversight that would resolve performance disputes and increased inspection.

Other friction point indicated were contract scope and specifications, contract coordination between MONUC and contractors, quality control and cost, contract schedule and program, timely deliverance of service or product, as well as the definition of acceptable service or product and evaluation of service or product, outsourced personnel complaints and concern for their jobs, workload pressure with limited staff and communication regarding quality control and conformance to UN standards. MONUC, being non-profit making organization, they did not reward providers for outstanding performance.

MONUC also indicated that the following information was necessary to begin the outsourcing process:

- DPKO and Peacekeeping Operation's capacity's to handle the work;
- Experienced staff, and equipment quality and capacity;
- Research of other Peacekeeping Operation and UN Agency's expenditure;
- Clear specification of scope of works;
- Contractor qualification and clear scope of responsibilities;
- Previous outsourcing experience;
- Reliable analysis of human resources requirements;
- List of available and interested evaluators and assessors;
- Size of project and time for completion;
- Cost, cost comparison and in-house capacity and ability
- Qualified personnel that understand Peacekeeping Operations' system;
- List of qualified and available personnel;
- Workload projection;
- Local and international vendor database; and
- Laws of host country, United Nations Rules and Regulation, Standard Operating Procedures, Manuals and Policies

Though results from presently outsourced activities were equivalent to work performed by the organization, MONUC indicated that activities identified to be more cost-effective when carried out by a third party would be outsourced in the future as necessary.

4.4.7 United Nations Operation in Côte d'Ivoire (UNOCI)

<u>Survey/Interview findings</u>

The authorized strength of the peacekeeping operation from 4 April 2004 to 23 June 2005 was 6,240 military personnel, including 200 military observers; as well as 350 police officers, some 435 international civilians and 529 local civilians, and 119 United

Nations Volunteers. The peacekeeping operation's strength as of 31 January 2006 was 7,594 total uniformed personnel, including 6,702 troops, 195 military observers; 697 police supported by 362 international civilian personnel, 424 local staff and 202 United Nations Volunteers. The budget for the period July 2005 to June 2006 was $423.1 million and for these spending areas was military and police personnel, $195.6 million; civilian personnel, $71.9 million; while the operational cost was $155.6 million.

The survey indicated that 81, 73, and 112 personnel respectively are employed in information technology, engineering and transportation including naval, aviation and movement control, while the regional offices employed 179 personnel. Similar to other peacekeeping operations in Africa, UNOCI indicated that they presently outsource the following services:

- Engineering and engineering maintenance including project development and construction,;
- Communications and communications maintenance;
- Transportation and fleet maintenance;
- IT training, Aviation management and maintenance;
- Medical services;
- Heavy and specialised maintenance services; and
- Facilities and camp management, including catering and cleaning services.

UNOCI also indicated that in order to begin the outsourcing process, certain information was vital to ensure a cost-effective and efficient outsourcing arrangement and include the following:

- DPKO and the peacekeeping operation's capacity to handle the work; experienced staff and equipment quality and capacity;
- Research of other peacekeeping operations and UN Agencies expenditure;
- Clear specification of scope of works;
- Contractor qualification and clear scope of responsibilities; and

- Previous outsourcing experience and reliable analysis of human resources requirements.

Others include, a list of available and interested evaluators and assessors; size of project and time for completion; what, who, where, when and how of the project; cost of doing business and suggested contract price to outsource; local and international vendor database; laws of host country, and United Nations: Rules and Regulation, Standard Operating Procedures, manuals and policies. They further indicated that their major goals for outsourcing were to reduce cost and improve performance and went further to state that they would outsource more activities in future when instructed to do so by DPKO, in order to reduce cost, or improve performance or as a peace-building measure. They insisted that increased costs and loss of control were the main risks of outsourcing, while outsourcing expertise and unavailability of skilled labour were the main barriers that had an impact on the decision to outsource. Together with other peacekeeping operations, they indicated that outside experts were not involved in the decision to outsource.

According to UNOCI, the main criteria applied when selecting service providers were business qualification and technical expertise, physical equipment and capabilities, operational excellence, cost and quality. They also indicated that provider's expectations were detailed through an open working relationship with end deliverables defined by budget and time only which may carry financial penalties for low performance or untimely delivery but no incentive for superior performance. The performance of providers was measured daily through spot checks, and on a monthly and yearly basis. The scorecard used in measuring performance included administrative accuracy, product quality, responsiveness, capacity and ability to perform the work, on time performance and budgetary accuracy. UNOCI also stated that policies and procedures used in the past were established through the application of peacekeeping operation's existing policies or handed down by DPKO.

Political issues were also a cause of friction. Other points of common friction identified as affecting outsourcing were:

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- Political and labour concerns and opposition;
- Ccontractor's claim from different opinions and agreement on quality of finished product,
- Increased inspections;
- Contract scope and specifications;
- Contract coordination between UNOCI and contractors;
- Quality control and cost and contract schedule and program;
- Timely deliverance of service or product; and
- Definition of acceptable service or product and product or service evaluation.

Other points of friction include outsourced personnel complaints and concern for their jobs; workload pressure with limited staff; employee resistance; and communication regarding quality control and conformance to UN standards. UNOCI made it known that outsourcing results varied with supervision and capability of contractors or vendors; nevertheless, results were of superior quality to work performed in-house. Finally they indicated that in the near future, they would outsource more non-core functions and other specialised services that the peacekeeping operation either does not have the expertise to carry out or where it is more effective to outsource than to carry out in house.

4.4.8   United Nations Mission in Ethiopia and Eritrea (UNMEE)

<u>Survey/Interview findings</u>

The authorized maximum strength (Security Council resolutions 1320 of 15 September 2000 and 1622 of 13 September 2005) was 4,200 troops, including up to 230 military observers. On 31 January 2006, the strength was 3,359 military personnel, including 3,153 troops and 206 military observers, and 183 international civilians, 226 local civilians and 65 United Nations Volunteers. The budget for the period July 2005 to June 2006 was $176.7 million. The budgeted expenditure for 2005/2006 for the spending areas was: military and police personnel, $79.6 million; civilian personnel, $32.7 million; and the operational costs, $64.4million.

UNMEE indicated that 62, 48, and 65 personnel are employed in information technology, engineering, and transportation including air and movement control respectively. The regional offices formally employed 70 staff member complemented by additional support personnel from the headquarters. They outsourced:

- Engineering and engineering maintenance including project development and construction;
- Transportation and fleet maintenance,
- IT and personnel training;
- Medical services and heavy and specialised maintenance services; and
- Catering, facilities and camp management including cleaning services and security services.

Humanitarian and relief operations were outsourced to UN agencies and NGOs. UNMEE also considered it essential to outsource more to local vendors than to international vendors as a measure to encourage peace-building, by building capacity to empower the populace and enhance the local economy. This, they indicated was one of the peacekeeping operation's major goals for outsourcing, while hinting that they would outsource more functions in future. They however considered the loss of control, cost of control, and quality of output as the top three risks of outsourcing. Furthermore, they indicated that the major barriers impacting on the decision to outsource were outsourcing expertise, unavailability of skilled labour and political considerations. They did not consider it essential to use the service of external consultants in their decision to outsource. UNMEE emphasized that the following details where taken in account when planning an outsourcing engagement:

- DPKO and Peacekeeping Operation capacity's to handle the work;
- Experienced staff, and equipment quality and capacity;
- Research of other Peacekeeping Operations and UN Agencies' expenditure;
- UNDP country profile;
- Clear specification of scope of works;
- Contractor qualification and clear scope of responsibilities;
- Previous outsourcing experience;

- Reliable analysis of human resources requirements;
- List of available and interested evaluators and assessors;
- Size of project and time for completion;
- The desired final product;
- What, who, where, when and how of the project;
- Qualified personnel that understand Peacekeeping Operations' system;
- Cost of doing business and suggested contract price to outsource;
- List of qualified and available personnel; and
- Local and international vendor databases.

UNMEE measured the performance of providers daily, monthly and annually and through spot checks. The scorecard used in the performance measurement included such factors as capacity and ability to perform work, on time performance, budgetary accuracy; and product quality and responsiveness.

The results of the survey further indicated that operational excellence, quality, cost and financial stability were major factors influencing provider selection, while provider's expectation are detailed through an open working relationship with end deliverables defined by budget and time. However, outsourcing policies and procedures are established through the application of peacekeeping operation's existing policies or handed down by DPKO. When this was not the case, UNMEE develop and establish their own policies which would be unique but would depend on the nature and scope of the outsourcing arrangement.

As with other peacekeeping operations, political and labour concerns and opposition were a cause of friction, others included:

- Contractor claim from different opinion and agreement on quality of finished product;
- Increased inspections;
- Increased administrative issues;
- Contract scope and specifications;

- Contract coordination between mission and providers;

- Quality control and cost;

- Contract schedule and program;

- Timely deliverance of service and product;

- Definition of acceptable service or product and product or service evaluation. Employee resistance;

- Outsourced personnel complaints and concern for their jobs

- Workload pressure with limited staff; and

- Communication regarding quality control and conformance to UN standards.

Lastly, the results of the survey disclosed that outsourcing results varied with supervision and capability of the provider, but in general, results are of lower quality to work performed in-house. They also indicated that despite the above, they would consider outsourcing some non-core functions to local vendors as a peace-building measure to encourage capacity building to empower the people of Ethiopian and Eritrea and enhance the local economies of both countries. However, sspecialised services that the peacekeeping operation does not have the expertise to carry out would be outsourced to international providers.

4.4.9   United Nations Mission in Liberia (UNMIL)

Survey/Interview findings

The budgeted strength of the UNMIL peacekeeping operation for 2005/2006 was 14,785; military contingents, 215 military observers, 1,115 civilian police officers including formed units; 635 international civilian; 809 national staff, and 431 UNV's. The approved budget for the period July 2005 to June 2006 was $722,753,600, including voluntary contributions in kind in the amount of $120,000. The budgeted expenditure for 2005/2006 for the spending areas was; Military and police personnel, $372.1 million; civilian personnel, $107.9 million; and operational costs, $242.6million.

The result of the survey indicated that 151, 238, and 235 personnel are employed in information technology, engineering and transportation including naval, aviation and

movement control respectively. The regional offices formally employ only 27 officers (2006); however, they are complemented by additional support personnel from the head offices of the peacekeeping operation.

The result of the survey indicated that UNMIL outsource these functions:

- Engineering and engineering maintenance including project development and construction,
- Transportation and fleet maintenance;
- IT training, data and call centre;
- Medical services;
- Heavy and specialised maintenance service;
- Facilities and camp management including cleaning services and catering; and
- Security services,

However, humanitarian and relief operations are outsourced to UN agencies and NGOs. UNMIL considered it essential to outsource more services to local than to international providers as a measure to encourage peace-building, through building capacity and empowering the populace and thereby enhancing the local economy. This UNMIL indicated was its major goals for outsourcing. They also hinted that they would outsource more functions in future. They however, indicated that the primary risks of outsourcing were increased costs, loss of control and quality of output. Outside experts were not involved in the decision to outsource. Additionally they indicated that the most significant barriers impacting on the decision to outsource were current work load, unavailability of skilled labour and political considerations. Finally, UNMIL highlighted the following as details they take into account to begin the outsourcing process:

- DPKO and Peacekeeping Operation's capacity's to handle the work;
- Experienced staff, and equipment quality and capacity;
- Research of other Peacekeeping Operation and UN Agencies' expenditure;
- UNDP country profile;
- Clear specification of scope of works;

- Contractor qualification and clear scope of responsibilities;

- Previous outsourcing experience;

- Reliable analysis of human resources requirements;

- List of available and interested evaluators and assessors;

- Size of project and time for completion;

- The desired final product;

- What, who, where, when and how of the project;

- Qualified personnel who understand Peacekeeping Operations' system;

- Cost of doing business and suggested contract prices to outsource;

- List of qualified and available personnel;

- Local and international vendor databases; and

- Laws of host country, United Nations Rules and Regulations, Manuals and Policies.

UNMIL indicated that financial stability, technical expertise, physical equipment and capabilities, operational excellence, quality and other similar business contracts were used as criteria for selecting providers. The provider's expectations were detailed through an open working relationship with end deliverable defined by budget and time. Policies and procedures were established through the application of peacekeeping operation existing policies or handed down by DPKO. Otherwise, UNMIL developed and established their own policies which would be unique depending on the nature and scope of the outsourcing project. Performance of providers was measured daily and weekly for short term projects, daily, weekly and monthly for long term project and through spot checks. The scorecard included capacity and ability to perform the work, on time performance and budgetary accuracy. The following were identified as the common points of friction affecting outsourcing:

- Labour concern and opposition;

- Contractor's claim from different opinion and agreement on quality of finished product;

- Increased inspections;

- Increased administrative issues;

- Contract scope and specifications;

- Contract coordination between the peacekeeping operations and providers;

- Quality control and cost;

- Contract schedule and program;

- Timely deliverance of service or product;

- Definition of acceptable service or product and evaluation of service or product;

- Definition of amount of effort required to perform a service;

- Work performance and work order authorization;

- Employee resistance;

- Outsourced personnel complaints and concern for their jobs;

- Workload pressure with limited staff; and

- Communication regarding quality control and conformance to UN standards

UNMIL further disclosed that outsourcing results varied with supervision and capability of the provider, such that, sometimes results were substandard, equivalent to or of superior quality to work performed in-house. Additionally, political issues were also a cause of friction. Finally, they indicated that they would consider outsourcing some non-core functions to local providers as a peace-building measure in support of capacity building, empowerment and enhancement of the local economy. They would also outsource other specialised services that the peacekeeping operation either does not have the expertise in the field or where it is more effective to outsource than to carry it out in house.

4.4.10 United Nations Mission in the Sudan (UNMIS)

Survey/Interview findings

The authorised strength of the peacekeeping operation was: troops 10,000; police 715; while the proposed strength was: international civilian 1,053; local civilian 2,690; UN volunteer 208. The strength (June, 2006) of the peacekeeping operation was: troops 7,058; military observers 630; police 473; international civilian 622; local civilian 1,229;

UN volunteer 88. A budget of $1.02 billion for the period 1 July 2005 to 30 June 2006 was approved by the General Assembly on 8 December 2005. The budgeted expenditure for the same period for these spending areas was: military and police personnel, $270.3 million; civilian personnel, $98.3 million; and operational costs, $649.01 million.

The survey indicated that 151, 238, and 235 personnel respectively are employed in information technology, engineering and transportation including naval, aviation and movement control respectively. The regional offices officially employed only 27 officers; however, they were complemented by additional support personnel from the headquarters.

The peacekeeping operation indicated that they currently outsource; engineering and engineering maintenance including project development and construction, IT training, medical services and heavy and specialised maintenance services, catering, facilities and camp management including cleaning services and security services. Humanitarian and relief operations are outsourced to UN agencies and NGOs. UNMIS also considered it essential to outsource as a peace-building measure, which would also enhance the local economy. Together with performance improvement, it considered peace-building measures as its major goals for outsourcing. They were also indications that outsourcing of non-core activities was an ongoing project and that activities identified to be more cost-effective when carried out by a third party would be outsourced in future as necessary. They however, indicated that the primary risks of outsourcing were loss of control, quality of output and cost of control and that external consultant were never used to decide on activities to outsource. Furthermore they indicated that the most significant barriers impacting on the decision to outsource were outsourcing expertise, project size, scope, control and political considerations. As most other peacekeeping operations, they indicated that the following details are taken into consideration when deciding whether to outsource or not:

- DPKO and Peacekeeping Operation capacity's to handle the work;
- Experienced staff and equipment quality and capacity;

- Research of other Peacekeeping Operation and UN Agencies' expenditure;

- UNDP country profile;

- Clear specification of scope of works;

- Contractor qualification and clear scope of responsibilities;

- Previous outsourcing experience;

- Reliable analysis of human resources requirements;

- List of available and interested evaluators and assessors;

- Size of project and time for completion;

- The desired final product;

- What, who, where, when and how of the project;

- Qualified personnel that understand the Peacekeeping Operations' system;

- List of qualified and available personnel;

- Local and international vendor database; and

- Laws of host country, United Nations rules and regulation, standard operating procedures (SOP), manuals and policies;

UNMIS considered these as vital factors that influenced their selection decisions for service providers used in past outsourcing arrangements; technical expertise, financial stability, physical equipment and capabilities, cost and quality. The providers' expectations are either loosely structured or through an open working relationship with end deliverables defined by budget and time. Policies and procedures were either established through the application of peacekeeping operations' existing policies or handed down by DPKO. When this was not the case, UNMIS developed and established their own policies for the outsourcing arrangement. UNMIS measured provider performance daily, weekly and monthly depending on the type and nature of the project. In addition, to ensure that the quality of performance was well defined, the performance scorecard included the capacity and the ability to perform the work, on time performance, product quality and budgetary accuracy. In spite of the measures put in place to ensure smooth outsourcing arrangement, the following friction points were apparent in the projects:

- Political concern and opposition;

- Labour concern and opposition;

- Contractor claim from different opinion and agreement on quality of finished product;

- Establishing appropriate oversight that would resolve performance disputes;

- Contract scope and specifications;

- Contract coordination between mission and providers;

- Quality control and cost;

- Contract schedule and program;

- Timely deliverance of service or product;

- Definition of acceptable service or product and evaluation of service or product;

- Outsourced personnel complaints and concern for their jobs;

- Workload pressure with limited staff; and

- Communication regarding quality control and conformance to UN standards.

It is important to note that the geopolitics of the country of operation is always considered in selecting a suitable service provider. The peacekeeping operation revealed that outsourcing results varied with supervision and capability of the provider, such that, at times results were substandard, equivalent to or of superior quality to work performed in-house. However in general, they were equivalent to work performed by UNMIS. As in most large peacekeeping operation in developing African nations, UNMIS indicated that they would consider it essential to outsource some non-essential activities to local vendors as a peace-building measure, in-order to encourage capacity building, and to empower and enhance the local economy. Furthermore the following activities were considered by the peacekeeping operations as non-essential functions that they intended to outsource in future because they may not have the expertise or because it they would be more cost-effective and more efficient:

- Engineering services and engineering maintenance;
- Communications and communications maintenance;
- Transportation and fleet maintenance;

- IT, including Website development and maintenance, Application development, Application maintenance, Wide Area Networks (WANs), Local Area Networks (LANs), IT training, Desktop management, and Disaster recovery;
- Data and Call centre;
- Facilities and camp management including cleaning, garbage collection and janitory services;
- Engineering and related services including project development and construction;
- Medical Services;
- Aviation management;
- Heavy and specialized maintenance activities;
- Security Services and specialised investigations;
- Specialised services that the peacekeeping operation does not have the expertise to perform, including fire safety and deployment and disaster management; and
- Humanitarian and relief operations

To ensure that projects are properly measured and tracked, suitably qualified staff should be provided and if not available, they should be recruited. In the absence, external experts and consultants may be employed. An oversight mechanism should also be provided for the resolution of contract disputes. To minimise disputes and ensure a hitch free contracts, expectations should be well defined in the contract. Standards should establish what is expected and what happens if expectations are not met. It should be specified in the outsourcing contract that only standards that support business goals should be used.

If cost-effectiveness is a major decision driver, contract provisions should include it to encourage a service provider to reduce costs for an organization. If expectations are well defined then the scope of works is clear and explicit from the beginning, thus avoiding costs increases resulting from additional services or work by the service provider.

In addressing performance measurement, incentives may be used to encourage service providers to exceed performance requirements. However, unlike the manufacturing sector which offers gain sharing together with other incentives, the UN would never offer monetary awards as a form of incentive. However, the only incentives the UN may offer may be future business preferences but this does not really work on the ground because each new project is treated separately. The only form of incentive or reward for good performance is an inclusion and/ or maintenance of the name of the provider in the organization's provider database. However, in rare occasions, necessitated by the absence of other providers, previous contract experience of a provider may serve as enough justification for an award of contract. Therefore, the UN may wish to encourage the use of incentives to enhance performance. There may also be a need to offer providers' gain sharing together with other incentives. Offering incentives is essential to the outcome of an outsourcing engagement because the only reason why providers enter into businesses relationships is for financial rewards and the more motivated they are the better. Therefore, motivation could be in the form of performance incentives but since they are non-profit making and do not offer monetary awards, they may offer honorary awards. Therefore, differences between the UN and the manufacturing sector with respect to offering incentives appear to be a function of the institutional setting, including limitations placed on them as non-profit organizations with respect to monetary rewards.

Therefore, in order to measure a provider's performance, the UN should ensure that detailed service levels and performance standards as well as benchmarks are in place otherwise an outsourcing contract would be impossible to manage. They should also ensure that there is regular and continuous measurement of performance because it enables the provision of accurate data and facilitates cost control. Furthermore, measurements can track a provider's day-to day performance and can be used to pay a provider more or less money based on how a process improves an outsourcing organizations' revenues or reduces its costs. Therefore, a baseline set of measurements should be calculated prior to transition to a provider to enable the UN compare a provider's performance with its own. It is also vital to use qualified staff to collect measurement information and to perform calculations in order to obtain measurements that are not skewed by providers who want to achieve the best possible. These measurements are used for evaluation performance and should

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include details about what will happen if standards do not meet agreed-upon expectations. This means that an active provider's performance measurement system should be in place to ensure a successful outsourcing relationship. Therefore, the issue of recruiting suitably qualified staff cannot be overemphasised otherwise external experts are advisable.

Finally, UN peacekeeping operations, manufacturers and service provider's respondents are similar in many respects when deciding on whether to outsource. They are also similar in current outsourcing activities, barriers involved, and risks associated with outsourcing. In addition, there were minimal differences in the use of expert assistance and reliance on institutional history as benchmarks between the UN, manufacturing firms and service providers.

The next session deals with the application of appropriate criteria in developing a decision-making scorecard. This scorecard is designed as a tool to assist the UN in outsourcing decision-making.

4.5 DECISION-MAKING CRITERIA AND SCORECARD

Performance criteria are established by organizations to ensure that the performance of service providers is accurately evaluated. It defines acceptable levels of service which are entrenched in service level agreements in contracts for evaluation of services. However, the result of the thesis establishes that the traditional focus of a scorecard would be inadequate as a decision-making tool for the UN when considering outsourcing. In developing a scorecard for the UN, the traditional scorecard was adapted and customised to create an innovative scorecard that is tailored to outsourcing needs of non-profit making organizations. Therefore, the difference between the traditional scorecard used by the private and public sector firms and the scorecard derived in the thesis are based on the analysis of survey result and interviews of manufacturers, service providers and UN peacekeeping operations.

In this broad based scorecard for the UN, each scorecard theme was expanded to encompass additional requirements for non-profit making and peace-building organizations. Therefore, the institutional settings of the organization, risks, goals and

objectives were expanded. Provider selection was added to the traditional theme and the evaluation criteria strengthened to include peace-building measures. This effort supplements and ensures completeness of the scorecard for the purpose of the UN. The aim of the modified scorecard is to ensure that before entering into an outsourcing arrangement with service providers, the mission and strategic direction of a provider must align with that of the organization considering outsourcing (Eger *et al*, 2002). The reason is that if there is no relationship between the groups, an outsourcing contract entered into would not be conducive to the outsourcing objectives of all parties involved. In other types of contract, a relationship may not exist between the parties apart from a formal agreement. However, in an outsourcing and/or service contract, if there are no relationships, a contract will simply fail to exist.

Furthermore, the manufacturing firms and the service providers considered relationship as being vital for an outsourcing engagement. When asked what they would recommend for UN peacekeeping operations considering outsourcing, three service providers' respondents indicated that relationship was critical for their outsourcing arrangement, while three manufacturing firms indicated that project success is determined by attitude, relationship and team building. To show the importance of relationship in outsourcing contracts, 7 manufacturers always apply provider's policies always, while 3 service providers use jointly developed policies. These manufacturers also indicate that the provider was included in the planning process and that outsourcing data was defined by the provider. While the 3 service providers indicate they used a provider's data to analyse outsourcing performance, 6 manufacturing firms use a provider's programmes to manage outsourcing data and their outsourcing information was evaluated by providers. This is a clear indication of the importance of relationship to the parties in an outsourcing contract.

There was also a strong correlation among the group that chemistry and compatibility was an important factor for provider selections. A dependency tendency was perceived among the group which surmised that relationship-building was a critical aspect in the decision-making process, regardless of whether a trusting relationship could be reached (Eger *et al* (2002). As a result, the importance of building a long-term mutual relationship becomes increasingly crucial. Thus, moving from a

performance contract relationship to outsourcing requires a shift in the focus of the relationship from a set of contractual arrangements towards a mutual and trustful relationship that is continually managed by both parties. Therefore, successful outsourcing must be treated as a relationship (Booty, 2009 and Goolsby, 2002b). This is a further indication of the existence of a good outsourcing relationship that determines the success of an outsourcing arrangement. In addition, a well-developed relationship is seen as providing further necessary opportunities for refining the outsourced services in order to achieve goals and objectives of the contract (Eger *et al*, 2002).

In conclusion, the result of the survey indicated that successful outsourcing could provide the UN with a number of benefits, most of which are the outcome of improved efficiency and savings in costs. The private sector experience has shown that specialised service providers are typically able to deliver services with comparable or better quality and often at lower costs than in-house providers. Therefore, effective outsourcing will allow the UN to pursue new strategic directions, while concentrating on their core functions.

4.5.1 Outsourcing Decision-making Criteria

Factors that influence a decision to outsource are important for providing groundwork for developing an outsourcing relationship and scorecard themes (Eger *et al*, 2002). Other factors identified that may influence an outsourcing decision were quality, reputation, and operational excellence. Manufacturing industries usually believe that financial stability, operational excellence, cost, and quality as equivocally the second most important factors in selecting a provider. Financial gains (profit) are not usually relevant in non-profit organizations, regardless it is usually an important factor influencing provider selection.

Though the UN is non-profit making, quality, reputation, and operational excellence are obvious important criteria considered in service provider selection. The lower the cost of a provider, the better, however this depends on the satisfaction of other criteria mentioned earlier. Furthermore, the cost of providing the services needs to be negotiated as low as possible as a form of managerial efficiency and cost-effectiveness.

Other essential components for an outsourcing decision-making process include establishing proper policies and procedures. Generally, economic reasons are vital criteria for outsourcing since they save costs to an organization. Efficiency and effectiveness are also very important criteria. However, there comes a time when political considerations have priority over economic factors. An example of such a decision is whether it is better to use a service provider chosen international or locally? International providers would most likely have required expertise and experience but local providers would ensure that more jobs are created locally and the country's standard of living improves by supporting the local economy through sustainable development leading to economic growth thereby building the peace, which is an essential component of peacekeeping and peace-building. Therefore, according to the UN, a decision to outsource is not completely dependent on economic reasons. Political and strategic reasons are some of the criteria that may have to be considered. The decision-making criteria mentioned above are essential elements that have to be considered before a decision to outsource non-core functions by the UN can be made.

Most decisions are made by moving back and forth between the choice of criteria and the identification of alternatives (Harris, 1998). The alternatives available influence the criteria we apply to the decisions, and similarly the criteria we establish to influence the alternatives we will consider. Outsourcing of projects would not be feasible without the use of applicable decision tools or criteria. Proper decision-making criteria assist in prioritizing and developing successful outsourcing projects. Therefore, in developing these outsourcing decision-making criteria for the UN the following factors should be taken into considerations in order to arrive at a general set of all inclusive and measurable criteria.

Background Criteria:

According to (Reid and Christensen, 1994), in making technical decisions, various decision criteria must be synthesized and the relative value of each alternative assessed. The challenge is to integrate such diverse criteria to arrive at the best decision. A hierarchical framework is used to assess a variety of criteria that constrain technical decisions which can then be adapted to help structure any problem where

conventional process optimization techniques do not directly apply. This framework is used regardless of the problems' complexity since it addresses objective and subjective criteria. These criteria should also take into account institutional settings of the outsourcing organization to ensure that the mission and strategic goals of a provider are compatible with those of the organization (Table 23).

Table 23: Outsourcing Decision-making Criteria **-** Background criteria
Source: Data collected

Criterion	
a.	Is this a functional part of the organization's core competencies?
b.	Does this service need to be provided on a frequent basis?
c.	Does the organization have in-house expertise to provide this service?
d.	Would it be more cost-effective to carry it out in-house?
e.	Does the organization have available workload to provide this service?
f.	Does the organization require a local or an international provider for this service?
g.	Would the provider and sub-contractors, if any, provide a sufficient work force to undertake this service till completion?
h.	Would outsourcing of this service have a negative impact on employees and/or would affected employees be given the opportunity to submit their views and make alternative proposals to outsourcing?
i.	Has the organization simultaneously considered the functions that we may benefit from outsourcing in conjunction with the core competencies of the provider that could potentially carry out this service?
j.	Is it legal to outsource this service and/or in accordance the organization's policies?

Goals and Objectives Criteria:

This is the process of deciding what is to be outsourced. These are criteria considered after a decision has been made to outsource to ensure effective use of resources and to reduce costs (Table 24). Outsourcing goals and objectives criteria are vital in any outsourcing decision-making. An outsourcing relationship cannot begin without a set of measurable objective criteria which include a consideration of the question: What will be the impact of non-achievement? Furthermore, as earlier highlighted, a well-developed relationship is seen as providing further necessary opportunities for refining outsourced services in order to achieve goals and objectives of the contract.

Table 24:   Outsourcing Decision-making Criteria **-** Goals and objectives criteria

Source: Data collected

Criterion	
a.	Can the goals for this service be clearly defined?
b.	Are the goals for this service long-term?
c.	Can the achievement of the goals be objectively measured?
d.	Are objective measures currently in place for this service?
e.	Would a reduction in overall costs and an improvement in the quality of output be achieved?
f.	Would outsourcing of this service contribute to the local labour market?
g.	Would the organization's labour related issues be resolved by outsourcing this service?
h.	Are capacity building, enhancement of the local economy and empowerment of the local populace a peace-building objective? (if yes, please go the peace-building measures)
i.	Would the international character and diverse nature of the organization still be respected? And
j.	If the goals and objectives are not achieved, will this have a negative impact on the organization?

Table 25:   Outsourcing Decision-making Criteria **-** Risks criteria

Source: Data collected

Criterion	
a.	Would outsourcing result in loss of control of this service and harm the organization?
b.	Would loss of expertise have a negative impact on the organization? (E.g. would it lead to a degradation of skills and loss of expertise that might be required in future)?
c.	Is quality of service delivery a concern?
d.	Would the response to situational problems be reduced?
e.	Would current contract performance be negatively impacted?
f.	Would prolonged procurement time have a negative impact on the scheduled completion date?
g.	Does the outsourcing process comply with all political/ labour related issues and relevant local laws?
h.	Is cost of control bound to increase?
i.	Is the outsourcing of this service bound to be impacted by unavailability of local skilled labour?
j.	Is there a probability that outsourced employees' complaints and concern for their jobs security could reverse the decision to outsource and/or result in workload pressure on the limited staff?

Risks Criteria:

Qualitative criteria such as time, risks, staffing and business value should also be considered. The time available to complete a project is an essential factor in the decision about what type of resources to employ. Risk identification is an essential part of the analysis process because risk affects priorities, costs and benefits because of its impact on outsourcing project success (Table 25). For example, using internal personnel who are knowledgeable of applicable goals, objectives and strategies of a project guarantees that a project will meet the organization's need.

Provider Selection Criteria:

The primary selection criterion is usually the perceived performance of a provider. The perceived performance includes the perception of on-time performance, the ability to meet deadlines, the availability of top management, and excellent error rates or operational excellence (Eger *et al*, 2002).

Table 26:   Outsourcing Decision-making Criteria **-** Provider selection criteria
Source: Data collected

Criterion
a.   Are there known external providers for this service?
b.   Would the financial stability of the provider impact his ability to carry out this service?
c.   Does the provider have adequate technical expertise and business qualification to carry out this service?
d.   Are the provider costs reasonable and within the organization's budget?
e.   Does the provider have adequately qualified sub-contractors, carriers to execute the service and ensure quality of work?
f.   Does the provider have suitable physical equipment and capabilities to carry out this service?
g.   Is the quality of output and operational excellence of the provider in line with that of the organization?
h.   Is this provider reputable with the right attitude that is compatible with of that of the organization?
i.   Does the provider's safety record conform to industry standards?
j.   Has the provider had prior experience in the execution of similar contracts?

The second selection criterion for service providers is perceived capability, which comprises of the perception of creative management and financial stability of a provider, while the final selection criterion is the role of prices. However, in the UN, performance and quality requirements outweigh price considerations since they are non-profit making body. Other significant factors that must be considered in selecting decision-making criteria include prior experience with a third party provider, physical equipment, management capabilities and the reputation of a service provider. Therefore, these applicable criteria must be considered to ensure that a capable provider is selected (Table 26).

Provider Evaluation Criteria:

Pertinent criteria must be in place to ensure optimum performance of a provider. Measurement is crucial to the success of outsourcing projects because it determines the quality of output of a provider. Measurements quantify the ability of both internal and external resources to meet end-user needs. Measurements provide a quick yet reliable means of verifying strengths and weaknesses which ensure that alternative options for making changes are well evaluated. The right measurements are essential for evaluating options available for organizations. Performance measurements are therefore important criteria in provider evaluation. In developing service provider's evaluation criteria, the following factors should be considered (Table 27).

Peace-building Criteria:

In the UN, further criteria include political considerations and economic empowerment respectively. A local supplier may be chosen in place of a better and more qualified international supplier because the peace agreement stipulated such conditions to sustain the peace effort. A local service provider may also be selected because his services would encourage capacity building and support the local economy by providing much needed job opportunities and capital unlike those of international providers who always tend to bring along with them their own foreign staff and bank their money abroad.

Table 27: Outsourcing Decision-making Criteria **-** Provider evaluation criteria

Source: Data collected

Criterion
a. Does the mission and strategic goals of the provider align with those of the organization?
b. Is the provider known to have the capability to provide this service?
c. Has the organization had previous relationships with the provider?
d. Is the provider known to deliver high quality services?
e. Has a clear definition of acceptable service (i.e. performance standards) been entrenched in the contract for the evaluation of this service?
f. Would the provider submit a feasible work programme in conformance with the contract schedule/ program, detailing the amount of effort required and timed delivery of this service?
g. Has necessary criteria been established to ensure that the provider's performance is well evaluated?
h. Does the provider have the required equipment/tools?
i. Would the provider be properly monitored (including scheduled site visits) to ensure compliance with the terms and conditions of the contract? And
j. Have measures been set in place to resolve performance and other disputes?

Table 28: Outsourcing Decision-making Criteria – Peacekeeping and Peace-building criteria

Source: Data collected

Criterion
a. Would the use of an international provider result in transfer of knowledge?
b. Would the international providers be required to recruit most staff locally?
c. Would it encourage capacity building locally (i.e. transfer of knowledge and skills)?
d. Does the organization have an updated local provider database?
e. Is the required expertise available locally?
f. Are materials available locally and would they meet all requirements?
g. Are the right equipment available locally?
h. Would outsourcing of this service enhance the local economy?
i. Would the procurement of materials locally empower local businesses?
j. If cost is not a major concern, would quality of output impact heavily on the performance/reputation of the organization?

However, the use of international service providers encourages an indirect form of capacity building as well due to the transfer of knowledge from more educated and privileged foreign workers to the less experienced and deprived locals. These are optional criteria, applicable only when it is vital to uphold the peace effort and can be

achieved through capacity building and empowerment of the local community as well as the enhancement of the local economy (Table 28).

Finally, the general set of outsourcing decision-making criteria above represents an all inclusive, general set of measurable criteria for the UN that can be used as a decision-making tool and an aid in prioritizing and developing successful outsourcing projects.

In testing the hypothesis, the distribution of data collected is compared with and ideal or hypothetical distribution (Leedy and Omrod, 2001). In the statistical analysis, the Chi-square (X^2) and or Fishers' Exact tests were run on each of the variables to test for associations between the consolidated questions' response and the group. As highlighted earlier in the analysis of data, the Chi-square results, rather than the Fisher's Exact test results was used in cases where there was a warning that some cells have expected counts of less than 5. Therefore, the Fisher's Exact result was used to report for all variables for purposes of uniformity in order to avoid having Chi-square results for some items and Fisher's Exact results for others. The Fisher's Exact result indicates that when the probability or p-value is < 0.05, there is statistically significant evidence of an association between the response and the group that the respondent belongs to. Therefore, the research hypothesis is supported which states: The outsourcing decision-making criteria identified in the research forms the basis for the development of an outsourcing scorecard for identifying services that can be outsourced successfully by the UN.

4.5.2   Developing the Decision-making Scorecard

To ensure that the scorecard meets the UN outsourcing needs, each scorecard theme was expanded to encompass additional requirements for the UN. Therefore, the institutional settings of the organization, risks, goals and objectives were expanded. Provider selection was added to the traditional theme and the evaluation criteria strengthened to include peace-building measures.

Since the objective of the score is to translate the private sector's extensive outsourcing experience into a scorecard for the UN for identifying services that can be outsourced successfully. It should be noted that a new outsourcing model is not

being developed, but rather a modification of an existing model. The fundamental assumptions and postulates of the existing model have not been altered.

The scorecard is developed for the UN and its peacekeeping operations outsourcing needs based on the unique nature the UN and feed back received from questionnaires and interviews. However, the scorecard model has not being tested. Formal approval and adoption it would require a UN General Assembly vote. As highlighted earlier, decision-making in the UN is as cumbersome as in most large government bodies because of the composition and large size of the General Assembly (GA) and the Security Council (SC) and also due to the complexity of the UN. For example, though the SC mandates all peacekeeping operations in the world, the GA on the other hand makes most of the decisions at the UN including approval and providing of peacekeeping operations budgets, while the DPKO administers peacekeeping operations making decision-making complex and slow.

Generally the scorecards are divided into six sections dealing with background information, goals and objectives, risks, provider selection and evaluation and peace-building criteria of the organization. However, there are two types of scorecards. The first scorecard consists of 6 options and is suitable for UN peacekeeping operations with peace-building as one of their goals and objectives, while the second option is divided into five sections without the peace-building option and is ideal for other non-profit making organizations in making the decision to outsource. A significant number of these criteria must be met before an outsourcing or in-sourcing decision is made. Each of the 6 sections contains 10 criteria each. Therefore, the scorecard contains a total of 60 criteria that should be met in making a decision to outsource or in-source. In using this scorecard, if the positive answers are less than or equal to thirty, then it is better to carry out the service in-house whereas above thirty indicates that the service(s) may be outsourced. In other words, (0-30) signifies that it is better to in-source, while (31-60) positive answers shows that all outsourcing advantages would be derived by outsourcing the service.

In the second option each of the 5 sections contains 10 criteria, making a total of 50 criteria that should be met in making a decision to outsource or in-source. In using this scorecard, when positive answers are less than or equal to twenty-five, then it is

considered appropriate to in-source and above twenty-five the organization/firms should strongly consider outsourcing. Therefore, (0-25) indicates in-sourcing, while a (26-50) positive answer is a sign that a successful outsourced engagement would be possible. Lastly, it is necessary that each criterion be assigned equal weight for ease of measurement. The aim of the derived scorecard is to assist in outsourcing decision-making and therefore it should not be considered as an ideal solution to outsourcing.

The scorecard is derived from a general set of decision-making criteria and supports the research hypothesis which states: The outsourcing decision-making criteria identified in the research forms the basis for the development of an outsourcing scorecard for identifying services that can be outsourced successfully by the UN.

A sample scorecard is presented in the next section (Table 29).

Table 29:   Sample Outsourcing Decision-making Scorecard

Source: Data collected

A B C PEACEKEEPING OPERATION

☐ First Review Meeting
☐ Progress Meeting
☐ Final Meeting

DECISION-MAKING SCORECARD
STRICTLY FOR INTERNAL USE ONLY

This outsourcing scorecard is designed to serve as decision-making tools for managers considering outsourcing for specific services. It would assist in determining whether the service under consideration for outsourcing is a core competency and has a long term focus.

These questions are intended to assist organizations' decision makers in determining if the potential for relationship-building exists. If this potential does not exist, the service under consideration should probably not be outsourced. If the potential for relationship-building does exist, then the purpose of the scorecard would be to assist decision makers identify specific issues that might need to be addressed before outsourcing begins or that may prove to be barriers to outsourcing.

DATE: (dd/mm/yyyy)

SERVICE CONSIDERED FOR OUTSOURCING:

BRIEF DESCRIPTION OF THE SERVICE:

A. BACKGROUND	True	False
1. The function/service is a functional part of the organization's core competencies.	☐	☐
2. The function/service needs to be provided on a daily/weekly/monthly basis.	☐	☐
3. The organization has sufficient demand for the function/service.	☐	☐
4. The organization has sufficient in-house expertise to provide the function/service.	☐	☐
5. The organization has simultaneously considered the functions/services and the benefits from outsourcing in conjunction with the core competencies of the potential provider.	☐	☐
6. It would <u>not</u> be more cost-effective to carry out the function/service in-house.	☐	☐
7. Outsourcing of this function/service would <u>not</u> have a negative impact on employees.	☐	☐
8. It is legal, permissible and in accordance with the organization's policies to outsource this function/service.	☐	☐
9. The organization would require a local or an international provider for the service. (*Refers only to the selection of local or international provider*)	☐	☐
10. The selected service provider/sub-contractors would provide sufficient work force to undertake the function/service till completion.	☐	☐

B. GOALS AND OBJECTIVES	True	False
1. Outsourcing would result in a reduction in overall costs.	☐	☐
2. The goals for the function/service can be clearly defined	☐	☐
3. The goals for the function/service are long-term.	☐	☐
4. The achievement of the goals can be objectively measured.	☐	☐
5. There are objective measures currently in place for the function/service.	☐	☐
6. Failure to achieve intended goals and objectives would have a negative impact on the organization.	☐	☐
7. Capacity building, enhancement of the local economy and empowerment of the local populace is an outsourcing objective. (*if true, please complete section E*)	☐	☐
8. Outsourcing the function/service would resolve labour related issues.	☐	☐
9. Outsourcing would not have a negative effect on the international character and diverse nature of the organization.	☐	☐
10. Outsourcing the service would contribute positively to the local labour market.	☐	☐

C. RISKS	True	False
1. The outsourcing process complies with all political/ labour related issues and relevant local laws.	☐	☐
2. Outsourced employees' complaints and concern for their job security would not reverse the decision to outsource and/or result in workload pressure on the limited staff.	☐	☐
3. Outsourcing of the function/service would not be impacted by unavailability of local skilled labour.	☐	☐
4. Loss of expertise would not have a negative impact on the organization. (*E.g. would it lead to a degradation of skills and loss of expertise that might be required in future*)?	☐	☐
5. Outsourcing would not result in loss of control of the function/service and harm the organization.	☐	☐
6. Outsourcing would not increase cost of control.	☐	☐
7. Response to situational problems would be reduced.	☐	☐
8. Procurement time would not have a negative impact on the scheduled completion date.	☐	☐
9. Quality of service delivery would not be a major concern.	☐	☐
10. Current performance would not be negatively impacted.	☐	☐

D. PROVIDER SELECTION	True	False
1. There are known providers for the function/service at the required location.	☐	☐
2. The service provider is reputable with the right attitude that is compatible with of that of the organization.	☐	☐
3. The quality of expected output and operational excellence of the provider is in line with that of the organization.	☐	☐
4. The service provider has adequate technical expertise to carry out this service.	☐	☐
5. The service provider has the required business qualification to carry out this function/service.	☐	☐
6. The service provider has prior experience in the execution of similar contracts.	☐	☐
7. The service provider's safety record conforms to industry standards.	☐	☐
8. The service provider's costs are competitive and within the organization's budget.	☐	☐
9. The service provider has adequately qualified sub-contractors, carriers to execute the function/service and ensure quality of work.	☐	☐
10. The financial stability of the provider would not have any impact on the ability to carry out this function/service.	☐	☐

E. PROVIDER EVALUATION	True	False
1. The service provider has proven track record.	☐	☐
2. The service provider is known to deliver high quality services?	☐	☐
3. There has been previous relationship between the organization and the provider.	☐	☐
4. The service provider has suitable physical equipment to carry out this function/service.	☐	☐
5. The service provider's mission and strategic goals align with those of the organization.	☐	☐
6. A clear definition of acceptable service (*i.e. service level agreement*) has been entrenched in the contract for the evaluation of this service.	☐	☐
7. The provider is capable of submitting a feasible work programme in conformance with the contract schedule/ program, detailing the amount of effort required and timed delivery of the function/service.	☐	☐
8. As a means of ensuring compliance with the terms and conditions of the contract, the service provider would be properly monitored.	☐	☐
9. Necessary criteria have been established to ensure that the service provider's performance would be well evaluated.	☐	☐
10. A dispute resolution clause is in place to resolve performance and contract related disputes.	☐	☐

E. PEACE-BUILDING MEASURES (optional)	True	False
1. Since the aim of peace-building is to enhance the local economy and not profit-making, prevailing standards on an international scale should not always be applied. Regardless to say, it is important that the output quality does <u>not</u> impact negatively on the organization's performance and reputation.	☐	☐
2. Capacity building at local level would encourage transfer of knowledge and skills.	☐	☐
3. Outsourcing of the function/service would enhance the local economy.	☐	☐
4. The use of an international service provider would result in transfer of knowledge.	☐	☐
5. International service providers would be required to recruit most staff locally.	☐	☐
6. Sourcing of materials locally may empower local businesses.	☐	☐
7. The required expertise is available locally.	☐	☐
8. Required equipment are available locally.	☐	☐
9. Materials that would meet work requirements are available locally?	☐	☐
10. The organization possesses an updated database of local providers.	☐	☐

SCORING METHOD

The maximum count of positive answer is 50 or 60 (peace-building only). Positive answers should either be greater than 25 or 30 (peace-building only). Negative answers are less than 25 or 30 (peace-building only).   **a. ☐ Less than or equal to 25 or 30. b. ☐ Greater than 25 or 30**

COMMENTS, IF ANY:

Project Manager:

	Name and Signature	Date

Comments of evaluating officials or board member, if different from those of the Project Manager:

	Name and signature of evaluating officials	Date

MANAGEMENT ACTION

Reviewed by:

	Name	Signature	Date
Noted by Head of Department of service:			
	Name	Signature	Date
Final Decision Check appropriate box	**≤25 or 30 (peace-building only)** a. ☐ **IN-SOURCE**	**>25 or 30 (peace-building only)** b. ☐ **OUTSOURCE**	
Final action taken:	Example: It would be more cost-effective to outsource		
	Chief, Project/Facilities Manager:		Date

Disclaimer: *The above scorecard is intended as a decision-making tool. It should in no way be considered as a means of providing the ideal decision to outsourcing.*

4.6 OUTSOURCING SUPPORT SERVICES AND FUNCTIONS

In a typical UN peacekeeping operation such as UNMIL, which is used as an ideal example because of its size (budget and staff strength) for illustration purposes in this section, the core function is purely political such as negotiating the end of war or monitoring a cease-fire or a border dispute especially following the aftermath of a war (Ramsbotham *et al*, 2009). Most peacekeeping operations fall into the later two. The core political function or mandate is managed by the highest political office headed by the office of the Special Representative of the Secretary-General (SRSG), (Chart 23). Other political posts under the SRSG are his two deputies (DSRSG) and the office of the force commander (FC). However, the division of administration, headed by the Director of Administration (DAO) is the only entirely non-political office in a UN peacekeeping operation. Directly under the DAO, is the administrative services section (AS), headed by the Chief Administrative Services (CAS) and the Integrated Support Services section (ISS), and headed by the Chief Integrated Support Services (CISS). The office of the DAO manages all non-core functions that sustain and support peacekeeping operations. However, these non-core and peripheral activities carried out in peacekeeping operations are better carried out by a specialized third party provider. Non-core services comprises of activities, tasks and functions that UN peacekeeping operations would consider essential to be provided on a continual basis, but not necessarily needed to be provided by the organization itself. These types of services can be successfully outsourced because of their long-term focus and less substantial impact on the operation of the organization as a whole. The result of the survey indicated that these non-core services should be outsourced to make UN peacekeeping operation concentrate on their core services:

- Human resources;
- Engineering services and engineering maintenance;
- Communication and communication maintenance;
- Transportation and fleet maintenance (land, air and sea);
- IT, IT Development, IT maintenance, IT training and call centre;
- Information reporting (Including Archiving and Reproduction);
- Assets/inventory and property management;
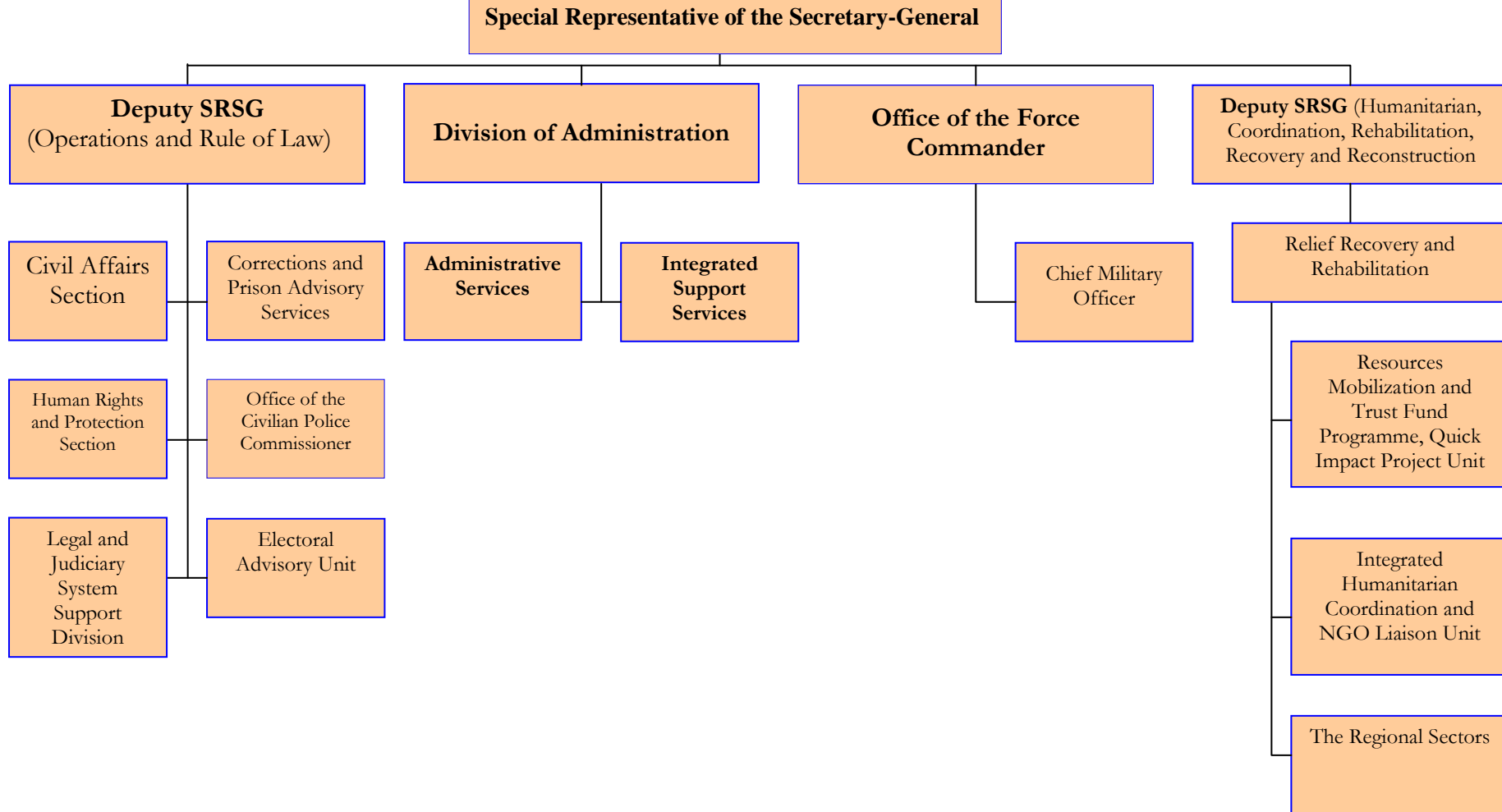
Chart 23: Typical organizational chart of a UN peacekeeping operation

Source: United Nations Mission in Liberia

- Warehousing (Supply, Engineering, IT/Communications, Transport);
- Facilities /camp management including cleaning, garbage collection and janitor services;
- Catering services;
- Transport and fleet management; (land, air and sea);
- Engineering and related services including project development and construction;
- Medical services;
- Geographic information systems;
- Heavy and specialized maintenance activities;
- Security services;
- Specialised investigations;
- Specialised item that the peacekeeping operation does not have the expertise;
- Fire safety; and
- Humanitarian and relief operation

In order to achieve outsourcing objectives, all functions and offices associated with these activities and services should be wholly outsourced. A skeletal team comprising mainly of political offices would be maintained to carry out the mandate and core functions of the organization, while a facilities management office would be created to monitor service providers and provide administrative support to political teams. The outsourcing of support operations would lead to a reduction of staff at all levels of the organizations at both the local and international offices worldwide with resultant reduction in costs. This reduction would also free much needed resources tied up in providing remunerations for its staffs (Table 6).

Additionally, in identifying what is to be outsourced from the evaluation of survey findings, it was observed that apart from the non-core activities that are carried out by the office of the DAO, other activities in the office of the Deputy SRSG (these include; humanitarian coordination, rehabilitation, economic recovery and reconstruction as well as the coordination of the counties) can be outsourced to reduce costs while maintaining quality and effectiveness (Chart 23).

Activities carried out by the office of the 1ˢᵗ Deputy SRSG (humanitarian coordination, rehabilitation, recovery and reconstruction) can be outsourced to specialised UN organizations (WFP, UNICEF, WHO, UNFPA, UNHABITAT etc) and non-governmental bodies (NGOs). The Resources Mobilization and Trust Fund Programme/Quick Impact Project Unit; and the Integrated Humanitarian Coordination and NGO Liaison office, including the coordination of the UN Agencies should be carried out by United Nations Development Programme (UNDP), headed by a country UNDP Resident Representative. Thereafter, the office of the Deputy SRSG (Humanitarian, Coordination, Rehabilitation, Recovery and Reconstruction) should be abolished after outsourcing (Chart 24).

All but two offices under the 2ⁿᵈ Deputy SRSG (Operation and Rule of Law) office would not be affected in an outsourcing project since they are political function and therefore fall within the core functions of the organizations. These are:

- Legal and Judiciary System Support; and
- Office of the Civilian Police Commissioner

The remaining offices under the 2ⁿᵈ Deputy SRSG (Operation and Rule of Law) should be outsourced to NGO's and monitored/ coordinated by UNDP as follows: Civil Affairs, which consist of civic education should be outsourced to NGO's, Human Rights and Protection should be moved to and managed by the United Nations Human Rights Commission and financed by UNDP, while the Electoral department should be supervised by UNDP and monitored by local and international observers. Police and troop contributing nations should be required to provide correction and prison advisers to rehabilitate and train the local police and prison services (Chart 24).

Following the outsourcing of the support functions under the DOA and the office of the 1ˢᵗ Deputy SRSG and the consolidation of functions, the offices of the 2ⁿᵈ Deputy SRSG (operations and rule of law), the Force Commander, together with the Chief Military Observer would now be under the office of the SRSG. The offices of the SRSG, the Force Commander and the Deputy the SRSG would now carry out the core-business of the organization which is peacekeeping (Chart 24).
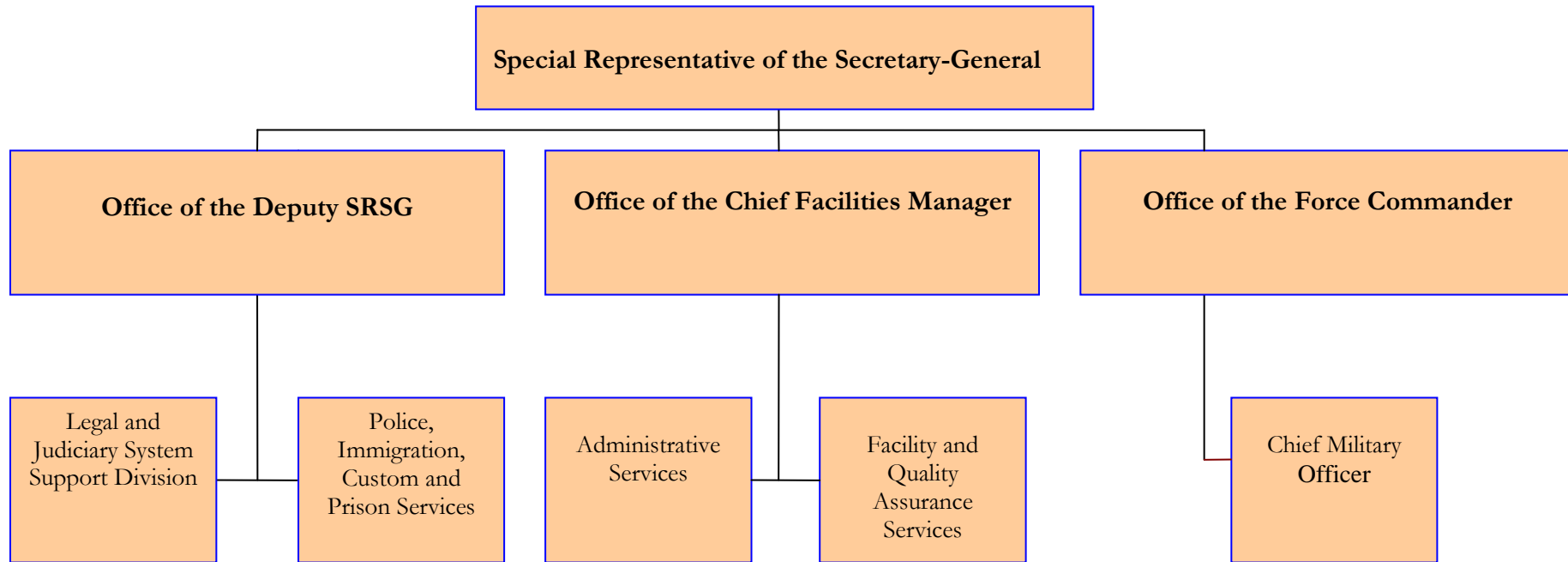
Chart 24:   Proposed organizational chart of a UN peacekeeping operation after outsourcing

Source: Data collected

Having identified that all support functions in a peacekeeping operation can be outsourced and support functions/activities and their corresponding offices are managed by the DAO. Therefore, the office of the DOA and the two offices directly under it, i.e. the administrative Services (AS) and the Integrated Support Services (ISS) can be outsourced to third party experts to ensure effective use of resources and to reduce costs. Therefore, the following functions and offices under the AS, as well as the 242 support personnel would be affected in the outsourcing engagement (Chart 25):

- Medical;
- Human resources;
- Finance/budget;
- Security; and
- General Services, comprising of:

    - Claims;
    - Property survey;
    - Facilities management;
    - Supply and warehousing;
    - Asset disposal;
    - Mail and pouch
    - Receiving and inspection;
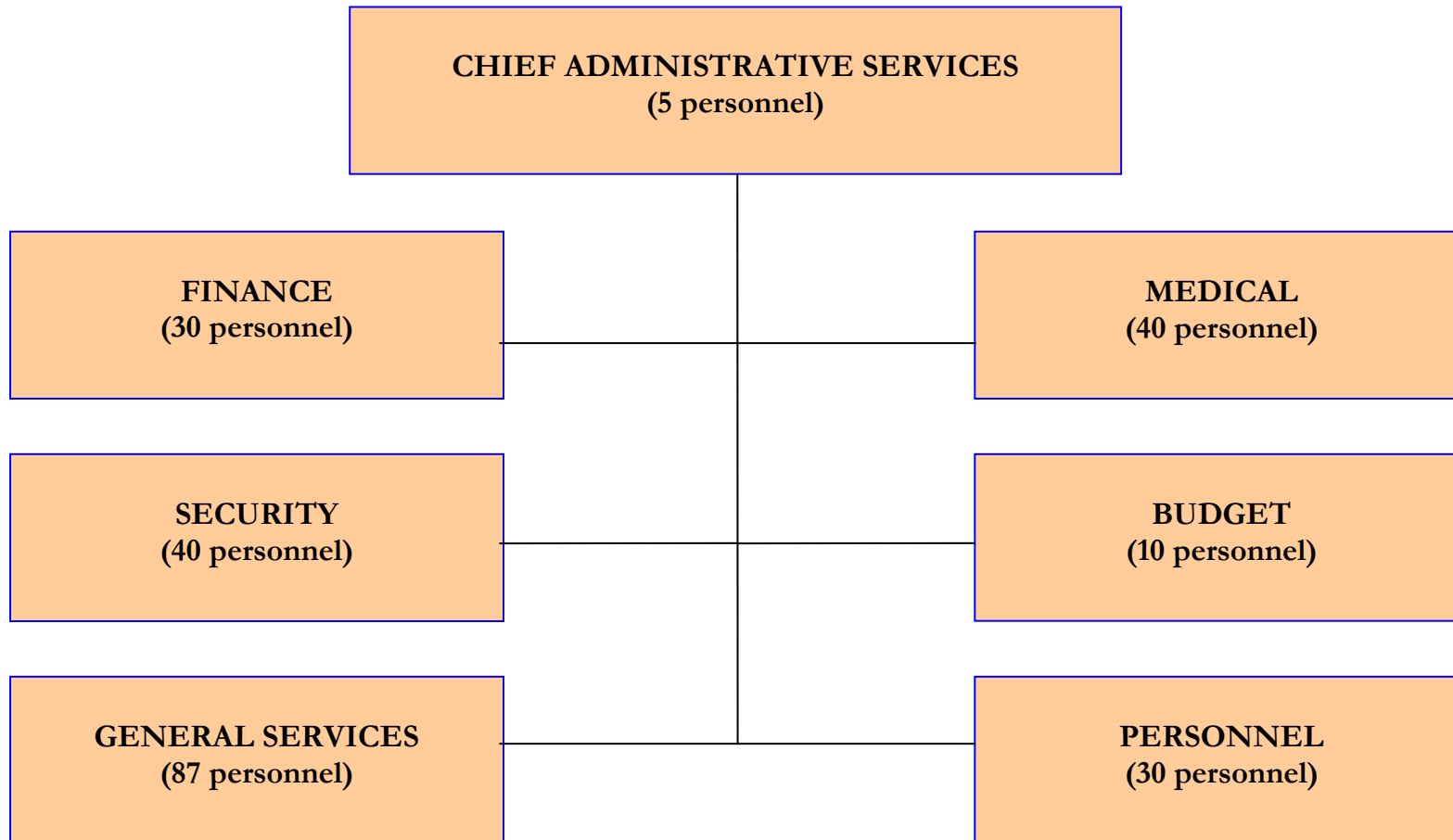   - Assets and property control; and
    - Reproduction

Additionally, the following offices that comprise of integrated support services together with the 758 support personnel can be outsourced (Chart 26) since their tasks and activities would be better managed by service providers.

- Aviation;
- IT and Communication;
- Transport;
- Supply;
- COE;

- Engineering, comprising of:

  - Electrical/ Mechanical;
  - Power generation;
  - Asset management and warehousing
  - HVAC;
  - Water and Sanitation;
  - Construction and maintenance including alterations and additions;
  - Projects/design unit (including planning and development;
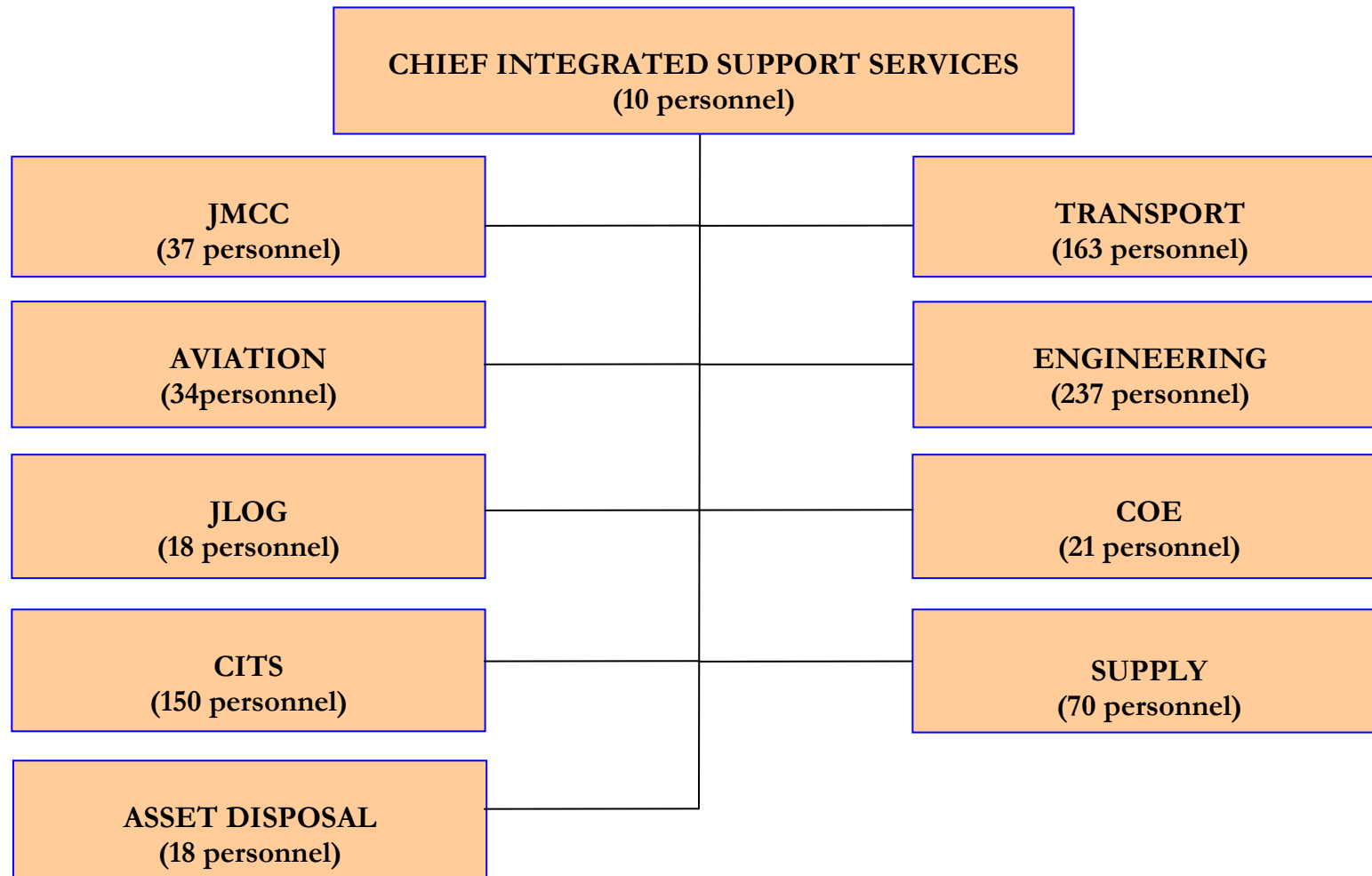 - Regional Support;

Furthermore, the office of the DAO, and the two offices under it i.e. the offices of the CAS and the CISS having being outsourced would be replaced by a much reduced office of the Chief Facilities Manager (CFM). This new office will be divided into two units, each providing small scale administrative and technical services. The two units will comprise of 14 and 8 personnel respectively. This new CFM office will also manage the service providers and provide administrative as well as payroll services for the political offices and the service providers. Additionally, the office of the CFM would manage operational and functional duties that include the management of the facilities of the organization. However, the management of the facilities would be under the direct supervision of service providers. The CFM with its 14 technical and 8 administrative will act as quality assurance evaluators and will be tasked with monitoring the performance of service providers. The new unit should be named Quality Assurance (QA) Coordination Unit and would be under the direct supervision of the CFM.

Prior to outsourcing 242 administrative personnel were required to manage the administrative function of a UN peacekeeping operations (Chart 25); however, with the outsourcing of services, 8 administrative personnel in HR, medical and finance/budget would be needed to provide administrative support and payroll services to the political office and the service providers. These 8 personnel will also act as administrative quality assurance evaluator to service providers (Chart 27).

```
┌─────────────────────────────────────────┐
│       CHIEF ADMINISTRATIVE SERVICES      │
│              (5 personnel)               │
└─────────────────────────────────────────┘

┌──────────────────┐          ┌──────────────────┐
│      FINANCE      │          │      MEDICAL      │
│   (30 personnel)  │          │   (40 personnel)  │
└──────────────────┘          └──────────────────┘

┌──────────────────┐          ┌──────────────────┐
│     SECURITY      │          │      BUDGET       │
│   (40 personnel)  │          │   (10 personnel)  │
└──────────────────┘          └──────────────────┘

┌──────────────────┐          ┌──────────────────┐
│ GENERAL SERVICES  │          │    PERSONNEL      │
│   (87 personnel)  │          │   (30 personnel)  │
└──────────────────┘          └──────────────────┘
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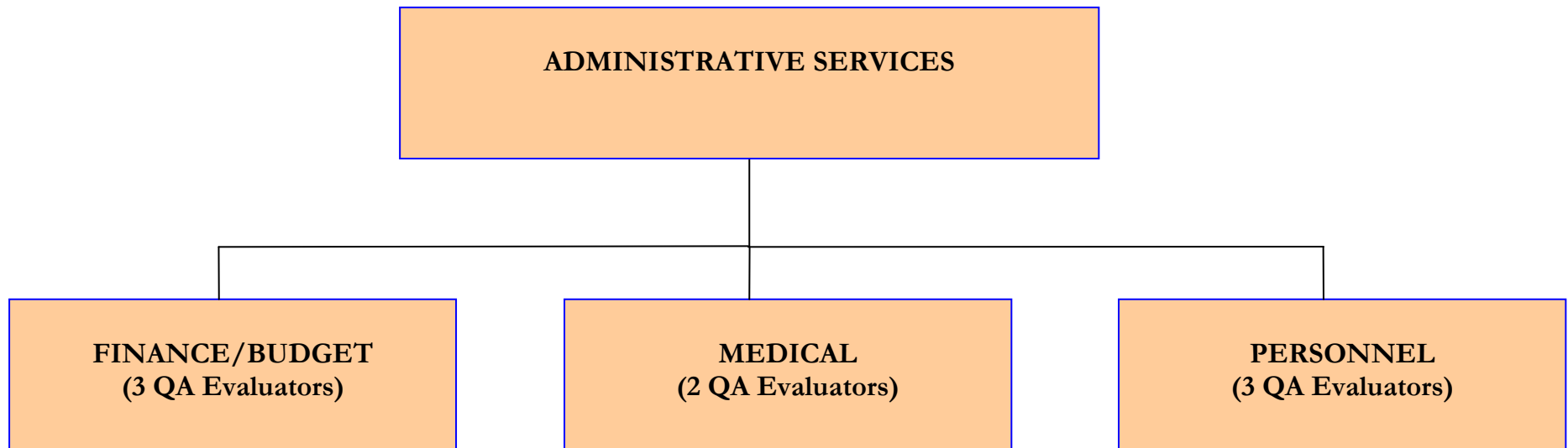
Chart 25:   Typical UN Peacekeeping Operation Administrative Services Section before Outsourcing

Source: United Nations Mission in Liberia

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

CHIEF INTEGRATED SUPPORT SERVICES
(10 personnel)

|	
JMCC (37 personnel)	**TRANSPORT** (163 personnel)
AVIATION (34personnel)	**ENGINEERING** (237 personnel)
JLOG (18 personnel)	**COE** (21 personnel)
CITS (150 personnel)	**SUPPLY** (70 personnel)
ASSET DISPOSAL (18 personnel)	

Chart 26: Typical UN Peacekeeping Operation Integrated Support Services Section before Outsourcing

Source: United Nations Mission in Liberia

```
                    ┌─────────────────────────────────┐
                    │     ADMINISTRATIVE SERVICES     │
                    └─────────────────────────────────┘
                                     │
          ┌──────────────────────────┼──────────────────────────┐
┌─────────────────┐        ┌─────────────────┐        ┌─────────────────┐
│ FINANCE/BUDGET  │        │     MEDICAL     │        │    PERSONNEL    │
│(3 QA Evaluators)│        │(2 QA Evaluators)│        │(3 QA Evaluators)│
└─────────────────┘        └─────────────────┘        └─────────────────┘
```

Chart 27:   Proposed UN peacekeeping operation administrative services section after outsourcing

Source: Data collected

INTEGRATED SUPPORT SERVICES

**Engineering
(4 QA Evaluators)**

**Transportation
(4 QA Evaluators)**

**CIT
(6 QA Evaluators)**
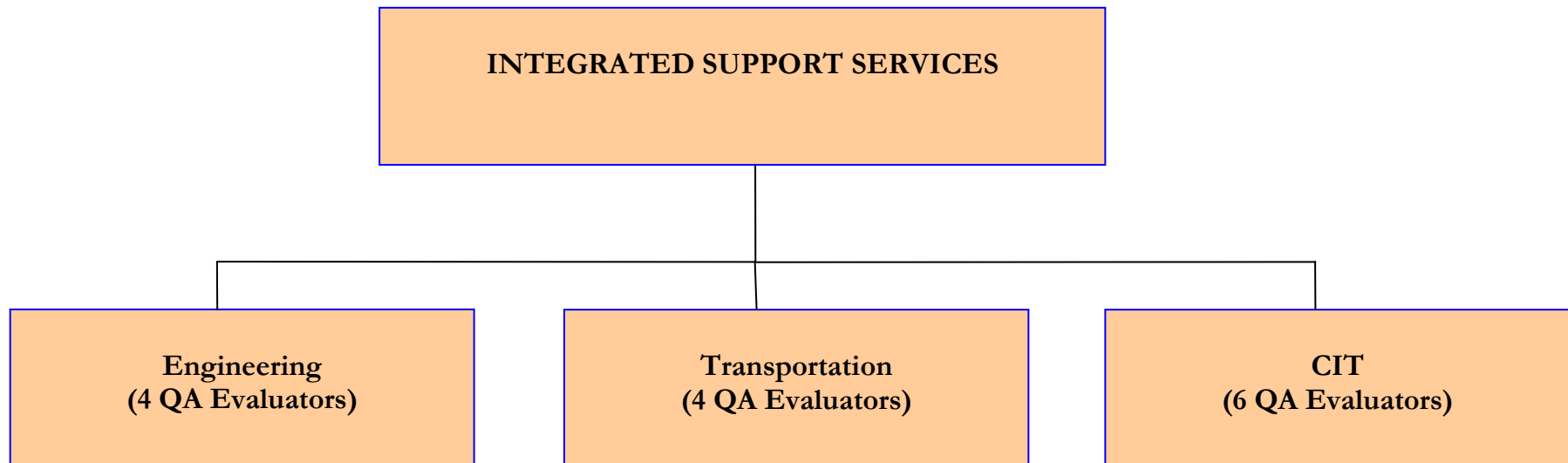
Chart 28:   Proposed UN peacekeeping operation integrated support services section after outsourcing

Source: Data collected

Additionally, the number of support personnel in the integrated technical services prior to outsourcing will be reduced to 14 (Chart 28) from the original 758 support personnel (Chart 26) required to run an integrated support services in a UN peacekeeping operations. It is important to note that outsourcing has re-engineered the staff in the political offices from 200 to 30 because most functions were outsourced to NGOs, UN agencies and the local authorities as outlined earlier. Therefore, 30 staff members or personnel would run the political offices, i.e. an average of 6 persons per office would be required from each of the 4 (four) remaining political offices under the Deputy SRSG and an additional 6 from the office of the SRSG, i.e. 30 with an additional 6 personnel added from the office of the Force Commander, together with a 22 member serving as QA evaluators and the political staff. A grand total of 58 essential staff members would be adequate to carry out all the required functions. The new office of the CFM (Chart 29) would now manage all administrative and logistics function of peacekeeping operations. The CFM will report directly to the SRGS. The CFM will also be a UN staff member and will be in the same position as a DOA.

This grand total of 58 staff members comprising of 22 QAs and 36 political officers would be required to run a peacekeeping operation when all non-core function are outsourced. When this is compared to an average of 1200 personnel (700 international staff and 500 United Nations Volunteers) that are usually required to run a peacekeeping operation at full strength, a major saving in reduced overhead and administrative costs would be observed. The outsourcing of activities and functions of the integrated support section and the administrative services section would lead to a 98% reduction in staff strength or 1,142 personnel including local nationals. This represents a savings in fixed costs i.e. salaries, allowance, medical pensions subsidies and gratuities.

An additional outcome of outsourcing services it what become of UN assets? UN has such huge assets, from 1000s of vehicles to aircrafts. For example, as at 2006, UNMIL had 1400 vehicles. With respect to the assets of UN peacekeeping operations, since all support services are provided by third party providers, peacekeeping operations would no longer have assets to manage. All assets would now belong to the service providers. Therefore, offices and functions that provide asset management and

warehouse services should be abolished. This would mean that there would be also no logistics functions to be performed.

However, logistic support to peacekeepers that remain should be undertaken by troop contributing nations or by the service providers. The troop contributing nations would be paid as per the same method used for reimbursement for contingent owned equipment (COE), while, all operational functions would be handled by the office of the Force Commander. Therefore the UN central logistics centre in Brindisi, Italy that provides material and logistics support the all peacekeeping operations as well as UN agencies should be scaled down and eventually closed down as it makes no economic sense to continue to operate it (Prager, 1994).

Shutting down the logistic centre at Brindisi will be a major cost-saving achievement. Apart from remunerations, there is also the major cost of procuring material for peacekeepers as well as UN personnel. For example, the approved peacekeeping budgets for the period from 1 July 2004 to 30 June 2005 which include the logistics base at Brindisi, was about $4.47 billion. Once this logistics support base is outsourced to larger international service providers, staff remunerations, equipment maintenance and the hiring/ rental of facilities would be eliminated. The expected cost saving would be in the neighbourhood of $1.29 billion i.e. $4.47 billion less $3.18 billion (table 4), as per the approved budget for peacekeeping operation for the same period. Therefore, one of the most important costs saving aspect of outsourcing peacekeeping would be the closure of the logistic base at Brindisi, Italy

When it is considered that a total of 89,682 personnel including 5,287 International civilian personnel, 1,602 UNV's and 10,010 local civilian personnel have served in peacekeeping operations since inception, there would be a considerable cost saving as a result of reduction in staff strength. When equipment maintenance and rental of facilities are also removed, cost reduction would be very considerable. In considering pension remunerations and pension/health subsidies alone, the cost of employing service providers would be much lower to the organization than the cost of actually performing these peripheral activities in-house;

The outsourcing of peacekeeping support operations would drastically result in the reduction of staff at peacekeeping operations worldwide and at the UN Secretariat in

New York. The reason is that most of the staff member or personnel at the New York HQ and other UN locations provide administrative and logistics support to the personnel in the field. When these personnel in the field are drastically reduced, a lot of personnel at UN offices worldwide and at the UN HQ will be redundant and therefore should be downsized. A good example is DPKO which provides logistics, administrative support and monitors the activities of peacekeeping operation.

Since the UN Secretariat has a staff of about 8,900, the reduction of staff strength at peacekeeping operations would mean that DPKO, the office providing administrative and logistic support from the UN headquarter to the field peacekeeping operations worldwide would be reduced since there would be fewer logistics services to provide (Chart 3). This reduction would free much needed resources that are tied up in staff remunerations. The Logistics and Administrative Support Divisions at DPKO should be merged into a much reduced office of Mission Support. Military and Civilian Police Divisions should be moved to the Office of Operations. Mine Action should be outsourced to competent and specialised agencies. Since the function of DPKO is now highly reduced, the seniority of office providing leadership should be reduced. The Under-Secretary-General should be replaced by a lower level director. In all, large savings in staff remunerations would be re-cooped (Chart 30).

As earlier outlined earlier, the survey identified that these non-core services can be outsourced to make UN peacekeeping operation concentrate on their core services:

- Human resources;

- Engineering services and engineering maintenance;

- Communication and communication maintenance;

- Transportation and fleet maintenance (land, air and sea);

- IT, IT Development, IT maintenance, IT training and call centre;

- Information reporting (Including Archiving and Reproduction);

- Assets/inventory and property management

- Warehousing (Supply, Engineering, IT/Communications, Transport);
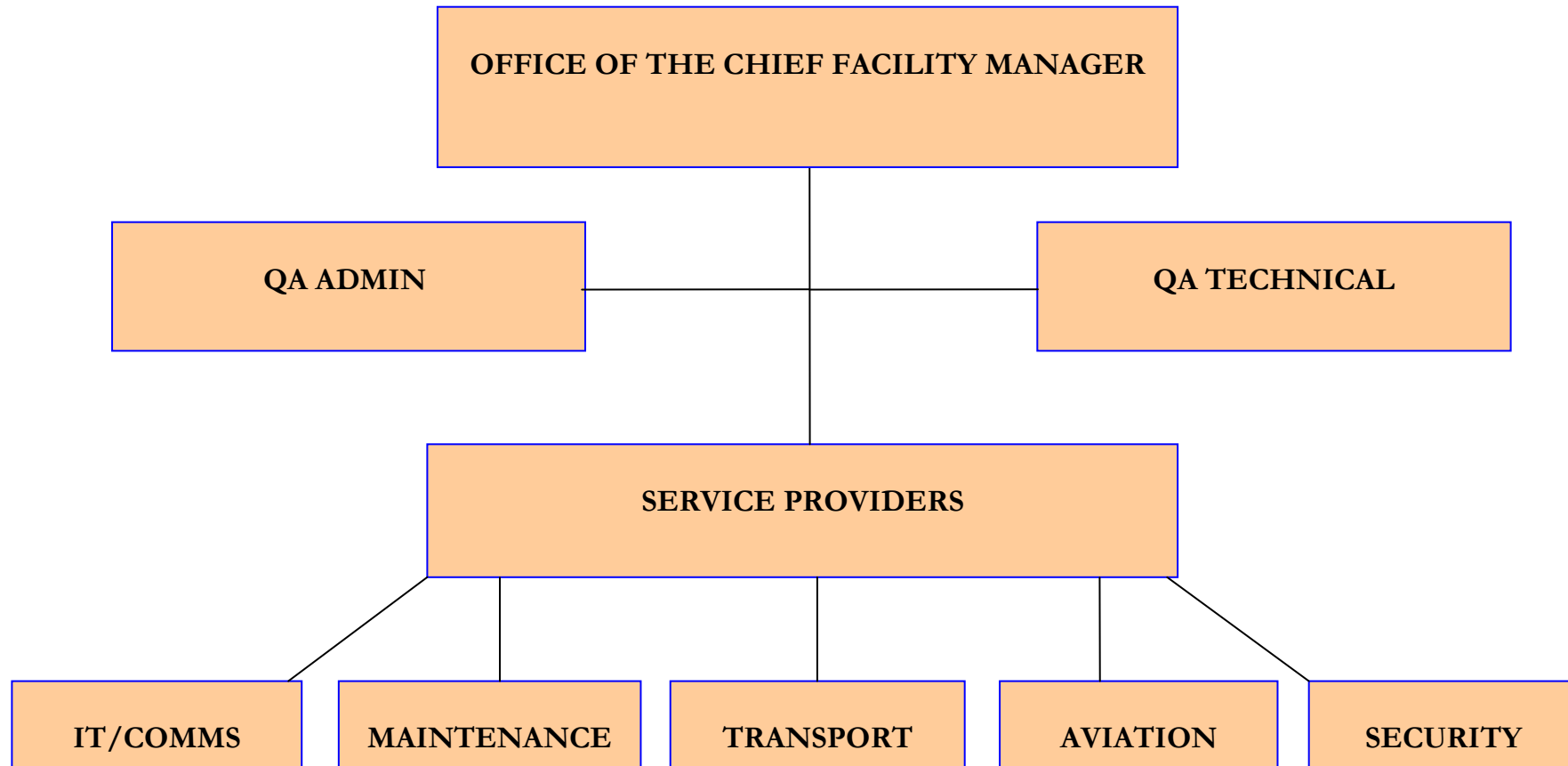
Chart 29:   Office of the Chief Facilities Manager

Source: Data collected
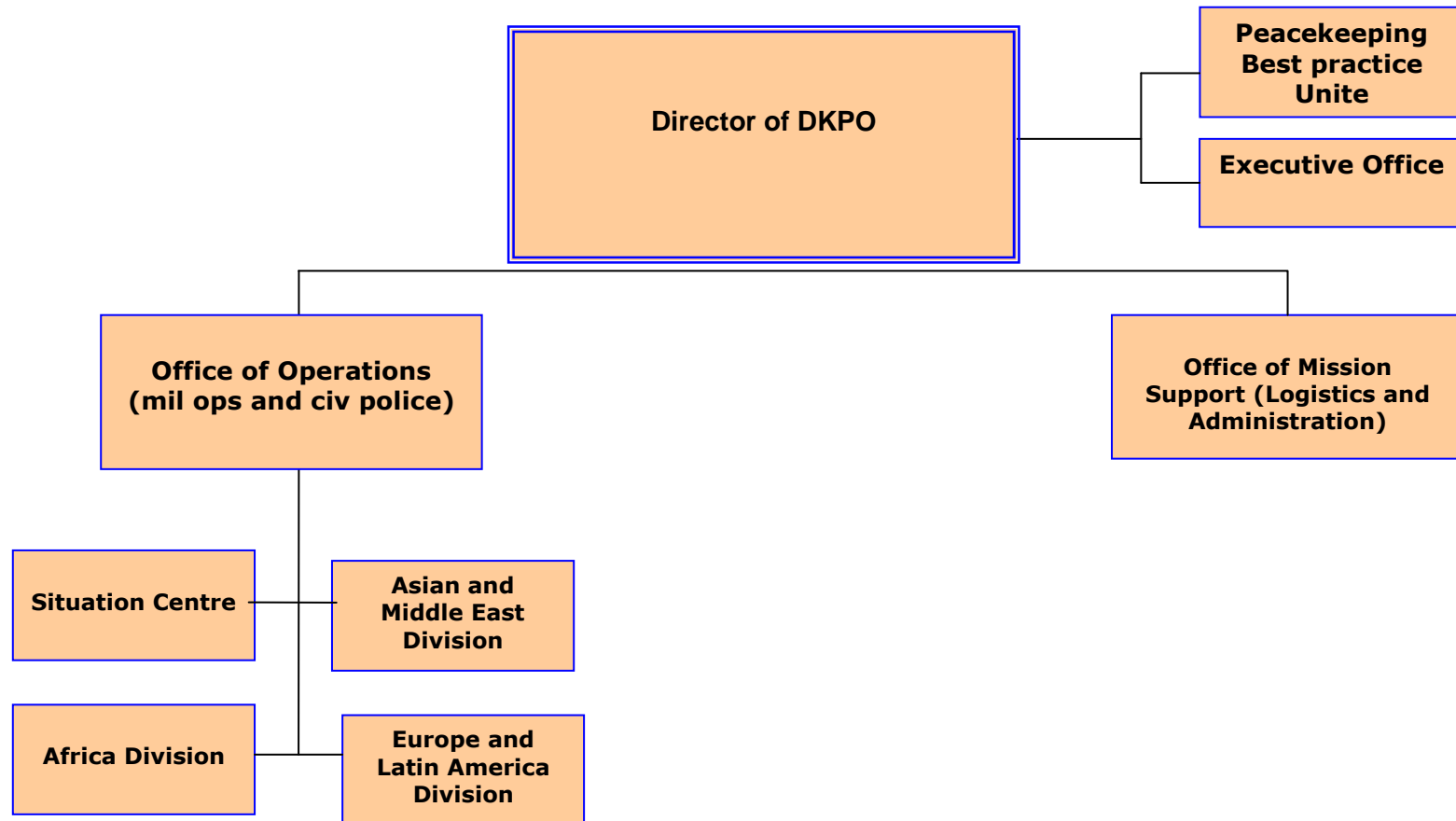
Chart 30:   Proposed UN department of peacekeeping operations after outsourcing

Source: Data collected

4.7 **CONCLUSION**

The evaluation of survey finding indicated that similarities in outsourced services exist between UN peacekeeping operations, manufacturing firms and service providers. Furthermore, information exchange between the groups indicated that UN peacekeeping operations outsource more services than manufacturing and service providers. However, this was marginal and was limited to specialised maintenance. Furthermore, political constraints are also a strong impediment in their ability to outsource. Quality constraints and control of output are primary barriers to outsourcing among the groups. The majority of firms did not use outside experts in the outsourcing decision-making process, thus indicating a relationship with UN peacekeeping operation in the limited use of experts in the decision to outsource, which substantiates that institutional history played a key role in decision-making.

Though cost was an important factor for manufacturing firms and service providers because they are profit making firms, its importance was diminished by quality as the most important influencing factor. This proves that regardless of the nature of the business (profit or non-profit making), the objectives and goals of organizations are becoming more closely aligned. The information needs of UN peacekeeping operations are focused on labour, control and quality of output. The probable reason is the remote location of most field operations which makes it virtually impossible to get the required expertise for outsourcing thereby making the quality of output their major concern.

The establishment of policies and procedure early in the outsourcing decision-making process ensures that the right decisions are made on time. Service providers never made use of their contractors' policies and procedures. In addition, the general use of existing policies among the group is a clear indication of the value of institutional history to the group. The application of unique policies and procedures for some projects is an indication that each outsourcing project has different requirements.

Performance incentives are not included in outsourcing agreements involving UN peacekeeping operations because they are not motivated by profit; however, they placed more importance on quality. Therefore, they must carry out more

measurements than both manufacturing firms and service providers. Associations were identified between the measurement styles of manufacturing firms and service providers because of the project dependent nature of their measurements. Expectations should be well defined in contracts, while standards should establish what is expected and what happens if expectations are not met and only those standards that support business goals should be used. UN peacekeeping operations may need to use incentives to encourage service providers to exceed performance requirements.

The benefits of outsourcing are variable and depend on the nature and situation of an organization. During the assessment period, it is important that all issues be considered before outsourcing is embarked on. Generally, outsourcing of non-core activities of an organization should lead to a better business focus on any organization's core function. However, non-core activities should be outsourced only when it makes economic or humanitarian sense to do so. Though economic reasons are vital criteria for outsourcing since they save costs to the organization, efficiency and effectiveness are also very important criteria. However, political considerations may equally be important depending on the prevailing situation. Is it better to use a service provider chosen international or locally? The decision to outsource is in a UN peacekeeping operation is not completely dependent on economic reasons; political and strategic reasons are some of the criteria that may have to be considered. Furthermore, although, the lower the cost of the provider the better, however, the decision on who to outsource to depends on the satisfaction of other criteria. In addition, the costs of providing the services need to be negotiated as low as possible to ensure managerial efficiency and cost-effectiveness.

The survey finding also indicated that activities representing approximately 61% of a peacekeeping operation annual expenditure can be outsourced. This includes operational cost or cost of running a typical peacekeeping operations (facilities and infrastructure, transportation and fleet maintenance, IT, communications and communication maintenance, engineering services and engineering maintenance assets/ inventory and property management, warehousing, medical services, geographic information Services, aviation management , heavy and specialized maintenance activities, security services, specialised investigations, fire safety,

humanitarian and relief operation) and civilian personnel less fees paid to third party providers (Chart 23). The thesis further demonstrated that outsourcing of activities and functions in a typical UN peacekeeping operation would lead to a 98% reduction in staff strength or 1,142 personnel including local nationals. This represents a savings in fixed costs i.e. salaries, allowance, medical pensions subsidies and gratuities.

Based on the objective of the thesis, that is, translate the private sector's extensive outsourcing experience into a scorecard that would serve as a decision-making tool for the UN in identifying services that have a potential for successful outsourcing. In the broad based scorecard developed for the UN, each scorecard theme was expanded to encompass additional requirements for the UN and similar organizations. Therefore, the institutional settings of the organization, risks, goals and objectives were expanded. Provider selection was added to the traditional theme and the evaluation criteria strengthened to include peace-building measures. This effort supplements and ensures completeness of the scorecard for the purpose of the UN.

It should be noted that a new outsourcing model is not being developed, but rather a modification of an existing model. The fundamental assumptions and postulates of the existing model have not been altered. The scorecard is developed for the UN and its peacekeeping operations outsourcing needs based on the unique nature the UN and feed back received from questionnaires and interviews. However, the scorecard model has not being tested. Formal approval and adoption it would require a UN General Assembly vote. As highlighted earlier, decision-making in the UN is as cumbersome as in most large government bodies because of the composition and large size of the General Assembly (GA) and the Security Council (SC) and also due to the complexity of the UN. For example, though the SC mandates all peacekeeping operations in the world, the GA on the other hand makes most of the decisions at the UN including approval and providing of peacekeeping operations budgets, while the DPKO administers peacekeeping operations making decision-making complex and slow.

Lastly, in an outsourcing arrangement, the development of an amiable relationship between the outsourcer and the provider is essential. The study has demonstrated that successful outsourcing could provide the UN peacekeeping operations and similar

organization with a number of benefits, most of which result from improved efficiency and savings in costs. The outsourcing decision-making scorecard developed from criteria identified in the research will assist manager of UN peacekeeping operations and similar organizations considering outsourcing in identifying services that can be successfully outsourced by providing new techniques and insight from a private sector perspective.