

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 SUMMARY

The study surveyed examples of outsourcing best practices in private sector companies and identified services that can be outsourced in UN peacekeeping operations. Additionally, using criteria identify in the research, developed an outsourcing decision-making scorecard for UN and its peacekeeping operations.

The scorecard developed in the research is new but rather a modification of an existing model from private and public sector firms. The fundamental assumptions and postulates of the existing model used by private and public sector firms were not altered. The scorecard was developed for the UN and its peacekeeping operations from criteria identified in the research and is based on the unique nature the UN and feed-back received from questionnaires and interviews.

The scorecard is designed to serve as a decision-making tool for identifying services that can be successful outsourced by assisting UN peacekeeping operation's managers identify what criteria to consider when evaluating outsourcing opportunities, concerns to be evaluated, and other factors that might influence outsourcing decisions, vis-à-vis, risks, quality and cost-benefits associated with outsourcing as their private sector counterparts.

There are for principle efforts that the research focused on. It started by providing a general introduction into the operation of the United Nations system as a whole and its Department of Peacekeeping in particular. This is followed by a literature review relative to outsourcing decisions-making and its application in the UN and its peacekeeping operations, choosing an outsourcing provider, and the development of decision-making criteria and scorecard. It then discusses the use of private security organizations or third party providers for traditional UN peacekeeping role as cost-effective and efficient alternative to UN peacekeepers and reviews problems associated with outsourcing the role;

Furthermore, it investigates private sector manufacturing firms and service providers to assess outsourcing activities from the perspective of these organizations in order to gain a better understanding of outsourcing and how it can be successfully applied to attain all the advantages. Additionally, it identifies activities, tasks and functions that the UN peacekeeping operations would consider essential to be provided on a continual basis, but not necessarily needed to be provided by the organization itself because of their less substantial impact on the operation of the organization as a whole, and provided conclusions and recommendations.

Lastly, using appropriate criteria developed from the research, a decision-making scorecard was derived which will serve as a decision-making tool for UN peacekeeping operations when considering outsourcing for specific services. The next section provides some concluding remarks on the findings of the study.

5.1 CONCLUSIONS

Using consolidated data from responses received from the groups, all outsourcing trends, associations and relationships between the groups were 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. The thesis 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 in chapter four.

The correlational study examined 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). Therefore, it was necessary to use the quantitative research method for the statistical investigation of the relationship 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).

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 was 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). However, the Fisher's Exact test was used to report for all variables for purposes of uniformity (Mehta and Patel, 1983) and Mantel, 1963).

The analysis of data abstracted established that the challenges facing UN peacekeeping operations with respect to outsourcing are similar to private sector challenges. One of the important observations from the study is the role that prior experience and institutional settings of organizations plays in the outsourcing decision. This may be an important issue that should be considered by UN peacekeeping operations in acknowledging that knowledge in outsourcing may be a key element to success, whether experience is internally or externally available.

The differences between the UN peacekeeping operations and the manufacturing sector appear to be a function of the institutional setting, including the limitations placed on them as non-profit organizations with respect to monetary rewards. UN peacekeeping operations also placed more emphasis on the use of existing policies and procedures which provides another clear indication of the value of the UN's institutional history. Similarities were found between benchmarks used by manufacturing firms and those by service providers. There were also commonalities of goals between the groups with regards to cost reduction, quality, and labour relations. However, it appears that the goals are very similar between UN peacekeeping operations, manufacturing firms and service providers; however the means of obtaining them differed. This shows that goals and objectives of both profit and non-profit making organizations are becoming more closely aligned.

There was also strong correlation among the group on outsourced activities. In accessing the factors influencing provider selection for these outsourced services, the groups were asked to weigh the factors influencing provider selection. There was a strong correlation among the group regarding quality as the most important factor influencing provider selection. Based on statistical analysis, UN peacekeeping operations, manufacturing firms and service providers demonstrated an exact similarity in choosing strategic direction as an important factor, though it was one of

the least important factors. The UN peacekeeping operations were different from the groups with respect to the factors influencing provider selection in choosing information technology as an important factor.

Due to the nature of services offered by UN peacekeeping operations, political constraints are also a strong impediment in their ability to outsource. Other barriers to outsourcing in UN peacekeeping operations are due to a lack of expertise and capacity which impacts on their ability to execute service on a large scale. There was also strong correlation between UN peacekeeping operations, manufacturing firms and service providers regarding institutional barriers that impede outsourcing in which all three indicated that quality constraints and control of output are primary barriers to outsourcing. These barriers to outsourcing provide an insight into the institutional setting within which the outsourcing process would be occurring.

The core competency of an organization determines what should be outsourced and what should be carried out in-house. Historical setting plays a major role here. UN peacekeeping organizations have clearly defined policies and procedures on what may be outsourced which is usually handed down to them by their headquarters and it is usually advisable to keep within this limitation. Though many UN peacekeeping operations respondents believed in peace-building, they also argued that when outsourcing is implemented for the sake of political rhetoric or other short-term gains, it may have the opposite effect. This is the situation when outsourcing engagements are used to appease politicians and /or local economies of host countries in the name of nation building.

While outsourcing may prove highly beneficial for the UN and its peacekeeping operations, it also has many drawbacks. One of these is that outsourcing often eliminates direct communication between an organization and the people it came to serve. This prevents the organization from building a solid relationship with the host country, leading to dissatisfaction on one or both sides. There is also the danger of not being able to control some aspects of the organization, as outsourcing may lead to delayed communication and project implementation. Sensitive information becomes more vulnerable and an organization may become very dependent upon its provider, which could lead to problems should the service provider back out on their contract

suddenly. However, this can be or should be eliminated by building a good relationship.

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. As mentioned earlier, 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. However due to the complexity of the UN a decision on formal approval would take some time. Individual peacekeeping operation would be approached to test the outsourcing model. However, implementation of the model would require authorisation from the GA through DPKO. The scorecard is derived from a general set of decision-making criteria and supports the research hypothesis.

Lastly, the effectiveness of UN peacekeeper was also examined with the objective of determining whether non-nation security organizations or private military organizations may be more cost-effective and efficient than UN member nation provided peacekeepers for future peacekeeping roles. There was also the question of whether the private military organizations are in a better position to perform peacekeeping roles. Additionally, whether they are cheaper and more efficient with respect to speed of deployment, ability to project enough force to subdue enemies and rebel armies and as well as costs. With respect to costs, the private organizations

are perceived as offering a more cost-effective way of providing the same number of personnel because of savings usually associated with the private sector. One cost, the discussion was in favour of outsourcing the military role.

5.2 **RECOMMENDATIONS**

This section provides recommendations for the development of a decision-making scorecard, which is one of the main objectives of the study. It highlights criteria to consider and concerns to look out for when evaluating outsourcing opportunities and other factors that might influence the decision to outsourcing. A sample scorecard derived from the outsourcing decision-making criteria, which combines lessons learnt in previous work in addition to information obtained in both the interviews and survey results, is used to accomplish this goal. This sample outsourcing scorecard is intended to serve as a decision-making tool for managers considering outsourcing for specific services. This sample scorecard should in no way be considered as a means of providing the ideal decision-making tool for outsourcing. Given the information gathered in the study, the following set of recommendations is proposed for UN peacekeeping operations. The recommendations are divided into two main areas:

- Lessons learnt in previous work; and
- Information obtained in both the interviews and survey results. This is further divided into five subsections:
 - a. General outsourcing;
 - b. Re-engineering;
 - c. Decision-making criteria and scorecard;
 - d. Service providers; and
 - e. Peacekeeping and peace-building

5.2.1 **Recommendations Based On Lessons Learnt in Previous Work**

These are recommendation from previous works and research that are relevant to the outsourcing practices of the UN and its peacekeeping operations.

- The goals and objectives of outsourcing are vital in any outsourcing decision-making. The outsourcing relationship cannot begin without a set of measurable objective criteria. This includes a consideration of the question of what the impact of non-achievement will be;
- The identification of core competencies ensures that organizations can evaluate the non-core services that are currently provided but have the potential for outsourcing. These comprise of necessary services that have to be provided on a frequent basis, but need not be provided in-house by the organization;
- Organizational changes resulting from the transition to a service provider suggested a multifunctional organizational change strategy that supports cultural issues and has support and commitment from top management. The strategy requires collaboration across multiple levels in the organization. Middle managers should be involved in helping people understand new priorities and ways of operating. In addition, employees at lower levels should be involved and allowed to participate in the transition so that they will “buy in” to the new values and systems that affect their own work;
- There may be need for independent verification and validation. External sources may be considered to assist the organization in managing the complexity of an outsourcing engagement. While these services represent additional outsourcing costs, they can enable the organization to reduce outsourcing risks and accomplish organization goals;
- There are four very important abilities managers responsible for outsourcing initiatives must possess. These are strategic thinking, deal making, partnership governing and change management;
- It should be understood at the beginning that the contract may change, or that the contract will end;
- Renegotiating a new contract with the same service provider may lead to higher contract costs as the organization becomes tied down in renegotiations with that one service provider. Selecting a new service provider on the other hand, would entail transition costs as one service provider moves out and another move in. Switching to internal resources requires that knowledge about the project exists in-house, and that adequate staff resources (time and

personnel) exist to support it. Transition costs will again occur in this situation. Therefore, the cost-benefits of each situation should be carefully assessed;

- The application of formalised risk management can improve the decision-making process within projects and help organizations to reduce risk exposure;
- Performance contracting is a more effective approach to outsourcing because it creates incentives for the contractor to achieve the desired result of the contract;
- When organizations streamline their facilities, effective outsourcing also allows them to expand their market share, pursue new strategic directions, and improve overall competitive advantage;
- It is important to note that even if outsourcing some services seems to be the wise course, it does not absolve organizations of its responsibility to manage what it outsourced;
- The key to a successful staffing decision is the cost-benefit analysis;
- The decision to outsource must incorporate a change in the treatment of the traditional performance contract relationship. This change must include the degree to which the contractual relationship flows. Simply put, successful outsourcing appears to be predicated on a relationship, and not as a contract;

5.2.2 Recommendations Based on Information Obtained in Analysis of Data

These recommendations are based on the results from both the interviews and survey results pertaining to the thesis and include:

- General outsourcing recommendations;
- Re-engineering recommendations;
- Decision-making criteria and scorecard recommendations;
- Service providers' recommendations; and
- Peacekeeping and peace-building recommendations

5.2.2.1 *General Outsourcing Recommendations*

- UN peacekeeping operations need to adopt a new perspective to outsourcing, from one of performance or supply contracting to one that considers outsourcing as a long-term relationship;
- Being non-profit making, the UN peacekeeping operations should not venture into performance contracting although it is very cost-effective and comes highly recommended because they not have the managerial and technical skill to manage it;
- There is the need for UN peacekeeping operations and service providers to focus on relationship-building beyond the prescribed relationship in the scope of works the reason is that relationship-building is a critical aspect in the decision-making process;
- UN peacekeeping operations should put emphasis on the necessity for continuous and consistent performance measurement;
- To guarantee clients seamless, high-quality service and to reduce costs, outsourcing contracts should provide for relocation of services and working with subcontractors of choice;
- Caution should be taken not to directly translate lessons learnt from private sector outsourcing lessons to the UN and its peacekeeping operations.

5.2.2.2 *Decision-making Criteria and Outsourcing Scorecard Recommendations*

Most decisions are made by moving back and forth between the choice of criteria (the characteristics we want our choice to meet) and the identification of alternatives (the possibilities we can choose from). The alternatives available influence the criteria we apply to them, and similarly the criteria we establish influence the alternatives we will consider (Harris, 1998). These recommendations highlight the importance of using appropriate decision-making criteria in outsourcing decision-making to gain all the advantages of an outsourcing engagement with the aim of making the UN more result oriented while maintaining a higher level of efficiency. These criteria are considered below:

- UN peacekeeping operations must consider alterations to the characteristics of the outsourcing model that fits their particular circumstances;
- If the potential for relationship-building does not exist in an outsourcing relationship, the service under consideration should probably not be outsourced. If however, the potential for relationship-building does exist, the outsourcing scorecard will assist decision makers in identifying specific issues that need to be addressed before outsourcing begins or that may prove to be barriers affecting the success of outsourcing the service;
- In making technical decisions, various decision criteria must be synthesized and the relative value of each alternative assessed;
- In addition, qualitative criteria such as time, risks, staffing and business value should also be considered;
- It is recommended to use proper decision tools or criteria in prioritizing and developing successful programmes and projects;
- Decision-making criteria should be flexible, realistic and applicable on a case by case basis;
- An example of typical criteria to consider in selecting a project delivery approach includes the following: initial project cost, final project cost, budget certainty, budget risk, potential for savings returned to the owner and early price commitment. Other criteria are the ability to manage owner scope changes, preconstruction services provided, speed of project design and construction schedule, schedule certainty, quality control, design liability, risk of claims.

5.2.2.3 *Re-engineering Recommendations*

The following are recommendations regarding activities and functions that should be outsourced in a UN peacekeeping operation to make them more cost-effective, maximise efficiency and ensure better use of limited resources. In identifying what is to be outsourced in peacekeeping operations, it was observed that most of the activities that are carried out by the following offices can be outsourced in a UN peacekeeping operation (Charts 23 – 30).

- The office of the 1st 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;
- The activities carried out by the office of the 1st Deputy SRSG should 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. The office of the Deputy SRSG (Humanitarian, Coordination, Rehabilitation, Recovery and Reconstruction) should be abolished after outsourcing.
- All the offices under the 2nd Deputy SRSG (Operation and Rule of Law) should be outsourced except these two:
 - Legal and Judiciary System Support; and
 - Office of the Civilian Police Commissioner
- The remaining offices 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.
- To ensure effective use of resources and to reduce costs, it is recommended that the two sections under the DOA together with all its offices, functions and activities should be outsourced and these are:
 - Administrative services; and

- Integrated support services section
- The logistics support base at Brindisi, Italy should be outsourced to larger international service providers, staff remunerations, equipment maintenance and the hiring/ rental of facilities would be eliminated.
- 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;
- Logistic support to peacekeepers should now be undertaken by contributing countries, while, all operational functions would be handled by the office of the Force Commander;
- Non-core activities should not be outsourced just because they are non-core in nature but because it makes sense to do so

Outsourcing of these services would lead to a better business focus on the organization's core functions and lower the high cost of social benefits (medical and pension subsidies) paid to staff members compared to what would be paid to service providers.

5.2.2.4 *Third Party Service Providers Recommendations*

- Before selecting a service provider or negotiating a contract, an organization should inform its personnel on the scope of the outsourcing agreement, what should result from it, how it will be measured, and what the reporting requirements are?
- The lower the cost of the provider, the better, however this depends on the satisfaction of other criteria such as quality, timeliness etc. Also, the cost of

providing the services needs to be negotiated as low as possible as a form of managerial efficiency and cost-effectiveness;

- The relationship between the organization and the provider should be most effectively managed through centralised systems that rely on an internal audit unit to audit and monitor the outsourcing agreement;
- Experienced procurement and legal staff must be recruited before an outsourcing arrangement is embarked upon.
- If an outside expert is preferred, an employee of the organization should always remain an internal focal point for the purpose of searching for a provider;
- Requirements should be clearly communicated to service providers in the request for proposal (RFP) and in service level agreements (SLAs);
- A service provider selection team should be developed that recognizes all business areas impacted by the project;
- Subject area experts should be brought in to advise the core team as needed (budget staff, technical staff, and self accounting offices or end users);
- UN peacekeeping operations should continue to place more emphasis on quality as a major factor influencing provider selection;
- The service providers should be required to absorb some of the outsourced organization's personnel. This may should be included in the terms of the contract to build capacity and empower the local population;
- Service providers should be protected from outsourcing organizations hiring their best employees away;
- Measurements identified early in the cost-benefit analysis should be used because they describe critical success factors where improvement should be seen;
- Objective measures need to be mutually established with opportunities for modification as the need arises;
- Measurement should be tracked on a consistent and regular basis;
- It should also be accepted and recognised that external service providers will make money on the outsourcing agreement somewhere, or they would not be willing to sign the contract;

- When unforeseen events lead to cost increases, the service provider should have the right to come to an agreement with the outsourcing organizations on additional charges;
- Ensure that variations are properly measured;
- An outsourcing contract should clarify which party owns work performed rather than leave this matter open to question or later negotiation;
- Outsourcing organizations should not pay for work not stipulated in the scope of works;
- A plan for transition from one provider to another or from a provider back to the outsourcing organization at the end of the contract should be in place;
- A final consideration regarding analysing of outsourcing decision is the importance of recognizing the full costs of external service providers. Many times costs are not explicitly seen, but are accounted for in the fees charged by service providers. The recognition of these embedded costs is necessary in order to make a consistent comparison between options.

5.2.2.5 *Peacekeeping and Peace-building Recommendations*

Peacekeeping and peace-building operations measures are designed to save succeeding generations from the scourge of war, alleviate human suffering, and create conditions and build institutions for self-sustaining peace. These are recommended cost-effective and efficient solutions to peacekeeping and peace-building operations.

- The military's task is to re-establish order and create a level of security that allows civilian organizations to carry out their humanitarian and political functions. Once the situation is stabilised, the military should begin to reduce the size of their forces;
- The mandate of peacekeeping operations must expressly state that force should be used where necessary for them to respond effectively to such challenges and carry out their mandates successfully and responsively;
- Due to the inability of the UN to act quickly and deploy peacekeepers rapidly when crises arise, it is recommended that private security and military

organizations could be called upon and deployed much more quickly than traditional multilateral forces;

- Nations may also be called upon to provide soldiers that would be part of a rapid deployment team to respond at a short notice to trouble spots around the world. However, it has a draw-back that it would still be under a political leadership of the UN leading to slow decision-making
- To become truly very efficient and cost-effective a peacekeeping force would either have to be a private organizations and/ or military organization(s) without political interference and with a robust mandate. However there is also the moral question of control;
- In UN peacekeeping operations, other criteria such as political considerations, capacity building and economic empowerment has to be considered when engaging in outsourcing arrangements;
- To ensure that the goals and objectives of UN peacekeeping operations are achievable, outsourcing engagements should ensure local participation in outsourced services because it would lead to economic empowerment and capacity building;
- Outsourcing of support functions in peacekeeping and peace-building operations should not be used to appease politicians and /or local economies of host nations in the name of nation building or mandated for short-term gains, since this is against the principles of outsourcing.

5.3 RECOMMENDATIONS FOR FURTHER STUDIES

The scope for a better measure of the relationships between the firms was limited due to the number of manufacturing firms and service providers in the sample. The main reason for the use of a few firms in the study was that most of the firms were unwilling to disclose information about their firms and many did not understand what outsourcing was all about. Financial information from smaller firms was not forthcoming, due to this reason; the choice then fell on mostly publicly quoted firms only. Therefore, most of the data collected were from mainly publicly quoted manufacturing firms and service providers.

The number of UN peacekeeping operations was limited to ten. It is imperative that an in-depth analysis of the outsourcing practices should involve the UN as a whole as well as other international public sector and multilateral organizations such as the International Committee of the Red Cross (ICRC) and the International Federations of the National Red Cross and the Red Crescent Societies, the Organization of American States (OAS), the Economic Community of West African States (ECOWAS), the Organization of Islamic States (OIS), the African Union (AU) and the European Union (EU). It would be essential in any further study as a better measure of the correlation between international public sector /multilateral organization, manufacturing firms and service providers.

Finally, since a non-probability sampling was used in the research, it is important that in any future studies that a probability sampling method using samples from fifty or more manufacturing firms and service providers should be used. This may be necessary to determine whether a better measure of the correlations between the variables examined in the study can be obtained.