



World Journal of Entrepreneurship, Management and Sustainable Development

Business process management and service delivery; a case of Uganda's public entities
Nixon Kamukama Sulait Tumwine Julius Opiso Stephen Korutaro Nkundabanyanga

Article information:

To cite this document:

Nixon Kamukama Sulait Tumwine Julius Opiso Stephen Korutaro Nkundabanyanga , (2014), "Business process management and service delivery; a case of Uganda's public entities", World Journal of Entrepreneurship, Management and Sustainable Development, Vol. 10 Iss 4 pp. 285 - 299

Permanent link to this document:

<http://dx.doi.org/10.1108/WJEMSD-08-2013-0047>

Downloaded on: 23 February 2015, At: 02:52 (PT)

References: this document contains references to 64 other documents.

To copy this document: permissions@emeraldinsight.com

The fulltext of this document has been downloaded 58 times since 2014*

Users who downloaded this article also downloaded:

Doaa M. Salman, (2014), "Mediating role of research and development on entrepreneurial activities and growth: Evidence from cross-country data", World Journal of Entrepreneurship, Management and Sustainable Development, Vol. 10 Iss 4 pp. 300-313 <http://dx.doi.org/10.1108/WJEMSD-11-2013-0056>

David Katamba, Cedric Marvin Nkiko, Charles Tushabomwe-Kazooba, Sulayiman Babiha Mpisi, Imelda Kemeza, Christopher M.J. Wickert, (2014), "Integrating corporate social responsibility into efforts to realize millennium development goals: Lessons from Uganda", World Journal of Entrepreneurship, Management and Sustainable Development, Vol. 10 Iss 4 pp. 314-333 <http://dx.doi.org/10.1108/WJEMSD-09-2013-0051>

Fatiha Naoui, (2014), "Customer service in supply chain management: a case study", Journal of Enterprise Information Management, Vol. 27 Iss 6 pp. 786-801 <http://dx.doi.org/10.1108/JEIM-04-2013-0015>

Access to this document was granted through an Emerald subscription provided by 294800 []

For Authors

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service information about how to choose which publication to write for and submission guidelines are available for all. Please visit www.emeraldinsight.com/authors for more information.

About Emerald www.emeraldinsight.com

Emerald is a global publisher linking research and practice to the benefit of society. The company manages a portfolio of more than 290 journals and over 2,350 books and book series volumes, as well as providing an extensive range of online products and additional customer resources and services.

Emerald is both COUNTER 4 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

*Related content and download information correct at time of download.



Business process management and service delivery; a case of Uganda's public entities

BPM and service delivery

Nixon Kamukama, Sulait Tumwine, Julius Opiso and
Stephen Korutaro Nkundabanyanga
*Department of Accounting, Makerere University Business School,
Kampala, Uganda*

285

Received 15 August 2013
Revised 15 August 2013
Accepted 8 March 2014

Abstract

Purpose – The purpose of this paper is to test empirically a variety of hypotheses related to business process management (BPM) and service delivery within public entities and contracting companies in Uganda.

Design/methodology/approach – A valid research instrument was utilized to conduct a survey on 20 government ministries, ten government departments and 13 service providers (contractors) who are representative of the 40 government entities and 25 service providers in Uganda. Correlation and regression analysis were conducted to ascertain the validity of the hypotheses.

Findings – Statistical support was found for eight out of the nine hypotheses tested.

Research limitations/implications – Only a single research methodological approach was employed, future research through interviews could be undertaken. Multiple respondents in public entities and service providers were studied, neglecting other key stakeholders like service users. Finally, BPM was studied and by the virtual of the results, there are other elements that contribute to service delivery that were not part of this study.

Practical implications – There is need to intensify initiatives to encourage greater understanding and acceptance of BPM, employ a viable BPM strategy that includes risk management, building high-level innovation, strong human resource capacity, providers expertise in order to provide optimal service to both service buyers and users.

Originality/value – This is the first paper in sub-Saharan Africa to tests empirically the relationship between BPM and service delivery in the Ugandan context of service buyers and providers and provides support for the relationship and process management.

Keywords Service delivery, Business process management, Service provider, Service buyer

Paper type Research paper

1. Introduction and motivation

In most African countries, there exists a disequilibrium between service delivery and monetary contract grant (World Development Report, 2012) and by this, achieving the millennium development goal may remain a dream if stringent service delivery mechanism is not adopted. To address this disequilibrium, our study aims at contributing to the development of a strategy and mix of business process management (BPM) in public sector that incorporates the impact of relationship and process management and their contribution to service delivery in less developed countries.

According to Cali *et al.* (2008) services provided are used by over 80 percent of the population in low-income countries and are seen as a driver to economic growth and development. This implies that growth in Africa and Uganda in particular relies heavily on services delivered for public use than any other sector because they provide important benefits to the Ugandan economy, for example, health care, education, transport for easy access to the market and are also a means to employment (Nkundabanyanga *et al.*, 2013). As the services provision remains the highest



demonstrated potential; the importance of the quality of the services provided, and the costs incidental to the provision of these services is of much interest to the government and other stakeholders especially with regard to how the entire process is managed for efficiency and effective gains from the service providers. However, desired effectiveness and efficiency has not been achieved because service providers have compromised quality at the expense of cost hence poor service delivery.

The issue of poor service delivery came to a limelight between 2008 and 2010 when five roads constructed to host CHOGAM at a large sums of money became unusable barely one year after the event (Public Accounts Committee Report, 2011) and recently, there have been consistent reports about the mismatch between the cost and services delivered (Auditor General Report, 2012). This has resulted in a lot of pressure from the public and international agencies that finance the contracted services and the political leaders who are held accountable. To this effect, scholars and management thinkers believe that BPM is the way to go to address inconsistencies in service delivery other than BPO which has been in use. Thus, the question on which method (BPO or BPM) to adopt for service delivery in less developed countries has emerged but with no immediate answer. Studies so far carried out have centered on BPO, for example Percin (2008), found out that for BPO to be efficient, it must operate in a hierarchy with humans driving from upfront whereas according to Mahmoodzadeh *et al.* (2009), BPO would reduce the risk of service delivery only when KM is fully integrated. To Jakki *et al.* (2011), BPO is a cost cutting and risk mitigating measure and at the same time a source of financing to the service provider. Their studies did not provide a medium- and long-term solution to poor service delivery and involvement of service users in service provision. Thus our study focusses on BPM as a solution to service delivery other than BPO because it largely benefits external service providers by way of providing employment, profit repatriation and associated inadequate services.

Furthermore, studies carried out in developed countries such as the Scandinavian countries (Sharabati *et al.*, 2010), the BRIC countries (Brazil, Russia, India and China) have shown that BPM as a best alternative to BPO and has been successful in those countries because of their open political system, ability to transfer knowledge and corrupt free environments with lots of value for money (Oshri *et al.*, 2009). However, these have not worked in most African countries because of limited educated and experienced population, high-corruption levels and political fusion, in addition to scanty information concerning BPM. Amidst the above, BPM is important in developing countries and Uganda in particular because of:

- (1) the increased demand by tax payers and international agencies (who finance the work) for value for money from the delivered services;
- (2) the loop sided political system that is itself in contract awarding, supervising, are agent of financing, monitoring and decision making with lots of control;
- (3) the adopted WB and IMF financial and delivery service system that aims at providing services to spar development, reducing corruption within government departments thus, liberalizing the private sector away from the state management to curb the vise; and
- (4) the idea that BPM increases service delivery is generally accepted up to board room level in addition to the general agreement that BPO is backward looking, new methods are needed for better results.

The rest of the paper proceeds as follows, Section 2 is a theoretical framework and literature review, Section 3 presents methodology, Section 4 is about results and discussion and Section 5 provides summary and conclusions.

2. Theoretical framework and literature review

Theoretical work

According to the transformational theory of business management by Linder (2004) business management is an arrangement in which an organization takes the initiative of hiring and supervising another company to perform a particular function on its behalf. The parties (buyer and provider) to a relationship must be in touch not only to manage the process of service delivery but also to advise and learn from each other for the future benefit. Thus, the strength of BPM should realignment itself with both the transformational and resource-based view (RBV) theory advanced by (Barney, 1991, 1999; Wernerfelt, 1984); that in addition to the people/humans you hire, the skills they have and acquire from each other due to their relationships brings your company real value. Again, the transformational theory builds on the RBV theory and argues that the relationship benefits those who hire and have acquired practical skills which in addition to their theoretical skills can do the work in future.

Furthermore, Carlucci *et al.* (2004), argues that increased investment in relationships with external agents usually produce multiple effects to an organization. For example, it increases effective management and supervision and brings on board competent and experienced workers which results in improved service delivery, but would result into negative effect when one party extends the work and risk to the third party who lacks knowledge, innovativeness and technology to provide the required work.

Literature review

BPM. According to Mahmoodzadeh *et al.* (2009), organizations are focussing on a few business processes (BPs) in which they are good enough, and the others, which a company does not have core competence to perform, are most likely to be outsourced to render services to them. For instance organizations have continued to outsource services to better customer care, reduce costs for providing a service and at the same time get competences in areas where they are not competent, i.e. logistics, human resources practices and information technology (IT). Thus, the need to reduce costs is leading to an increase in the nature, scope and scale of outsourcing services management across entities and developing the ability to control and leverage critical capabilities, irrespective of whether they reside within the organization or otherwise is key toward building a lasting relationship (Gottfredson *et al.*, 2005).

At the moment, BPM focusses on the competence of the service provider in managing the process and use the strategic and transformational outsourcing to seek improved business focus, mitigate risks, build sustainable competitive advantage and extend technical capabilities and free resource for core business purpose (Shi, 2007). All these are dependent upon a stringent BP relationship management model that takes into account relationship and process management (Mahmoodzadeh *et al.*, 2009). *Relationship management.* Relationship involves mutual dealings which evolve with time between internal and external parties for a purpose (Mirani, 2006). According to Leiblein *et al.* (2012) business relationship management is a process where two firms form strong and extensive social, economic and technical ties over time with the intent of leveraging total cost and/or increasing value. Relationship enables an organization to achieve their objectives and build a competitive advantage that each organization

could not easily attain by itself (Lee and Kim, 1999; Grover *et al.*, 1996). Each party to the business relationship has to build their competences for the future dealings and can be of mutual benefit for both parties. Dyer and Singh (1998) argue that it is possible for organizations to combine resources in unique ways across organizational boundaries to obtain an advantage over their competitors. They argue (Leiblein *et al.*, 2012) that firms can develop valuable resources within and pass them on by way of delivering quality, durable and cost friendly service. Therefore, a firm can gain competitive advantage by accessing its key resources in a way that spans the boundaries of the firm. Consequently competitive advantages are embedded in a set of relationships across the boundaries of the firms, rather than residing inside an individual firm.

Today, outsourcing clients are interested in the service providers' competence in managing the BP (Shi, 2007). Additionally, the BPM clients are getting more interested in service providers' competences, such as the "availability," the efficient delivery of services and the service provider's expertise in the client's own business (Golfetto and Gibbert, 2006; Möller, 2006). Thus service providers need to assess themselves, develop a clear understanding of their competences, not only in internal terms, but also in terms of client benefits (Golfetto and Gibbert, 2006). Such rapid improvement in enterprise-level performance, reduced time-to-market and increased innovation through access to world-class skills resources enhances core capabilities and results in improved service delivery.

In line with the above, if a vendor of the service can be able to evaluate the clients' functions and identify strategic priorities and risks in the clients business, evaluate the clients' internal capabilities, economic conditions, market considerations and manage new processes, then these could be a mitigation measure. But according to Uganda's mode of operation, many public entities do not keenly study the service providers capacity in depth and end up giving contract to those with good paper work (World Bank, 2010). Consequently, Chanvarasuth (2005) suggested that focussing on the company's core activities in depth of what they have previously done; their human resource capacity is a way of avoiding risks. From the above scholarly work, we set the following hypothesis to guide our study:

H1. Relationship management positively influences service delivery in public entities.

$$RM = f(EM, RM, LI, PE)$$

H1a. Effective management positively influences service delivery in public entities.

H1b. Risk management positively influences service delivery in public entities.

H1c. Service providers' expertise positively influences service delivery.

H1d. Innovation positively influences service delivery public entities.

Process management. Outsourcing has been a global trend in business for several years and it is a major element in business strategy and has become more extensive in its scope, involving more business functions and complex contractual arrangements (Tadelis, 2007). According to Mol, process management is the transfer of the management or day-to-day execution of an entire business function to an external service provider. It involves major changes in organization structure and operations, and requires extensive trust and operational linkages between client and service provider (Linder, 2004).

In line with this, Dibbern *et al.* (2004) describe process management as contracting external service provider to conduct specific BP including overall support operation for whom he is also supervised.

By the trend, process management is as a result of outsourcing which first appeared in the IT industry in the 1980s, the time when companies recognized the benefits of having IT service partners in order to develop complex systems to enhance the way a BP or service is managed Schumacher (2005). Since then, the outsourcing industry has gone through its introduction and growth stages, and has reached its transformation stage. From simple IT and BP contracts toward cost savings, research and development and product innovation activities as well (Weeks and Feeney, 2008). Increasing globalization and high competitive pressures has forced firms to embrace BPM as a way to survive in a globalized market. It can thus be concluded that organizations outsource to enjoy benefits such as increased focus on core functions, access to economies of scale, transfer fixed cost to variable cost, access to the latest technology and external skills and talents, greater flexibility and increased speed, quality improvement and cost saving.

Bandyopadhyay and Pathak (2007) stated that when a firm outsources in order to benefit from a set of complementary skills, the firm's management will have to be involved not only in the negotiation of the outsourcing contract, but also in methods of operation and interaction between the two firms. Since the employees of the two firms would probably be mutually antipathetic, the management would have to establish the rules, methods, forcing the parties to share each other's knowledge. In addition, management of BP requires process goals, the interface the process has with other BP and the actual process procedure being used in its operations and effective control structure for knowledge transfer (Kim and Kim, 2008). Thus, it becomes a critical requirement in process management that the service provider must have a process measurement system in place such as performance measurement (Valiris and Glykas, 2004). Furthermore (Malone *et al.*, 2003; Ray *et al.*, 2008) indicate the capability of the service provider to exploit resources (tangible and intangible) through BPs to deliver business benefits and process performance management measure (of cost performance and output performance), and thus service provider needs to acquire knowledge about the process management (Bititci and Muir, 1997; Harmon, 2003).

Coupled with the above, Budhwar *et al.* (2006) indicated that emerging and critical human resource issues need serious attention by service providers such as increasing attrition rates, motivation, and psychological health- and stress-related problems of employees, developing career-related policies, provision for more workplace flexibility and creating a more interesting and enhanced work environment that enhances BPM. Skilled and trained manpower is needed to build process competence and to help create a superior service delivery to demonstrate a good BP outsourcing management.

Despite the relevance of all the existing literature, the fate of BPM toward service delivery in less developed countries and Uganda in particular remains unclear. As pointed out by Busi and McIvor (2008), more empirical research is needed to investigate performance management in service-related outsourcing. The challenge now is how BPM can be managed by firms and then extended to beneficiaries. To overcome this, we hypothesize as follows:

H2. Process management positively influences service delivery in public entities.

$$PM = f (IMT, KS, HRP)$$

H2a. IT management positively influences service delivery.

H2b. Human resource practices positively influences service delivery.

H2c. Knowledge of services positively influences service delivery in public entities.

BPM and service delivery. Firms develop and establish inter-organizational relationships between clients and service providers as a means through which they can gain sustainable competitive advantage. According to Shi (2007), an understanding of the service provider's competencies, risk management and innovation, translates the clients business to a competitive edge. Also, Aron *et al.* (2005) noted that corporations risk low-quality work or massive delays in work because they are in the hands of the outsourcing service provider. Besides quality, companies also can lose the knowledge they require to function, more so if a service provider goes bankrupt, the firm could be in a dire situation. The company cannot even temporarily resume the outsourced roles because the internal knowledge has been lost.

BPM requires knowledge about three process attributes process goals, the interface the process has with other BP and the actual process procedure being used in its operations and effective control structure for knowledge transfer (Saxena and Bharadwaj, 2009). Despite the benefits, the two parties in BPM enjoy, there often exist differing goals and objectives. Client companies often want to gain access to lower cost structures while retaining their proprietary advantages in product design and customer knowledge. Public entities that outsource want to aggregate volume across customers by way of having them get quality, durable and cost-effective services in relation to the taxes paid. These are conflicting goals creates an oxymoron at best.

On the other hand, Shi (2007) states that service provider's competence in managing BP bears positive or negative results on the success or failure of project undertaken resulting in business growth for properly managed projects and or reduced growth for poorly managed undertakings. These market-based competencies require the service provider to develop a clear understanding of its own competences, not only in internal terms, but also in terms of client benefits. Furthermore the service provider needs to have foundation competences in IT management and human resource management to strengthen BPM. Also the outsourcing management competence that is required during pre-contract phase becomes the feeder to the relationship management during the post-contract phase leading to longevity of parties.

According to Barney (1999), there is a positive relationship between the resources a firm controls and growth provided they are valuable, rare and inimitable and cannot be substituted, which is consistent with the RBV theory assertions that firms gain sustainable competitive advantage by deploying valuable resources and capabilities that are inelastic in supply. Those business functions that meet these characteristics are clearly mission critical and contribute to core competencies. It is therefore essential to permanently govern and control the process of outsourcing for a successful service delivery (Gottschalk, 2005; Gottschalk and Solli-Sæther, 2005).

Despite the relevance of all these works, the status of risk management, service provider and service seekers engagement toward provision of services in public sector remains wanting (Leavy, 2004). Therefore, the most significant challenge is how to manage the risks that the two parties in the process of executing their obligations, the in depth analysis before a contract is awarded in terms of qualitative and quantitative

factors and differentiating between core and non-core activities. It is from this challenge that we set the third hypothesis: **BPM and service delivery**

H3. BPM positively influences service delivery.

3. Methodology

Sample and data collection procedure

Ugandan ministries and Government departments contract almost 90 percent of their work to service providers (Procurement and Disposal of Public Assets, 2012) and because of this, we deemed fit to access whether the two parties get a fair result in the process that is aimed at benefiting the tax payer who are the final service users. Government ministries and departments have been considered best choices for this detailed study because they collect money from the public in form of taxes and are entrusted with the duty of utilizing such public fund to providing social infrastructure to benefit the tax payers. Since government does not provide the services physically, it was imperative to also involve service providers (contractors) to get a wider view on how the process is managed by both parties. Though these entities perform a bigger role in the management process more importantly BP outsourcing; it was important to examine their involvement concerning how a service provider is selected, monitored and facilitated. Hence, the nature of the questions that are part of this study requires a research design that is limited to at least three senior employees per ministry, government department and service provider, since the answer to most questions is not clear cut and therefore may depend on the perception of the officer sampled. In order to increase the internal validity of the research, questionnaires were sent to at least two people from the same ministry, department and service provider.

To access information, we required a respondent with extensive knowledge of the service buyers and providers relations in terms of contract management (the process, facilitation and overseeing the contractor). Moreover, the respondent needed to be able to perceptually evaluate the contribution of BPM with regard to the satisfaction of the public who use the service and the duration that service lasts.

The officers (at various levels such as the permanent secretary, accountant and procurement officer) appeared to be the respondent best suited for this study. By opting for this methodological approach, perfect information symmetry is ensured as such officers are perceived to be able to assess both the nature of the relationship and the gains of the services provided. Such symmetry of information could not be as easily achieved by collecting data from other stakeholders such as the public and other lower carders in government ministries otherwise for the evaluation to be made because little information exists regarding the contract facilitation, monitoring.

The selected respondents were reached using a structured questionnaire that was physically delivered to them in their offices on appointment. A survey was adopted as the most appropriate method of data collection and previous research supports the reliability and validity of the self-report measures (Brush and Vanderwerf, 1992; Lechner *et al.*, 2005). This approach consists of a selection of key information providers by virtue of their position, knowledge and information available (McEvily and Marcus, 2005).

4. Results and discussion

Data from 20 government ministries out of 20 representing response rate of 100 percent, ten government departments out of 20 representing response rate of 50 percent

and 13 service providers out of 25 representing 52 percent response rate were received. The larger number of the respondents were senior officers and had been in service for a period of more than ten years (64 percent) and their level of qualification was at least a masters degree and above. The mean score of the components of BPM (relationship management and process management) and service delivery were established as 4.3, 3.9 and 3.1 and the SD of 0.58, 0.70 and 0.76, respectively. Given that the standard deviations are small compared to mean values, it is true that the computed means highly represent the observed data. In effect, the calculated averages are a good replica of reality (Field, 2006; Saunders *et al.*, 2007).

Reliability test was carried out for the variables and all measured above 0.7. Principal component analysis for BPM was performed (Field, 2006) and yielded two factors namely relationship management with four components; effective management (40.8 percent), risk management (11.0 percent), level of innovation (10.4 percent) and providers expertise (8.8 percent), all accounting for 71 percent variance in relationship management and process management accounted for 77 percent which was explained by three components; IT management structures (43.9 percent), knowledge services (12.0 percent) and human resource services/practices (11.3 percent) and service delivery was explained by 66.6 percent.

Based on the findings presented in Table I, the statistical test revealed a significant and positive correlation between relationship management and service delivery ($r = 0.686^{**}$ and $p = 0.000$). In addition, *H1a-H1d*, the test revealed positive and significant relationship between effective management and service delivery ($r = 0.596^{**}$ and $p = 0.000$), risk management and service delivery ($r = 0.318^*$ and $p = 0.038$), level of innovation and service delivery ($r = 0.552^{**}$ and $p = 0.000$) and providers expertise and service delivery ($r = 0.573^{**}$ and $p = 0.000$). *H1* and *H1a-H1d* were therefore accepted. This proves that service providers apply key service provisions in their service delivery systems. This corresponds with Bharadwaj *et al.* who found out that relationship management value propositions are the key dimensions for BP success.

This result shows that service providers invest heavily in building strong relationships; to effectively manage their operation, guarding against risk by insuring high-risk equipments and life of human capital, invest heavily in innovative ventures like design development and certification training to technical employers. From our

BPO indicators		Correlation with export intensity	Comment
<i>H1</i>	Relationship management	0.686 (0.000)**	Supported
<i>H1a</i>	Effective management	0.596 (0.000)**	Supported
<i>H1b</i>	Risk management	0.318 (0.038)*	Supported
<i>H1c</i>	Level of innovation	0.552 (0.000)**	Supported
<i>H1d</i>	Providers expertise	0.573 (0.000)**	Supported
<i>H2</i>	Process management	0.605 (0.000)**	Supported
<i>H2a</i>	Information Management system	0.289 (0.060)	Not Supported
<i>H2b</i>	Knowledge service	0.629 (0.000)**	Supported
<i>H2c</i>	Human resource practice	0.483 (0.001)**	Supported
<i>H3</i>	Business process management	0.684 (0.000)**	Supported

Table I.
Testing the hypothesis
and correlations

Notes: Significance levels * $p < 0.05$ (95 percent); ** $p < 0.01$ (99 percent)

findings, service providers will need to charge an extra cost to cover up the key performance areas as statistically proved in order to realize a return which on the other hand service buyer must foot in order to get a quality service.

Regarding to the result of testing *H2*, it indicate a positive and significant correlation between process management and service delivery ($r=0.605^{**}$ and $p=0.000$). This result is in the same direction with what was originally hypothesized. This means that significant benefits to service providers and buyers can be gained from adopting a process management approach to service provision. The key attributes to this depends on the extent to which an entity manages the process. For example, entities with strong, experienced and skilled teams to inspect the work in progress and the completed work, receive quality work and the converse is true to service providers. Therefore, depending on the strength and capabilities of either party (Prajogo and McDermott, 2006; Reed *et al.*, 2000; Argyris and Schon, 1978) will affect service delivery and public satisfaction.

The results of testing *H2a* revealed a positive but non-significant correlation between information management system and service delivery ($r=0.289$ and $p=0.060$); thus the stated hypothesis is rejected. Even though public entities and service providers invest heavily in information management system, the results of this study do not support statistically significant relationship with service delivery. From this outcome, it seems that service buyers and providers will have to wait a little longer to realize the benefits from the investment in information management system. As per the prevailing technological advancement, this result was not expected, there is, however, the explanation; the need for physical equipments-like graders, caterpillars, and may be other machines say in hospitals but not sophisticated computer software's and internet. This intuitive explanation and result is not in line with what Prajogo and McDermott (2006) found; that people, technology and processes deliver services and that in the absence of robust and scalable technology, the service provider will fall short of delivery value to the client and hence BP outcomes will not be achieved.

The result of testing *H2b* and *H2c* indicate a significant and positive correlation between knowledge of service and service delivery ($r=0.629^{**}$ and $p=0.000$) and human resource practice and service delivery ($r=0.483^{**}$ and $p=0.001$). These results imply that knowledge required to render a service must be known by the employee if significant benefits are to flow to the employers. Knowledge is a resource for effective collaboration, interpretation of what is to be done and managing other resources, which leads to increase in service delivery. This result collaborates with prior studies done by Mahmoodzadeh *et al.* (2009) and Elzinga *et al.* (1995) who have shown that strategic KM approach can reduce risk, communication and coordination difficulties between business partners.

The results of testing *H3* indicate a significant and positive correlation between BPM and service delivery ($r=0.684^{**}$ and $p<0.000$). This result means that managing the processes through which services are provided is very important for service buyers and providers to benefit. Business management helps to deliver services efficiently and effectively and in the long run, the knowledge and techniques acquired from the hired service providers is retained and is useful in planning, monitoring, controlling, reporting to client needs and services. Our explanation for this is that Uganda's service providers have not developed the level of competence relatively to that of service providers hired and there is therefore high variance among the local and international service providers.

Explanatory power

Regression results in Tables II and III, shows that BPM contributes 44.8 percent of the variance in service delivery. BPM has distinct capabilities such as relationship and process management whose components to mention effective management, provider's expertise, knowledge of service and human resource practice contributes to service delivery four and a half times than that of other components. These findings corroborate with the results of other scholars such as Saxena and Bharadwaj (2009) who studied building winning relationships in BPO as a predictive indicator of service delivery in Indian National Association of Software and service companies (NASSCOM, 2009). Also these findings corroborate with those of Malik and Nilakant (2011) who studied the drivers of BP in SME's in India.

The results got, confirm with what previous studies have found when examining the relationship between BP and service delivery. However, this study provides some unique findings for instance risk management for physical assets and human capital, knowledge of service and providers expertise. These have created a big test for contracting companies on how to leverage the costs and benefits; the cost of insuring and the challenge of recruiting knowledgeable and experienced workers to provide quality service. What is to be insured, best human resource to be recruited and the associated costs? How does the contracting company leverage the costs and revenues to gain a return? The far-reaching effect is that all these are transferred to the service buyer by way of increasing the supply price or service quality compromise.

In light of the results of this study, service providers have to devote dedicated effort and time to recruit and train qualified technical local people and insure only what they consider highly risky during the process of delivering service. This will enable the establishment of local contracting companies using trained and experienced workers from the then international contracting companies (knowledge transfer). Local contracting companies will have to maintain few expertise workers and thereby leverage the costs against the revenues, reduce on the time lag of service provision quality comparably at a cheaper cost.

Model	R	R ²	Adjusted R ²	SE of the estimate	R ² change	Change statistics			Sig. F change
						F change	df1	df2	
1	0.689 ^a	0.474	0.448	11.94788	0.474	18.034	2	40	0.000

Notes: ^aPredictors: (constant), process management, relationship management

Table II.
Regression model summary

Model		Unstandardized coefficients		Standardized coefficients		t	Significance	Collinearity statistics	
		B	SE	β				Tolerance	VIF
1	(Constant)	-4.965	12.280			-0.404	0.688		
	Relationship management	0.679	0.237	0.596		2.866	0.007	0.304	3.292
	Process management	0.222	0.430	0.108		0.517	0.608	0.304	3.292

Note: Dependent variable: service delivery

Table III.
Regression coefficients

5. Summary and conclusion

This research has contributed to the field of management by focussing on BPM and knowledge transfer in the service provision sector. In service provision companies in the international setting (Uganda), the results provide evidence that certain BPM components showed a positive and statistically significant relationship with service delivery. Furthermore, the findings suggest that service delivery in terms of BPM is most influenced by relationship and process management which have distinctive capabilities such as risk management, providers' expertise, level of innovation, knowledge of service, human resource practice and effective management.

Process management complexity, policy design and implementation, process transition, design management and employee-employer know-how are key factors that affect the relationship between service providers and buyers in service delivery process. Knowledgeable workforce is in position to be innovative, introduce work designs that help in achieving satisfaction from the service buyer. International service providers will facilitate knowledge and skills transfer to locally employed workers that by the end of the tenure of the company, local workers will team up to provide a similar needed service. Therefore, service buyers should always encourage international service providers to do the best quality work, recruit locally qualified engineers with whom they will leave skills with.

The main limitation of this study is that due to the confidentiality of the required information, the data provided were based on accounting officers, procurement officers and accountants who self-reported on their own ministries/firms/departments. Therefore, measures were not based on raw data. A further limitation is that the study focussed on only one country, and one sector and one point in time. Third, a single research methodological approach of data collection was used (structured questionnaire). This limited respondents' scope of answering since their views were predetermined. Last a multiple regression for all the BPM components was done thus producing a single percent for all the studied components. In addition the result (44.8 percent) for BPM is relatively low an implication that there are other components that contribute to firm performance that needs a further study.

However, there are several opportunities for further research. We recommend that this study be replicated in Uganda and it covers other key stakeholders like the public who use the provided services, district and local councils. Such attempts would allow for more widespread generalizations to be made. Also, a longitudinal study based on interview to the targeted respondents in government ministries, department and service providers needs to be carried out. Third, an in depth hierarchical regression analysis for each of the component of BPM against service delivery is required to determine the predictive power R² of each component in service delivery.

References

- Argyris, C. and Schon, D.A. (1978), *Organizational Learning: A Theory of Action Perspective*, Addison-Wesley, Reading, MA.
- Aron, R., Clemons, E.K. and Reddi, S. (2005), "Just right outsourcing: understanding and managing risk", *Journal of Management Information Systems*, Vol. 22 No. 2, pp. 37-55.
- Auditor General Report (2012), "Service delivery audit for the financial year 2011/2012", available at: www.auditorgeneralreport.co.ug (accessed September 2012).

- Bandyopadhyay, S. and Pathak, P. (2007), "Knowledge sharing and cooperation in outsourcing projects – a game theoretic analysis", *Decision Support Systems Journal*, Vol. 43 No. 2, pp. 349-358.
- Barney, J.B. (1991), "Firm resources and sustained competitive advantage", *Journal of Management*, Vol. 17 No. 1, pp. 99-120.
- Barney, J.B. (1999), "How a firm's capabilities affect boundary decisions", *Sloan Management Review*, Vol. 40 No. 4, pp. 99-120.
- Bititci, U. and Muir, D. (1997), "Business process definition: a bottom-up approach", *International Journal of Operations & Production Management*, Vol. 17 No. 4, pp. 365-374.
- Brush, W. and Vanderwerf, P. (1992), "A comparison of methods and sources for obtaining estimates of new venture performance with Candida G. Brush", *Journal of Business Venturing*, Vol. 7 No. 2, pp. 157-170.
- Budhwar, P.S., Luthar, H.K. and Bhatnagar, J. (2006), "The dynamics of HRM systems in Indian BPO firms", *Journal Labour Research*, Vol. 27 No. 3, pp. 339-360.
- Busi, M. and McIvor, R. (2008), "Setting the outsourcing research agenda: the top-10 most Urgent outsourcing areas", *Strategic Outsourcing – An International Journal*, Vol. 1 No. 3, pp. 185-197.
- Cali, M., Ellis, K. and Velde, W.D. (2008), *The Contribution of Services to Development: the Role of Regulation and Trade Liberalization*, Overseas Development Institute, London, available at: [www.odi.org.uk/resources/details.asp?id1/42611&title1/4contribution-services-development role-regulation-trade-liberalization](http://www.odi.org.uk/resources/details.asp?id1/42611&title1/4contribution-services-development%20role-regulation-trade-liberalization) (accessed December 2008).
- Carlucci, D., Marr, B. and Schiuma, G. (2004), "The knowledge value chain: how intellectual capital impacts on business performance", *Intellectual Capital Journal*, Vol. 27 Nos 6/7, pp. 575-590.
- Chanvarasuth, P. (2005), "The impact of business process outsourcing in firm valuation: an empirical study", A thesis to the Graduate Faculty of Rensselaer, Aachen.
- Dibbern, J., Goles, T., Hirschheim, R. and Jayatilaka, B. (2004), "Information systems outsourcing: a survey and analysis of the literature", *Data Base*, Vol. 35 No. 4, pp. 6-102.
- Dyer, J. and Singh, H. (1998), "The relational view: cooperative strategy and sources of Inter-organizational competitive strategy", *Academy of Management Review*, Vol. 23 No. 4, pp. 66-79.
- Elzinga, D.J., Horak, T., Lee, C.-Y. and Bruner, C. (1995), "Business process management: survey and methodology", *IEEE Transactions on Engineering Management*, Vol. 42 No. 2, pp. 119-128.
- Field, A. (2006), *Discovering Statistics Using SPSS*, 2nd ed., Sage, London.
- Golfetto, F. and Gibbert, M. (2006), "Marketing competencies and the sources of customer value in business markets", *Industrial Marketing Management*, Vol. 35 No. 8, pp. 904-912.
- Gottfredson, M., Puryear, R. and Phillips, S. (2005), "Strategic sourcing: from periphery to core", *Harvard Business Review*, Vol. 83 No. 2, pp. 132-139.
- Gottschalk, P. (2005), *Strategic Knowledge Management Technology*, Idea Group Publishing, Hershey, PA, pp. 43-86.
- Gottschalk, P. and Solli-Sæther, H. (2005), "Critical success factors from IT outsourcing theories: an empirical study", *Industrial Management & Data Systems*, Vol. 105 No. 6, pp. 685-702.
- Grover, V., Cheon, M.J. and Teng, J.T.C. (1996), "The effect of service quality and partnership on the outsourcing of information systems functions", *Journal of Management Information System*, Vol. 12 No. 4, pp. 89-116.
- Harmon, P. (2003), *Business Process Change: A Manager's Guide to Improving, Redesigning and Automating Processes*, Springer Heidelberg Dordrecht, London, pp. 3-16.

-
- Jakki, J., Sengupta, S. and Slater, S.F. (2011), "Mapping the outsourcing landscape", *Journal of Business Strategy*, Vol. 32 No. 1, pp. 42-50.
- Kim, G.K. and Kim, S.-Y. (2008), "Exploratory study on effective control structure in global business process sourcing", *Information Resources Management Journal*, Vol. 21 No. 3, pp. 101-118.
- Leavy, B. (2004), "Outsourcing strategies: opportunities and risks", *Strategy & Leadership Journal*, Vol. 32 No. 6, pp. 20-25.
- Lee, J.N. and Kim, Y.G. (1999), "Effect of partnership quality on is outsourcing success: conceptual framework and empirical validation", *Journal of Management Information Systems*, Vol. 15 No. 4, pp. 29-61.
- Lechner, C., Kirschenhofer, F. and Dowling, M. (2005), "Long term performance of serial entrepreneurs in the film industry: achievement level, experience, ideas and networks", paper presented at the Strategic Management Society's, Orlando, FL, 25 October, pp. 23-26.
- Leiblein, M.J., Reuer, J.J. and Dalsace, F. (2002), "Do make or buy decisions matter? The influence of organizational governance on technological performance", *Strategic Management Journal*, Vol. 23 No. 9, pp. 817-833.
- Linder, J.C. (2004), "Transformational outsourcing", *Sloan Management Review*, Vol. 45 No. 2, pp. 52-58.
- Linder, J.C., Cole, M.I. and Jacobson, A.L. (2002), "Business transformation through outsourcing", *Strategy & Leadership Journal*, Vol. 30 No. 4, pp. 23-28.
- McEvily, B. and Marcus, A. (2005), "Embedded ties and the acquisition of competitive capabilities", *Strategic Management Journal*, Vol. 26 No. 11, pp. 1033-1055.
- Mahmoodzadeh, G., Jalalinia, S. and Yazdi, F.N. (2009), "A business process outsourcing framework based on business process management and knowledge management", *Business Process Management Journal*, Vol. 15 No. 6, pp. 845-864.
- Malik, A. and Nilakant, V. (2011), "What drives training in India's IT-enabled services and business process outsourcing industry?", paper presented at the 2008 Academy of Management Meeting, Anaheim, CA, August.
- Malone, T.W., Crowston, K. and Herman, G.A. (Eds) (2003), *Organizing Business Knowledge: The MIT Process Handbook*, MIT Press, Cambridge, MA.
- Mirani, R. (2006), "Client-vendor relationships in offshore applications development: an evolutionary framework", *Information Resources Management Journal*, Vol. 19 No. 4, pp. 72-86.
- Möller, K. (2006), "Role of competences in creating customer value: a value-creation logic approach", *Industrial Marketing Management*, Vol. 35 No. 8, pp. 913-924.
- NASSCOM (2009), *Strategic Review 2009: The IT-BPO Sector in India*, NASSCOM, New Delhi.
- Nkundabanyanga, S.K., Ahiauzu, A., Sejjaka, K.S. and Ntayi, J.M. (2013), "A model for effective board governance in Uganda's service sector firms", *Journal of Accounting in Emerging Economies*, Vol. 3 No. 2, pp. 125-144.
- Oshri, I., Kotlarsky, J., Rottman, J.W. and Willcocks, L.P. (2009), "Global sourcing: recent trends and issues", *Journal of Information Technology & People*, Vol. 22 No. 3, pp. 192-200.
- Percin, S. (2008), "Fuzzy Multi-criteria risk benefit analysis of business process outsourcing (BPO)", *Journal of Information Management and Computer Security*, Vol. 16 No. 3, pp. 213-234.
- Prajogo, D.I. and McDermott, C.M. (2006), "The relationship between total quality management and organizational culture", *International Journal of Operations & Production Management*, Vol. 25 No. 11, pp. 1101-1122.

- Procurement and Disposal of Public Assets (2012), "Procurement audit of Uganda's public entities for the financial year 2010/2011", available at: www.ppdareport.co.ug (accessed August 2012).
- Public Accounts Committee Report (2011), "Variations in service delivery from Commonwealth Heads of Government Meeting", available at: www.pac.co.ug (accessed March 2012).
- Ray, G., Barney, J.B. and Muhanna, W.A. (2004), "Capabilities, business processes, and competitive advantage: choosing the dependent variable in empirical tests of the resource-based view", *Strategic Management Journal*, Vol. 25, pp. 23-27.
- Reed, R., Lemak, D.J. and Mero, N.P. (2000), "Total quality management and sustainable competitive advantage", *Journal of Quality Management*, Vol. 5, pp. 5-26.
- Saunders, M., Lewis, P. and Thornhill, A. (2007), *Research Methods for Business Students*, FT Prentice Hall, London.
- Saxena, K.B.C. and Bharadwaj, S.S. (2009), "Managing business process through outsourcing: a strategic partnering perspective", *Business Process Management Journal*, Vol. 15 No. 5, pp. 687-715.
- Schumacher, H.J. (2005), "Let's Talk Europe", *Business World Manila*, The Uganda National ICT Policy Framework 2003, p. 1.
- Sharabati, A.A.A., Jawad, S.N. and Bontis, N. (2010), "Intellectual capital and business performance in the pharmaceutical sector of Jordan", *Management Decision*, Vol. 48 No. 1, pp. 105-131.
- Shi, Y. (2007), "Today's solution and tomorrow's problem: the business process outsourcing risk management puzzle", *California Management Review*, Vol. 49 No. 3, pp. 27-44.
- Tadelis, S. (2007), "The innovative organization: creating value through outsourcing", *California Management Review*, Vol. 50 No. 1, pp. 261-277.
- Valiris, G. and Glykas, M. (2004), "Business analysis metrics for business process redesign", *Business Process Management Journal*, Vol. 10 No. 4, pp. 445-480.
- Weeks, M.R. and Feeney, D. (2008), "Outsourcing: from cost management to innovation and business value", *California Management Review*, Vol. 50 No. 4, pp. 127-146.
- Wernerfelt, B. (1984), "A resource-based view of the firm", *Strategic Management Journal*, Vol. 5 No. 2, pp. 171-180.
- World Bank (2010), "Development report on service delivery in Uganda", available at: www.worldbank.co.ug (accessed January 2011).
- World Development Report (2012), *Knowledge for Development*, The World Bank, New York, NY.

Further reading

- Anderson, J. and Narus, J. (1990), "A model of distributor firm and manufacturer firm working partnerships", *Journal of Marketing*, Vol. 54 No. 1, pp. 42-58.
- Aron, R., Bandyopadhyay, S., Jayanti, S. and Pathak, P. (2007), "Monitoring process quality in off-shore outsourcing: a model and findings from multi-country survey", *Journal of Operations Management*, Vol. 26 No. 2, pp. 303-321.
- Bartell, S.M. (1998), "Information systems outsourcing: a literature review and agenda for future research", *International Journal of Organizational Theory and Behavior*, Vol. 1 No. 1, pp. 23-38.
- Deloitte (2008), "Why settle for less?", Deloitte Consulting 2008 Outsourcing Report, available at: www.Deloitte.Com/Assets/DcomAlbania/Local%20Assets/Documents/ceconsouts/Report/08%282%29.pdf (accessed March 30, 2009).

Ghodeswar, B. and Vaidyanathan, J. (2008), "Business process outsourcing: an approach to gain access to world-class capabilities", *Business Process Management Journal*, Vol. 14 No. 1, pp. 22-38.

Hoetker, G. (2005), "How much you know versus how well I know you: selecting a supplier for a technically innovative component", *Strategic Management Journal*, Vol. 26 No. 1, pp. 75-96.

Niranjan, T.T., Saxena, K.B.C. and Bharadwaj, S.S. (2007), "Process-oriented taxonomy of off BPOs: an exploratory study", *Business Process Management Journal*, Vol. 13 No. 4, pp. 588-606.

Corresponding author

Sulait Tumwine can be contacted at: stumwine@mubs.ac.ug