INFLUENCE OF OUTSOURCING THE HUMAN RESOURCE ACTIVITIES ON EMPLOYEE ENGAGEMENT AT RURAL ELECTRIFICATION AUTHORITY, KENYA

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Abstract
Rural Electrification Authority is one of parastatals in Kenya whose services have led to lightening of rural areas in Kenya. There is a glaring human resource problem at the corporation. One of the solutions to this is outsourcing certain human resource functions. The general objective of the study was to evaluate the influence of outsourcing human resource activities on employee engagement at Rural Electrification Authority. The independent variables included recruitment outsourcing and training outsourcing. The study was conducted across the five departments of Rural Electrification Authority at the head offices in Nairobi. The study was guided by Kolb's experiential learning theory, socio-technical systems theory and Andrew Brown engagement pyramid model. The study adopted a descriptive survey design using quantitative approaches. The study targeted 114 employees. The study used Nassiuma’s formula to calculate the sample which was found to be 54. This study used a structured questionnaire to collect data. The research instrument was first pilot tested to assess its validity and reliability. The Statistical Package for Social Sciences Version 23 software facilitated data processing and analysis. Both descriptive and inferential statistics were used in the analysis. The study revealed that outsourcing recruitment and training services had a negative influence on employee engagement.
engagement. When recruitment and training were outsourced together, their influence on employee engagement was found to be significant. The study recommended that Rural Electrification Authority should minimize the level of outsourcing of both recruitment services and training services as means of enhancing employee engagement in the corporation.

Keywords: Employee engagement, Human resource outsourcing, Recruitment services Outsourcing, Rural Electrification Authority, Training services outsourcing

INTRODUCTION
Outsourcing human resource activities is described as the purchase from external vendors of a value-creating activity that either was or could have been done within a firm (Gilley & Rasheed, 2000). In the same perspective, Lievens and De Corte (2008) argue that outsourcing HR functions refers to the practice of turning all or part of an organization to an external provider or providers. Adler (2003) further defines HR outsourcing as the contracting out of parts or the whole of the functions of HR to external providers, instead of performing all the HR functions in-house. According to Brown and Wilson (2005), outsourcing human resource activities is the practice of obtaining human resource services from external vendors or consultancy firms.

It is indicated that outsourcing human resource activities has over the last few years become a dominant force in many organizations. Many firms indeed outsource at least one human resource function (Smith, Vozikis & Varaksina, 2006). Some of the human resource functions often outsourced by organizations include recruitment, human resource information system (HRIS), training, benefit administration, compensation, relocation, and HR planning and development (Lily, Gray & Virick, 2005; Delmotte & Sels, 2008). Human resource (HR) outsourcing is one of strategic tools employed in highly competitive market. By outsourcing some of their HR functions, organizations are better positioned to focus better on their scarce resources. To cap it all, information technology (IT) and human resources are the two business functions that are most commonly and widely outsourced.

Increasing globalization has resulted in the need for organizations to outsource. Outsourcing of human resources give firms a competitive edge due to the fact that products and/or services are produced and/or provided more effectively and efficiently by outside suppliers (Yang, Seongcheol, Changi & Ja-Won, 2007). According to Yeboah (2013), outsourcing used to be popular among the firms found in the manufacturing sector. It is exemplified that such large firms in the manufacturing sector like Boeing, BMW, and General Motors outsource from smaller firms in Bulgaria. Yet, it is reported that outsourcing has transcended to other
sectors of the economy such as services and the government. In the service industry, some of the outsourced services include customer services, technical supports amongst others.

In Ghana, firms have embraced outsourcing more ardently because they reason that outsourcing is presently offering greater values than it previously did (Yeboah, 2013). The author gives of TV3 Ghana Limited as a case in point. The firm outsources its internet services from UCOM Ghana Limited. The objective of the former is to cut down on costs it would have otherwise incurred in the event that it created internet service and managed it in-house and still remain competitive. Quartey (2013) noted that there is outsourcing of human resource activities in Ghanaian telecommunication sector. The predominantly outsourced HR functions in the industry include recruitment, employee training, employee guidance and counseling management, and human resource information system (HRIS) activities such as payroll administration and social security.

There is contemporary evidence that outsourcing human resource activities is practiced in Kenyan banking sector (Barako & Gatere, 2008). Automated teller machine (ATM) services are the services are the most outsourced function while customer account processing is the least outsourced function in the banking sector in Kenya. It is reported that some of the functions that organizations in Kenya’s energy sector outsource include administrative support, finance and technical expertise (Mwichigi & Waiganjo, 2015). Outsourcing of services at REA, which is a parastatal in the energy sector, led to reduction in operational costs and at the same time improved efficiency in operations. In turn, this occasioned effectiveness in service delivery and effective allocation of resources.

State corporations primarily adopted contracting as a form of outsourcing. However, there are other activities that are outsourced by these entities. These include cleaning services, disposal of refuse, and training and development (Kiptum, 2014). A fundamental benefit of outsourcing in Kenya’s public sector, besides inculcation of competition in the sector, is the fact that private firms are less vulnerable to political interference (Jansen & Stonecash, 2004).

According to Braine and Rood (2011) employee engagement is a positive fulfilling work related state of mind characterized by vigor, dedication and absorption. As such it is argued that engaged employees have not only high levels of energy but are also enthusiastic about their work (Bakker & Demerouti, 2008). Cavanagh and Virdie (2007) on the other hand observed employee engagement as composed of intellectual engagement, affective engagement and social engagement and a sense of alignment with organizational goals and objectives. It is therefore needless to say that engaged employees are one of the most prized assets of an organization as they are likely to contribute to the well-being of the organization.
According to Kangure (2014) employee engagement is influenced by a number of factors. The author notes that such factors as work place policies, supervisor support, co-worker support, corporate culture are fundamental in enhancing employee engagement. As such it is argued that balancing work life is key to improving engagement of employees in an organization. Therefore it can be suggested that when employees feel engaged in an organization, they are likely to be satisfied and motivated which are antecedents to productivity and employee performance. As such overall organizational performance can be achieved as a result of employee engagement.

Rural Electrification Authority (REA) is one of the leading State corporations in Kenya’s energy sector. REA was established under Section 66 of the Energy Act, 2006. The creation of the Authority was in order to accelerate the pace of rural electrification in Kenya. The foregoing was hitherto a function of the Ministry of Education (Republic of Kenya, 2016). The mandate of the Authority is to accelerate the pace of rural electrification in order to promote sustainable socio-economic development. The mission of REA is to efficiently provide high quality and affordable electricity connectivity in all rural areas in Kenya and also to achieve high standards of customer service through advancing community participation to ensure long term sustainability and socio-economic development.

Statement of the Problem

Many organizations in Kenya in both private and public sector face dynamics in their operating environments. The public entities in the country are the most prone to these changes given their reactionary strategies and slow response to change. Rural Electrification Authority is one of parastatals in Kenya whose services are in an ever-increasing demand due to the fact that it is mandated with ensuring people in the rural areas access electricity. The increase in population and industrialization brought about by devolution has increased demand for power in rural areas. Against this backdrop, however, REA is the only Authority mandated to ensure electricity is reaches rural areas. Thus its mandate is quite overwhelming. The function of the human resource in this entity is indeed imperative since the functions play a leading role in realizing the firm’s mission and core objectives.

It is noted that the challenges brought about by the environmental dynamics has resulted in stiff competition particularly competition for resources like human capital at REA. It is further asserted that the challenges on human resource recruitment, training and development have affected the financial performance of the company. This is due to reduced revenues due to among others, increased costs of operations in recruitment, training and development costs.
The rationale of outsourcing human resources is to lower costs, enhance service delivery including quality of services, and indeed improve organizational performance. At the behest of this, outsourcing certain human resource functions is bound to enable a firm to leverage its expertise and focus more on its core activities. Therefore, it is justifiable to assert that the organization should outsource some of its functions in order to contribute in the realization of Kenya’s Vision 2030. Yet, studies hitherto conducted have failed to clearly outline the implication of outsourcing HR activities on employee engagement. It is in light of this that this study was carried out with the aim of examining the influence of outsourcing HR activities on employee engagement at Rural Electrification Authority.

**General Objective**

To evaluate the influence of outsourcing human resource activities on employee engagement at Rural Electrification Authority, Kenya.

**Specific Objectives**

i. To examine the influence of recruitment outsourcing on employee engagement at Rural Electrification Authority

ii. To examine the influence of training outsourcing on employee engagement at Rural Electrification Authority.

**Research Hypotheses**

**H₀₁:** Recruitment outsourcing does not significantly influence employee engagement at Rural Electrification Authority.

**H₀₂:** Training outsourcing does not significantly influence employee engagement at Rural Electrification Authority.

**THEORETICAL FRAMEWORK**

In this section, theories and models on outsourcing human resource activities and engagement are reviewed and discussed. Theories reviewed include Kolb’s experiential learning theory, socio-technical systems theory, and Andrew Brown engagement pyramid model.

**Kolb’s Experiential Learning Theory**

The experiential learning theory was developed by Kolb (1984). The theory states that learning or training has four stages which are cyclical. The stages include concrete experience, reflective observation, abstract conceptualization, and active experimentation. The Kolb’s theory is a
holistic perspective that combines experience, perception, cognition, and behaviour. The theory focuses on the learning process whereby knowledge is created through the transformation of experience.

According to Kolb (1984), a learner may start at any of the four aforementioned stages but must follow each other in the sequence. Concrete experience stage is also called the “Do” phase. In this stage a learner experiences a new activity, for instance, a computer practice or hands-on activity such as role play. Reflective observation or “Observe” stage involves a learner consciously reflecting back on what they have just experienced. More so, abstract conceptualization or “Think” stage indicates that a learner attempts to conceptualize how the things observed affect them. Lastly, active experimentation phase which is also called “Plan” stage shows that a learner tries to plan how to employ what they have learned.

According to the Kolb’s experiential learning theory, in training, it is important to provide hands opportunities to practice the new behaviour. In addition, the trainers ought to provide opportunities for employee to think and talk about what they are attempting to learn. In training, the learners who happen to be the staff, say of REA, are supposed to know what stands out for them about the learning activity, how such is supposed to be used in respective employees’ jobs, and how the training impacts their jobs. The theory emphasizes that it is important to encourage the employees being trained to be aware of what they should do or try to do regarding what they have learned upon return to their workplaces.

Socio-technical Systems Theory
The socio-technical systems theory was developed by Trist and Barnforth (1951). The theory states that there exist workplace factors that enhance performance. The theory describes work systems as being composed of social and technical subsystems and suggests that performance improvement can only follow from the joint optimization of both subsystems. The theory holds that there are minimal tasks, methods and task allocations, and control of problems and unforeseen events are as near as to their origins as possible.

According to Clegg (2000), socio-technical systems theory is more interested in group performance as opposed to individual performance. Yet, it is indicated that one can hold the assumption that work situations designed on the basis of this approach also have positive effects on individual performance. Kahn, Wolfe, Quinn, Snoek and Rosenthal assert that role conflict and role ambiguity are conceptualized as stressors that impede performance. For instance, there is a negative relationship between role ambiguity and performance in professional, technical and managerial jobs (Tubbs & Collins, 2000). In view of this, outsourcing human resource activities should be aimed at making the various roles played by REA’s
employees less ambiguous and also to have a clear organizational structure and design that reduces role conflicts amongst employees.

**Andrew Brown Engagement Pyramid Model**

A study by Brown (2005) developed the engagement pyramid model that addresses employee engagement in an organization. According to the author engagement is a progressive combination of such factors as satisfaction, motivation, commitment and advocacy. At the bottom of the pyramid is satisfaction which according to the author is the most passive measure of engagement. Similar study by Abbas, Murad, Azdani and Asghar (2014) noted that satisfaction gets employee just turn up for work. Another study by Lambert and Hogan (2009) argue that satisfaction is the base level of employee contentment since employees consider how happy they are with the remuneration, working environment and the ability to do the job. As such it is noted that employees have no edge to go an extra mile (Albrecht, 2012).

As argued by Woodruffe (2006) motivation, a second facet in the model ensures that employees work harder in the quest to ensure exemplary performance in their work. Therefore motivated employees feel excited about their work and desire to excel in it (Fearon, 2013) and as they progress up the pyramid they attain commitment (Rana, Ardichvili&Tkachenko, 2014).

Therefore the model suggests that an engaged worker is satisfied, motivated, committed and is an ambassador of the organization (Hentzman et al., 2006). The model can therefore be used to explain employee engagement at REA. The company therefore can assess motivators for its employees in a bid to reap the benefits brought about by motivated and committed employees. As such productivity and performance in the company can increase.

**EMPIRICAL REVIEW**

In this section, previous studies on outsourcing human resource activities and employee engagement are reviewed. The studies reviewed touch on recruitment outsourcing, training outsourcing, payroll outsourcing, and employee engagement respectively.

**Recruitment Outsourcing and Employee Engagement**

Recruitment process, outsourcing is aimed at enhancing organizational efficiency through saving managerial time and costs (Corbett, 2004). As such Jamil and Naeem (2013) assessed the impact of outsourcing external recruitment process on employee commitment and loyalty. The telecommunication sector of Pakistan was considered for the study. Questionnaire survey was used to collect data. The study findings indicated that outsourcing external recruitment agency had no impact on employee commitment and loyalty. It was therefore generally
concluded that outsourcing recruitment process had no impact on employee commitment and loyalty.

A study on the rationale and effectiveness of recruitment outsourcing was conducted (Heikonnen, 2012). The Finnish human resource professionals from different companies were considered for the study. The study used the survey method to capture the perceptions of business professionals in regard to recruitment outsourcing. Personal interviews and questionnaires were used to gather data. It was established that the companies surveyed used recruitment outsourcing. It was indicated that outsourcing the acquisition of part-time employees was the most beneficial approach to recruitment process outsourcing. However, it was noted that only certain stages of the overall recruitment process were necessary for outsourcing such as processing of application materials but interviews done by the organization based on the number of the sampled applicants.

A study by Biney (2008) analyzed the challenges and expectations facing human resource service providers in outsourcing recruitment and selection activities in Ghana. The study purposed to explore the expectations and challenges that human resource face in recruiting and selecting outsourcing activities in Ghanaian labour market. The study used a qualitative approach based on exploratory method in gathering data. Personal interviews were conducted to collect relevant data for the study. Findings indicated that most of the multinational outsourced their recruitment portfolio with the anticipation that the service providers would recruit high quality and highly qualified candidates in a timely manner in order to reduce employee turnover and access cheap technology and expertise.

It was however noted that outsourcing human resource activities including recruitment and selection was not well developed in the country. The challenges that recruiters faced were poor management of contract, poor management of relationships between the parties, lack of skilled workforce in the market and poor communication between the outsourcing parties.

In Nigeria, Ogunyomi and Ojikutu (2014) did a research on employee resourcing and performance in organizations. The objective of the study was to investigate if employee resourcing could be used to predict performance of small and medium enterprises in Lagos State. It was noted that there was mild association between employee resourcing and performance. Since recruitment, selection and retention are significant to performance of organizations, it was noted that it is imperative for employee resourcing functions to be outsourced to professional human resource management experts that have the right structure and networks to source for competent and qualified workforce. As such, it was noted that organization, managers would have adequate time and financial wherewithal to focus on the core activities of the enterprises.
A study by Kiptum (2014) analyzed the effects of outsourcing on organizational productivity. The focus was on parastatals in Kenya. The study employed a descriptive research design. The questionnaire survey method was used to gather data from the respondents. The findings revealed that contracting out was the most common method used in outsourcing in surveyed parastatals. The services most outsourced were security, cleaning and disposal. It was further noted that outsourcing these services resulted in reducing operational costs and improved resource management. The study recommended that parastatals should also adopt other forms of outsourcing other than contracting out.

**Training Outsourcing and Employee Engagement**

According to Beaman and Eastman (2004) the most human resource activities that are outsourced are recruitment, payroll and more so training and development. As such, Gilley, Greer and Rasheed (2004) looked into outsourcing human resource activities and organizational performance in manufacturing firms. The study analyzed the relationship between outsourcing of human resource activities that were training and payroll and firm performance. It was hypothesized that outsourcing-performance nexus is not uniform across all firms surveyed. A total of 94 manufacturing firms participated in the study. The results revealed that training outsourcing influenced firm performance. Further, training outsourcing led to high propensity to organizational innovation and enhanced stakeholder performance in addition to improving supplier-customer relations.

In another study, Cicek and Ozer (2011) analyzed the effect of outsourcing human resource on organizational performance. The author notes that human resource practices such as outsourcing training and payroll positively contribute to the expected organizational performance by means of organizational strategies and culture. Similarly the findings of Norman’s (2009) study indicated that training and payroll outsourcing influenced firm performance. Gainey and Klass (2003) while looking into outsourcing of training and development in the context of client satisfaction established that outsourced trainings have strategic importance to an organization.

It is noted that human resource practice of training outsourcing remains a challenging decision for organizations (Chaudhuri & Bartlett, 2014). The authors embarked into a study and sought to determine the relationship between training outsourcing and employee commitment to organization. The study considered information technology firms in India and United States where data was collected. The study findings indicated that there was a positive relationship between the measures of employee perception of quality, usefulness and supervisor support for outsourced training with organizational commitment.
A study by Jirawuttinunt (2015) examined the effect of human resource management outsourcing on performance of multinational firms in Thailand. The study sought to verify the nexus between recruitment activities, payroll management, human resource information system and more so training administration, and organizational performance. It was found that training administration positively and significantly influenced human resource cost efficiency but has no effect of effective human resource development and flexibility. More so, training administration adversely and significantly influenced organizational performance.

In Kenya, Kinyua (2000) conducted a survey on outsourcing of selected financial activities in publicly quoted companies in Kenya. The study particularly assessed the outsourcing of training services of the surveyed quoted companies. The study established that companies outsourced training services and the practice enabled the companies to cut down costs and create competitive advantage over their rivals.

The Concept of Employee Engagement

It is argued that engaged employees have high levels of energy and more so enthusiastic about their work (Bakker & Demerouti, 2008). Schaufeli and Bakker (2004) conducted a study on the nexus between job demands, job resources and, burnout and engagement. The study sought to test the hypothesis that engaged employees are more energetic and enthusiastic about work. Dutch employees from diverse occupations were considered. The results of the analysis revealed that indeed engaged employees have high levels of enthusiasm and energy about their work. It was further noted that burnout brought about by job demands and lack of resources adversely affected employee engagement.

A study by Saks (2006) empirically tested a model of the antecedents and consequences of job and organization engagements. The study was based on the social exchange theory. A survey of 102 employees from different occupations and organizations were put into perspective in Canada. It was discovered that perceived organizational support and job characteristics were good predictors of employee engagement. In other words, organizational support and job characteristics influenced employee engagement levels. It was also ascertained that engagement influenced job satisfaction, organizational commitment, attrition and organizational citizenship behavior.

Employee engagement in the public sector in Western Africa was examined (Sanneh & Taj, 2015). The study investigated different factors of employee engagement and how they influenced organizational performance. Gambia Ports Authority was considered therefore a case study approach was used. Senior managers, directors and junior level staff were targeted. It was established that employees who felt engaged and well connected with the organization
showed higher levels of work engagement and organization engagement which was argued to result to enhanced performance. It was further noted that among various factors influencing employee engagement, leadership offered the greatest influence on employee engagement.

A similar study by Agyemang and Ofei (2013) sought to determine the influence of employee work engagement on organizational commitment. The authors comparatively considered private and public sector organizations in Ghana. Cross-sectional survey was adopted. A total of 105 employees from three private and public organizations participated in the study. The findings revealed that employee engagement and employee commitment had a positive and significant relationship. In addition, it was noted that employees in the private organizations had higher levels of engagement and organizational commitment than their counterparts in the public organizations. It was concluded that employees need to be furnished with relevant resources and capacity since it has far reaching effect on employee engagement and organizational commitment.

A study on the relationship between job characteristics and employee engagement was conducted (Mugo, Wario&Odhiambo, 2014). On focus were state corporations in Kenya. The dimensions of job characteristics investigated were job clarity, job autonomy, job significance and job performance. The measure of employee engagement was Work Engagement. The study used exploratory research design. The study findings indicated that employee engagement was significantly and positively influenced by job clarity, job autonomy, job significance, work arrangement and job performance. Particularly, 95.2% of employee engagement in surveyed state corporations was as a result of job characteristics. It was concluded that the level of employee engagement in state corporations in Kenya was above average. The study recommended that the corporations ought to invest more in enriching jobs in a bid to enhance engagement.

In another study Kangure (2014) examined the relationship between work life balance and employee engagement in state corporations in Kenya. The study sought to establish the relationship between work place policies, supervisor support, co-worker support, corporate culture and employee engagement. Explanatory research design using both quantitative and qualitative approach was adopted. Employees working with state corporations were targeted. It was established that work place policy, supervisor support, co-worker support and corporate culture positively enhance employee engagement. It was further ascertained that supervisor did not have much impact on employee engagement unless with the support of co-workers, policies and culture. The study concluded that work life balance was a positive and significant predictor of employee engagement.
Conceptual Framework
As shown in Figure 1, it is hypothesized that the two independent variables which are various forms of HR outsourcing affect employee engagement at REA.

Figure 1: Conceptual Framework

Recruitment Outsourcing
- Screening candidates
- Selection procedure

Training Outsourcing
- Training needs
- Training design

Employee Engagement
- Communication
- Rewards and recognition

METHODOLOGY
Research Design
A research design is a roadmap of carrying out a research study (Kothari, 2008). The study should be aligned to the research problem and study objectives. The present study adopted a descriptive survey design. The design is appropriate for this study because it sought the opinions of the respondents regarding the study constructs. The study was conducted over a particular period of time as opposed to longitudinal studies that are conducted over a continuous period of time (Kothari, 2004).

Target Population
The target population comprises of subjects sharing similar characteristics. In this case the permanent and pensionable employees of Rural Electrification Authority head offices in Nairobi constituted the target population. From this population, is the accessible population which refers to the population to which the study was delimited and from which the sample was derived. The aforesaid employees totaled 114 and were distributed across the 5 departments, that is; HR and Admin, Procurement, Customer Service, Supply Chain, and Internal Audit of REA.
Sampling Frame

A sampling frame is an exhaustive list from which a sample is obtained (Kothari, 2004). Table 1 illustrates the sampling frame for this study.

<table>
<thead>
<tr>
<th>Departments</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR and Admin</td>
<td>26</td>
</tr>
<tr>
<td>Procurement</td>
<td>24</td>
</tr>
<tr>
<td>Customer Service</td>
<td>21</td>
</tr>
<tr>
<td>Supply Chain</td>
<td>29</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>114</strong></td>
</tr>
</tbody>
</table>

Sample Size

A sample according to Kothari (2004) is a subset of the study population. This implies that a good sample should be representative of the study population. The study employed a formula by Nassiuma (2008) to calculate the sample size as follows.

\[
n = \frac{NC^2}{C^2 + (N-1)e^2}
\]

Where \( n \), \( N \), \( C \), and \( e \) represent sample size, population size, coefficient of variation (0.5) and degree of error (0.05) respectively. This implies that;

\[
n = \frac{114(0.5)^2}{0.5^2 + (114-1)0.05^2}
\]

\[
n = 53.5
\]

\[
n = 54
\]

The size of the sample was therefore 54 and it was allocated proportionately among the strata. Table 2 shows sample distribution.

<table>
<thead>
<tr>
<th>Departments</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR and Admin</td>
<td>26</td>
<td>12</td>
</tr>
<tr>
<td>Procurement</td>
<td>24</td>
<td>11</td>
</tr>
<tr>
<td>Customer Service</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>Supply Chain</td>
<td>29</td>
<td>14</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>114</strong></td>
<td><strong>54</strong></td>
</tr>
</tbody>
</table>
Sampling Techniques

Sampling technique refers to the procedure that is followed to draw the sampled respondents from the study population. Given that the study focused on 5 departments of Rural Electrification Authority at the head office, that is, HR and Admin, Procurement, Customer Service, Supply Chain, and Internal Audit, then stratified random sampling method was adopted. The sample of 54 respondents was proportionately distributed across the departments. This implied that sampling was done according to departments. Stratified random sampling method ensured that all departments were equitably represented in the study (Kothari, 2008).

Data Collection Instrument

This study used a structured questionnaire to collect data from the sampled respondents. It is noted that questionnaires are the most ideal data collection tools in survey studies due to their ease of administration and data collected using them are easy to interpret (Mugenda&Mugenda, 2009). The questionnaire contained questions that addressed background information of respondents and, more importantly, the study objectives. The part of the objectives was structured to have close-ended questions on a 5-point Likert scale.

Pilot Testing

A pilot study is a minor study that is carried out prior to the main study with the aim of identifying probable weaknesses in the research instrument. The pilot study was conducted at REA, Nakuru County. Randomly selected employees were selected to participate in the pilot study. The data collected during this study was analyzed to determine the validity and reliability of the research instrument (questionnaire).

Validity of the Instrument

Validity test seeks to determine the extent to which the research instrument measures what it purports to measure (Kimberlin & Winterstein, 2008). This study examined the content validity of the research instrument. This was determined through consultation with the assigned university supervisor who was presumed to be an expert in the field of research. The supervisor went through the content and structure of the questionnaire and his opinion was considered valid.

Reliability of the Instrument

Reliability is a measure of consistency of the research instrument. Given that external consistency was beyond the control of the researcher, internal consistency of the research instrument was thus be assessed. The Cronbach alpha coefficient was used to test the
instrument's reliability. According to Kimberlin and Winterstein (2008) this is the most widely and recommended test for instrument's reliability. Only those constructs (variables) that returned alpha coefficients at least equal to 0.7 (α ≥ 0.7) were considered reliable. Table 3 shows the results of reliability test.

Table 3: Reliability Test Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Test Items</th>
<th>Alpha Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment Outsourcing</td>
<td>5</td>
<td>0.77</td>
</tr>
<tr>
<td>Training Outsourcing</td>
<td>6</td>
<td>0.79</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>6</td>
<td>0.81</td>
</tr>
</tbody>
</table>

As indicated in Table 3, all the four study variables returned alpha values greater than the reliability threshold of 0.7. Therefore, the research instrument was considered reliable for use in data collection for the main study.

Data Collection Procedures

The researcher obtained a formal letter of introduction from the University and consent to collect data from the employees working with Rural Electrification Authority, Nairobi. The questionnaires were self-administered and were issued to the respondents through respective heads of departments. The sampled employees were allowed a maximum of three days to fill in the questionnaires after which the filled instruments were collected.

Data Analysis and Presentation

Before embarking on data analysis, the researcher carried out data cleaning. The researcher then coded the questionnaires before keying them in the Statistical Package for Social Sciences (SPSS) Version 23. Both descriptive and inferential statistics were used in the analysis. The research hypotheses were tested at 95% confidence level. The following regression function guided the study:  \[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \]

Where:

- \( Y \) = Employee Engagement
- \( X_1 \) = Recruitment Outsourcing
- \( X_2 \) = Training Outsourcing
- \( \varepsilon \) = Error Term
- \( \beta_0, \beta_1, \beta_2 \) = Regression Coefficients
EMPIRICAL FINDINGS AND DISCUSSIONS

The data collected was subjected to both descriptive and inferential analyses. In respect to the study objectives, the findings are presented in tandem with a 5-point Likert scale where 1, 2, 3, 4 and 5 represent strongly disagree, disagree, neutral, agree, and strongly agree respectively. All findings are presented in tables.

Response Rate
According to Nulty (2008) 50% response rate is regarded as acceptable in social research survey studies. In the present study, a total of 54 questionnaires were issued to the sampled respondents. A total of 41 were filled and duly collected from the respondents. This represented 75.93% response rate. As earlier indicated (Nulty, 2008), this response rate was acceptable.

Descriptive Findings
The descriptive findings in relation to recruitment outsourcing, training outsourcing and employee engagement are outlined in this section. The findings are presented in form of measures of central tendencies and variation, that is, means and standard deviations respectively.

Descriptive Statistics for Recruitment Outsourcing
The study examined the views of REA employees relative to outsourcing of recruitment services (Table 4).

<table>
<thead>
<tr>
<th>Description</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>REA outsources the services of outsourced firms to conduct job analysis</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>4.02</td>
<td>1.151</td>
</tr>
<tr>
<td>Our organization outsources advertisement process for job vacancies from outsourced firms</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.49</td>
<td>1.165</td>
</tr>
<tr>
<td>Our institution involves outsourced firms in screening candidates for various vacancies</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.17</td>
<td>1.116</td>
</tr>
<tr>
<td>Our organization involves outsourced firms in conducting interviews for new recruits</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>2.95</td>
<td>1.431</td>
</tr>
<tr>
<td>After the advertisement of vacancies and recruitment, our organization outsource selection procedure</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.07</td>
<td>1.081</td>
</tr>
</tbody>
</table>
The findings revealed that respondents admitted (mean = 4.02; std dev = 1.151) that REA outsourced the services of other firms to conduct job analysis. Respondents were, however, unsure (mean ≈ 3.00; std dev > 1.000) whether the REA outsourced advertisement services for job vacancies from outsourced firms and whether the corporation involved outsourced firms in screening candidates for various vacancies. In addition, respondents were unsure (mean ≈ 3.00; std dev > 1.000) regarding the involvement of outsourced firms in conducting interviews and selection procedure on behalf of REA.

**Descriptive Statistics for Training Outsourcing**

The study sought the opinions of the respondents concerning outsourcing of training services by REA. The results of the analysis are illustrated in Table 5.

<table>
<thead>
<tr>
<th>Description</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our organization consults the employees in identifying training needs</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>4.15</td>
<td>1.085</td>
</tr>
<tr>
<td>Outsourced firms and the management of our organization identify the training objectives</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.37</td>
<td>1.240</td>
</tr>
<tr>
<td>Outsourced firms develop training content basing on the training needs identified by employees</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.49</td>
<td>1.143</td>
</tr>
<tr>
<td>One of the reason our organization outsources training is because of the need of technical expertise within our organization</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.41</td>
<td>1.466</td>
</tr>
<tr>
<td>The outsourced firms which handle employee training in our organization often outsource training materials</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.34</td>
<td>1.063</td>
</tr>
<tr>
<td>Outsourced firms organize for venues where employees are trained</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.24</td>
<td>1.241</td>
</tr>
</tbody>
</table>

It was ascertained that respondents agreed (mean = 4.15; std dev = 1.085) that the organization consulted the employees in identifying training needs. Nevertheless, respondents were indifferent (mean ≈ 3.00; std dev > 1.000) that outsourced firms and the management of REA identified the training objectives and that outsourced firms developed training content basing on the training needs identified by employees. It was also unclear (mean = 3.00; std dev = 1.466) whether the reason for outsourcing training services was founded on the need of technical expertise within the organization. In addition, respondents were non-committal (mean ≈ 3.00; std dev > 1.000) that the outsourced firms that handle employee training in the corporation often
outsourced training materials and that outsourced firms organized for venues for training employees.

**Descriptive Statistics for Employee Engagement**
Lastly, the study analyzed the respondents’ opinions regarding employee engagement in Rural Electrification Authority. The findings are shown in Table 6.

<table>
<thead>
<tr>
<th>Description</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our institution involves employees in decision making because communication is effective</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.49</td>
<td>1.267</td>
</tr>
<tr>
<td>The leadership in our organization resonates positively with all employees</td>
<td>41</td>
<td>1</td>
<td>4</td>
<td>2.90</td>
<td>1.136</td>
</tr>
<tr>
<td>There is a distinct culture that every employee adapts in organization</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.54</td>
<td>1.027</td>
</tr>
<tr>
<td>Our organization recognizes employees and rewards them for their efforts</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.63</td>
<td>1.135</td>
</tr>
<tr>
<td>In our organization, we work as a team towards achieving a common goal</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.41</td>
<td>1.396</td>
</tr>
<tr>
<td>Every employee in my organization is required to be accountable for the roles he or she is entitled to perform</td>
<td>41</td>
<td>1</td>
<td>5</td>
<td>3.59</td>
<td>1.117</td>
</tr>
</tbody>
</table>

It was revealed that respondents concurred (mean ≈ 4.00; std dev > 1.000) that there was a distinct culture that every employee adapted in the organization. More so, it was admitted (mean = 3.63; std dev = 1.135) that the organization recognized employees and rewarded them for their efforts. It was further agreed (mean = 3.59; std dev = 1.117) that every employee in the organization was required to be accountable for the roles that they were entitled. Respondents in addition were indifferent (mean = 2.90; std dev = 1.136) of the view that leadership in the organization resonated positively with all employees. Further, the views that REA involved employees in decision making as a result of effective communication and that employees worked as a team towards achieving a common goal was inconclusive (mean 3.00; std dev > 1.000).

**Inferential Findings**
In this part, the findings in respect to the established relationship between the independent variables and dependent variable are outlined. These are the findings in regard to the relationship between recruitment outsourcing, training outsourcing, and employee engagement
at Rural Electrification Authority. In addition, the study examined the influence of human resource outsourcing on employee engagement at the aforesaid corporation.

**Relationship between Recruitment Outsourcing and Employee Engagement**

The study sought to determine the relationship between recruitment outsourcing and employee engagement. Table 7 indicates the correlation between recruitment outsourcing and employee engagement.

Table 7: Relationship between Recruitment Outsourcing and Employee Engagement

<table>
<thead>
<tr>
<th>Recruitment Outsourcing</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-.517**</td>
<td>.001</td>
<td>41</td>
</tr>
</tbody>
</table>

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

The study found that there existed a positive, moderately strong and statistically significant relationship between recruitment outsourcing and employee engagement ($r = -0.517; p < 0.05$). Recruitment outsourcing negatively influenced employee engagement. The more recruitment services were outsourced the less the likelihood of improving employee engagement and the reverse was true. This implied that though the outsourced firms were able to bring on board motivated and dedicated employees able to blend and fit well in the dynamics of the corporation in terms of culture, organizational setting and systems, the employees felt disenfranchised by the entire process.

**Relationship between Training Outsourcing and Employee Engagement**

The study determined the relationship between training outsourcing and employee engagement. Table 8 shows the Pearson correlation results.

Table 8: Relationship between Training Outsourcing and Employee Engagement

<table>
<thead>
<tr>
<th>Training Outsourcing</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-.623**</td>
<td>.000</td>
<td>41</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
The results indicated that the relationship between training outsourcing and employee engagement was negative, moderately strong and statistically significant ($r = -0.623; p < 0.05$). This indicated that training outsourcing though overall important it reduced employee engagement. The more training services were outsourced the less the likelihood that employee engagement could be enhanced. It can, therefore, be argued that employees trained by outsourced firms less enthusiastic about their firms (employer).

**Influence of Outsourcing Human Resource Activities on Employee Engagement**

In addition, the study determined the overall effect of outsourcing human resource activities investigated in the study on employee engagement at REA. Further, the study established the extent to which outsourcing the three HR functions (recruitment and training) influenced employee engagement. The pertinent results are illustrated in Tables 9, 10 and 11.

### Table 9: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.701a</td>
<td>.492</td>
<td>.451</td>
<td>.66754</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Recruitment Outsourcing, Training Outsourcing

The study ascertained that 49.2% of employee engagement at REA could be explained by recruitment outsourcing and training outsourcing ($r^2 = 0.451$). This implied that, 50.9% of employee engagement was as a result of other factors not investigated by the present study. It was also established that the relationship between outsourcing human resource activities (recruitment outsourcing and training outsourcing) and employee engagement was positive and strong ($R = .701$). The aforementioned relationship was statistically significant as shown in Table 10 ($F = 11.938; p < 0.05$).

### Table 10: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>15.959</td>
<td>3</td>
<td>5.320</td>
<td>11.938</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>16.488</td>
<td>37</td>
<td>.446</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>32.447</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Recruitment Outsourcing, Training Outsourcing

b. Dependent Variable: Employee Engagement
Moreover, the study examined the influence of each of the HR functions outsourced by REA on employee engagement. Further their combined influence was also determined. The pertinent results are captured in Table 11.

Table 11: Coefficients\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>1.018</td>
<td>.457</td>
<td>2.225</td>
<td>.032</td>
</tr>
<tr>
<td>Recruitment Outsourcing</td>
<td>-.101</td>
<td>.189</td>
<td>-.105</td>
<td>-.533</td>
</tr>
<tr>
<td>Training Outsourcing</td>
<td>-.360</td>
<td>.215</td>
<td>-.334</td>
<td>-1.673</td>
</tr>
</tbody>
</table>

\(^a\) Dependent Variable: Employee Outsourcing

The interpretation of the results shown in Table 11 follows the following multiple regression model.

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon \]

Where:

\[ Y \quad = \quad \text{Employee Engagement} \]

\[ X_1 \quad = \quad \text{Recruitment Outsourcing} \]

\[ X_2 \quad = \quad \text{Training Outsourcing} \]

\[ \varepsilon \quad = \quad \text{Error Term} \]

\[ \beta_0, \beta_1, \beta_2 \quad = \quad \text{Regression Coefficients} \]

Therefore,

\[ Y = 1.081 - 0.101X_1 - 0.360X_2 \]

The findings as shown in Table 11 indicated that recruitment outsourcing and training outsourcing had varied effect on employee engagement. As indicated by the beta coefficients, for every unit increase in employee engagement there should be 0.01 unit decrease in recruitment outsourcing and 0.360 unit decrease in training outsourcing while holding 1.081 constant. It is noted that the influence of recruitment outsourcing on employee engagement (\( t = -0.533; p > 0.05 \)), and training outsourcing on employee engagement (\( t = -1.673; p > 0.05 \)) was not statistically significant. In tandem with the foregoing results the first and second null hypotheses failed to be rejected. It was further observed that outsourcing the two human resource activities had a general significant implication on employee engagement (\( t = 2.225; p < 0.05 \)) at the Rural Electrification Authority.
SUMMARY

In respect to recruitment outsourcing, it was established that REA outsourced the services of outsourced firms to conduct job analysis. It was not clear whether the organization outsourced advertisement process for job vacancies from outsourced firms and whether the organization involved outsourced firms in screening candidates for various vacancies. Moreover, the study noted that respondents were indifferent of the view that the organization involved outsourced firms in conducting interviews and selection procedure. The study further found that there existed a negative and statistically significant relationship between recruitment outsourcing and employee engagement \( (r = -0.517; p < 0.05) \). However, the influence of recruitment outsourcing on employee engagement was found to be negative.

The study noted that Rural Electrification Authority consulted the employees in identifying training needs. However, respondents were indecisive of the views that outsourced firms and the management of the organization identified the training objectives and that outsourced firms developed training content basing on the training needs identified by employees. It was also unclear that the reason for outsourcing training was because of the need of technical expertise within the organization. Furthermore, respondents were non-committal on the assertions that the outsourced firms that handle employee training in the organization often outsourced training materials and that outsourced firms organized for venues for training employees. The relationship between training outsourcing and employee engagement was negative and statistically significant \( (r = -0.623; p < 0.05) \).

CONCLUSIONS

It was concluded that REA outsourced services of other firms to conduct job analysis. It was not clear whether the organization outsourced advertisement process, screening exercise and conducting interviews and selection. The study inferred that recruitment outsourcing reduced employee engagement at REA. It is therefore imperative for REA to be cautious when outsourcing recruitment services from other firms whenever vacancies arise.

It was concluded that the REA consulted its employees in identifying training needs. It was, however, unclear whether outsourced firms and the management of the corporation identified training objectives, outsourced firms developed training content based on the training needs identified by employees, and if the reason for outsourcing training was because of the need of technical expertise within the organization. Nevertheless, training outsourcing was inferred to be a critical factor that decreased employee engagement.
RECOMMENDATIONS

The study recommended that REA should be cautious when dealing with the issue of recruitment outsourcing in order to further improve employee engagement. Particularly, the organization should outsource such services that the organization has no capacity to provide or wants to save on costs. Such may be advertisement. The screening process and more so conducting interviews and selection procedures should be carried out by the organization in order to create contact with candidates hence enhance employee engagement. Training is fundamental for acquiring necessary skills and also making vital and informed decisions in an organization. Inadequate training is likely to result to honest mistakes which can be costly to the organization. It is, therefore, recommended that REA ought to conduct training in-house in order to address the employee training needs as articulated. The firm may outsource the service if it has no capacity to do so but should prioritize contracting of top-notch outsourcing firms that understand the training needs and have the necessary expertise in order to ensure than employees acquire necessary and adequate skills and knowledge to perform certain tasks within the organization.

LIMITATIONS OF THE STUDY

The study faced a number of challenges which touched on the study scope, research instrument and respondents’ attitude. The study had to be carried out at the head offices of the Rural Electrification Authority in Nairobi since most of outsourced services were sanctioned by the top management of the Authority. The foregoing implied that the researcher had to factor in increased cost of accessing respondents. This limitation was addressed by minimizing the number of times the researcher travelled to the head offices. The questionnaire was fully structured which implied that it failed to give room to respondents to give their open opinions regarding various constructs being studied. In respect of this, it was ensured that the instrument was as objective as possible in collecting data that could address study variables. More so, some of the sampled respondents were quite skeptical to participate in the study. They were, however, assured that the study was exclusively academic and that their identity was to remain anonymous during and after the study.

SUGGESTIONS FOR FURTHER RESEARCH

The study suggests various areas that should be investigated in relation to outsourcing of human resource activities and employee engagement in the private sector in Kenya. It is suggested that a comparative study on outsourcing human resource activities and its influence on organizational performance should be carried out across both public and private sectors.
addition, a study on the role of outsourcing in enhancing employee retention and job satisfaction should also be carried out. Lastly, study should be carried out on the readiness of organizations for outsourcing human resource activities and its influence on organization performance.

REFERENCES


