UNIVERSITY OF KWAZULU-NATAL

BUILDING DYNAMIC CAPABILITY THROUGH INSOURCING: A CASE OF THE UNIVERSITY OF KWAZULU-NATAL (UKZN).

By

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A dissertation submitted in fulfilment of the requirements for the degree of

Master of Commerce

School of Management, IT and Governance

College of Law and Management Studies

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November 2017

DECLARATION

I, Zinhle **Zandile Mseleku,** declare that

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ABSTRACT

Dynamic capabilities are distinctive unique processes and activities that enable an organisation to produce an outcome. These practices are unique to each company/organisation and rooted in its history. These capabilities are captured not just in routines but in business models that go back decades and that are difficult to imitate. The study aims to examine the possible benefits to insourcing major activities and functions at the University of KwaZulu-Natal (UKZN). The main objective in this study is to analysis how dynamic capacity can be built through insourcing university activities and functions to improve overall performance, achieve operational excellence and improve service level. The study further analysis how internal integration and reconfiguration of in house function would develop a lean process and improve service level at UKZN.

In South African universities, there has been consistence trends of protest insourcing and outsourcing of certain functions and activities. In UKZN, no study has been done on evaluating how performing activities and functions in-house strategy can achieve dynamic capability, operational excellence and improved service level.

In ensuring that the goals of this study are achieved the qualitative research approach has been used which has been implemented using the exploratory research designs. Various data collection tools and methods have been used including conducting in-depth interviews, documentary and report analysis which have provided important data used for the study. In analysing the data collected the thematic analysis technique was employed which categorised the data into different themes, categories and codes. Information for qualitative research is being gathered from operational managers of every school (19 schools), supporting services (16 managers) and facilities (5 facilities) at all the four campuses at UKZN. The total number of sample size for interview ranges to 17 respondents.

The main finding highlighted the long-term success of the insourcing in UKZN can be achieved by looking at the following recommendations which is; continuous investment on training and development; transparency, benchmarking and the use of data; process improvement simplification and standardisation and analysing procurement as a strategic asset.

To achieve the key objective of the study this requires the institution to investigate and implement efficient initiatives that should be embedded within wider institutional strategies for ensuring the effectiveness and quality of higher education.

Keywords: Insourcing, Outsourcing, Dynamic Capability, Operational excellence, Service level and Lean process.

ACKNOWLEDGEMENTS

I would like to thank several people that supported me and provided contribution during my masters' study programme.

My sincerest thanks to:

- My late father Mr RT Mseleku who is my number one motivation. He always encouraged me to seek as much knowledge and be the best.

- My mother Mrs ND Mseleku who helped me throughout this process and supported me till the last day.

- My fiancé Dr BMW Zulu who motivated me and has been my pillar of strength throughout my study.

- My sisters Zanele Mseleku and Makhosazane Mseleku for their encouragements and support.

- My supervisor Dr T P Mbhele for interesting and helpful discussions on the topic and for supervising for this dissertation.

- Special thanks goes to the University of KwaZulu-Natal for the opportunity to conduct this study and those who volunteered their time to be part of this study.

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CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 Introduction

University of KwaZulu-Natal (UKZN) management still faces challenges in improving capability and overall performance in the university. This is because universities in South Africa and the rest of Africa still need to improve the quality of service delivery that will enhance overall performance (McGregor, 2014:317). Therefore, improving the quality of service can be achieved if executive management in UKZN can find a solid solution to the current insourcing/outsourcing challenge.

The study aims to examine the possible benefits to South African universities when changing from previously outsourcing functions to performing functions in-house. The study suggests that to achieve overall performance, improve capability, improve service level, achieve operational excellence and focus on the key objective of improving teaching and learning requires an understanding of how insourcing activities and functions at the university could improve dynamic capability.

In insourcing, the responsibilities and tasks are performed in-house within the company while outsourcing means moving the tasks and responsibilities over to another vendor (Kennedy, Chad and George, 2012:332). According to Kennedy et al. (2012:332), moving a particular task outside an organisation's boundaries can result in a number of challenges.

The following sections introduce the background of study, insourcing, dynamic capability and the theory that supports the study.

1.2 Background of the study

Outsourcing generally continues to be a key part of many companies supply and cost management strategy. The strategy has proven to be effective but brings with it significant risks that must be recognised (Quinn, 2010:30). In outsourcing, a company is relying on an external provider to run certain business functions. If not properly managed, organisations may negatively affect their operations and customers.

Insourcing involve several interrelated activities, and therefore the success of these operations depends on the adoption of practices that are aimed at positively influencing the different activities and functions at UKZN. The growing interest in this field has been motivated by the increasing number of protests outsourcing. The main objective has been to ensure explore possible approaches and solutions for insourcing activities and functions at some South African universities.

In university term, outsourcing is the process of contracting workers through private companies, instead of employing those workers directly. In South African universities, this has led to numerous of protest. According to the Wits workers solidarity committee's 2011 report to the university senate (Barry, 2015:233), the process of outsourcing led to the retrenchment of 613 workers, less than half of whom were reemployed by the private companies that took over. The finding was that worker's conditions and pay suffered significantly, wages of cleaners fell from R2 227 to about R1 200, workers lost benefits including medical aid, pensions and free education at the institution for their children. In addition, outsourcing has also made it much more difficult for workers to find representation and organisation in trade unions.

This has led to an intensive study at UKZN to analyse key benefit of insourcing major activities and functions inorder to combat the current challenge facing South African university. Tatham and Pettit (2010:609) observe that the success of insourcing depends on a critical analyse of adoption of effective supply chain management practices that usually impact on supply chain related activities such as procurement, operations, operational excellence and service level. This research study therefore acknowledges that there are benefits of outsourcing at UKZN but rather focuses on highlighting the under researched topic of the benefits of insourcing.

1.3 Insourcing

Chapman (1998:183) define insourcing as the return of previously outsourced function back to the company. Andrad (2000:45:560) further explains the practice of insourcing as using an organisation's own personnel or resources to accomplish tasks. Insourcing today is a strategic investment in developing the core competence and innovative capacity needed. It also increases the ability to keep organisations ideas secret until the production stage, thus allowing for full commercialisation (Kennedy, 2012:327).

In insourcing, the responsibilities and tasks are carried out in-house within the company while outsourcing means moving the tasks and responsibilities over to another vendor (Kennedy, 2012:332). According to Kennedy et al. (2012:332) outsourcing is moving a particular task outside an organisation's boundaries, the processes are therefore not performed in-house but by an outside contractor.

There are major benefits associated with insourcing for both private and public sectors in South Africa. Dobb (1998:998) found that revenue increased through insourcing in public sectors, and that there are greater opportunities for collaboration, greater employee buy-in and enhanced reputation to consider. Dobb (1998:89) and Canez (2000:183) indicate that sound knowledge of core competencies, capabilities and cost are paramount to the decision to insource. Dobb (1998:89) further states that where core competencies were used in the provision of a service the service succeeded.

Heaton (2004:94) highlighted the major benefits achieved by universities through insourcing are;

Control: The first and the most obvious benefit to insourcing is the control over the activities. Outsourcing by its nature leaves the university at the mercy of their suppliers. While there are steps a university can take to ensure some accountability from its supplier base, they can be never being as effective as retaining these functions internally (Heaton, 2004:94:453).

Cost advantages: Suppliers are in business to make profit. While the specialisation theoretically allows them to give service at less cost, they are also adding a profit margin to improve their bottom line. Insourcing allows much greater control of costs that could have been excessive when service is outsourced (Heaton, 2004:95).

1.4 Dynamic capability

A capability is a set of learned processes and activities that enable a company to produce an outcome. Capabilities are like best practices, they typically start in one or two companies and spread to the entire industry (Pisano, 2010:155).

Dynamic capabilities, unlike ordinary capabilities are distinctive and unique to each company and rooted in the company's history. These capabilities are captured not just in routines but in business models that go back decades and that are difficult to imitate (Pisano, 2010:155).

Dynamic capability determination according to its meaning originated from Sumerian competition that was based on innovations, in this context competitive advantage is gained by creatively destroying present resources and reconfiguration to new opportunities (Abernathy and Clark 1986:3). Many scholars today see dynamic capabilities as a process related to organisations ability to reconfigure the basis of its resources, in order to respond to more efficiently through changes in a field of its activity. The concept of dynamic capabilities emphasizes the role of strategic management in building, integrating, and reconfiguring those assets to match the requirements of the changing environment (Teece, 1997:110).
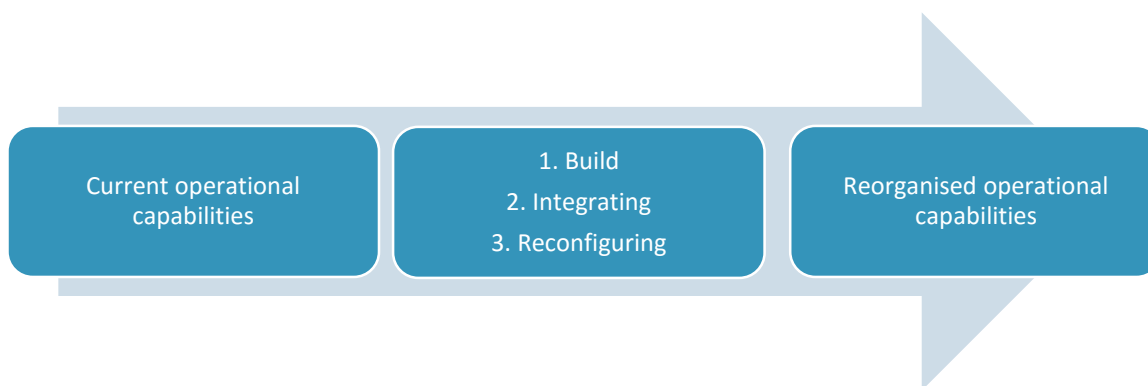
Figure.1.1: Concept of Dynamic Capabilities (Teece, Pisano and Shuen, 1997)

1.5 Theory underpinning the study

The theory that supports the study is the dynamic capability theory which originated from the resource view-based theory (Clark 1986:3). The theory examines the capacity of an organisation to purposefully create, extend, or modify its resource base to respond rapidly to a changing environment (Teece, 1997:112). Henderson and Cockburn (1994:65) explains that the basic assumption of the dynamic capabilities theory is that core competencies should be used to modify short-term competitive positions that can be used to build longer-term competitive advantage. Pai and Chang (2013:83) indicate that the theory is used to monitor change and solve challenges. It indicates that organisations and their employees need the capability to learn quickly and to build strategic assets. It also involves new strategic assets such as capability, technology, and customer feedback to be integrated within the company and existing strategic assets have to be transformed and reconfigured to respond effectively to ever changing environment.

Dynamic capability theory provides a clear guideline to examine how organisations achieve and sustain competitive advantage (Teece, 1997:112). Teece (1994:539) and Chang (2013:83) provide three areas that support the theory namely; markets and strategic capabilities; processes, positions and paths; and replicability and imitability of organisational process and positions. The major use for this theory is a critical analysis to examine if the University of Kwa-Zulu Natal can create, extend and modify it resource base to insource all activities in-house. For the purpose of this study the researcher will focus on the core elements that underpin the theory being namely the three critical components: building, integrating and reconfiguration.

1.6 Problem statement

The university persists with outsourcing most of the university functions and activities to private companies, while outsourcing is perceived as exploitation of workers than insourcing in South Africa. This has led to limited knowledge about insourcing and key benefits that could be achieved through analysing in-house capacity at South African universities.

1.7 Study motivation

This study is motivated based on current issue faced in South African universities, the issue of insourcing or outsourcing functions and activities at the universities. This is therefore due to the lack of understanding whether university should insource or outsource some of it functions and activities to improve performance.

1.8 Aim and contribution

This study examines the possible benefits to insourcing major activities and functions at the University of KwaZulu-Natal. The major objective in this study is to analysis how dynamic capacity can be built through insourcing university activities and functions to improve overall performance, achieve operational excellence and improve service level.

Recommendations to the executive management will be provided explaining the key benefit associated with insourcing and highlight the major challenges associated with outsourcing. This knowledge will therefore help develop and achieve performance in all functions as well as retaining potential skills acquired for university's overall performance.

Finding will help bridge the gap currently existing in University of KwaZulu-Natal and all other South African university about the potential benefits of performing major functions and activities in-house.

1.9 Justification of the study

In UKZN no study has been done on evaluating how performing activities and function in-house can achieve dynamic capability, operational excellence and improved service level. There is therefore limited study done on the benefits of insourcing for South African university hence a gap is evidence on this knowledge.

1.10 Research objectives

● To assess the effect of insourcing functions and activities at the UKZN.

● To assess how dynamic capability can be built through insourcing.

● To assess how UKZN can create value and achieve operational excellence through insourcing.

● To analysis how internal integration and reconfiguration of in house function would develop a lean process and improve service level at UKZN.

1.11 Research questions

● What are the effects of insourcing functions and activities at UKZN?

● To what extents do insourcing functions and activities build dynamic capability at UKZN?

● To what extents do insourcing functions and activities create value and achieve operational excellence at UKZN?

● To what extents does internal integration and reconfiguration of in-house functions ensure a lean process at UKZN?

1.12 Overview of methodology

1.12.1 Research design

Creswell (2008:320) explains research methodology as a study and science of how research is carried out, how things are found out and how the researcher gains knowledge about a research problem. This section offers explanations on research approach, study site, target population, sampling method, sample, data collection instruments, questionnaire administration, credibility, transferability, and trustworthiness, data analysis, ethical consideration, contribution to knowledge, limitations of study and lay out of thesis.

Schindler and Cooper (2008:140) define a research design as a guideline and a plan needed to be followed by researcher to ensure the correct selection of sources and information. The research strategy employed in the study was to focus more on an exploratory research approach rather than an applied research approach. The aim of the chosen approach is done to improve understanding, develop concepts more clearly, establish priorities, improve the research design and develop definitions (Schindler and Cooper, 2008:145).

1.12.2 Research approach

Research methods are categorised as either qualitative or quantitative. Edmonds and Kennedy (2013:327) assert that qualitative data collection and analysis put more emphasis on making sense of how people define, describe and metaphorically make sense of experiences. This allows the researcher to get a detailed perspective through interviewing and observation (Denzin and Lincoln, 2005:27). Sekaran and Bougie (2010:8) define quantitative research as a systematic empirical investigation of observable phenomena via statistical, mathematical or computational techniques. The objective of quantitative research is to develop and employ mathematical models, theories and/or hypotheses pertaining to research problem. The researcher made use of qualitative research approach.

1.12.3 Study site

The study site according to Creswell (2008:325) is the physical boundaries for data search area. The study site for this research is based at the University of KwaZulu-Natal. The university has four campuses namely Westville campus, Howard campus, Pietermaritzburg campus and Medical school.

1.12.4 Target population and size

The target population according to Cooper (2003:86) consists of the total units/sets of the study sits that explain the characteristics of the subject or elements to study. The target population in this study will involve all school operations managers (19), 16 operations managers for support services and 5 managers for facilities from all campuses in UKZN.

1.12.5 Sample size

A sample consists of the selected participants from a population that possess common qualities that link to the aim of the study (Sekaran and Bougie, 2010:10). Information for qualitative research is gathered from operational managers of every school, supporting services and facilities at all the four campuses at university. There are 19 schools in total, 16 support services and 5 facilities at UKZN. Each college will be represented by one operations manager in each colleges (6 managers), half of each category, that is, 8 for support services and 3 for facilities. The total numbers of sample size for interview will 17 respondents.

1.12.6 Sampling method

Sekaran and Bougie (2010:987) examine sampling method as either probability sampling or non-probability sampling. A non-probability sampling represents a group of sampling techniques that help researchers to select units from a population that they are interested in studying. Collectively, these units form the sample that the researcher studies. A core characteristic of non-probability sampling techniques is that samples are selected based on the subjective judgment of the researcher, rather than random selection (Strydom, 2002:14).

Non-probability sampling is most useful in exploratory studies and is well suited for case studies (Lewis et al., 2009:233). Therefore, this study made use of purposive sampling. For the purpose of the study, primary is collected using semi-structured interview with the selected respondent.

1.12.7 Credibility, transferability, and trustworthiness

Reliability and validity ensures that research is trustworthy when the researcher is undertaking a study on either qualitative research or quantitative research (Robert, 2006:612). The idea of discovering truth through measures of reliability and validity is replaced by the idea of trustworthiness, credibility and transferability in qualitative research which is establishing confidence in the findings (Strydom, 2002:14). In this study, credibility, transferability or trustworthiness can be maximised or tested by credible and defensible result and documenting high quality qualitative research. The researcher ensures the information is free from errors as the research questions are answered by the representative sample.

1.12.8 Data analysis

Data analysis is defined as a process of scrutinizing the data that has been received and transforming it into an important piece of knowledge (Berg, 2009:113). The information gathered from interview is presented in form of tables, graphs and charts to demonstrate the results of the findings. The thematic analysis method is used.

1.12.9 Ethical consideration

Before conducting the interviews, the researcher familiarised himself with the University's policy and procedures on research ethics and managing and preventing acts of plagiarism and understood their content. Therefore, an authorized letter that confirms ethical clearance is received from the UKZN committee in charge of research. Gate keeper's letter was collected from the UKZN registrar office.

Officially, respondent's permission is required and information on the purpose of the research will be adequately explained to allow them freely to participate or not. The information is kept confidential and private.

1.12.10 Contribution to knowledge

This study is expected to contribute to knowledge by recommending to the policy makers at the University of KwaZulu-Natal the benefits of insourcing activities and function to improve performance and most importantly build capability to maintain such a transformation. The main aim is to analyse if elements of the theory such as build, integrate and reconfigure can be practically analysed at the university to ensure key benefits of insourcing.

1.12.11 Limitations and delimitation of the study

As in any other research study limitations that were encountered during conducting this study which may have an overall effect on its outcomes. Discussing these limitations allows for possible direction on how future studies may be structured in order to avoid encountering similar limitations.

- Most of the participants originally approached to participate in the study were not available. This was as a result of the busy schedule of the UKZN employees as they were involved in various assignments inside and outside of South Africa.
- One of the limitations of the study was the fact that some of the participants could not relate to the concepts of dynamic capability. Therefore, the researcher had to first familiarise them with these so that they would be able to identify and relate how these are being implemented by the organisation.

Despite the limitations of the study, there are opportunities for future research. For every research study conducted there are opportunities for future research that are identified in order to encourage and attract other researchers into exploring them and providing further insight.

1.13 Layout of thesis

Chapter One:

Chapter one includes introduction and background information of the study, statement of problem, research objectives, research questions and significance of study.

Chapter Two:

This chapter attempt to review the background and literature.

This chapter also deal with the theoretical framework that underpins the study.

Chapter Three:

This is the research methodology chapter it includes research design, population, sampling frame, sampling method, sampling size, research instrument, data administration, data collection procedures and limitations of the methodology.

Chapter Four:

This chapter consist of data presentation and interpretation.

Chapter Five:

The presentation of data analysis is provided in this chapter.

Chapter Six:

Chapter six present the concluding chapter and recommendations, and the suggestion for further studies.

1.14 Conclusion

To reflect, the present chapter focuses on the problem of the study which is to assess the analysis the benefits of insourcing. This chapter also includes the aim of the study, the research questions as well the rationale needed for the continuation of the study. This chapter also includes in it the background of the study and significant of the study. Herein is also a brief sequential map of the structure of the research.

The following chapter provides in-dept analysis of literature pertaining to insourcing and outsourcing.

<h1 style="text-align:center">CHAPTER 2</h1>

<h1 style="text-align:center">LITERATURE REVIEW</h1>

2.1 Introduction

This chapter reviews literature pertaining to building dynamic capability through insourcing in a South African university particularly the University of KwaZulu-Natal. The review of existing literature aims to give understanding of factors and challenges that impact organisations in building dynamic capability and introducing insourcing. The discussion introduces key construct such as; dynamic capabilities, insourcing, outsourcing, supply chain management, value creation, operational excellence, lean supply chain and service deliverance. These constructs are analysed and discussed from different perspective.

Utilizing external talent and expertise to carry out certain operations is a widely adopted practice these days across many industries, helping to reduce costs, improve productivity and save time (Brock, 2004:1). A big part of the outsourcing equation, particularly for managers facing hiring freezes, cuts in training budgets, ageing maintenance workforces, and hard-to-find skilled labor pools results in outsourcing (Olive, 2004:1). Today the university allows outside vendors to provide more and more tasks once handled by in-house staff.

Outsourcing enables budget flexibility by enabling the organisation to pay for only the services they need and when they need them. It also reduces the need to hire and train specialized staff, brings in expertise from the outside and reduces capital expense yielding better control of operating costs (Olive, 2004:1). This growing practice allows organisations to quickly scale resources while simultaneously reducing overheads, without disrupting or degrading key services to the customers. Outsourcing is one of the management strategies that can help but only if it is designed, implemented and managed effectively (Dalal, 2005:1).

This study investigates the effectiveness of introducing to insource in most activities and functions at the University of KwaZulu-Natal. Furthermore, the researcher aims to determine whether the university can build dynamic capability through insourcing.

The dynamic capability theory discusses three important concepts that are extensively analysed in the study, such as build, integrate and reconfigure. Helfat (2010:895) suggests that performance benefits from dynamic capability may not be automatic but building dynamic capability in an organisation is positively related to achieving competitive advantage, improving performance, better service deliverance, and value creation and achieves operational excellence.

The following theory underpins the study.

2.2 Dynamic capability theory

Dynamic capabilities theory provides a more elaborate paradigm to explain how organisations achieve and sustain competitive advantage (Teece, 1997:970). The dynamic capabilities theory leads to the development of a framework for establishing dynamic capabilities within an organisation. Teece (1997: 516); Teece (1994: 539); and Pai and Chang (2013:3398) describe three framework areas of dynamic capabilities consisting of build, integrate and reconfigure. Furthermore, Zaidi and Othman (2012:566) and Helfat and Peteraf (2003:1000) go further to offer six functions of dynamic capabilities advocating renew, recombine, redeploy, replicate, retrench and retire the resources and assets.

According to Teece (1997: 516), dynamic capabilities refer to the ability of an organisation to build, integrate and reconfigure internal competences to address rapidly changing environments. Winter (2003:622) and Peterson (2011:896) differ and define dynamic capabilities as capabilities that operate to extend ordinary capabilities. This is further supported by Helf (2007:923) wherein, dynamic capabilities are defined as the capacity of the organisation to create, extend or modify its existing resource base. Wang, Senaratne and Rafiq (2015:444) also indicate that dynamic capabilities are fundamental to the understanding of firm performance. Bernard-Barton (1992:999) explains that dynamic capabilities theory reflects an organisation's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions.

Teece (2007:722) explains that organisations often find themselves operating within disruptive, ever-changing environments. Utilising resources effectively becomes paramount to sustain an organisation during such periods of disruption. Mandal, Dastidar and Bhattacharya (2010:789) explains that the dynamic capability view of the firm deals with identifying the internal enablers of competitive advantage. Teece (2007:662) supports that mere identification of these enablers might not be enough, with the identification of these enablers, there must also be corresponding processes which will then match the enablers with the organisational environment, thus allowing for competitive advantage, differentiation and improved performance (Martin and Eisenhart, 2000:1178).

The study adopts the theory as key constructs of the theory match the objectives and aim of the study. The theory was originated and modified but it key paradigm is to ensure that any organisation that wants to achieve competitive advantage, improve service level and achieve operational excellence should be able to build it internal resource base to compete with changing environment. The study aims to analyse the possible benefits of the University of KwaZulu-Natal to build it internal resource base in order to perform all activities and functions in-house.

The following section is an in-depth overview of the University of KwaZulu-Natal. The aim is to provide a clear understanding of the university's mission and objectives. This information is crucial as all activities in the university should be aligned with overall missions, values and goal.

2.3 University of KwaZulu-Natal

The University of KwaZulu-Natal came about through the merger of the former Universities of Durban-Westville and Natal in 2004. The mergers of universities ushered in a radical reconstruction of the national Higher Education system and UKZN is the flagship of this new system. It brings to this landscape the opportunity to build a university that is truly South African and truly global. It is an opportunity to shape an institution that represents both the richness of our heritage and the imagination of a free, democratic and egalitarian South Africa (Strategic Plan 2007-2016:7).

2.3.1 University mission

The University of KwaZulu-Natal Strategic Plan (2007-2016:7) states that the university mission is, "A truly South African university that is academically excellent, innovative in research, and critically engaged with society". This mission is also articulated in the values held by the university.

2.3.2 University values

The UKZN aspires for an institution based on clear understanding of its goals for a widespread change which is supported by shared values. These values serve as a framework for all its endeavours and indicate their commitment to diversity. The University community pledges to (UKZN Strategic Plan 2007-2016:11):

➢ Actively encourage and respect the right of all scholars, staff and students. To engage in critical inquiry, independent research, intellectual discourse and public debate in a spirit of accountability in accordance with the principles of academic freedom and institutional autonomy.

➢ Promote access to learning that will expand educational and employment opportunities for all.

➢ Embrace responsibility as a public institution. To support and contribute to national, regional development, welfare and upliftment of the wider community through the generation of knowledge. Conduct according to the highest ethical standards and provide education that promotes an awareness of sound ethical practice in a diverse society.

➢ Manage and run the institution in conscious awareness of the environment and foster a culture of responsible, ethical and sustainable use of natural resources.

> Ensure effective governance through broad and inclusive participation, democratic representation, accountability, and transparency that serves as an example that contributes to building the democratic ethos of South Africa.

> Acknowledge the value of the individual by promoting the intellectual, social and personal well-being of staff and students through tolerance and respect for multilingualism, diverse cultures, religions and social values by fostering the realisation of each person's full potential.

2.3.3   University goals

The university has 7 main goals that need to align with missions and visions. It involves being african led globalisation, responsible in community engagement, pre-eminence in research, excellence in teaching and learning, institution of choice for students, institution of choice for staff and efficient and effective management (UKZN Strategic Plan 2007-2016:19).

2.3.4 Schools, supporting services and facilities at UKZN

The university is organised around four colleges consisting of 19 schools in total, each headed by a deputy vice-chancellor and head of college. The college of agriculture, engineering and science has 5 schools; school of agricultural, earth and environmental science, school of chemistry and physics, school of engineering, school of life sciences and school of mathematics, statistics and computer Science. The college of health sciences has 4 schools; school of clinical medicine, school of laboratory medicine and medical sciences, school of health sciences and school of nursing and public health. The college of humanities has 6 schools; school of religion, philosophy and classics, school of arts, school of social sciences, school of applied human sciences, school of built environment and development studies and school of education. Lastly the college of law and management studies has 4 schools; school of law, graduate school of business and leadership, school of accounting, economics and finance and school of management, IT and governance.

There are 16 support Services at UKZN namely; UKZN foundation, forensic services, internal audit services, corporate relations, legal services, finance, human resources, information and communication services division, institutional intelligence, IP and technology transfer office, quality promotion and assurance, research office, risk management services, student academic administration, student funding centre and university teaching and learning office.

There are 5 facilities namely; special collections, libraries, science and technology education centre, the Aids programme and PMB sports.

The following section is an in-depth analysis on dynamic capability. It provides a detailed understanding on the concept of dynamic capability.

2.4. Dynamic capability

Teece (1997:88) explain that the idea of dynamic capability originated from the strategy field. Dynamic capabilities systematically utilise existing resources and generate new resources and competencies (Slater and Narver, 2000:3210). Ambrosini and Bowman (2009:972) differs and analyse dynamic capabilities as patterned organisation-wide activities that systematically solve problems and change the organisation's resource base. Building dynamic capability involves generating new knowledge and processes which allows for the creation of new competitive advantages and thus better firm performance (Helfat, 2010:501).

It is essential to provide a sound meaning of dynamic and capability. Dynamic is defined as processes and activities that are unique in each organisation. It is a learned and stable pattern of collective activities through which the organisation systematically generates and modifies its operating routines in pursuit of improved effectiveness Teece (2007:988). While capability is described as the manner in which management of an organisation adapts, integrates and reconfigures the resources, skills and various other functional competencies in order to develop responses to a changing external environment Ponomarov (2012: 21). A more different overview explain capabilities as those distinctive, unique skills, knowledge, systems, processes, procedures and the attributes that will allow a firm to achieve superior organisational performance (Barney, 2009:89; Dierickx and Cool, 2009:703; Amit and Shoemaker, 2010:658 and Ponomarov, 2012:875).

Amit and Shoemaker (2010:600) suggested that organisational capabilities perspective refers to the organisation as being a bundle of resources that are transformed into capabilities through dynamic processes. Depending on the nature of the organisation, the product or service produced, the environment in which the organisation operates, the capabilities will be different for multiple cases. From the preceding discussion, a conclusion that can be established is that, capabilities revolve around the integration and coordination of resources to operate efficiently in business environment.

From a different perspective, Eisenhardt and Martin (2000: 1106) proposed that dynamic capabilities are necessary but not sufficient conditions for competitive advantage. They viewed dynamic capabilities as best practices that cannot be imitated by other organisations and their impact on competitive advantage and performance is contingent on whether the new resource configurations are the right ones (Ambrosini and Bowman, 2009: 456). Furthermore, dynamic capabilities require significant commitment of managerial resources to maintain and implement (Helfat & Peteraf, 2015:999), which may render costs that at times larger than or equal to potential benefits (Zahra, 2006: 925). These arguments suggest that building dynamic capability in any organisation is positively and but unconditionally related to competitive advantage and performance. These elements are core in building dynamic capability in any sector; it involves coordinating, integrating, learning and reconfiguring, such concepts views dynamic capabilities as a strategy to be used to exploit opportunities.

Teece (1997:88) extends the theory and introduce organisational level abilities that will result in significant benefit for an organisation. Sensing, seizing, leveraging, transformation and reconfiguration are routines to develop dynamic capabilities (Teece et al., 1997:998; Ambrosini and Bowman, 2009:220). Learning is another type of routine placed at foundation level because all kind of capabilities requires learning routines (Bowman, 2009:368). Sensing refers to the recognition of market and technological opportunities and the mobilization of requisite resources (Katkalo, 2010:43). Sensing or shaping new opportunities are very much a scanning, creation, learning and interpretation activity (Teece, 2009:110). Seizing refers to the organisational strategy and infrastructure for making appropriate decisions, absorbing and integrating resources to create and capture value from opportunities (Katkalo, 2010:96). This almost always requires investments in development and commercialization activity (Teece, 2009:872). Transforming refers to the continuous renewal and modification aimed at maintaining competitiveness as markets and technologies change once again (Katkalo, 2010:85). Reconfiguration refers to the transformation and recombination of assets and resources (Ambrosini and Bowman, 2009:265). Leveraging involves replicating a process or system that is operating in one business unit into another, or extending a resource by deploying it into a new domain, for instance by applying an existing brand to a new set of products (Ambrosini and Bowman, 2009:320).Understanding these concepts are vital to any organisation that attempt to manage change. These are concepts that need to be critical analysed in order to build dynamic capabilities at the university.

The following section provides more knowledge on dynamic capability. It provides relevant definitions to explain dynamic capability.

2.5 Concepts of dynamic capability

There are different dynamic capabilities definitions and arguments from different authors on their own perspective. Teece et al. (1997:756) define dynamic capabilities as the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. The dynamic capabilities theory leads to the development of a framework for establishing dynamic capabilities within an organisation. Teece et al. (1997: 516); Teece (1994: 539); and Pai and Chang (2013) describe three areas of dynamic capabilities. The framework consists of markets and strategic capabilities; processes, positions and paths; and replicability and imitability of organisational processes and positions.

In order to facilitate development and intellectual dialogue, some acceptable definitions are desirable. We propose the following.

2.5.1. Resources

Resources are firm-specific assets that are difficult if not impossible to imitate. Trade secrets and certain specialized production facilities and engineering experience are examples. Such assets are difficult to transfer among firms

because of transactions costs and transfer costs, and because the assets may contain tacit knowledge (George, 2006:897).

2.5.2 Organisational routines/competences

When firm-specific assets are assembled in integrated clusters spanning individuals and groups so that they enable distinctive activities to be performed, these activities constitute organizational routines and processes. Examples include quality and systems integration. Such competences are typically viable across multiple product lines and may extend outside the firm to embrace alliance partners (Zahra, 2006:897).

2.5.3 Core competences

We define those competences that define a firm's fundamental business as core. Core competences must accordingly be derived by looking across the range of a firm's and its competitors' products and services. The value of core competences can be enhanced by combination with the appropriate complementary assets. The degree to which a core competence is distinctive depends on how well endowed the firm is relative to its competitors, and on how difficult it is for competitors to replicate its competences (Zahra and George, 2006:897)

2.5.4 Dynamic capabilities

We define dynamic capabilities as an organization's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions (Leonard-Barton, 2002:558). Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resources configurations as market emerge, collide, split, evolve and die (Eisenhardt and Martin, 2000:37). Dynamic capabilities are essentially change-oriented capabilities that help firms redeploy and reconfigure their resource base to meet evolving customer demands and competitor strategies.

The following section analyse the key element of dynamic capability being build, integrate and reconfigure.

2.6 Building

Building requires common codes of communication and coordinated procedures. The organisational knowledge generated resides in new patterns of activity in routines or a new logic of organisation. Routines are patterns of interactions that represent successful solutions to particular problems (Leonard-Barton, 2002:558). Collaborations and partnerships can be a source for new organizational building which helps firms to recognize dysfunctional routines and prevent strategic blind spots (Chang, 2013:598). Building strategic assets is another dynamic capability. Alliance and acquisition routines can enable firms to bring new strategic assets into the firm from external sources (Chang, 2013:598). Introducing insourcing requires internal capacities to manage performing all

activities in-house. Internal capacities are resources built by an organisation; this involves building strategic resource base to manage insourcing.

Several authors have made theoretical contributions to building capability in attempts to describe the main constituents. One such contribution comes from Adner and Helfat (2003:1020) who introduced the concept of building dynamic managerial capabilities to explain difference in managerial decisions and corporate strategy arguing that managerial guidance has a critical impact on firm performance. Thus, managerial capabilities are rooted in three underlying variables; managerial human capital, managerial social capital, and managerial cognition. The argument is that because managerial decisions are based on the resource and capability base of an organization, differences between firms in their resources and capabilities may lead to differences in managerial decisions and thus to differences in corporate performance (Adner and Helfat, 2003:1020). Wang and Ahmed (2007, 31) contributed to the dynamic capability approach by identifying three component factors which reflect the common features of building dynamic capability across firms; Adaptive capability, absorptive capability and innovative capability.

Adaptive capability is defined as a firm ability to take advantage of market opportunities (Wang and Ahmed, 2007, 37). Absorptive capability is referred to as the ability to identify and apply external information for commercial means. Firms with higher absorptive capability are better able to learn from partners and transform learned knowledge into competences (Wang and Ahmed, 2007, 37). Innovative capability refers to a firms' ability to develop new products or markets. These factors explain the dynamics behind how resources and capabilities can be built to sustain long term firm performance and how this can be applied.

2.7 Integration

In any organisation, integration is a strategy whose goal is to synchronize information, business cultures, and objectives and align technology with business strategy and goals. Business integration is a reflection of how information is being absorbed (Eriksson, 2014: 73). The effective and efficient internal coordination or integration of strategic assets may also determine a firm's performance. According to Garvin (2008) quality performance is driven by special organisational routines for gathering and processing information. Increasingly competitive advantage also requires the integration of external activities and technologies.

Additional contributions discuss enablers and antecedents of dynamic capabilities. Véronique, Ambrosini and Bowman (2009, 41) discuss external factors and internal factors as drivers and inhibitors for dynamic capabilities. External factors such as the nature of the market and the firm's history determine the firm's ability to react to market fluctuations. Internal factors such as managerial behaviour, social capital and trust determine the organisations ability to develop dynamic capabilities (Véronique, Ambrosini and Bowman, 2009, 42). Eriksson (2014, 71) also argued that the creation of dynamic capabilities rests on internal and external antecedents. Internal antecedents;

structural and social, and external antecedents; environmental, networks and relationships influence the organization ability to develop and sustain dynamic capabilities (Eriksson, 2014, 71).

There is a large variety of literature available that discusses the variables of the dynamic capability. As discussed earlier, academics contribute to the theory with their own elaborations on the constituents of the theory. This continuous contribution to the theory leaves little room for consistency, nevertheless these contributions are mostly grounded on D. J. Teece et al. (1997) and D. J. Teece and Pisano (1994).

2.8 Reconfigure

Fast changing markets require the ability to reconfigure the firm's asset structure and to accomplish the necessary internal and external transformation (Amit and Schoemaker, 1993). Change is costly and so firms must develop processes to find low pay-off changes. The capability to change depends on the ability to scan the environment, to evaluate markets and to quickly accomplish reconfiguration and transformation ahead of the competition. This can be supported by decentralization, local autonomy and strategic alliances.

2.9 Dynamic capability and supply chain

The purchasing function within organisations is essentially responsible for buying the materials that are needed for its operations and the related activities that organize the inflow of goods and services Monczka, Handfield, Guinipero, Patterson, and Waters (2010, 499). At the heart of this function lies the 'make or buy' decision which dictates whether a firm will produce in house or buy from an external supplier.

The concept of dynamic capability is linked to the make/buy decision in two ways. The first relates to how the make or buy decision is made and the second relates to the actual activities being outsourced. For the first link, it is noteworthy to state that there are two arguments that the dynamic capability offers for the make or buy decision. The first is explained by the organisations capability to influence competitive performance. The decision inherently lies within the firm's ability to invest in developing the in-house production of an asset. If a firm lacks necessary internal resources to produce in-house it will buy the product (White, 2000:325). In this sense the decision to make essentially lies on whether or not the firm has the dynamic capability to produce in-house. The second argument by D. J. Teece (2007, 1330) proposes that a firm's chance of success is higher if it adopts a neutral perspective towards outsourcing decisions. This means that the theory does not dictate a strict make or buy decision Pascucci, Royer, and Bijman (2012, 101).

Organisations should focus on both making this means producing all activities in-house, an organisation hence needs to invest in in-house production (Pascucci et al., 2012:101). This argument is highlighted by the second link,

which is related to actual products or services being bought. It has been argued that dynamic capability themselves cannot be bought since they are enterprise specific and require intimate knowledge of the company (D. J. Teece, 2007, 1345). Increase in the outsourcing of R&D due to globalization, relying on in-house R&D as the sole foundation of competitive advantage can improve competitiveness (Augier & Teece, 2007, 187). Companies need to build in-house R&D to remain competitive.

2.10 Supply Chain Management

Butcher and Javadpour (2012:11) define supply chain management as the management across and within a network of upstream and downstream organisations of both relationships and flows of material, information and resources. The purposes of SCM are to create value, enhance efficiency, and satisfy customers (Lalwani, 2013:44). This is further supported by Johnson & Flynn (2015: 6) wherein supply chain management is defined as the design and management of seamless, value-added processes across organisational boundaries to meet the real needs of the end customer.

The essence of this study is located within the discipline of supply chain management. At this point it becomes relevant to explain this concept and its underpinnings, which in turn, will form a basis for the linkage of the two concepts of dynamic capabilities and supply chain management. A supply chain encompasses everyone who is directly or indirectly involved in working towards meeting customer expectations (Chopra & Meindl, 2016: 13). The typical supply chain involves customers, suppliers, manufacturer and retailers (Horn, Badenhorst-Weiss, Cook, Howell, Phume and Strydom, 2014: 89).

Supply chain management and dynamic capabilities are two expanding directions in field of research and both were at the centre of this study. It is difficult for supply chain management study to grasp the notion of dynamic capabilities (Defee and Fugate, 2010:96). Approach that connects supply chain management and dynamic capabilities is implementing at a high rate. It reveals theoretical structure, based on supply chain management practices, while using dynamic capabilities theory, and finding and connecting specific dynamic capabilities into specific repeated practices. Existing literature can be included in structure, which comprise the theory, and is a step towards creation of relation between supply chain management and dynamic capabilities (Meredith, 2003:994).

In recent years, supply chain management became rally important. This is evident from increasing number of works conducted in this field in recent years (Seuring and Muller, 2008:892). Similarly, to dynamic capabilities notion, supply chain management information is transmitted. Material and information moves up and down the supply chain. Supply chain management is integration of these actions by using improved communication of supply chain, in order obtain competitive advantage. Other such research on dynamics and supply chains, are dynamics of supply chains or flexibility of supply chains (Fisher, 1993; Duclos, 2003) is more focused on influencing the ability of supply chain to adapt to changes of market and less on forming the environment itself from the point of management

according to theory of dynamic capabilities. Until now not so much researchers have used dynamic capabilities in a context of supply chain management.

According to Zollo and Winter (2002), dynamic capabilities is used to adjust existing capabilities and to create new ones. Dynamic capabilities are more related to with creation of new capabilities (Zahra, 2006). Dynamic capabilities are used in new theories of supply chain management. These dynamic capabilities influence effective use of static capabilities in case of acquisition of knowledge in an organisation and cases of creation of new capabilities. This leads to discovery of competitive advantage.

Separate businesses no longer compete like separate entities, now competition is between separate supply chains, since companies no longer controls all resources that are needed to satisfy the needs of market, in order to rationalize business operations they must synchronize with suppliers and clients, and work towards higher flexibility level than of one company and achievement of competitive advantage. Many scholars see dynamic capabilities as a process related to organisations ability to reconfigure the basis of its resources, in order to respond to more efficiently changes in a field of its activity. Additionally, it is claimed that dynamic capabilities are focused on intentional changes of resource basis. Dynamic capabilities make organisation with its resources to reconfigure its operational capabilities and find new capabilities which let organisation to gain competitive advantage among other market participants.

2.11 Value Creation

Howell (2014:569) define value creation as the performance of actions that increase the worth of goods, services or even a business. Many business operators now focus on value creation both in the context of creating better value for customers purchasing its products and services, as well as for shareholders in the business who want to see their stake appreciate in value. When broadly defined, value creation is increasingly being recognized as a better management goal than strict financial measures of performance, many of which tend to place cost-cutting that produces short-term results that enhance long-term competitiveness and growth.

The first step in achieving an organisation-wide focus on value creation is understanding the sources and drivers of value creation within the industry, company, and marketplace. Understanding what creates value will help managers focus capital and talent on the most profitable opportunities for growth. The university needs to critically analyse elements such as quality and timely delivery, skills, systems, and processes that constitute to creating value.

2.12 Operational excellence

Heckroodt (2014:2589) define operational excellence as a philosophy of the workplace where problem-solving, teamwork, and leadership results in the ongoing improvement in an organisation. The process involves focusing on

the customers' needs, keeping the employees positive and empowered, and continually improving the current activities in the workplace.

Operational excellence in organisations have developed specific competences related to cost management, quality management and process excellence. To achieve operationally excellent the university requires a set of systems, structures, values and cultures that support these competences. Heckroodt (2014:2586) explain the university need to have the right strategy and take the appropriate actions to support that strategy to obtain operational excellence. He further explains that organisation should understand the five broad areas of management: direction and goal setting, operational processes, support processes, evaluation and control processes and organisational behaviour.

Newey and Zahra (2009) suggest that dynamic capabilityies is the ability of the firm to reconfigure operating capabilities and thus allow the organization to adapt and evolve. Dynamic capabilities are used to extend or modify their current resources such as altering operational capabilities (Winter, 2003; Helfat and Winter, 2011). The purpose and outcomes of dynamic and operational capabilities are different. However, there is not a certain line between operational and dynamic capabilities because change is always occurring to at least some extent. Dynamic capabilities cannot be distinguished from operational capabilities (Helfat and Winter, 2011).

2.13 Lean supply chain

Lean is described as a philosophy that considers any non-value adding activity that the final customer is not willing to pay for as waste (Matthias, 2007: 423). Similarly, Tompkins (2003), cited in Mohammed et al. (2008: 345) highlights that lean is not just about eliminating waste but also about adding value for the final customer. Papadopoulos and Ozbayrak (2005:784) added that the lean system was introduced with the aim of eliminating waste while also emphasising the need for continuous improvement.

The lean system has further developed from its initial "identity" of mainly being applied to the manufacturing processes (Papadopoulou and Ozbayrak, 2005: 796). The philosophy, which has developed over the years, has expanded with the addition of concepts such as lean practices, lean systems, lean logistics and lean enterprises (Matthias, 2007: 423). Lean is also often associated with principles such as continuous improvement, Just-in-Time (JIT) production, preventative maintenance, visual controls, kanban systems, setup time reduction, standardised work procedures, and supplier involvement (Pettersen, 2009: 15).

There are officially seven wastes that the lean system identifies and believes need to be reduced or eliminated within the university and also within the supply chain. These are namely overproduction, waiting, over processing, unnecessary motion, production of defects, inventory and transportation (Bhasin and Burcher, 2006:56). However, some of these "wastes" are unavoidable, hence the university should work at minimising them to increase the

smooth running of the business. These are wastes such as transportation, waiting and inventory that the university are constantly trying to eliminate waste so that they run smoothly and also don't incur unnecessary costs.

The benefits of the lean principle are the elimination of waste, faster production, elimination of unnecessary costs and continually maintaining lean and clean working environments with no clutter. The benefits of adapting the lean philosophy experienced in non-manufacturing industries include decreased lead times, improved knowledge management, more robust activities and reduced inventories from manufacturers (Melton, 2005: 663).

Lean thinking is typically applied to lean techniques and focus is applicable anywhere there are processes to improve, including the entire supply chain. A lean supply chain is one that produces just what and how much is needed, when it is needed, and where it is needed (Howell, 2014:568).

The underlying theme in lean thinking is to produce more or do more with fewer resources while giving the end customer exactly what he or she wants. This means focusing on each product and its value stream. To do this, university must be ready to ask and understand which activities truly create value and which ones are wasteful. The most important thing to remember is that lean is not simply about eliminating waste, it is about eliminating waste and enhancing value.

2.14 Service management

Service management is greatly integrated into the supply chain management as the link is between actual sales and customers (Barros, 2002:852). Service management aims to achieve high performance in order to optimise the service-intensive supply chains. Most service-intensive supply chains require larger inventories and tighter integration with field service and third parties. The supply chain must accommodate inconsistent and uncertain demand by establishing more advanced information and product flows. Moreover, all processes must be coordinated across numerous service locations with large numbers of parts and multiple levels in the supply chain.

The important consideration to service management is a strategic thinking of improving service delivery. It evaluates service processes practiced and the degree to which customers influence the process (Schmener 2004:866).

2.14.1 Service delivery principles

There have been external pressures to adopt alternative forms of service delivery that involve a greater emphasis on competition and performance according to commercial principles. In allowing for functions to be performed outside in-house" capacity could be built up and result in problems of dissipation of expertise, dislocation of internal labour markets and disruption to service delivery (Neale, 2006:998).

The relationship between organisation and customers is crucial. Ultimately, organisations are accountable for providing customers with the expected level of service for the price they pay for a certain commodity or service. This requires organisations to improve the substantive elements of service delivery to ensure that goods and services are delivered according to customer's expectations. Some methodologies for assessing the extent to which service delivery is accountable have been developed. The management of spare part, the returns, repairs and warranties policies, customer management, maintenance, tasks scheduling and event management are concepts that critically analyse the accountability of service delivery (Patton and Bleuel, 2000:694).

2.14.2 Service delivery policies

The purpose of the service delivery policy is to ensure that the organisations provides quality services that meet the needs of the customers and are consistent with enabling legislation and other external mandates in a country. These policies that each organisation should follow and examine two major effect on service delivery namely service standards and service planning. The idea by Neale (2006:116) is improving the organisation's performance is achieved by adopting best-practice techniques for planning and evaluating services.

2.14.3 Service delivery capability

Private and public sectors need to maintain an organisation capable of delivering goods and services to customers. Most organisations usually have a service department responsible for providing a range of follow-up support parts and services such as assistance in fault finding, failure diagnosis, expert assistance, spare part delivery, and after-market sales. However, many public sectors are still uncomfortable with the intense service expectations of today's industries.

Service departments usually function differently than other departments as customer relationships are usually of a longer duration; a more customer-oriented activity focus (Markeset and Kumar, 2003). When developing a service delivery strategy, a service provider department has to analyse its own service delivery capability and the maintenance/service organisation of the end-user.

The major drivers for implementing service management involve having cost of service be highly reduced, a reduction in overall total inventory is evident due to inventory level of service part being minimised and optimisation of customer service and achieving customer satisfaction which will then result in increased service revenue.

2.14.4 Total service management

Customer's expectations are consistently changing with majority of people demanding customised goods and services at the right place, the right time and also with convenient service.

Value nets introduce an entirely new class of business design. These are designs that deliver unique level of service quality to customers hence enhancing customer satisfaction. Value net integrate customers' needs and delivery expectations with digital and agile powerhouse that display profit opportunities for businesses with major focus on identification of different customer need. These value nets deal with operation, procurement and distribution, therefore implementing value nets allows organisations to be leaders in their industries with strategic thinking and advances in supply chain management (Inman, 2007).

To improve service delivery in every industry requires a full focus on the current state of service level in order to find problems experienced today with the aim of finding possible solutions for future. Therefore, focusing on present service level may indeed be the best approach as this allows organisations to act and make meaningful difference (Inman, 2007).

The following section is the second component of the study. This section introduces two well researched topics in supply chain being insourcing and outsourcing. It provides an in-depth understanding on key benefits associated with performing activities in-house to ensure value creation, operational excellence and competitive advantage. The chapter also define outsourcing in detail and highlight major challenges with outsourcing.

2.15 Insourcing

There are many definitions for insourcing available in literature. Chase (2004:372) and Lankford and Parsa (2004:974) examine insourcing as performing activities in-house which were previously performed by private contractor. Insourcing means different things to different people and can range from in-house contracting between departments from the same organisation (Dobb, 1998:106), and creating new in-house departments (Canez, 2000:663).

But what happens when outsourcing does not work for the company? What happens when the costs go up, or the level of service goes down or both? What happens when outsourcing becomes the problem and not the solution? It is easy to go along with the crowd, but it is crucial to consider the costs of going along for a ride (Chapman and Andrade, 2008:56). Often businesses attempt to improve performance by outsourcing and unfortunately in doing so strangle the contractor (Francis, 2003:6). Before a company can jumps into outsourcing, it needs to be sure that it can jump back. It is a fact that not all organization had positive experiences when deciding to outsource maintenance work. Some maintenance work outsourcing has been noted to be of poor quality, lengthy time of delivery, inexperience contractor, high overall costs and monitoring issue. The dissatisfactions always lead to reverse outsourcing which is known as insourcing.

2.15.1 Definition

Chapman and Andrade (2008:56) defined insourcing as the return of previously outsourced function back to the company.

Chase (2014, 198) define insourcing as the allocation of resources internally within the same the same organisation or allocation in different geographic locations within the organisation. James and Weeidenbaum (2003, 42) explain the concepts of insourcing. They further explain to insource involves understanding the product, service, process and facilities in the organisation. It then requires crucial understanding of internal capabilities to ensure performance internally.

Dobb (2008:110) states that insourcing can be a means of providing service, revenue and retaining quality as well as positively influencing reputation. Dobb (2008:108) further states insourcing is said to be a cost cutting strategies for both private and public sectors. Rao (2004:400) state that shared culture and knowledge may be the reason that revenue increased through insourcing, and that there are greater opportunities for collaboration, greater employee buy-in and enhanced reputation to consider. Both Dobb (2008: 108) and Canez (2000:1315) indicate that sound knowledge of core competencies, capabilities and cost are paramount to the decision to insource.

2.16 Insourcing Benefits

Heaton (2004:94-96) highlighted the benefits that have been achieved by companies through insourcing.

Control: The first and the most obvious benefit to insourcing is the control a company has over the activities. Outsourcing by its nature leaves the company at the mercy of their suppliers. While there are steps a company can take to ensure some accountability from its supplier base, they can be never being as effective as retaining these functions internally. Even if every supplier delivers on time and executes perfectly, a system can still be hung up by one or two suppliers that did not (Heaton, 2004:95).

Cost advantages: Suppliers are in business to make profit. While the specialization theoretically allows them to give service at less cost, they are also adding a profit margin to improve their bottom line. Insourcing allows much greater control of costs that could have been excessive when service is outsourced. The streamlined communication advantage made possible by insourcing offers cost advantage that may not be visible at first glance. When engineers, designers and technicians are working in a close environment, opportunity arises to devise and incorporate simple changes to a part that improve efficiency and lower the costs (Heaton, 2004: 95).

Availability: As the companies ramp up the production the availability of capacity becomes essential. When supplier resources are strained, priority becomes an issue. Unless you are one of the major players, doing volume business with that particular supplier can lead to longer lead time. The longer lead time can have a negative consequence to your production (Heaton, 2004:95).

Unique Insight: Insourcing brings an advantage of employee's unique insight into a project or the agency goals (Heaton 2004:96).

2.17 Trends in Insourcing

McCue (2006:1) argue that even though outsourcing is regarded as the solution in cost reduction, but insourcing will continue to emerge as new trend as business seek to reverse bad outsourcing decisions and regain more control over costs and operations. Some organisations believes that even if one can have a good outsourcing service level agreement, change control and contracts, but insourcing gives them the flexibility to change direction very quickly, without a consensus being reached in some cases, and at known risk. This approach has paid dividends they need (McCue, 2006:1).

Bill (2005:1) states that although companies are nervous about hiring full time employees but fail to understand they are investing in skills. The research suggests that the companies are avoiding the risks of outsourcing by bringing the work back in–house. Projects have more predictable results even if costs increase.

Outsourcing by its nature leaves the companies at the mercy of their suppliers. While there are certain steps a company can take to ensure some accountability from its supplier base, they can never be as effective as retaining these functions internally. Insourcing offers the greatest assurance of quality control (Heaton, 2004: 95).

2.18 Insourcing and measurement

Management expert Tom Peters believe that measurement of performance is crucial. But what is measured and how is done are critical decisions (Campbell, 1995:75). Performance management is one of the basic requirements of the effective operation. Measurement is important in continuous improvement and in identifying and resolving conflicting priorities (Campbell, 2001:37-38). Campbell (2001:38) uses the process approach to analyze and define the measurement factors that can be used in performance measurement.

2.18.1 Training and development

While the organization may turn to outsourcers to fill gaps in its own staff, they may discover that the outsourcer suffers the same quality and retention problems. It is hard to find a company to do some of the services at required competency level (HR Focus, 2007:S3). However, it is true that collaboration with other organization results in synergies and leveraged resources (Garen, 2007:SR4). Whether outsourcing or insourcing, these challenges are normally addressed by aggressive training and development programs.

In general organization's training and development practices are its intention efforts to improve current and future performance by helping employees acquire the skills, knowledge and attitudes required of a competitive workforce (Jackson and Schuler, 2000:350).

Training:

According to Jackson and Schuler (2000:350) training is defined as improving competencies needed to day or very soon. The main objective of training is to improve performance in a specific job by increasing employee's skills and knowledge. New hires may have insufficient skills and acquire training before being placed in a job. For other employees, technological changes and job redesign may create the need for new job skills. Another reason that employees may need new skills or knowledge is that they have been transferred or promoted (Jackson and Schuler, 2000:350).

Development:

Jackson and Schuler (2000:350) define development as activities intended to improve competencies over a longer period of time. The objective of development is to prepare the workforce for roles they might have in future. While development activities may improve performance in one's current job, but the approach is that employees must be given a stretch assignment. The expectation is that employees may have a great deal of valuable learning which will be useful in the future (Jackson and Schuler, 2000:350).

2.19 Determining insourcing needs

Organizational needs analysis involves analyzing organization wide performance criteria and uncovers problem areas that may indicate the need for training (Grobler, 2016:312). It begins with assessment of the short and long-term strategy and strategic business objectives of the company. The organizational need analysis should result in the development of clear statement of the goals that should be achieved training and development activities. It should also assess the organization's current climate for training. A supportive training climate improves the chances that employees will successfully transfer what they learn from training programs to the job. (Jackson and Schuler, 2000:357).

Job Need Analysis: involves an attempt to determine how the job should be performed (desired performance level) (Grobler, 2016:312).

Person Need Analysis: focuses on the individual employee and is used to identify employees for training. The output of this analysis is who currently needs T&D and what skills, knowledge, abilities or attitudes need to be acquired or strengthened (Grobler, 2016:312).

2.19.1. Attitudes

Lou Holtz the football coach said "Ability is what you are capable of doing. Motivation determines what you do. Attitude determines how well you do it." (Maxwell, 2003:1). Training of employees alone cannot deliver good

maintenance output, but the team with a good attitude will move mountains. Maxwell (2003:20) defines attitude as an inward feeling expressed by behavior.

According to Maxwell (2003:26) the important of attitude are as following; attitudes determines the approach to life, attitude determine our relationship with people, attitude is the difference between success and failure and attitude at the beginning of the task will affect its outcome more than anything.

Kreitner and Kinicki (2005:160) define attitude as a learned disposition to respond in a consistently favorable or unfavorable manner with respect to the given object. The attitudes consist of three components namely affective, cognitive and behavioral. Affective component of an attitude contains the feelings or emotions one has about a given object or situation. Cognitive component of an attitude reflects the beliefs or ideas one has about an object or situation. Behavioral component refers to how one intends or expects to act toward someone or something.

In organizations attitudes are important because they affect job behavior. If the employees believe that the managers are in conspiracy to make employees work harder for the same or less money, then it is important to know how these attitudes were formed, their relationship to actual job behavior, and how they might be changed (Robbins, 2005:70).

Types of Attitude:

A person can have thousands of attitudes, but organizational behavior focuses our attention on a very limited number of work related attitudes. These work-related attitudes tap positive and negatives evaluations that employees hold about aspects of their work environment. Most researches in organizational behavior are concerned with three attitudes: job satisfaction, job involvement and organizational commitment (Robbins, 2005:78).

2.19.2 Organizational Commitment

Organizational Commitment reflects the extent to which employee identifies with particular organization and its goals and wishes to maintain membership in the organization. Organization commitment is an important work attitude because committed individuals are expected to display a willingness to work harder to achieve organizational goals and greater desire to stay employed in the organization (Kreitner and Kinicki, 2007:166). There appears to be a positive relationship between organizational commitment and job productivity.

A number studies have demonstrated the individual level of organizational commitment is a better indicator of turnover (Robbins, 2005:79).

Job Involvement:

Job Involvement measures the degree to which person identified psychologically with her or his job and considers his or her perceived performance level of important to self-worth. Employees with a high level of job involvement

strongly identified with the kind of work they do. A high level of job involvement is positively related to organizational citizenship and job performance. In addition, high job involvement has been found to be related to fewer absences and lower resignation rates (Robbins, 2005:78).

Job Satisfaction:

Job Satisfaction refers to the collection of feelings that an individual hold towards his or her job. A person with high level of job satisfaction holds positives feelings about the job, while a person who is dissatisfied with his or her job hold negatives feelings about the job. When people speak of employee attitudes, more often they mean job satisfaction (Robbins, 2005:78).

Managers' interest in job satisfaction tends to center on its effects on employee performance. As a result, a number of studies have been designed to assess the impact of job satisfaction on employees' productivity, absenteeism, turnover and citizenship.

• **Satisfaction and productivity**: Studies have shown that organizations with more satisfied employees tend to be more effective than organizations with fewer satisfied employees. Although we might not be convinced that a happy worker is more productive, but it is true that happy organizations are more productive (Robbins, 2005:86).

• **Satisfaction and Absenteeism**: Studies shows a consistent negative relationship between satisfaction and absenteeism. It certainly makes sense that dissatisfied employees are more likely to miss the work (Robbins, 2005:87). Managers are advised to look at improving job satisfaction for improvement in absenteeism.

• **Satisfaction and Turnover**: Turnover is important to mangers because it both disrupt organizational continuity and is very costly. Costs of turnover can be categorized into separation costs and replacement costs. Satisfaction is also negatively related to turnover, therefore managers are advised to reduce employee turnover by increasing job satisfaction.

• **Satisfaction and Citizenship**: Organizational citizenship behaviors consist of employee behaviors that are beyond the call of the duty (Kreitner and Kinicki, 2007:174. Satisfied employees would seem more likely to talk positively about organization, help others, and go beyond the normal expectations in their job. Studies have shown that satisfaction influences organizational citizenship behavior through perception of fairness (Robbins, 2005:88). When ones perceive organizational processes and outcomes to be fair, trust is developed.

The higher the trust, the more likelihood of employee engaging in behaviors that goes beyond the formal job requirements.

2.20 Outsourcing

Outsourcing has become a relatively popular phenomenon in South African context (Parsa, 2004: 668). It is viewed as one of the most important management strategies of all time and have had intensive literature that evaluates the decision to either insource or outsource (Parca, 2004:698).

2.20.1 Definitions of outsourcing

Patel and Aran (2005:7) define outsourcing as the contractual service of transferring one or more business processes to a third-party provider, where the latter takes over the management, ongoing support and infrastructure of the entire processes. When these processes are executed by vendors in a different country, it is known as offshore outsourcing or offshoring. Outsourcing involves sourcing of goods and services previously produced internally with the sourcing company from external suppliers (Mclvor, 2005:2). This term is commonly used in relation to be switching of supply of products or services to the external suppliers. But it can also involve transfer of an entire business function to a supplier. Linder (2004:27) defines outsourcing as a means of purchasing services from an outside company that a company currently provides, or most organizations normally provide, for themselves. Greaver (1999:3) defines outsourcing as an act of transferring some of an organizational recurring internal activities and decision rights to outside providers.

Outsourcing is when a firm hires an outside company to perform a specific task or function on behalf of the firm. The company works at the firm's direction, yet operates independently (Savarino, 2001:1) Thomson and Strickland (2005:153) outlines the outsourcing strategies as a conscious decision to abandon attempts to perform certain function internally and instead to farm them out to outside specialist and business partners. The driving forces behind outsourcing are that outsiders can often perform certain activities better and cheaper, and outsourcing allows the firm to focus on its core businesses.

Outsourcing by definition is the transferring of business functions or processes to other companies (Larson and Gray 2011, p.419); it can also be defined as the transfer of responsibility for performance of services that have been (or could be) performed by the organization's employees to an external service provider (Hayes and Ninemeier 2009:422).

Outsourcing is defined by Chase (2014:372) as the act of moving some of an organisation's internal activities and responsibilities to an external provider. Lankford (2014:174) similarly state "Outsourcing is defined as the procurement of products and services from outside sources. These definitions agree that outsourcing involves allocating or reallocating business activities from internal sources to external sources.

According to Lam and Han (2005) in Jones and Pizam (2008:187) outsourcing is a management strategy in which a university utilizes and forms strategic alliances with specialized outsourcing supplier to operate certain functions, in an attempt to reduce costs and risks and to improve efficiency. If we think of this definition, then we assume that

outsourcing is done only as a way to save money in a company. According to Chase et al. (2004) outsourcing is not only the act of moving some of the firm's internal activities but also including decision responsibilities to outside providers (Jones, Pizam, 2008:188). This could be interpreted that it is the opportunity for companies to hand over the running of the department to another company so that they are free to focus their attention on other departments in the university.

2.21 Types of outsourcing

In the business world there are many kinds of outsourcing. The following types of outsourcing are the most commonly used outsourcing methods.

Tactical outsourcing:

Tactical outsourcing is where the customer takes on the services provided for a project for a short period of time. This is could be for short projects or larger cooperation agreements. According to Brown & Wilson (2005:21) the focus of tactical outsourcing is the contract specifically, constructing the right contract and subsequently holding the vendor to the contract. Tactical outsourcing can be used for projects not normally done in-house and thereby relinquishing the task or project to a third party to get the job done.

Strategic outsourcing:

Over time, as businesses sought greater value from outsourcing relationship, the goals of these relationships changed. Executives realized that, rather than losing control over the outsourced function, they gained broader control over all of the functions in their area of responsibility, hence, were freer to direct their attention to the core strategic aspects of their jobs (Brown and Wilson 2005:21). The aim of strategic outsourcing is to build long term relationships and forge business opportunities for the future.

Transformational outsourcing:

Transformational outsourcing according to Linder (2004) is defined as partnering with another company to achieve a rapid, substantial and sustainable improvement in enterprise-level performance. But according to Brown and Wilson, (2005:25) outsourcing has emerged as the single most powerful tool available to executives seeking this level of business change. Those who take advantage of transformational outsourcing recognize that the real power of this tool lies in the innovations that outside specialists bring to their customers' businesses. Working together and knowing your customers and cooperation partners is an important part of transformational outsourcing.

Offshoring:

Off shoring is a term used when companies move their business or parts of their business totally out of the country. According to Brown and Wilson (2005, 789) offshoring, a kind of outsourcing is the term used to distinguish

projects that are being outsourced to outside contractors. This could be by offshoring certain departments for example IT or accounts. Offshoring is the transferring of jobs from an organization in one country to an organization in another country (Hayes and Ninemeier 2009:422). These jobs would be done by other people in other 29 countries. This saves money on personnel costs as the taxation and payment of salaries in other countries can be lower in different parts of the world.

2.22 Reasons and motives of outsourcing

Most people when asked about what the word outsourcing means the first reaction is about saving costs. These days the word outsourcing has become more common as more and more companies use outsourcing as a way to save costs but produce significant challenges. This combined with the term laid off or being made redundant has become one of most used terms in present times.

According to Brown & Wilson (2005:37) the most common reasons for outsourcing are:

To acquire new skills: It may be that in some departments the skills of the employees are not enough, and a certain amount of professionalism is needed to carry out the tasks involved. The services of a professional cleaning company may take over those tasks and bring a better result.

To acquire better management: It is not only the skills of the employees that may come into question, the manager of the housekeeping department may not be able to handle such responsibilities. The coordination of large amounts of employees and tight schedules are impossible to manage if you do not have the necessary training.

To focus on strategy: The university in question may want to focus more of their energy on different ventures and hence by outsourcing it frees up more time for other projects.

To focus on core functions: Universities usually have key core functions such as the education and learning or other money bringing departments. The university may want to focus their efforts towards them. Of course, if the key core functions could be operated more effectively if it was outsourced then the university will more than likely outsource it to achieve maximum performance.

To avoid major investments: Expenses and investments can be high in a university. The housekeeping department has many expenses especially with cleaning products, cleaning equipment that needs to be replaced regularly and larger cleaning appliances such as floor cleaning machines, mops and carriages.

To handle overflow situations: In university there are peak season and off-peak seasons. This in reality is tough to manage. In peak season the number of employees needed by the departments can double compared to normal off-peak season. By outsourcing the pressure is off the university to recruit and lay off employees.

To improve flexibility: This is a good choice and is the same as the overflow situation. By changing the employee costs and outsourcing to a service provider the fixed costs change to variable costs and the bills paid will be according to the occupancy in the university.

To reduce costs: Housekeeping and maintenance departments have the high costs in universities. This is due to the large amount of staff working in them and by outsourcing this department the costs are transferred to the service provider.

2.23 Strategic approaches to outsourcing

The higher education sector has in recent years seen the development of a more strategic approach to outsourcing which has brought in private sector funding and released resources for investment, delivered improvements to service quality and generated significant efficiencies. Two prime examples lie in the fields of student accommodation and IT provision, yet there is also considerable experience within the sector of commercial providers such as Unite and Opal delivering on-campus services such as facilities management, security and student support.

As the use of technology changes the educational experience, the costs involved in maintaining up-to-date systems and facilities can be challenging. Approaches such as cloud computing present the sector with new opportunities to manage these costs and maintain quality.

2.24 Challenges of outsourcing

The literature has shown that there are risks and challenges associated with outsourcing such as culture, economic and political stability, loss of quality and intellectual property, (Schniederjans and Zuckweiler, 2004:882). A summary of these may include (Ernst, Glanville and Murfitt, 2007):

• Failure to managing of the relationship with the provider.

• Failure to set up systems to monitor the contract in accordance with its clauses.

• Risk in outsourced core competencies slipping into competitors' hands when one provider is supplying several companies.

• Inability to adequately source the right level of competencies for the organisation.

• Dependency on the provider party.

Communication:

The challenges for outsourcing are many as there are now two different companies working together. The risk of something going wrong is based on whether the communication between the two is good. Communication is the most important part of the cooperation between the two companies and they have to be on the same wavelength when embarking on such a significant change. The key is to focus on the interests behind your positions and separate these goals from your ego as best you can. Not only should you be driven by your interest, but you should try to identify the interests of the other party. (Larson and Gray 2011: 433.) The outsourcing of activities in a department to a service provided requires extremely close coordination.

Conflict:

Conflict is a main issue between two companies that come together. Different people have different ways to work and when they are put together into the same situations and projects, then it is common that some conflicts arise. Conflict itself is not necessarily a bad thing as sometimes it clears the air, and everybody knows what they can and cannot do or say but in a close relationship the rules need to be set in order for the communication to work between the two companies. Conflict comes in many forms as the personalities of people working together can clash dramatically. Projects are prone to interpersonal conflict since the different participants do not share the same values, priorities and culture. Trust, which is essential to project success, can be difficult to forge when interactions are limited, and people come from different organizations. (Larson and Gray 2011:422.) People are different and some of them strive on working under pressure and others buckle under the strain. It is important for workers of both companies not to take the conflict personally and understand that high stress situations can bring out the best and worst in a person. Of course, any personal conflicts should be dealt with in a swift manner so the behaviour does not affect the relationship between the customer and client.

Cultural misunderstanding:

Cultural misunderstanding can be from both sides as the language and understanding in some aspects can be quite unclear. Complex cultural environments require fluency not only in words, but more importantly in understanding what is not said – and this takes time, patience and dedication (Mullins, 2010:24). Language barriers between employees working in the same company can be a major challenge for everyone. The company itself has to be patient and speak in a slower tone and constantly ask questions to see if the employee understands everything completely.

Loss of control:

There is a potential loss of control over the project. The core team depends on other organizations that they have no direct authority over (Larson and Gray, 2011:422). This is why communication is a very important part of the link between the organisation and service provider. Active customer involvement keeps the project team focused on the objectives of the project and reduces misunderstandings and dissatisfaction (Larson and Gray, 2001:439.).

2.25 Conclusion

Insourcing involve several interrelated activities, and therefore the success of these operations depends on the adoption of practices that are aimed at positively influencing the different activities and functions UKZN. This chapter has given a detailed outline of the variables such as insourcing, outsourcing, operational excellence and service deliverable that shape the study.

The growing interest in this field has been motivated by the increasing number of protests outsourcing. The main objective has been to ensure explore possible approaches and solutions for insourcing activities and functions at South African universities.

The following chapter introduces research methodology. It analyse the approach of the research and rational for using the research approach. It therefore provides insight on data collection and the methods followed in this research.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

Kinash (2008) explains research methodology as a study and science of how research is carried out, how things are found out and how the researcher gains knowledge about a research problem. McGregor and Murname (2010:621) define research methodology as a technique researcher use to conduct research by utilising methods such as focus group, surveys, interviews and questionnaires.

This chapter aims at outlining research techniques, approaches and strategies that were implemented to achieve the outlined objective. A detailed plan of action was adopted on how the information was to be obtained from. From a population a subset of the population was chosen to represent the entire population. Sampling design are both probability sampling and non-probability sampling.

The chapter also provides research methods that were highly used in collecting all the required data. The information collected needed then to be inspected, cleaned, transformed, and modeled with the goal of discovering useful information and suggesting conclusions on the research question to ensure reliability and validity.

A clear distinction between qualitative data approach and quantitative data approach is provided. The study is profoundly based on qualitative data approach where thoughts and opinions of respondents are of great importance.

The following sections reviews the objectives of the study, hypotheses and other detailed analysis pertaining to the study.

3.2 Research design

In conducting a research study there are different designs that the study can adopt such as exploratory, descriptive, causal, explanatory and evaluative research (Malterud, 2001). The research design that is adopted in any study is usually influenced by the research questions and objectives, which are the main determinants of the approach the study Willig, 2003:48). This section of the chapter provides a brief discussion of the main research designs involved in this study and also provide a rationale for the design chosen.

3.3 The research process

Research involves an organised, critical, objective and systematic inquiry or investigation into a specific problem; this is carried out in order to find answers or solutions that are relevant in responding to this research problem (Sekaran, 2003:5). It normally provides the essential information that is required for solving a series of interrelated

problems and identifying the essential variables that need to be addressed in order to deal successfully with the subject under investigation (Cooper and Schindler, 2008:48). In ensuring that the research responds to all the objectives and questions a research process should be followed, which is a description of the steps that will be taken during the research study.

The objectives of this study are aimed at providing insight on how the University of KwaZulu-Natal can manage insourcing by being able to have dynamic capacity. These are outlined as follows:

3.3.1 Research objective

- To assess the effect of insourcing functions and activities at the UKZN.

- To assess how dynamic capability can be built through insourcing.

- To assess how UKZN can create value and achieve operational excellence through insourcing.

- To analysis how internal integration and reconfiguration of in house function would develop a lean process and improve service level at UKZN.

3.3.2 Research questions

The following are the research questions that the study aims to address:

- What are the effects of insourcing functions and activities at UKZN?

- To what extents does insourcing functions and activities build dynamic capability at UKZN?

- To what extents does insourcing functions and activities create value and achieve operational excellence at UKZN?

- To what extents does internal integration and reconfiguration of in-house functions ensure a lean process at UKZN?

In order to attain all these objectives and respond to the given research questions a research map has been designed to help ensure that the relevant data sets are made available at the correct time. This map gives a detailed outline of how research techniques are manipulated and organised in gathering and analysing the data. The research process provides a planned and detailed approach to a research problem and ensures that all the tools and designs to be used are consistently aligned to meeting the objectives of the study (Sekaran, 2003:118). Figure 4.1 is an illustration of a typical research approach that can be followed in any research study.

The steps considered are only relevant towards achieving the stated objectives of each individual study.
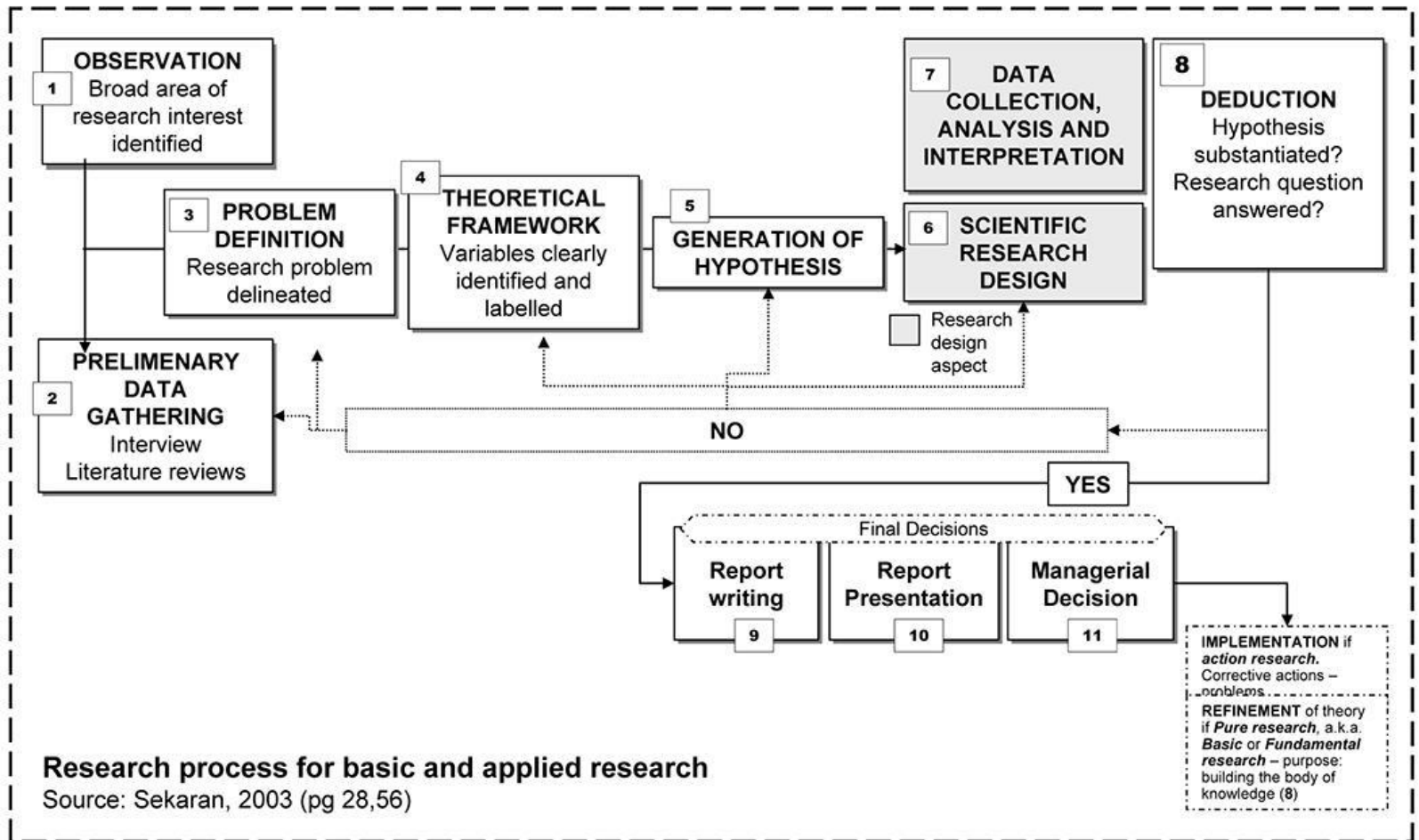
Figure 3.1: The typical research process (Sekaran, 2003)

3.4 Research paradigms

The different approaches used in research are referred as 'research paradigms' (Johnsons, 2004:250). These approaches are used whether the researcher makes use of either qualitative or quantitative research. Onwuegbuzie (2004:572) provides three type of research paradigm as either exploratory research, explanatory research or descriptive research. Cooper and Schindler (2008:89) examine research paradigm as a blueprint for fulfilling the research questions and objectives. It involves a series of decisions and choices relating to the purpose of the study, its location, type of techniques to which it should conform, the extent of interference and manner in which the data will be collected and analysed (Sekaran, 2003:118). The study is based on the exploratory research approach. The research philosophy implemented by researcher was to first determine the type of the research study and the data sources that will be used in achieving the objectives of the study and also on how valuable the outcome is. The

research philosophy plays the role of identifying the planning process involved in the research study and also gives an outline of how different variables will be used in ensuring that they are useful in contributing to the success of the overall research study. An outline of the tools and techniques that form the philosophy of this research study are given in this section.
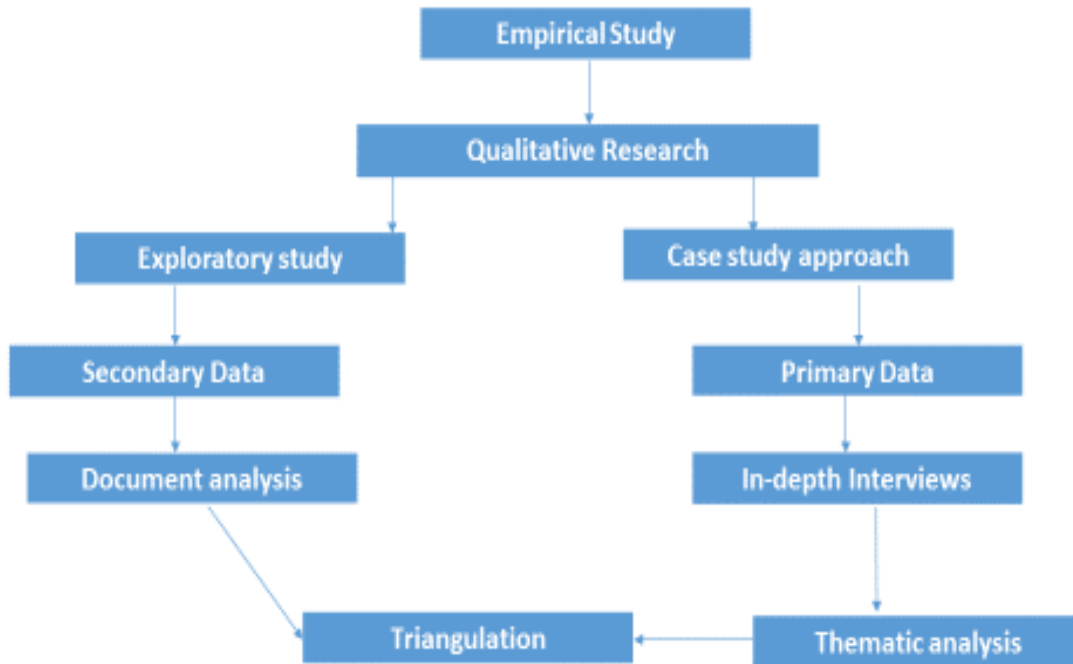
Figure 3.2: Hierarchy of the research philosophy (Sekaran, 2003)

3.4.1 Empirical research

The study aims to examine the possible benefits to insourcing major activities and functions at the University of KwaZulu-Natal. The major objective in this study is to analysis how dynamic capacity can be built through insourcing universities activities and functions to improve overall performance, achieve operational excellence and improve service level. This research can therefore be classified as an empirical study. Babbie and Mouton (2010:75) describe an empirical study as involving the collection of new data using different methods or the analysis of already existing data in order to come up with new and unique findings.

Empirical research includes a set of research methods where empirical data or observations are made to answer certain research questions (Moodly, 2012:1). The research data sources used in this empirical study in order to provide insight on insorcing include both secondary and primary sources. Primary data is often collected with the intention or goal of answering certain research questions and is collected from the site in which the research is designed. Secondary data, on the other hand, is existing information that can be used in supporting the arguments of the researcher based on the data collected by other researchers (Sekaran, 2013:59).

3.4.2 Qualitative research approach

Research methods are categorised as either qualitative or quantitative. Edmonds and Kennedy (2013:110) assert that qualitative data collection and analysis put more emphasis on making sense of how people define, describe and metaphorically make sense of experiences. This allows the researcher to get a detailed perspective through interviewing (Denzin and Lincoln, 2005:872). McGregor and Murname (2010:330) define quantitative research as a systematic empirical investigation of observable phenomena via statistical, mathematical or computational techniques. The objective of quantitative research is to develop and employ mathematical models, theories and/or hypotheses pertaining to research problem.

Qualitative research approaches have the aim of ensuring that a certain social phenomenon is clearly understood and therefore the methods employed generate an output of words rather than of numbers (Patton and Cochran, 2012:2). Leech and Onwuegbuzie (2007:558) observe that qualitative data involves an emphasis on the qualities of certain data entities and their significance which cannot be measured in terms of quantity, volume, frequency and amount. The aims of a qualitative research approach include gaining an understanding of a research problem from the perspective of the population or of the subjects involved. Since this research study is aimed at providing insight into dynamic capabilities that could be used when insourcing, it can be easily associated with the qualitative research approach. Therefore, the qualitative research approach has been identified as being suitable since the questions are aimed at gaining an understanding of the system; the data is provided operational managers at UKZN.

The data collection techniques that are used in qualitative studies are aimed at asking probing questions such as identifying what, how and why of a phenomenon rather than on how many and how much. Malterud (2014:483) therefore describes qualitative studies as involving the collection, interpretation and the organisation of textual material from observations, interviews and surveys. There are numerous advantages that are associated with the use of qualitative data, especially the fact that it allows the researcher to be closer to the respondents or the source which improves the likelihood of collecting reliable and accurate data. Qualitative research methods are founded on the premise that research is a systematic and reflective process for the development of knowledge that can be shared and also can be transferred to other similar studies beyond the intended setting (Malterud, 2001:483).

A quantitative research study on the other hand, emphasizes rather quantitative measurements and the analysis of the relationships that exist between different variables. Cooper and Schindler (2008:710) describe quantitative studies as involving the counting of variables relating to some behavior, knowledge and opinion. It is important to clearly explain the differences between qualitative and quantitative studies in order to justify why this research study is considered as being qualitative. Table 3.1 illustrates some of the underlying differences.

Key areas	**Qualitative**	**Quantitative**
Research focus	Provides intensive understanding and interpretation	Provides intensive understanding, explanation and prediction
Level of involvement	High	Limited
Purpose of research	Helps understand and build theory	Helps build and test theory
Type of sample design	Non-Probability: Purposive	Probability
Size of sample	Small	Large
Data type and preparation	Verbal description Makes use of verbal codes	Verbal description Makes use of numerical codes for computerised analysis
Data analysis	Helps provide contextual framework of phenomenon being measured	Helps provides computerised analysis to make clear distinction between facts and judgement

Source: Cooper (2008:165)

Table 3.1: Understanding qualitative and quantitative research

The researcher used a qualitative design which, according to McMillan and Schumacher (2006:789) involves relatively small-scale studies for in-depth investigations with the aim of understanding social phenomena from the

participants' perspectives, using interactive strategies in real-life situations. The core of qualitative data analysis consists of the description and classification of the data and seeing how concepts interconnected. The quantitative method, on the other hand, is a rigid type of data collection that provides quantitative or numerical descriptions of trends, opinions or attitudes of the population; it generalises and makes claims about the population (McMillan and Schumacher, 2006:333). Furthermore, the idea of mixing both methods is becoming more acceptable in the field of research owing to the intricate perspectives on problems that it provides.

The design of this research is however centred on the use of qualitative methods. Qualitative data can be acquired via interviews. Interviews may be categorised as structured, semi-structured or in depth (Lewis, 2009:320). Structured interviews utilise questions which contain a set of standardized questions. In a semi-structured interview, a list of questions and themes may be covered based on the progress of the discussion (Lewis, 2009:320). In-depth interviews are informal. For the purpose of this study a semi structured interviews is conducted with the sample. A use of questions in an interview is utilised with a list of questions and required themes covered. The reason for this is that this study was aiming at analysing and finding information from operational managers from schools, supporting services and facilities at UKZN.

3.4.3 Exploratory study

Exploratory research is usually carried out when not much information is known about the subject being studied. This implies that there would be a limited number of similar problems or situations that would have been solved in the past by other researchers (Sekaran, 2003:119). Such studies are often carried out in instances when the researcher needs to understand a specific problem or situation. These studies are also considered by researchers when some facts are known regarding a subject but there is a need for more information to be discovered in order to aid with the development of a relevant conceptual framework (Silverman, 2007:89). Exploratory studies are also important in cases where there is a need for the researcher to get a good understanding of the subject of interest so that they can build more knowledge frameworks through establishing theories and relevant conceptual frameworks (Cooper and Schindler, 2008:139).

The exploratory research design is often used during the preliminary stages of the research where there is a need for an understanding of the variables that are involved in the research problem. The data collection methods that are involved in most exploratory studies include interviews which allow the researcher to have an understanding of the phenomenon.

3.4.4 Descriptive study

Descriptive studies are mostly conducted in order to learn more about a specific problem and also to give an account of the characteristics that are involved. They are typically structured and usually have a set of stated hypothesis or

investigative questions (Cooper and Schindler, 1998:147). They are also aimed at ensuring that a valid and accurate representation of the variables involved is provided (Hardy and Bryman, 2009:939). Terre Blanche, Durrheim and Painter (2006:44) state that descriptive studies have the aim of accurately describing the phenomenon through the use of various data collection tools.

3.4.5 Explanatory study

Explanatory studies have the aim of providing causal explanations for a specific phenomenon. In the case where researchers are interested in examining the relationship that exists between variables, the explanatory research design is considered as being ideal (Sekaran, 2004:45). The major emphasis of this design is on determining a cause and effect relationship. This usually involves a planned and structured design (Malhotra, 2004:85). These studies are conducted on the premise that a change in one variable results in a change in another variable.

3.4.6 Case study

Case study are becoming a popular research design. They are descriptive in nature and provide extensive information pertaining to certain individuals and organisations. Terre Blanche (2006:460) describe case studies as involving geographic research methods that study individuals or organisations as being separate from the sub-sets of a wider population. They involve an in-depth analysis of similar situations that would have occurred in other organisations given that the nature and definition of the problem is the same as that experienced by other organisations. They place emphasis on a contextual analysis of fewer events or conditions and provide detailed insight regarding the researched objectives in the context of a particular population or organisation. Baxter and Jack (2008:548) categorise case studies into explanatory, exploratory, descriptive, multiple, intrinsic, instrumental and collective case.

3.4.7 Most applicable approach for this research study

Having identified the approaches that a single study can adopt, it is important to indicate which approach is ideal for this particular research study. The field of insourcing verses outsourcing has been a dominating subject among researchers, and there has been a growing need for analysing major advantages of insourcing. The focus of this research study is on providing insight for the University of KwaZulu-Natal about key advantages through insourcing and how the university can manage performing these activities in-house. The objectives of the study are aimed at gaining an understanding dynamic capacity. The exploratory research enquiry is the approach that ensures that the objectives of the study are met, as it is the method that is used when some facts are known about a specific subject but more information is needed in order to develop a relevant framework (Sekaran, 2002:120).

With exploratory studies, the main focus is on gaining insight pertaining to a subject, and usually this is conducted for research problems where few studies have been done (Malhotra, 2004:77). In gaining an understanding of the variables of dynamic capability a literature search was conducted including academic journals and books.

The case study approach is also used to complement the exploratory research design. The case study approach involves the examination of ideas that have been successfully implemented by a particular organisation or population set (Yin, 2009:4). This in effect means that the research problems or objectives are discussed in the context of the organisation and population set involved. In this research study the University of KwaZulu-Natal is the focus of the data collection process in order to discuss and identify the effects of insourcing. The advantages that are associated with the use of case studies include the fact that the findings can be generalised to other organisations involved in the similar line of business.

3.5   Data collection

Data collection involves obtaining data from either primary data or secondary data. Primary data refers to first hand data collection, the researcher collects information that does not exist. Secondary data refers to information that already in existence. For the purpose of this study primary data and secondary data collection method is utilised. In carrying out a research study it is important to be able to put in place a reliable data collection process that will enable the researchers to be in possession of the data sets that can useful in answering the main research objectives and questions of the study. In this study both primary and secondary data sources have been used. Primary data is considered as the raw data that an organisation or researcher collects for themselves for the purposes of achieving certain research objectives (Cooper and Schindler, 1998:55), while secondary data is the information gathered by another researcher or organisation for the purposes of addressing a different research study other than the one being conducted (Kirby, 2001:43).

 Various data collection techniques have been considered for this research study. The primary data is collected through conducting face to face interviews. This ensured that the researcher is able to gain an insight into insourcing at UKZN. Secondary sources also play an important role in this study and therefore the use and analysis of peer reviewed journal articles, conference papers and research books. Every step, method and technique used in collecting and analysing data has to ensure that it has the desired effect of achieving the goals and objectives of the research study.

Objectives

1. To assess the effect of insourcing functions and activities	- Primary data and secondary data
2. To what assess how dynamic capability can be built through insourcing	- Secondary data
3. To assess how UKZN can create value and achieve operational excellence	- Primary and secondary data
4. To analysis how internal integration and reconfiguration of in house functions would develop a lean process and improve service delivery at UKZN	- Primary and secondary data

Table 3.2: Illustration of how the data collection techniques are useful in achieving the specific research objectives.

3.5.1 Documentary data (literature review)

The research has made reference to secondary data sources in substantiating some of the arguments. The documentary data that has been used includes peer reviewed journal articles, organisational reports, conference proceedings and publications, minutes and newspaper articles.

3.5.2 Qualitative interviews

Conducting qualitative interviews was the main tool used in collecting data for this research study. Cassell and Symon (2004:14) define qualitative interviews as interviews with an intended purpose of gathering descriptions or experiences of the interviewee regarding the subject under investigation. The goal of these interviews is to ensure that the research topic is viewed from the perspective of the interviewee and to derive an understanding as to why they subscribe to a certain perspective (Berg, 2009:132). Qualitative research interviews generally have a diverse range of characteristics, such as a low degree of structure imposed by the interviewer, open questions and a focus on specific situations or concepts rather than abstractions and general opinions. The use of qualitative interviews in this study was carefully designed and organised so that it ensured that the correct data was collected; the

qualitative interviews were therefore being achieved through conducting semi structured interviews that involved the use of an interview guide.

3.5.2.1 Semi structured interviews

Conducting an interview is a natural way of interacting with the targeted population. Interviews are described as empirical in the sense that they involve gathering information on a particular topic and can be classified as theoretical since they are also used in developing and testing theories (Cavana, Delahaye and Sekaran, 2011:138). They are useful in cases where large amounts of data are needed in answering the research objectives and questions. Interviews are conducted on a one-on-one basis and allow an opportunity for the researcher to explore the perceptions and ideas of individuals regarding specific subjects (Silverman, 2008:137). This type of interview technique allows for the interviewees to be able to respond in their own words, and the line of questioning used by the interviewer has no desired intentions of prompting responses.

Interviews can be classified as either structured or unstructured depending on the objectives which the study seeks to achieve, and the questions can either be open ended or closed. Open ended questions during unstructured interviews afford the interviewee a level of flexibility in responding to the questions and therefore have the advantage of ensuring that more issues are mentioned and discussed (Hanning, Van Rensburg and Smit, 2014:54). In structured interviews the interviewer allows the interviewee to respond to the given set of questions using the provided structure. Both approaches were used in this research study as the semi-structured approach allowed the interviewer to design questions that would allow the interviewee to discuss specific subjects in the way they desired and also draft questions that require a structured response (Cassell and Symon, 2010:33). In this regard an in-depth interview has been carried out, with and all of the participants being from the UKZN.

3.5.2.2 Interview guide

An interview guide is a document that helps the interviewer in directing the conversation towards the specific issues and topics which they are investigating. Interview guides vary in structure, ranging from being highly scripted to being relatively loose. They have the intended purpose of directing the interviewer on what to ask about and the sequence in which questions should be arranged (Denzin and Lincoln, 2015:721). Before in-depth interviews are carried out, the researcher compiles an interview guide to use during the various sessions. The questions in the interview guide are designed so as to ensure that the objectives of the study are attained, and the emphasis is on identifying the different sections being investigated. Insourcing, dynamic capability, value creation and operational excellence form the basis of this research study and therefore the interview guide is designed around these questions. The interview guide includes both close and open-ended questions and was flexible enough to allow the interviewer to be able to adjust the sequence in which questions were asked and to further probe the participants based on their responses. Table 3:3 summarizes the sections of the interview guide for this research study.

1 Introduction	This is brief overview of what the interview will cover and presents an opportunity for the interviewer to familiarise himself with the interviewee.
2. General *Individual profile *Organisational profile	This is brief overview of what the interview will cover and presents an opportunity for the interviewer to familiarise himself with the interviewee. The section is designed to ensure that the interviewee describes their roles within the organisation
3 Insourcing	This was in-depth section where the researcher wants an understanding of current insourcing and outsourcing activities in the organisation. The researcher aims at understanding advantages and disadvantages of both insourcing and outsourcing
4 Dynamic capability	This was in in-depth section where the researcher is evaluating the concepts of dynamic capability and seeing how the organisation can build dynamic capability
5 Value creation	This is an in-depth section were the researcher is evaluating how an organisation can create value by insourcing
6 Operational excellence	This is an in-depth section were the researcher is evaluating how an organisation can create operational excellence

Table 3.3: Summary of the interview guide

Interviews played an important role in this research study and have ensured that the right data is provided for this study. There are advantages and disadvantages that are associated with the use of interviews in collecting data and

these have been summarised in Table 3.4 in order to present some of the limitations encountered in using this research approach.

Advantages	Disadvantages
Thick data can be collected–the detailed data collected from interviews far exceed the quality of data collected by quantitative methods	**Cost**–interviews are sometimes considered to be the most costly in terms of cost and money
Participants can be probed–with interviews the researcher asks additional questions increasing the depth of the data collected	**Reluctance of participants in participating**–people may be reluctant to make time in their schedule to talk to strangers
Increased control of the researcher–participants can be pre-screened to ensure that they meet the inclusion and exclusion criteria	**Bias**–with interviews, the researcher could potentially affect the outcome of the data collected
Flexibility–the interviewer can change aspects of the interview, for example, the language used, to suit the participant and gain a better response rate	**Generalisation**–this could lead to a decrease in reliability of the data collected
Individual responses identifiable–interviews allow the researcher to link responses to a certain individual	
Close relationship–the researcher can develop a close relationship with the participant which could lead to trust and result in a freer flow of information	

Source: Sekaran (2013)

Table 3.4: Advantages and disadvantages of interviews as a data collection method

3.6 Population and sample

3.6.1 Population

A target population refers to the specified group of people, organisations or objects to which questions and observations can be directed to in order to develop the required data structures and information (Sekaran, 2013:265). The target population according to Cooper (2013:86) consists of the total units/sets of the study sits that explain the characteristics of the subject or elements to study. The target population in this study involve all school operations managers (19), 16 operations managers for support services and 5 managers for facilities from all campuses in UKZN.

3.6.2 Sample size

Selecting the participants to be involved during the data collection process has to be correctly conducted since it affects the accuracy and reliability of the data. The research study implemented the purposive sampling technique in identifying the participants to be interviewed within the UKZN. Purposive sampling is a technique that is mainly confined to a certain target group that can provide the needed information based on the criteria designed by the researcher; only the participants that conform to the criteria are considered (Cooper and Schindler, 2008:192).

A sample consists of the selected participants from a population that possess mutual qualities (Sekaran and Bougie, 2010:10). Information for qualitative research is gathered from all operational managers of every school, supporting services and facilities at all the four campuses at university. There are 19 schools in total, 16 support services and 5 facilities at UKZN. Each college will be represented by one operations manager in each college (6 managers), half of each category, that is, 8 for support services and 3 for facilities.

3.6.3 Sample design

There are two type of sampling design namely probability sampling and non-probability sampling (Collins, 2011:648). Probability sampling refers to a known probability of selection from the different population aspects; non-probability sampling has an unknown chance of selection.

3.6.3.1 Probability Sampling

Sekaran and Bougie (2010:235) define probability sampling as a group of sampling techniques that are used by researcher to select a sample from an entire population to get the desired information for their study. The main

characteristic of this technique is that every element in the population have a known chance of being selected, this is then used to ensure that the researcher can get a representative sample with minimum bias in the selection of the sample.

Simple Random Sampling: This technique ensures that every element in the population has a probability of being selected as the subject. Among the different operational managers from all schools, supporting service and and facilities means that all 17 respondents are randomly selected.

Systematic Sampling: Systematic random sample is a variation on the simple random sample. Each element has an equal chance of being chosen. This then means that the respondent would be chosen using random tables.

Stratified Random Sampling: In this technique, the researcher aims to analysing and a find a representative sample that a strata or group of the population. With the stratified random sample, there is an equal chance (probability) of selecting each unit from within a particular stratum of the population when creating the sample.

3.6.3.2Non-Probability Sampling

Sekaran and Bougie (2010:240) explain that a non-probability sampling represents a group of sampling techniques that help researchers to select units from a population that they are interested in studying. Collectively, these units form the sample that the researcher studies. A core characteristic of non-probability sampling techniques is that samples are selected based on the subjective judgement of the researcher, rather than random selection. This then means respondents were not chosen randomly.

Convenience Sampling: A convenience sample is simply one where the units that are selected for inclusion in the sample are the easiest to access. This then would means the researcher chooses to analyse the university of KwaZulu-Natal because the researcher is based in KwaZulu-Natal hence access to the information would be easier. This is the easiest type of research to carry out. The relative cost and time required to carry out a convenience sample are small in comparison to probability sampling techniques. This enables you to achieve the sample size you want in a relatively fast and inexpensive way (Richard, 2009:558).

Purposive sampling: Purposive sampling, also known as judgmental, selective or subjective sampling, reflects a group of sampling techniques that rely on the judgement of the researcher when it comes to selecting the units that are to be studied.

Self-selection sampling: Self-selection sampling is appropriate when the researcher wants to allow units or cases, whether individuals or organisations, to choose to take part in research on their own accord. The key component is that research subjects volunteer to take part in the research rather than being approached by the researcher directly.

The researcher chooses purposive sampling as a sampling type. This technique allowed the researcher to choose participants who illustrate the features in which are of benefit to the research. In this research since the aim was to improve service delivery and build dynamic capability in South African university particularly the University of KwaZulu-Natal. A selection of the respondents from all the five campuses were selected and interviewed.

3.7 Data analysis

Statistical analysis refers to the data analysis methods employed to analyse and interpret the data obtained through the use of the research instrument (Welman and Kruger, 2002:65). Put simply, data analyses are the statistical tools utilised to explain the data, explore relationships that exist in the data, and generally establish whether the data is consistent with proposed hypotheses and theories (Judd, 2001:878).

Qualitative data is analysed using thematic analysis which is a form of content analysis. Thematic analysis allows the research to analyse a large quantity of textual data to identify words, patterns or themes (Sekaran, 2010:385). This form of analysis required text to be coded into categories. Thereafter, it is analysed using conceptual or relations analysis. It identifies the frequency of concepts and relational analysis examines relations between the concepts (Schindler and Cooper, 2008:423).

3.7.1 Thematic analysis

Thematic analysis is a technique that has mainly been used in research studies involving qualitative data and has recently been identified as a foundational method of qualitative analysis by a number of researchers (Stirling, 2011:386). It involves searching and identifying common threads that are recorded across an interview and the analysis provides an accurate account for multifaceted and sensitive phenomena (Smith, 2012:73). Thematic analysis can also be described as a method for analysing, identifying and reporting patterns (themes) within data, explaining the various aspects of a research topic (Braun and Clarke, 2006:79). Delanty and Strydom, (2003:33) describe the approach as involving the identification of both implicit and explicit ideas within the data pool and grouping them into themes. The thematic analysis technique distinguishes, describes and groups data into rich finer details, giving an interpretation of the various sections of the subjects being investigated (Braun and Clarke, 2006:79). The technique is being highly flexible as it categorises data into different themes that are relevant to the subject under investigation; the technique aims to ensure that the different themes arising in any document and interview transcripts are clearly identified and categorised into classes in order to facilitate an accurate analysis (Bloor and Wood, 2006:55).

Organising data in thematic analysis is achieved through identifying common themes and dividing the research information into chunks and units that can be easily and successfully analysed (Stirling, 2011:400). The common

themes intend to capture important trends in the data that are useful in meeting the objectives of the research study and they usually categorise the data set into patterned responses or meanings (Baxter and Jack, 2008:550).

3.7 1.1 Steps involved in thematic analysis

Thematic analysis as a data interpretive process is one of the essential qualitative research methods that involve searching data systematically to identify arising patterns. For this to be successfully carried out there are steps that have to be followed in ensuring that the process is accurate and reliable. These steps involve activities such as reading through the data sets (transcripts) repeatedly and breaking the data down into themes and categories (Terre Blanche et al, 2006:328). Some of the steps followed for this research study include the familiarisation with and immersion in the data, creation of themes, coding, elaboration and interpretation, and checking. However, in order for these steps to be properly carried out, the process of transcribing information gathered during the in-depth interview sessions should first be conducted. All the steps in thematic analysis depend on how the data is transcribed and this is described in the following section.

Step 1: Transcribing

Once recordings have been made of all the interview sessions, the next step involves transcribing the interviews. Transcripts make the patterns of the recordings transparent and accessible, which allows one to be able to see the patterns that emerge in each interview session. Saunders, Lewis and Thornhill (2012:145) describe the process of transcribing as involving the reproduction of a recorded account and presenting it as written text.

The transcription process is in itself a data analytical process that needs to be carefully carried out and requires much commitment in terms of time. Audio transcription can be done with the aid of a transcribing machine that normally has a play back, rewinding and stop option and this allows the researcher to be able to accurately listen to all the pieces of data (Terre Blanche et al, 2006:139). During the in-depth interview sessions, the interviewer had a recording machine that captured all the conversations, and, in addition, notes were taken in order to ensure that all the highlights of the sessions were captured. After the transcribing of all the interview sessions, the other steps of thematic data analysis can then be implemented as outlined in steps 2 to 6 below.

Step 2: Interpreting data

For an effective data analysis to be carried out it is important for the researcher to have a preliminary understanding of the data. The researcher needs to be fully immersed in the data and dedicate time to studying the texts (the interview and transcript notes) repeatedly (Sekaran, 2003:65). This allows the researcher to fully comprehend the depth and breadth of the data; it is also during this stage that frequent and important themes are discovered which can prove to be crucial in answering the research questions. Carrying out this step properly will ensure that the

researcher knows the data well and is easily able to identify where various and similar trends of data can be found and what types of interpretation are likely to be supported by individual data sets (Terre Blanche, 2006:140).

Step 3: Creating themes

Researchers such as Baxter and Jack (2008), Berg (2009) and Bernard (2010) disagree about which step comes first: coding or inducing themes. This study followed the approach of identifying the themes in the data first before the coding process begins. Themes ideally should arise naturally from the data sets and ensure that the research questions can be answered, and objectives achieved (Stirling, 2001:400). There are no prescribed procedures for the process of inducing themes, so in this study categories and themes have been induced mainly from following the language used by informants during interviews.

This is a study that involves gaining insight into insourcing therefore many themes and categories have been identified within the data sets, addressing a broad array of issues that directly respond to the research questions. After the themes have been induced, they need to be fully developed and individually investigated in order to determine if they are relevant in meeting the objectives of the study (Terre Blanche et al, 2006:141). This helps in ensuring that all the trends that arise in the interview transcripts have contributed towards achieving the goals of the study and those that are not relevant are eliminated.

Step 4: Defining and naming themes

This is an important step within the analysis as it allows for the alignment of the data collected with the objectives of the study. The individual themes that have been developed during the previous step to be further refined. The significance of this phase lies in the way in which it scrutinises each theme so as to determine what it represents and what it does not represent. This process is also a way of assessing if all the themes that have been adopted are of relevance to the study; this evaluation builds up the confidence of the researcher and assures the accuracy and reliability of the processes involved (Willig, 2003b:162).

Step 5: Creating categories and subcategories

The process of inducing and developing themes needs to take place simultaneously with coding the data as this tends to save time and also promotes consistency. Identifying the immense detail and complexity of the data features is important and this is done by means of developing codes through the use of a coding scheme. Coding can be described as the step in which data is categorised into chunks of text and placed in different categories so as to allow for easy retrieval and analysis of the data (Marks and Yardley, 2004:62). Coding can be done using phrases, sentences or paragraphs and these are coded in relation to the richness of their content in representing a theme.

The process of coding is usually taxing but it is a crucial step so that the coding is able to provide answers for the underlying questions of the study. Coding units, used in order to fine-tune the data, can consist of sentences or phrases; in this way coding allows the researcher to count how often in a single interview or article the code occurs and to analyse the relationship of a code to others in terms of occurrence or sequencing (Terre Blanche et al, 2006:115). Codes should not be too broad or overlapping as they will then not be able to serve their intended purpose of distinguishing the different aspects that appear in a transcript. A code should ideally have a label which describes the operationalisation of what the theme concerns; one textual extract will be labelled with more than one code in cases where it covers more than one theme (Marks and Yardley, 2004:63).

Stage 6: Elaboration

The induction of themes and the coding process categorises the data into different chunks, events and remarks, and some of these are combined in order to address the questions and objectives of the study. This allows the researcher to get a new view of the data and to gradually compare the sections of the data that are related. The process of elaboration uncovers new trends and in many instances the researcher realises that the data which is grouped under a single theme may point to different subjects and that there are other issues and themes that may come to light (Terre Blanche et al, 2006:138). This step is designed to ensure that all the finer meaning that have previously not been identified by the coding system are exposed. Braun and Clark (2006:90) are of the opinion that the codes within the different themes should be related but there should be a distinction between one theme and the other and this can only be properly achieved in the elaboration phase.

In this study the elaboration stage ensured that certain activities such as reviewing all the data extracts of a specific theme and reviewing the broader theme in relation to all the data sets were carried out.

3.8 Trustworthiness; Credibility, transferability and dependability

Reliability and validity ensures that research is trustworthy when the researcher is undertaking a study on either qualitative or quantitative research (Robert, 2006:878). In this study the researcher was able to ensure information was free from errors as the research questions were answered by the representative sample.

During the data collection and analysis stages of this study, many options were explored in ensuring that relevant and high quality data was collected from the in-depth interview sessions and also from the documentary analysis. The three main areas that have been given attention in ensuring reliability and trustworthiness are credibility, transferability and dependability. Credibility focuses on ensuring that the study measures or tests the concepts which it has been designed for (Patton, 2009:1190). Transferability is described as the variable being concerned with whether the findings of the study can be applied to other similar studies (Shenton, 2004:70). Dependability is the variable that asserts that if similar techniques in the same context and under the same conditions are repeated,

then similar results would be obtained (Shenton, 2004:69). Reliability is the characteristic of measurement that gives an emphasis to the accuracy, precision and consistency of the data and information used for the study; it is a key concept in trustworthiness (Cooper and Schindler, 2008:352).

3.9 Conclusion

This chapter highlighted the crucial instruments for data collection and the way the researcher went about administering the data collection and analysis in this study. The interviews and questionnaires made it possible for the researcher to observe verbal and non-verbal reactions of the participants in concluding their responses to the questions. Also, the individual interview schedule assisted the researcher to stick to the objective questions and not be led astray by immaterial discussions. In summary, this chapter focused on how the researcher went about collecting data relevant for the study, the methods used and the rationale for using them.

The following chapter is the display research results. This is illustrated through the use of graphs and figures to explain the information gathered from respondent. This chapter present the thematic map which provides a link to the information gathered and the key objectives of the study.

CHAPTER 4

ANALYSIS OF RESULTS AND DISCUSSION

4.1. Introduction

The main aim of the research is to obtain the designed objectives and questions that have been highlighted in previous chapters. The research aimed to analyse if the University of KwaZulu-Natal would be able to perform all major activities in-house. This involves having a clear insight and understanding of two highly important concepts in supply chain which is insourcing and outsourcing. The main aim is to do feasibility study to fully understand the major advantages and disadvantages of insourcing and outsourcing.

The previous chapters highlighted and provided a detailed literature on the advantages and disadvantages of insourcing and outsourcing. It provided insight on major areas in supply chain management that is value creation; operational excellence; lean supply chain and service deliverance. In this chapter the data was collected using in-depth interview. The data was analysed using thematic data analyses.

The chapters give a detailed overview and analyses of data that collected from the study. It focused fully interpreting and analysing the data to ensure that objectives and questions of the study are met. The use of a thematic analysis approach allows the use of a thematic map which allows recording to transcribed and built into themes which will discussed in detail.

This approach accords with the exploratory nature of the study and provides a more comprehensive means of addressing the objectives. The objectives, as set out in chapter 1, are:

4   To assess the effect of insourcing functions and activities at the UKZN.

5   To assess how dynamic capability can be built through insourcing.

6   To assess how UKZN can create value and achieve operational excellence through insourcing.

7   To analysis how internal integration and reconfiguration of in house function would develop a lean process and improve service level at UKZN.

4.2 Demographic sample

As mentioned in the above methodology chapter there is a total of 17 respondent interviewed from the University of KwaZulu-Natal. The researcher involved operational managers from schools, supporting services and facilities.

In order to be able to best describe the sample, respondents were each asked question related to their gender age, race, highest level of education, years of work experience and level of their current occupation. Their demographic profiles are presented in graphs below.

4.2.1 Number of respondents

Male	Female
11	6

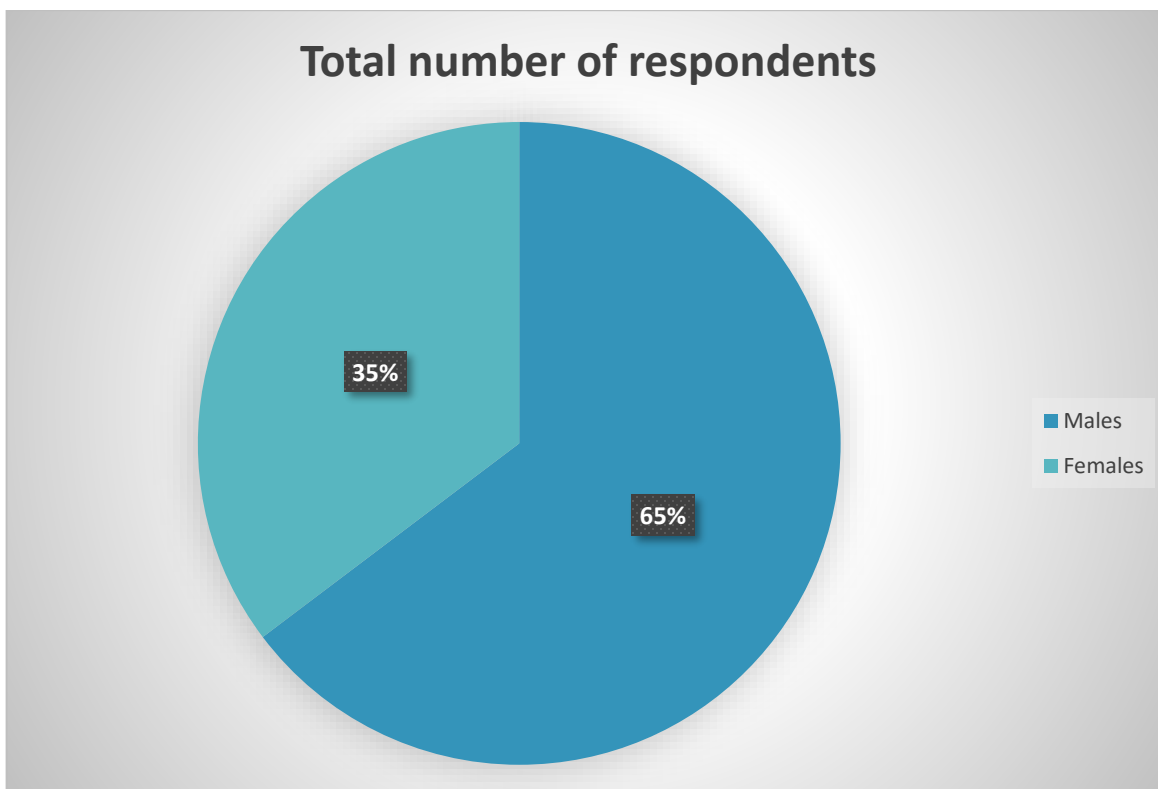**Table 4.1: Number of respondent**

Figure 4.1: Number of respondent

Figure 4.1 Gender

Figure 4.1 indicates that there were 17 total respondent that were interviewed which inclusive of more males (11) than females (6). The finding shows that operations manager at the university is still dominated by males. Fewer women are still in management position generally in South Africa.
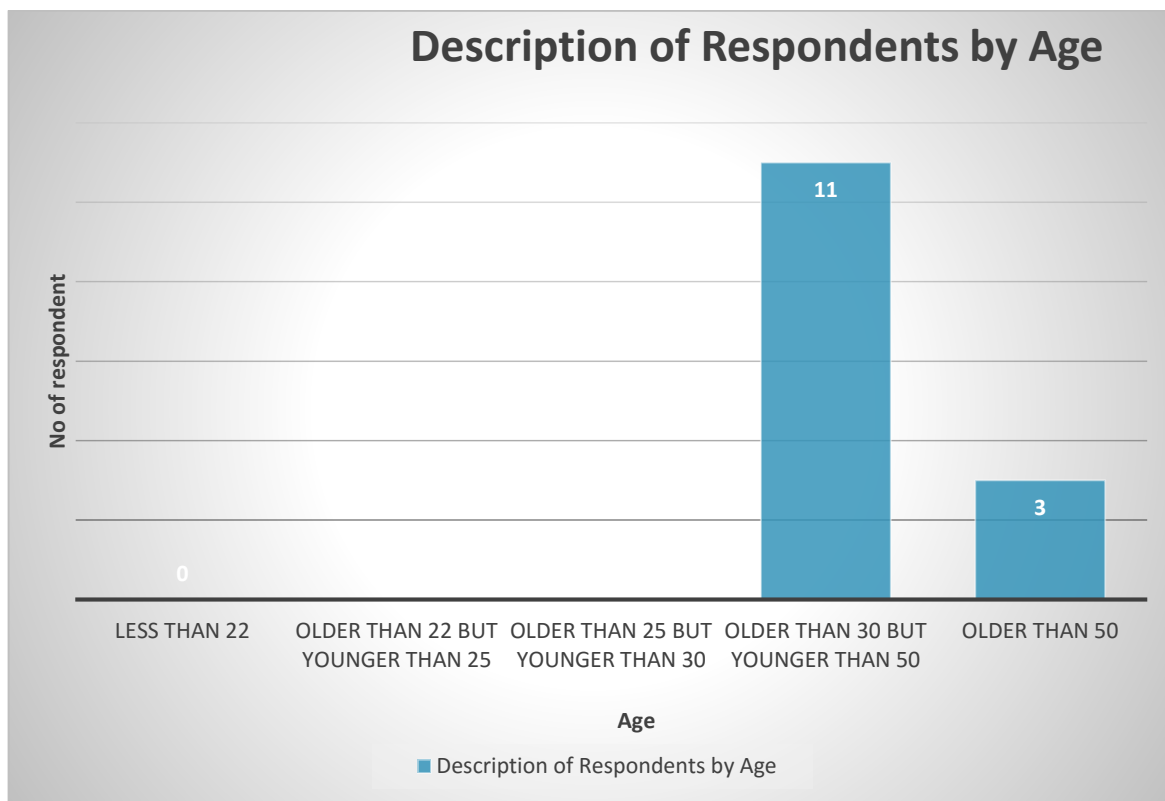
4.2.2 Age of respondents

Figure 4.2 Description of respondents by age

Figure 4.2 shows that a large number of respondents were between age 30 and 50. There were three (3) respondents between the age older than 50. No respondent younger then the age 25. This has highly correlated to the no of years that the respondent have been at the university.

4.2.3 Race of respondents
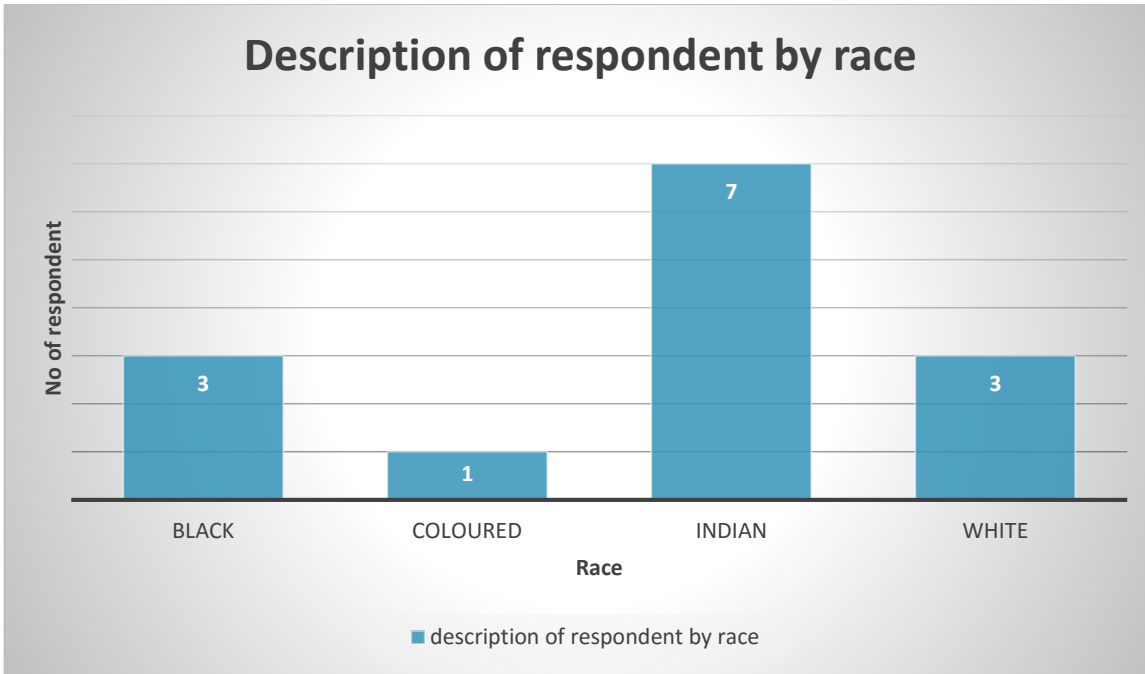

Figure 4.3: Description of respondents by race

It can be seen from Figure 4.3 that the majority of respondents are Indians. Exactly half of operational managers interviewed are Indians. Black and white people are both represented by three (3) people. It must be noted that the least race is the coloured race.

4.2.4 Description of respondents by highest level of education

Description of Respondents by Highest Level of Education

Legend:
- Post graduate
- Degree graduate
- Matric
- No formal education
- still studying
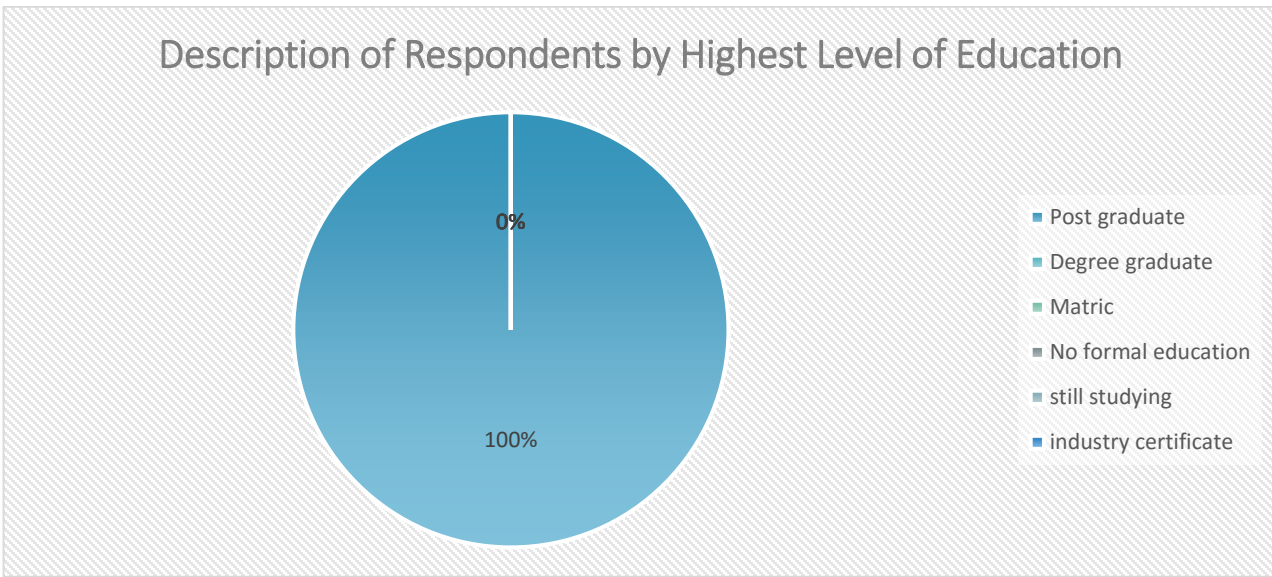- industry certificate

0%

100%

Figure 4.4: Description of respondents by highest level of education

It can be seen from the figure above that the 100% of respondents interviewed had post graduate studies being masters and honours as their highest level of education. It can be said that all operational manager have post graduate degrees at UKZN.

4.2.5 Description of work experience

Description of work exprience

No of respondent / Years

| 6MONTHS | 6MONTHS-1YEAR | 1YEAR-2YEARS | OVER 2YEARS | OVER 5YEARS | OVER 10YEARS |
| 0 | 0 | | | 3 | 11 |

■ Work experience
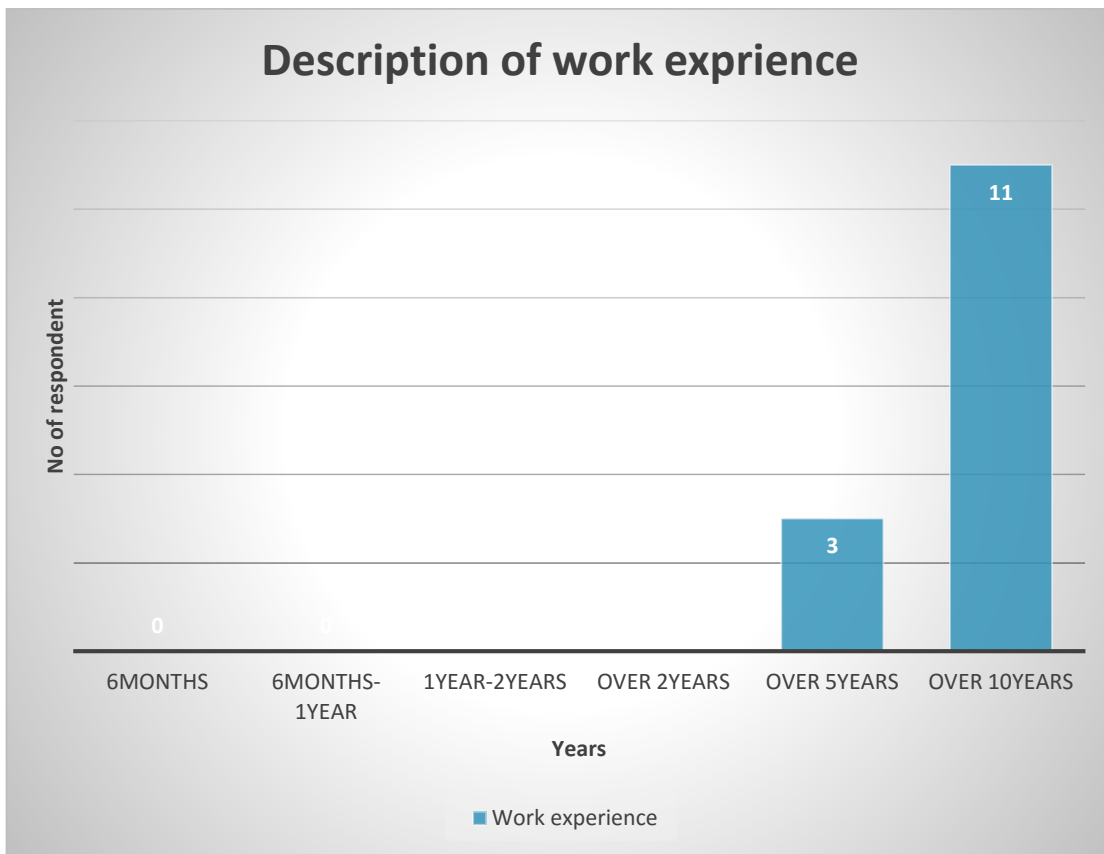
Figure 4.5: Description of work

The above graph indicates each respondent's number of years of experience at the University of KwaZulu-Natal. The experience ranges from 6 month to over 10 years. It can be seen that majority of operational managers have been at the university for over 10 years. None of the operational managers interviewed have been for less than 2years at the university.
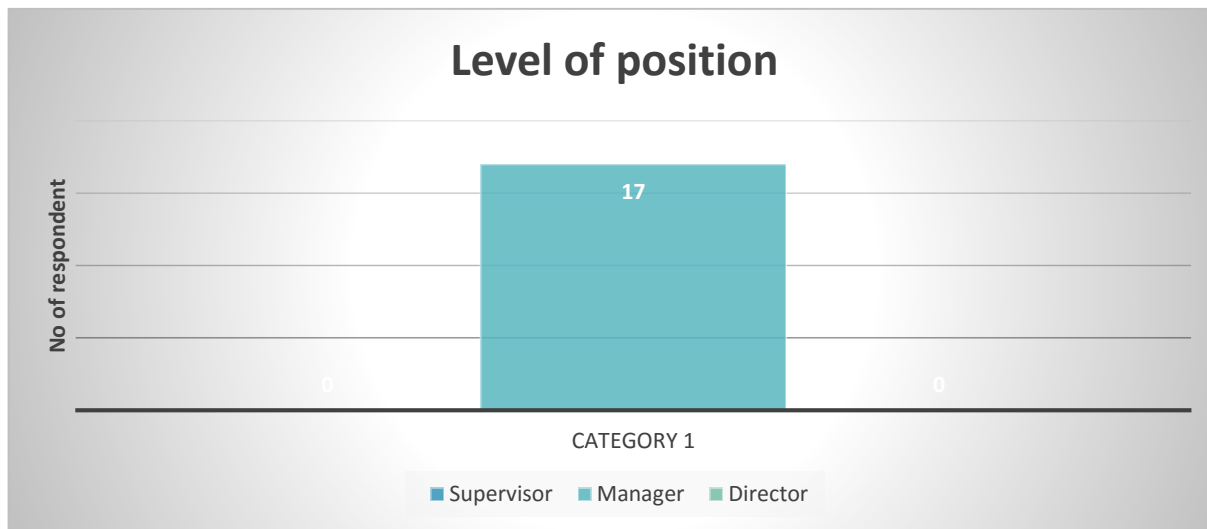
4.2.6 Level of position

Figure 4.6: Level of position

It can be seen that 100% of all UKZN operational managers are in managerial positions.

4.3 Overview of the UKZN

The University of KwaZulu-Natal has been running for years and governed by mission and values which ensures academic excellence, innovation in research and critically engaging through with all parties in the university. The university has 7 main goals that needs to align with missions and visions. It involves being African led globalisation, responsible in community engagement, pre-eminence in research, excellence in teaching and learning, institution of choice for students, institution of choice for staff and efficient and effective management (UKZN Strategic Plan 2007-2016:19).

The review of literature highlights the importance of value creation; operational excellence; service deliverance at the university. This is evident too from several responses from operational managers from schools, supporting services and facilities. They mention that "As operational manager the key role is implementing and monitoring university policies and procedures. This involves providing leadership, management and overseeing all matters relating to operation at the university. The operational managers highlight that they have a responsibility and accountability to ensure all university goals are met across all areas of the university.

4.4 The organisations that were part of the study

In terms of the provisions of the ethical clearance granted for this study, the names of the organisation that have been investigated and the names of the respondents who participated in the study are confidential. However, the positions the participants fill in the organisation and how long they have worked for the organisation was recorded.

This is meant to contribute to the trustworthiness of the research that was mentioned in the previous chapter. Operational managers from the university were interviewed from schools, supporting service and facilities.

The selection of these respondents used a purposive, judgement sampling method (non-probability) in order to gain information relevant to the study. The respondents, mostly many years of work experience, enabled them to share their perspectives and experiences gained over their years working in the university, the changes they have witnessed and their anticipation of potential future developments.

The data recorded during interviews has been analysed using a thematic analysis that analyses the transcripts of the interviews by drawing themes, coding and categorising the data collected. This analyse allowed the researcher to identify possible themes for better interpretation and presentation.

4.5 Analysing themes

All themes created originated from interview and were developed to answer the key objectives of the study. The researcher drew a thematic map highlighting main themes, categories and sub categories. There are 3 main themes that were built from this study; universities policy and procedures, insourcing and dynamic capability.

THEMES	CATEGORIES	CODES	OBJECTIVES
1. Universities policies and procedures	➢ Organisational structure	• Rules and regulations • Decision making process	• To assess the effect of insourcing functions and activities at UKZN.
2. Insourcing	➢ Efficiency	• Value creation	• To assess the effect of insourcing functions and activities at UKZN. • To assess how UKZN can create value and achieve

			operational excellence through insourcing
3. Dynamic capability	➤ Lean supply chain	• Service deliverance	• To assess how dynamic capability can be built through insourcing. • To analyse how internal integration and reconfiguration of in-house function would develop a lean process and improve service level at UKZN.

4.5.1 Theme 1: University policies and procedures

The university is governed by policies and procedure and all activities from schools, supporting services should all be aligned with the stated policies. Respondent 1 stated that *"the university is committed to the highest standards of corporate governance and will ensure that this is reflected in its structures and processes. The University will apply the principles contained in the code of good practice of the King III report".*

Respondent 3 further says that *"The policy framework of the University will be regularly reviewed to ensure that it is up-to-date, relevant, completed and that all policies are aligned to best governance practices. Policies will be supported by documented implementation procedures".*

Respondent 6 state that "*Enterprise risk management, business continuity and fraud prevention plans will be developed and implemented an alternative dispute resolution approach will be grounded in staff and student discipline processes. All grievances and disputes will be handled respectfully and with due care and be dealt with efficiently, effectively and expeditiously.*

Respondent 2 highlights that *Codes of conduct will be developed in conjunction with stakeholders to set the standards for ethical behaviour.*

Respondent 4 stated "*All activities in the school of law are in line with the rules and regulations and all issues are solved in the correct manner and all protocols are adhered to*".

Respondent 5 stated "*The school of engineering can't just wake up the next days and decide to insource the maintenance division. There are rules and regulations to be followed*".

In summary all respondents highlighted that all daily tasks and activities performed in the schools, supporting services and all facilities are highly in line with the university missions and objectives and are performed in following the university policies and procedures.

4.5.1.1 Organisational structure

The study interviewed 17 operational managers from schools, supporting service and facilities at the University of KwaZulu-Natal. All operational managers mentioned that all decisions to insource is not made by them. It decision that made at central office. The role of operational mangers is come up with strategies and recommendations to improve performance. That means carefully analysing the benefits ad challenges and provide solutions. Respondent 4 states that "*Devolution is the hallmark of the University's organisational structure. It is essential to the success of the structural arrangement that responsibility and accountability characterised by clearly delineated decision-making authority be decentralised and devolved to the colleges, schools, and their respective equivalent structures in the support services sector*".

Respondent 1 says "*the responsibility of every operational manager from every school is overseeing three (3) portfolio being finance management, human resources and staff management. Finance management involves maintaining funds from the budget.* Respondent 2 *explains finance management as efficient and effective management of funds in such a manner as to accomplish the objectives of the university*". Respondent 10 state "*the role of human resource is to maximize employee performance in service of an employer's strategic objectives. HR is primarily concerned with the management of people within the university focusing on policies and on systems. This involves overseeing employee-benefits design, employee recruitment, training and development, performance appraisal, and rewarding*".

Respondent 8 stated "*In forensic service the role is to ensure professional and objective proactive fraud prevention function which meets the need of the university and it affiliated entities. As an operational manager the goal is to create fraud prevention plan for the university and ensure plan is followed by all parties*". Respondent 9 stated that "*The responsibility of operation manager is to provide accountability to the audit and risk committee and council for the effective provision of high quality internal audit services across the university. This involves ensuring a sound and effective control environment across all areas in the university*".

In summary, all operations managers explained that their role in the university is to ensure operational excellence daily and strategically. The structure at the university is devolution. The managers take orders from the head of the school and are not entitled to make decisions out of their scope.

Code 1: Rules and regulations

Respondent 12 states "*In the interests of promoting efficiency and good corporate governance, the University will put systems in place effectively to devolve all appropriate Human Resource, Finance and other relevant support service functions to colleges, while maintaining a central administrative core to perform a facilitating, co-ordinating and monitoring role. This will ensure that the University fulfils its statutory obligations*".

Respondent 14 states "*In order to ensure effective operations, the University will put in place service-level agreements, standards of performance, and codes of conduct for support Divisions in specified situations. Associated staff training and development needs, as identified will be prioritised and addressed to ensure that both managers and staff are both competent and confident to perform their designated job function. In particular, the development of qualities of decisiveness and initiative amongst staff within the devolved organisational structure will contribute to improved efficiencies and greater effectiveness.*

In summary all operations managers have stated rules and regulation to follow. If the any of the school in the university request any changes in operation there are rules that needs to be followed to initiate that change. Most schools in the university experience challenges with external providers for their maintenance but a process needs to follow to alert management about those challenges.

Code 2: Decision making process

For the University, a large diverse and complex organisation to run efficiently and compete effectively for staff, students and funding it is essential that it's administrative and decision-making processes are streamlined and facilitative. This will result in a decision being capable to be implemented across the university. Respondent 15 state that *"The University regularly review its policies, procedures, processes and systems on an ongoing basis. Increased efficiency will be achieved by enhanced automation and adopting "best practice" methodologies*. Respondent 12 states "*The restructured committee system at the university will continue to be monitored and*

evaluated to assess whether further improvements can be made. The role of the University committees must ensure that a properly functioning committee system are in place to bridges the gaps across colleges, provides for clearly understood decision flows and effective decision-making, shortens time-lines, eliminates bottlenecks, and promotes proper communication and feedback".

In summary managerial decisions are not made by the operational managers. The operational managers are sorely responsible for operational duties and improving performance in the relevant school, supporting service and facilities.

4.5.2 Theme 2: Insourcing

The main aim of the research is assessing the possible benefits of insourcing. This requires that the university performs a feasibility study to access cost vs. benefits of insourcing and performing activities in house. Respondent 5 states that "*To achieve such an objective the university need to analyse it current spending on activities performed in house and outsourced and perform study to see possible savings that could be gained. Cost is of great significance and has been identified as one of the important element that influence the structure and decisions in any organisation'*". Respondent 17 states "*Higher education needs to develop a more robust and consistent understanding of its costs. This should lead to better understanding of how costs relate to performance, and whether there are significant variations across the sector and in relation to comparable organisations outside the sector. This work can also be used to develop evidence to underpin future efficiency and improvement plans. It should be used to establish baselines, the level of savings that can be achieved, the appropriate levels of investment and the mechanisms by which to measure progress*". Respondent 16 states that "*Effectiveness, efficiency and value for money are central concerns for the higher education sector. In South Africa, decisions made by the current government will effect a radical change in the decisions made in the university. Institutions are governed by the government*". Respondent 13 state that "*Developing a new resource allocation model that provides revenue focus with a transparent resource allocation and decision-making process, a more effective long-range planning tool, and incentives for entrepreneurial activity and prudent stewardship of resources will allow the university to critical analyse the benefits of performing activities in house.*

Respondent 8 states "*Recognising that planning is a continuous and ongoing process is vital. The University will put in place an annual cycle of performance monitoring, evaluation and re-planning linked to a properly functioning budget system to ensure that all financial resources and the process for their allocation are optimally managed. The process will include the identification of strategic initiatives such as insourcing which are key projects for priority funding in the budget cycle.*"

Respondent 9 states that "*The University will adopt a Medium-Term Expenditure Framework (MTEF) approach to budgeting with a greater focus on goals and outputs informed by the strategic plan. The annual operating and*

capital expenditure budgets will be monitored and assessed, and resources will be reallocated where necessary to ensure optimal use of funds".

4.5.2.1 Efficiency

Higher education differs from other sectors in that the idea of mandating is less defined and accepted and the means to achieve it more fragmented due to the autonomous nature of institutions. The sector will need to address this to obtain the scale of savings that other sectors have achieved. This might require s leadership from a cross-section of vice- chancellors. It could also involve some government input in the case of national and larger regional projects, and the development of policy and guidance on how introducing insourcing might incentivise efficiency.

Respondent 16 states "*In considering the future development of financial benchmarking in the sector, key areas identified for improvement by institutions are access to suitable benchmarking data and the ability to access and share operation data with other institutions. Suggested data requirements include non-pay 'commodity' costs (such as stationery, computers and energy), support service costs, and the performance of individual schools and faculties. Institutions have also indicated that they would like to try to gain a better understanding of the link between costs and outputs, so that they can measure the services delivered against the costs of delivery. This is a complex area and institutions have expressed an interest in the development of further guidance.* Respondent 5 states "Another challenge for the sector relates to the limited knowledge of transaction costs and the costs associated with processes. A further area of uncertainty is the extent to which institutions are permitted to share data and information in relation to competition law".*

Code 1: Value creation

Value creation is a primary aim for any organisation whether it a private or public sector. Creating value at the university is crucial. This allows the university to look at bottlenecks and try to resolve the issue. Respondent 3 stated that "*The current process are not suitable when outsourcing maintenance. There are high costs in getting quotations and most importantly time consuming. Procurement of stationery is also outsourced where in the past that was previously insourced where the university bought in bulk and if the school requires stationery the school fills out a form. This hence saved transactional cost and resulted in goods arriving quicker".*

Respondent 5 stated "*Maintenance affects the school on whether it outsourced or insourced e.g. when the schools wants a lock changed, the school needs to get an outside contractor and he/she comes with a quote (usually expensive) but if the service was insourced the cost would be less".*

Respondent 9 states "*The costs to having all services in-house would be high but a feasibility study needs to be performed".*

In summary most, respondent reply was the university still needs to look at insourcing as significant amount of saving could be attained. This involves partnership with other institutions to gather relevant knowledge to actively look at purely insourcing.

4.5.3 Theme 3: Dynamic capability

Dynamic capabilityies is the ability of the firm to reconfigure operating capabilities and thus allow the organization to adapt and evolve. Dynamic capabilities are used to extend or modify their current resources such as altering operational capabilities. Respondent 13 states *"The purpose and outcomes of dynamic and operational capabilities are different. However, there is not a certain line between operational and dynamic capabilities because change is always occurring to at least some extent"*.

Respondent 16 states "*Dynamic capabilities cannot be distinguished from operational capabilities"*.

In summary about 90% of the operational manager weren't familiar with the concept of dynamic capability. This was a result that most operational managers at the university have key knowledge on the services they provide but no fundamental knowledge in supply chain management.

4.5.3.1 Lean

One of the most popular methods for driving improvement within the private sector is Lean, which has begun to be adopted in parts of the higher education sector in recent years. Lean thinking began with the Toyota Production System which transformed car manufacturing in post-war Japan and is now being used in the public and private sectors. Respondent 11 provides insights to lean *"Lean is commonly referred to as a methodology or set of tools that identifies waste within a process and focuses on the value that each step of the process gives to the customer. Lean concepts are simple but can be challenging to implement"*.

Respndent 16 futher explans "*The principles behind Lean can be adapted to benefit a range of manufacturing and service environments including universities*.

Respondent 8 explains the benefits "*The benefit of lean includes reduced waiting time; lower cost and improved customer experience*"

Respondent 3 explains that "Lean *has grown from the application of two principles:*

• **Continuous improvement:** *Continuously looking at your work processes and striving to improve them.*

• **Respect for people:** *Remembering that they are the greatest asset. It is the staff of an organisation who know what works well and what needs to be improved, and who have the ability to suggest and make the necessary improvements"*.

Respondent 4 states "*Research into the use of Lean in the public sector proposes that it is best regarded not as a way of reducing costs but of improving performance and, most importantly, increasing value to the consumers of*

a particular service. This is extremely relevant and important to a changing higher education sector. To be effective, activities to improve internal processes need to be related to wider institutional strategies to ensure that they work towards broader objectives".

Code 1: Service excellence

Respondent 14 states*" In order to promote itself as an institution that cares for its clients, the University must be committed to the highest levels of service excellence and the continuous improvement of its processes and practices. Performance will be regularly monitored and evaluated against agreed and regularly reviewed service levels and operating procedures, with a view to improving the quality of services offered and inculcating an ethic of customer service to all stakeholders, internal and external to UKZN*".

Respondent 9 explains *"The successful attainment of service excellence is critically dependent on the establishment of sound working relationships within and between support divisions, the academic community, the student body and external stakeholders served by these divisions. A clearly articulated web-based information site that provides full details of the relevant support structures, key personnel and services provided that facilitates the initiation, approval and processing of transactions routinely and efficiently will form part of the strategy to achieve the goal of service excellence*.".

4.6 Conclusion

The opinions and perspectives of the respondents interviewed in this study indicate that the university still needs to look at insourcing as significant amount of saving could be attained. This involves partnership with other institutions to gather relevant knowledge to actively look at purely insourcing.

The following chapter provides a conclusion and recommendations.

CHAPTER 5

DISCUSSION OF RESULTS

5.1 introduction

This chapter comprises the conclusion to the study and proposes recommendations. First an overview of the research study is provided. Then follows a discussion of the research questions and objectives and how they have been dealt with in the study. The aim is to provide an overarching discussion of the main findings drawn from both secondary and primary data sources and to draw from this the principal conclusions and recommendations regarding the research problem and objectives. This involves exploring how the individual objectives of the study have been achieved, making particular mention of which objectives have been addressed in the different sections. The main discussion includes a brief description of the main findings and also offers relevant recommendations and conclusions.

The objective of the research reported in this dissertation was to assess the benefits to insourcing by analysing the concept of dynamic capability. The aim was to gather literature and perform interviews to see service levels and operational excellence will be achieved at the University of KwaZulu-Natal as described in the previous chapters, these objectives have been met.

5.2 Overview of the research study

This section presents an overview of the different chapters of the study. The study mainly comprises an extensive discussion of the dynamic capability and insourcing at University of KwaZulu-Natal. The focus of this study is on identifying the possible benefit to performing all activities in-house. The research study therefore has been able to address the different challenges faced by the University of KwaZulu-Natal in managing change. An overview of the chapters in this study is as follows:

Chapter 1 provided a brief background of the research study and expanded on the different parameters of the study that were presented in the form of objectives and research questions. It also provided a broader discussion of the research problem and of the specific challenges that have motivated the direction of the study. Some of the areas that were also covered in the chapter include the justification of the research study and the possible limitations encountered during the different phases of the research study.

Chapter 2 covered an extensive range of issues relating to insourcing and outsourcing. It provided a description of the various factors that are involved dynamic capability. This included probing and discussing the main challenges involved in managing insourcing. It was also essential for definitions of supply chain management, insight into

operational excellence, service management and lean supply chain. The chapter further discussed the main advantages related to insourcing and the major challenges to outsourcing.

Chapter 3 presented the research design, techniques and tools used in collecting the relevant data used in this study. The research techniques used were mainly guided by the objectives of the study that have been extensively described in chapter 1. This study has been defined as a qualitative study. These methods were discussed in the chapter together with the data collection tools that were used. These involved secondary data sources through the review of academic journals and reports, and the primary data sources used included in-depth interviews using a semi-structure interview guide. The chapter also gave a description of the thematic data analysis technique which was used. This technique involves the creation of codes, categories and themes. The chapter concluded with identifying the processes of thematic analysis in this study and how the data can be used in meeting the objectives.

Chapter 4 primary focus was to present, analyse and interpret the data collected through the various data collection methods used in order to accurately meet the objectives of the study. The presentation mainly followed the steps of analysing data which are involved in thematic analysis. The raw data was transcribed and categorised into different themes that provided essential information regarding the research topic. The study was interested in providing insight into the dynamic capabilities and insourcing. The analysis mainly aimed at identifying what the two classes of data present regarding both dynamic capability and insourcing. Most importantly the presentation and analysis of the data was done in reference to the research objectives of the study that have been individually revisited and displayed.

In **Chapter 5,** the results are discussed, and conclusions drawn from the main research objectives.

5.3 Reflecting on research problems and objectives

This chapter reflects on the main research objectives and questions of the research study. These formed the basis of this research study and it is important to indicate how they have been achieved and met during the course of the study. Having achieved all the objectives of this study, conclusions and recommendations are made in order to make an overall contribution to the body of knowledge and also to improving and developing the field insourcing in supply chain especially for organisations that are actively looking to improve it in-house capacity to managing performing all activities and functions in-house. Table 5.1 is an illustration of the main objectives and questions of this research study; it gives a brief description on how these objectives have been achieved.

RESEARCH OBJECTIVES	MAIN RESEARCH QUESTIONS
1. To assess the effect of insourcing functions and activities at the UKZN.	1. What are the effects of insourcing functions and activities at UKZN?

2. To assess how dynamic capability can be built through insourcing.	2. To what extents do insourcing functions and activities build dynamic capability at UKZN?
3. To assess how UKZN can create value and achieve operational excellence through insourcing.	3. To what extents do insourcing functions and activities create value and achieve operational excellence at UKZN?
4. To analysis how internal integration and reconfiguration of in house function would develop a lean process and improve service level at UKZN.	4. To what extents does internal integration and reconfiguration of in-house functions ensure a lean process at UKZN?

Table 5.1: Illustration of the main objectives and questions of this research study

As indicated earlier, the motivation of this research study was on identifying the concept of dynamic capability and to analyse can the university manage performing all activities and functions in-house. In ensuring that the research study responds to the research problem, four research objectives and questions were deemed appropriate as illustrated in Table 5.1 and these essentially ensured that the main purpose of the study was attained.

The next section of this chapter will therefore provide a summarised discussion of how each of the research objectives has been achieved and how it has contributed towards addressing the main research problem presented in the study. These discussions are derived from both secondary and primary data sources collected during the research study. However, the researcher received assistance from the employees who were available despite their time constraints. All the interviews had to be completed within 45 minutes due to the busy schedule of these participants. Nevertheless, the researcher managed to gather the relevant data and important information in order to address the objectives of the study.

Objective 1: To assess the effect of insourcing functions and activities at UKZN.

The first object of the study state "*To assess the effect of insourcing functions and activities at the University of KwaZulu-Natal".* From literature it was gathered that insourcing today is a strategic investment in developing the core competence and innovative capacity needed. It also increases the ability to ensure constant improvement in operation (Kennedy, 2015:327). From the information gathered the researcher determined that from schools, supporting services and facilities at university there is number of challenges facing operational managers with

outsourcing. The respondents feel strongly that there are more negative impacts to outsourcing resulting in operation not running effectively and recommends a feasibility study is performed to access the benefits of insourcing.

Objective 2: To assess how dynamic capability can be built through insourcing.

The second objective states "*To assess how dynamic capability can be built through insourcing"*. From literature it was gathered that dynamic capability is linked to the make or buy decision. It relates to how the make or buy decision is made and actual activities being outsourced. The organizations capability has a high influence on competitive performance. The decision inherently lies within the firm's ability to invest in developing the in-house production of an asset. If a firm lacks necessary internal resources to produce in-house it will buy the product (White, 2000:325). This states that if the organisation invests in building capability it will result in organisation being able to manage performing all activities and functions in-house. From the information gathered the researcher determined that 90% of respondents didn't have any knowledge of the above concepts and hence stated that operationally the goal to build internal resources at the university.

Objective 3: To assess how UKZN can create value and achieve operational excellence through insourcing.

The forth objective states "*To assess how UKZN can create value and achieve operational excellence through insourcing"*. From literature it was discovered that value creation and operational excellence is essential for any organisation weather private or public. The primary aim for organisations is creating value and ensuring operational excellence through removing bottlenecks and resolving issues in operations. From information gathered from respondent it was clearly stated that all operational managers at the university are employed to add value and ensure all operation is running in the most effective and efficient manner.

Objective 4: To analysis how internal integration and reconfiguration of in house function would develop a lean process and improve service level at UKZN.

The last objective states that "*To analysis how internal integration and reconfiguration of in house function would develop a lean process and improve service level at UKZN"*. From literature it was gathered that if organization face change that resulting from outsourcing to insourcing. It could result in the organization being able to fully manage it operation internally resulting in lean processes and improvement in service level. From the information gathered from respondent is a clear understanding on the concepts of lean and service deliverance and hence highlighted that to be effective and improve internal processes this needs to relate to wider institutional strategies.

5.4 Quality of the research

In conducting a research study, it is important to ensure that there are measures that should be adopted for maintaining the accuracy, reliability and validity of the data collected. For qualitative research the concerns of the researcher are focused on whether they have employed relevant techniques that will aid them in getting the right information for achieving the objectives of the study.

VARIABLE	DESCRIPTION	TOOLS
Credibility	This mainly focuses on ensuring that the study measures or tests the concepts which it has been designed for. Some of the questions discussed include testing how congruent the findings are with reality (Patton, 1999:1190). The main focus is therefore on ensuring that all the approaches that are used in conducting the study maintain the quality of the data and that it is a true representation of the subject. Credibility for this research study was emphasised during the in-depth interview sessions and also during the process of documentary analysis.	Some of the tools followed in ensuring credibility in the study can be described as: 1. The use of established qualitative research methods. 2. The use of purposive sampling in identifying participants. 3. Triangulation which involved the combined use of both interviews and document analysis and included a wide pool of participants. 4. Background qualifications and experience of the investigators were highly emphasised.

		5. Examination of previous research findings to act as a guide.
		6. Tactics to help ensure the honesty of informants when contributing data.
Transferability	The variable is described as being concerned with whether the findings of the study can be applied to other similar studies. However, in qualitative studies this has been identified as being impossible to achieve, since the findings of a qualitative enquiry are specific to a particular environment and therefore it can be a challenge to demonstrate if they are applicable to other situations (Shenton, 2004:70). For the purposes of this study it is important to ensure that the findings and data can be easily transferable to other universities.	Some of the tools include: 1. Recording and transcribing the interview sessions to allow other researchers access them. 2. Known data collection and analysis methods were used and this has the influence of allowing other researchers to evaluate the studies.
Dependability	The variable asserts that if similar techniques in the same context and under the same conditions are repeated, then similar results	In order to allow people to have an understanding of the processes involved, the following have been included:

		would be obtained (Shenton, 2004:69). The researcher needs to be able to identify the different steps in order to claim that the study and methods used are dependable, and the processes involved should be reported in detail to allow other researchers the opportunity to adopt them in similar studies.	1. A detailed description of the research design and how it was implemented. 2. A detailed data gathering process. 3. A reflection on the process enquiry conducted.
Reliability		Reliability is the characteristic measurement that gives an emphasis to the accuracy, precision and consistency of the data and information used for the study; it is a key concept in trustworthiness (Cooper and Schindler, 2008:352). There is need to ensure that the research techniques carried out are focused on the intended population and also that the individuals that are used for the study are aware of the variables that are being investigated.	Some of the measures taken include: 1. Ensuring that consistency and uniformity is maintained across all the interviews. 2. The use of a tape recorder during the interviews in order to ensure accuracy and to allow for repeated verification. 3. The data used has been collected only from the intended university and from the intended participants.

Source: Cooper and Schindler (2008)

Table 5.2: Measures to ensure reliability and trustworthiness of the data.

5.5 Limitation of the study

As in any other research study limitations that were encountered in the course of conducting this study which may have an overall effect on its outcomes. Discussing these limitations allows for possible direction on how future studies may be structured in order to avoid encountering similar limitations.

- Most of the participants originally approached to participate in the study were not available. This was as a result of the busy schedule of the UKZN employees as they were involved in various assignments inside and outside of South Africa.
- One of the limitations of the study was the fact that some of the participants could not relate to the concepts of dynamic capability. Therefore, the researcher had to first familiarise them with these so that they would be able to identify and relate how these are being implemented by the organisation.

Despite the limitations of the study, there are opportunities for future research. For every research study conducted there are opportunities for future research that are identified in order to encourage and attract other researchers into exploring them and providing further insight.

5.6 Recommendations

The long-term success of the insourcing can be achieved by looking at the following recommendations.

Continuous investment on training and development: The employees will always require training intervention to improve the skills and to meet the demands of the new technology. The highest performing company embark on programs that enhance employee's ability to perform at highest peak. This requires resources like money and time.

Transparency, benchmarking and the use of data: Better data on costs of operational functions should be developed. This will increase transparency around the costs of these activities and provide useful information to support benchmarking.

In the first instance relevant professional and representative bodies in human resources, finance, procurement, and student services should work together, to identify data on service functions that already exist in the system.

Effective benchmarking is central to driving efficient operation in the higher education sector. A more strategic sector-wide approach is needed to coordinate and strengthen the development of benchmarking in support of efficiency.

Process improvement, simplification and standardisation: Higher education institutions should ensure that they take a long-term view when looking to implement efficiency initiatives, and activity should be embedded within wider institutional strategies. Efficiency initiatives should always be seen in the context of maintaining the

effectiveness and quality of higher education. The university should ensure they have in place a structured programme approach which brings efficiency initiatives together in order to focus on institutional benefits.

Procurement as a strategic asset: Procurement is concerned with delivering value for money and ensuring that organisations access the goods, services and works they need in order to fulfil their strategic objectives. Effective procurement, making better use of collaborative solutions and developing in-house capability and capacity helps to ensure that maximum value is realised from available resources. The benefits of using professional expertise in procurement can be seen where commercial services are utilised to review in-house practices to deliver greater value for money.

5.7 Conclusion

Insourcing results in number of benefits both in the private and public sector. Insourcing allows the organisation to have direct contact and control of employees, functions, processes, and resources which lead to higher productivity gains and helps in meeting desired outcomes. Adjustments in the organisation can be quickly implemented hence strengths and weaknesses are easily discovered and worked on while problems are dealt with properly and opportunities are discovered and maximized as they arise contributing to a faster speed to market capability.

The university needs to do an in-depth feasibility study focusing on one function or activity inorder to perform a cost-benefits analysis to find actual significant benefits of insourcing. This involves looking at one function and analyse all activities involved in the function and perform a similar study but rather key focus one to get deeper insight and more knowledge.

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Appendix A: Ethical clearance

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

31 October 2016

Ms Zinhle Zandile Mseleku (212525805)
School of Management, IT & Governance
Westville Campus

Dear Ms Mseleku,

Protocol reference number: HSS/1715/016M
Project title: Building dynamic capability through insourcing: A case of University of KwaZulu-Natal (UKZN)

Full Approval – Expedited Application

In response to your application received on 11 October 2016, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL.**

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

....
Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr TP Mbhele
Cc Academic Leader Research: Professor Brian McArthur
Cc School Administrator: Ms Angela Pearce

Appendix B: Informed Consent

Informed Consent Letter

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF MANAGEMENT, IT & GOVERNANCE

Dear Respondent,

M-COM Thesis
Researcher: Ms ZZ Mseleku (0614848718)
Supervisor: Dr TP Mbhele (0312607524)
Research Office: Mariette Snyman (0312608350)

I,Zinhle Zandile Mseleku**,** is a MCOM student, at the School of Management, IT & Governance, of the University of KwaZulu Natal. You are invited to participate in a research project entitled "Building dynamic capability through insourcing: A case of KwaZulu-Natal.

The main aim of this study is to investigate the possible benefits of insourcing in the University of KwaZulu-Natal. The objective is to build dynamic capabilities to manage performing all activities in-house

Through your participation I hope to understand if the university can build it resource base to transform it current operations of outsourcing major activities and functions to gain significant benefits of insourcing

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in the interviews. Confidentiality and anonymity of records identifying you as a participant will be maintained by the SCHOOL OF MANAGEMENT, IT & GOVERNANCE, at the University of KwaZulu Natal.

If you have any questions or concerns about participating in the interviews or about participating in this study, you may contact me or my supervisor at the numbers listed above.

Sincerely

Investigator's signature_____ Date_____

M-COM Thesis

Researcher: Ms ZZ Mseleku (0614848718)

Supervisor: Dr TP Mbhele (0312607524)

Research Office: Mariette Snyman (0312608350)

<u>**CONSENT**</u>

I…………………………………………………………………… (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT   …………………………

DATE………………………………….

Appendix C: Interview guide

<u>**INTERVIEW GUIDE**</u>

(Proposed interview time: 30 minutes)

Date: --

Organisation: ---

Person Interviewed: --

Topic: Building dynamic capability through insourcing; a case of the University of KwaZulu-Natal.

Masters in Commerce (Supply Chain Management)

School of Management, IT and Governance

College of Law and Management Studies

University of KwaZulu-Natal

Researcher: Zinhle Zandile Mseleku

Supervisor: Dr Mbhele

<u>**Introduction**</u>

The aim of this interview is to gather information in order to examine the possible benefits to insourcing major activities and functions at the University of KwaZulu-Natal. The major objective in this study is to analysis how dynamic capacity can be built through insourcing university activities and functions to improve overall performance, achieve operational excellence and improve service level.

Your response to this interview will be treated with confidentiality.

<u>**SECTION A: BACKGROUND**</u>

This section of the questionnaire refers to your background information. The information will allow me compare respondents. Once again, I assure you that your response will remain confidential.

1. Gender?

☐ Male

☐ Female

2. Age

☐ Less than 22 years old

☐ Older than 22 but younger than 25

☐ Older than 25 but younger than 30

☐ Older than 30 but younger than 50

☐ Older than 50☐ I do not wish to answer

3. Race?

☐ African

☐ Coloured

☐ Indian

☐ White

☐ Another-Group (specify): _____

☐ I do not wish to answer

4. Your educational qualifications?

☐ No formal qualification

☐ School leaving certificate

☐ Technical Diploma

☐ Graduate

☐ Post Graduate

☐ Industry specific certification

☐ Still studying (Please specify) _____

☐ Other (Specify):_____

5. How long have you worked in the university?

☐ Less than 6 months

☐ More than 6 months but less than 1 year

☐ More than 1 year but less than 2 years

☐ Over 2 years

☐ Over 5 years

☐ Over 10 years

6. Which of the following describes your position in your organisation?

☐ Director

☐ Manager

☐ Supervisor

☐ None of the above (please specify): _____

<div align="center">

SECTION B: INDIVIDUAL PROFILE

</div>

1. Please provide a brief overview of your job description.
   - Various tasks or activities……………………………………………………………..
   - Decisions for on a daily basis……………………………………………………………
2. Provide brief overview on your operational processes at the school/ supporting service or facilities.
3. Provide brief overview of operational changes and challenges the school/ supporting service or facilities.

<div align="center">

SECTION C

</div>

What are the effects of insourcing functions and activities at UKZN

The origin of the study took place when outsourced staff participated in a protest against service providers to request that the university remove service providers and employ staff under the university. The aim of the questions is to gather information on current operation and staff morale at the university.

1. Please provide an overview of staff performance in your unit/department.
2. Please provide an overview of staff motivation and morale level within your department.
3. Please provide an overview of the growth among employee at the university.
4. Please provide an overview of the management of resources at the university.
5. Please provide an overview of access to expertise and technology at the university.
6. Please provide an overview of the decision making process.
7. How would you feel if your work is outsourced?

8. How much control do you have on your work?

To what extents does insourcing functions and activities build dynamic capability at UKZN

The concept of dynamic capability emphasis the role of strategic management. It focus on how an organisation can match the requirement of a changing environment. It grounded on three principals: building, integrating and reconfigure processes in operation to manage in changing environment

1. What do you understand about the term dynamic capability?
2. Does performing functions and activities in-house affect the university goals?
3. Does choosing to perform functions and activities in-house contribute to the strategic plan of the university?

To what extents does insourcing functions and activities create value and achieve operational excellence at UKZN

The aim of the study is to analyse how dynamic capability can be built through insourcing to achieve operational excellence, improve performance and increase service level.

1. Do you think the school/ supporting service/ facility performance is better than before?
2. Do you think you are adding value to the university?
3. What are the elements that are needed by the university to add value in all processes and activities?
4. What are the elements that are needed by the university to build operational excellence in all processes and activities?
5. What are elements needed by the university to improve service level at UKZN?

To what extents does internal integration and reconfiguration of in-house functions ensure a lean process at UKZN

1. What do you understand about the term lean supply chain?
2. What are the elements needed by the university to ensure lean supply chain throughout all processes and activities?

Thank you for your time - it is highly appreciated!!!

Appendix D: Editor Letter

EDITOR'S NOTE

17 November 2017

Re: LANGUAGE EDITING STATEMENT

I, THE UNDERSIGNED, hereby confirm that I have edited the research thesis titled **BUILDING DYNAMING CAPABILITY THROUGH: THE CASE OF UNIVERSITY OF KWAZULU-NATAL** by **Zinhle Mseleku,** for the degree **Master of Commerce in Supply Chain Management.**

Regards,

HMapudzi

Dr. Hatikanganwi Mapudzi

PhD (Communications), M. A (Journalism & Media Studies), PGDip (Media Management), B.Soc. Scie. (Hons) (Communications), B. Applied Communications Management.