KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

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COLLEGE OF ARTS AND SOCIAL SCIENCE

SCHOOL OF BUSINESS

"THE ROLE OF THE MANAGEMENT OF STRATEGIC OUTSOURCING IN A MINING INDUSTRY, THE CASE OF NEWMONT GHANA LIMITED".

by

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DECLARATION

I hereby declare that this submission is my own work towards the MBA and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

This thesis report is dedicated to my father and mother J.F Apraku and Agnes Asare respectively. To my wife, Rita Oppong-Amankwah, my children Frederick Oppong-Amankwah and Franklina Owusuaa Oppong-Amankwah and my friends for their support, guidance and prayers.

ABSTRACT

This study presents an overview of how Newmont employs the management of strategic outsourcing as cost cutting tool to overcome its internal problems in order to compete with other world class mining companies. The researcher seeks to find out the extent to which Newmont has used outsourcing as a competitive advantage in its quest to serve customers well while making value for stakeholders. The challenges, benefits and best practices of outsourcing found in literature have been reviewed in the study. This was used to support the analysis. The survey method was employed by the writer to ascertain the outsourcing practices the company uses and the extent to which it has worked. Questionnaires and interviews were used to collect the data. The profile of the company is also captured. The results of the study revealed that careful sourcing practices like competitive bidding and tendering were used by the company to select its major suppliers. Performance monitoring and evaluation of suppliers as well as continuous training and education of employees are continuous processes that ensure improvement of quality in the company. Some of the significant benefits recorded in the study are elimination of investments in fixed infrastructure, efficiency of services, cost savings, continuous exposure to new technologies and best practices in the industry. Notable among the challenges discovered are the risks of becoming dependent on service providers and loss of firm's control over parts of its functions. The major recommendations stated are intensification of the education training to workers at shorter intervals. Building and maintenance of competent workforce and the elimination of ICT threats in information systems are required to maintain competitive advantage.

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AKNOWLEDGEMENT

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CHAPTER ONE

BACKGROUND TO THE STUDY

1.0 Introduction

In today's world of ever increasing competition, organizations are forced to look for new ways to generate value. The world has embraced the phenomenon of outsourcing and companies have adopted the principles to help them to expand into markets (Bender 1999). According to Quinn (2000), strategic management of outsourcing is perhaps the most powerful tool in management, and outsourcing innovations is the frontier.

According to [www.wikepedia.org/wiki/wikipedia], strategic outsourcing which is also called smart outsourcing is defined as "the organizing arrangement that arises when firms rely on intermediate markets to provide specialized capabilities that supplement existing capabilities deployed along a firm's value chain. Such arrangement produces value within firms supply chain beyond those benefits achieved through cost economies."

In 2002, Newmont through its acquisition of Normandy Mining added to its assets two concessions in Ghana in the Ahafo and Akyem areas of the Brong-Ahafo and the Eastern regions respectively. Newmont began active mining on the Ahafo project in January, 2006 and achieved first gold pour in July, 2006.

Newmont Ghana is not simply creating value for itself; significant royally and cash flow payment will accrue to the Government and people of Ghana from production operations that are established in these concession areas [www.newmont.ghana-home.htm].

Most gold mining is located in rural parts of the world and provides vital industrial activity in many developing countries. The source indicates that mining operations create jobs in surrounding communities and can help to provide new or improved infrastructure, improved healthcare, and better education. The company is committed to ensuring the highest standards of health and safety and environmental management, creating value for the communities, and promoting the well-being of the people [www.newmont.ghana-home.htm].

Newmont like other mining companies face numerous challenges in its operations. Information on the company's website cited above, indicates that over US $13 million in crop compensation payments were made to over three thousand (3000) farmers whose farms were affected by the company's activities in Ahafo. According to the source, addressing and respecting environmental concerns is a vital part of Newmont's policy and practice.

The mining industry according to a website publication is far different from what it was just a few years ago. The source indicated that, mining companies nowadays face significant challenges in their operations. The challenges cited include; the need to grow to remain competitive, risk from day-to-day operations, complex financial reporting and issues arising from geographical expansion. Other concerns raised are that while governmental regulations are increasing, the public is calling for more environmentally friendly operations, greater and safety security [www.jeffersonwells.com].

It is not surprising that companies in the mining industry are turning to professional services firms to address some of their most difficult challenges. Such services allow companies to do what they do best thus focus on their core competencies, [www.jeffersonwells.com]. In an attempt to improve on internal processes and reduce operational costs, companies need to collaborate with suppliers to reduce lead-times and render quality services (Van Gour 1999). According to Heller *et al.,* (2008), recent development shows that lean production with outsourcing strategy as a tool is the key to success.

1.1 Statement of the Problem

Many organizations in developing countries like Ghana perform functions, which are not core to their organizations. This may affect firms in diverse ways, for instance they may not be able to concentrate on their companies' objectives. This issue compels organization like Newmont Ghana Limited to lock up capital in those activities. For instance activities like transportation services, maintenance and repair services, road construction in mine sites etc. do not bring income directly to companies; hence they are considered non-core business.

In addition, such activities may be performed at high cost by companies since their execution may lack the expertise for such jobs. In the long run these costs may add up to the cost of production of such organizations. This will in turn affect their performance in terms of profitability and the ability to compete. Companies in this state of affairs may find it difficult to stay in business due to the intensity of the competition in modern business. This situation if not addressed, will bring untold hardships on the Ghanaian economy.

First of all, significant royalty and cash flow payment that accrue to the government and people of Ghana from production operations will cease. This means that funds necessary for infrastructure development will be hampered. Secondly, jobs that are created by mining companies in the communities they operate will cease. The effect will be high unemployment situation. In addition, improved infrastructure development, improved healthcare and better education will cease. In other words, the poverty level of the economy will be high.

1.2 Research Objectives

The main objective of the study is to explore why companies are employing outsourcing practices and identify factors that might facilitate or impede outsourcing projects. The specific objectives are;

- To investigate the strategic outsourcing practices in Newmont and the reasons why the company outsource.
- To identify the challenges associated with the existence of the practices stated above.
- To find out the benefits Newmont derives from outsourcing management.
- To recommend appropriate strategies that will lead to Newmont obtaining the best from outsourcing.

1.3 Justification of the study

A lot of work has been done in this area of research with background from developed countries. Logistics activities are well known in developed countries than in developing countries like Ghana. Therefore outsourcing such services in developed nations may be quite different from doing it in countries like Ghana where the logistics market is new, and road and other infrastructural development is low. Mentzer *et al.*, (2004 cited Bruno *et al.*, 2007) argued that logistics offerings are subject to differences across countries. Hence their expectations differ across national and cultural boundaries as well as more traditional influences such as timeliness and responsiveness.

Investigation in outsourcing of logistics activities in Ghana will produce results which will assists organizations that are into outsourcing, as to the best practices to employ to achieve results. In addition it would serve as a reference material for future researchers who would investigate this area under similar conditions.

The outcome of the study if made available would serve as a guide for investors in knowing the challenges and benefits associated with the adoption and implementation of outsourcing of logistics activities. Finally, logistics outsourcing is not popular in Ghana so the study would serve as guide to professional advisors as well.

1.4 Methodology of the Study

The case study methodology was used to examine the role of the management of strategic outsourcing activities in Newmont Ghana Limited. Both primary and secondary data were collected and used for the study. Primary data was obtained by using questionnaire, personal observation, interviews with management and other workers of the company.

Secondary data was obtained from relevant published reports written on outsourcing operations and other related materials. The managers of the procurement and supply chain department and other departments were reached out to. Other workers were sampled on random basis. Data was analyzed with Statistical Package for Social Scientists (SPSS). Findings from the research were discussed and recommendations made.

Survey method was used to collect data from the respondents. The management and some workers of the five departments of the company were interviewed through random sampling techniques. Specific questions were asked during the interviews, but there was room for open discussions. This was to ensure that the interviews shared complementary information on the various quality management issues under discussion.

1.5 Scope of the Study

The study, first and foremost was confined to the boundaries of the mining areas of Newmont, Ghana. Newmont has many branches all over the world but the problem with data accessibility did not permit me to capture all the branches. Therefore, the study was limited to its captured areas in Ghana. The area stretches from Kenyasi in the Brong-Ahafo Region to parts of the Akyem area in the Eastern Region of Ghana. Since the Akyem area is not fully developed, the researcher concentrated on the Kenyasi branch.

1.6 Limitation of the Study

Mining companies do not easily release information to outsiders about their operations. This research encountered problems although one of the researcher's lecturers happens to be a worker of Newmont Ghana Limited. The respondents were reluctant to release much information to the researcher.

Not withstanding all the restrictions, the research was conducted in the light of the limited resources available.

1.7 Organization of the Study

The study was organized into five sections or chapters. Chapter one includes introduction of the study, statement of the problem, justification of the study etc. It captured a report of the need for the study as well as the objectives. Research works done in this area (research topic) in developed nations were related to what is to be achieved in Ghana (a developing nation} in justifying the study. Chapter two is a literature review on strategic outsourcing with respect to supply chain management that is related to the topic. The third chapter contains the method used in the study and the profile of the company where the study took place. Chapter four highlights the analysis and the results of the study. It captured detailed results of answers to specific questions. The final section, chapter five presents the summary, conclusion and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section of the study searches the literature on what outsourcing does in the operational activities of organizations. It focuses on outsourcing strategies of the supply chain management and relates them to the results firms obtain from them. An in-depth understanding of outsourcing management creates an avenue for the discussion of companies of outsourcing that enhance an organization's operational effectiveness and efficiency while focusing on its core competencies in order to meet the needs of its customers. Relevant issues captured here include outsourcing definitions and management, supply chain management, reasons, benefits and challenges, managing supplier performance etc.

2.1 Supply Chain Management

Supply chain management is defined as the integration of business processes from end user through original suppliers that provides products, services, and information, hence adds value for customers and other stakeholders (Lambert *et al.,* 1998). Stevenson (2007) view supply chain management as the coordination of supply chain for the purpose of supply and demand management. It involves processes and techniques brought into play to manage the flow of supply from the original source through to the final customer (Saunders 1997; Johnson and Pyke, 1999). 'The definition of an American professional association put forward is that Supply Chain Management encompasses the planning management of all activities involved in sourcing, procurement, conversion, and logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party providers and customers.' These definitions focus on the management of seamless, value added processes in organizational boundaries to meet the real needs of customers. For the success of this, there is the need to develop and integrate people and technological resources into the supply chain.

2.2 Logistics Management

According to the Canadian Association of Logistics Management (1998), Logistics management is the process of planning, implementing, and controlling the efficient, cost effective flow and storage of raw materials, in-process inventory, finished goods and related information from point of origin to point of consumption for the purpose of meeting customer requirements.

The Seven R's Principle is usually used in the description of logistics as ensuring the availability of the right product, in the right quantity and right condition, at the right location, at the right time for the right customer, and at the right cost (Coyle *et al.,* 1992). The seven R's imply the important activities of logistics and it is a concept that emphasizes the spatial and temporal dimension (place and time, or movement and storage). The seven R's also emphasize on the cost and service. Logistics managers must continually evaluate cost and service as they move materials and resources from the point of origin to the point of consumption.

The Society of Logistics Engineers (SOLE) is also another group which is interested in logistics. SOLE defines logistics as: "The area of support management used throughout the life of the product or system to efficiently utilize resources arousing the adequate consideration of logistics element during all phases of the life cycle so that timely influence on the system assures an effective approach to resource expenditure" (Coyle *et al.,* 1992).

According to the largest and best known organization of Professional Logisticians, that is the Council of Logistics Management (1998), logistics management is the planning, implementing, and controlling the efficient and effective flow and storage of raw materials, in-process inventory, finished goods, services, and related information from the point of origin for the purpose of conforming to customers requirements. The definition of the Council of Logistics Management (1998) emphasizes on the permanent role of logistics in serving the customer's needs or requirements.

2.3 Definition of Outsourcing

Elliot and Torkko (1996) define outsourcing as "a conscious business decision to move internal work to an external supplier." Stevenson (2007), Taylor and Russell (2003) and Lambert *et al.*, (1998) share common opinion that outsourcing is the act of purchasing goods and services that were originally produced in-house from an outside supplier. Overby (2007 cited Heller and Quaing 2008) refers to outsourcing as subcontracting a process, like design or manufacturing, to a third-party company. He stated further that outsourcing involves the transfer of the management and or day-to-day execution of an entire business to an external provider.

According to Taylor and Russell (2003), traditionally companies outsourced as a short-term solution to problems such as unexpected increase in demand, breakdown in plant equipment, testing products or a temporary lack of plant capacity. He stated further that, in recent years outsourcing has become a long-term strategic decision instead of a short-term tactical one. In the past outsourcing was viewed primarily as a cost cutting measure.

Managers of late are recognizing that smart outsourcing can result in an expansion of an organization's ability to serve customer's needs. Therefore, outsourcing, that used previously to vend a variety of functions, has taken a new imperative as a strategic management tool (Beebe and Meyers 1999).

2.4 Strategic Outsourcing

"It is the organizing arrangement that arises when firms rely on intermediate markets to provide specialized capabilities that supplement existing capabilities deployed along a firm's value chain. Such an arrangement produces value within firm's supply chain beyond those benefits achieved through cost economies. Intermediate markets that provide specialized capabilities emerge as different industry condition intensify the partitioning of production. As a result of greater information standardization and simplified coordination, clear administrative demarcations emerge along a value chain. Partitioning of intermediate markets occur as the coordination of production across a value chain is simplified and as information becomes standardized making it easier to transfer activities across boundaries" [www.wilkepedia.org/wiki/wikipedia].

2.5 Evolution of Outsourcing

Since the Industrial Revolution, companies have grappled with how they can exploit their competitive advantage to increase their markets and their profits. The model for most of the 20th century was a large integrated company that can "own, manage and directly control" its assets (Corbett 1996 cited Beebe and Meyers 1999). In the 1950s and 1960s, the rallying cry was diversification to broaden corporate bases and take advantage of economies of scale. By diversifying, companies expected to protect profits, even though expansion required multiple layers of management (Beebe and Meyers 1999).

Subsequently, organizations attempting to compete globally in the 1970s and 1980s were handicapped by a lack of agility that resulted from bloated management strategies. To increase their flexibility and creativity, many large companies developed a new strategy of focusing on their core business, which required identifying critical processes and deciding which could be outsourced (Fischli 1996 cited Beebe and Meyers 1999).

2.5.1. Initial Stages of Outsourcing

Outsourcing was not formally identified as a business strategy until 1989 (Mullin 1996). However, most organizations were not totally self-sufficient; they outsourced those functions for which they had no competency internally. Publishers, for example, have often purchased composition, printing and, fulfillment services. The use of external suppliers for the essential but ancillary services might be termed the baseline stage in the evolution of outsourcing (Beebe and Meyers 1999).

2.5.2 Strategic Outsourcing

The current stage in the evolution of outsourcing is the development of strategic partnership. All the outsourcing examples noted above were designed to improve efficiency, none involve the customers. Until recently it had been axiomatic that no organization will outsource core competencies, those functions that give the company a strategic advantage or make it unique. Often a core competency is also defined as any function that gets close to customers. In the 1990s, outsourcing some core functions may be good strategy, not anathema. For example, some organizations outsource customer service, precisely because it is so important (Greco 1997 cited Beebe and Meyers 1999).

Eastman Kodak's decision to outsource the information technology system under gird its business was considered revolutionary in 1989 (Beebe and Meyers 1999), but it was actually the result of rethinking what their business was about. They were quickly followed by dozens of major corporations whose managers had determined it was not necessary to own the technology to get access to information they needed

The focus today is less on ownership and more on developing strategic partnership to bring about enhanced results. Consequently, organizations are likely to select outsourcing more on the basis of who can deliver more effective results for a specific function than on whether the function is core commodity (Beebe and Meyers 1999).

2.6 Preparing to Outsource

"Determining which functions are better done internally and which externally requires a company – specific analysis. No matter which or how many of the functions are outsourced, the degree of success will be dependent on competent visionary management. Outsourcing does not mean abdicating responsibility or control; rather it refines the application of those business practices" (Beebe and Meyers 1999). This is suggestive of the fact that clients need to put out good management policies in selecting and managing suppliers for the best results to be achieved.

2.6.1. Process of Outsourcing

[www.wilkepedia.org/wiki/wikipedia]'s recommended procedure for outsourcing is presented below:

2.6.2 Deciding to Outsource

The decision to outsource is made at a strategic level and normally requires board approval. Outsourcing is the divestiture of a business function involving the transfer of people and the sale of assets to the supplier. The process begins with client identifying what is to be outsourced and building a business case to justify the decision. Only once a high level business case has been established for the scope of services will a search begin to choose an outsourcing partner.

Due to the complexity of work definition, pricing and legal terms and conditions, clients often utilize the advisory services of outsourcing consultants to assists in scoping, decision making, and vendor evaluation.

2.6.3 Supplier Proposals

A Request for Proposal (RFP) is an invitation for suppliers, often through bidding process, to submit a proposal on specific commodity or service. A bidding process is one of the best methods for leveraging a company's negotiating ability and purchasing power with suppliers. The Request process brings structure to procurement decision and allows risks and benefits to be identified clearly upfront. The Request process is lengthier than others, so it is used only where its advantages outweigh any disadvantages and delays caused. The added benefits of input from a broad spectrum of functional experts ensure that solution chosen will suit the company's requirements

The RFP may dictate to varying degrees the exact structure and format of the supplier's response. The creativity and innovation that suppliers choose to build into their proposals may be used to judge supplier proposals against each other, at the risk of failing to capture consistent information between bidders and thus hampering the decision making process. Effective RFP typically reflects the strategy and short/long – term business objectives, providing detailed insight upon which suppliers will be able to offer a matching prospective.

2.6.4 Supplier Competition

A competition is held where the client marks and scores supplier proposals. This may involve a number of face-to face meetings to clarify the client requirement and supplier response. The suppliers will be qualified out until only a few remain. This is known as down select in the industry. It is normal to go into due diligence stage with two suppliers to maintain the competition. Following due diligence the suppliers submit "best and final offer" (BAFO) for the client to make the final down select decision to one supplier. It is not unusual for two suppliers to go into competitive negotiations

2.6.5 Negotiations

The negotiations take the original RFP, the supplier proposals, BAFO submissions and convert these into the contractual agreement between the client and the supplier. The stage finalizes the documentation and the final pricing structure.

2.6.6 Contract Finalization

At the heart of every outsourcing deal is a contractual agreement that defines how the client and the supplier will work together. This is a legally binding document and is core to the governance of the relationship. There are three significant dates that each party signs up to; the contracts signature date, the effective date when the contract terms become active and a service commencement date when the supplier will take over the service

.2.6.7 Transition

The transition will begin from the effective date and normally run until four months after service commencement date. This is the process for the staff transfer and take-on of services.

2.6.8 Transformation

The transformation is the execution of a set of projects to implement the new Service Level Agreement (SLA), to reduce the total cost of ownership (TCO) or to implement new services. Emphasis is on 'standardization' and centralization.

2.6.9 Ongoing Service Delivery

This is the execution of the agreement and it lasts for the term of the contract.

2.6.10 Benchmarking

Some outsourcing contracts contain clauses giving the client the right to benchmark the price paid to the provider at certain milestones during the life of the agreement. A third party benchmarking firm is selected according to the terms agreed to at contract signing (for instance, selected by client, selected by service provider, selected by mutual agreement, or pre-selected at contract signing), and conducts a comparison of the price being paid to current market prices. If the terms of the contract provide for it, the provider and the client may adjust the pricing based on the results of the benchmark.

2.6.11 Termination of Contract

Near the end of contract term a decision will be made to terminate or renew the contract. Termination may involve taking back services (in sourcing) or the transfer of services to another supplier

The outsourcing process above suggests that firms which choose their service providers carefully may get quality services from the best suppliers.

2.7 Reasons for Outsourcing

"The top reasons for undertaking outsourcing projects identified by a survey results were to reduce costs, improve quality, improve delivery and reliability, gain access to materials only available abroad, establish a presence in foreign market, use resources not available internally, reduce overall amount of specialized skills and knowledge needed for operations, make capital funds available for more profitable operations, and focus on core competencies of the corporation" [www.AJBonline.org-American Journal of Bus@2008]. These findings complement with other research works (Quinn 2000; Katabadse and Katabadse 2002; Heller and Quaing 2008).

These may suggest that outsourcing is undertaken for purposes that have a large impact on the organizational goal although there may be other purposes like profitability.

Quelin and Duhamel (2003 cited Beebe and Meyers 1999), argue that the main business purpose for outsourcing is to enhance the value of an organization's offerings to its customers. Earl (1996 cited Beebe and Meyers1999) calls it "smart" outsourcing which indicates a careful selection of functions to be outsourced based on strategic decisions. The source reiterated further that strategic or smart outsourcing of functions necessary to maintain an organization's market advantage allows the organization to get closer to its customers. Therefore improving on organization's market advantage should be the primary motivation for any decision to outsource.

Beebe and Meyers (1999) in their study classified the reasons for outsourcing into tactical and strategic rationale. The study showed that traditional companies outsourced for tactical reasons. The tactical and strategic rationales of outsourcing the study in question came out with are summarized beneath:

Tactical Rationale	Strategic Rationale
1. Cost reductions.	1. Improve focus.
2. Free up cash.	2. Obtain world class capabilities.
3. Get new services	3. Step up re-engineering benefits.
4. Change fixed cost to variable ones.	4. Manage risks.
5. Improve performance.	5. Redirect resources.
6. Add new functions with minimal impact on internal resources.	6. Acquire skills.
	7. Acquire flexibility.

From the fore-gone analysis it could be suggested that organizations that seek to use outsourcing as a competitive advantage should focus on the strategic rationale and develop it well (i.e. focus on suppliers). Through this means companies that outsource entire operations are likely to function at a high level, without necessarily maintaining everything. With this approach companies that outsource may get world-class capabilities without the risks involved in developing all of them.

On the other hand, it revealed that, today, organizations approach outsourcing as a business strategy. The study cited high-tech companies like Sun and Microsoft as companies that employ outsourcing as a business strategy. Drtina (1994 cited Beebe and Meyers1999) described these firms as "intellectual holding companies" because they focus so strongly on their core technologies while they purchase other services from companies that excel at delivering them.

2.8 Benefits of Outsourcing

Organizations are motivated to outsource because outsourcing is useful in creating benefits (Benamati and Rajkumar 2002 cited Brulot 2007). The benefits of IT outsourcing can be related to both increased financial benefits and improved non financial benefits (Gilley and Rasheed 2000)

According to Lieb *et al.,* (2004), across many industries logistics outsourcing has become a rapidly expanding source of competitive advantage and logistics cost savings. They reported that some firms routinely have achieved up to thirty to forty percent (30 –

40%} reductions in logistics costs and have been able to greatly streamline global logistics processes as a consequence of outsourcing.

2.9 Challenges of Outsourcing

According to Brulot (2007), when firms leave a large part of their function to suppliers they loose their internal innovative capacity and can become overly dependent on external technology sources

Outsourcing may involve certain risks. Loss of control over operations and the need to disclose proprietary information are some of them (Stevenson 2007). Gilley and Rasheed (2000) pointed out that IT outsourcing can lead to loss of long-term innovations and Research and Development competitiveness. Bahli and Rivard (2003 cited Heller and Quain 2008) suggested that the risks of IT outsourcing may also include lock-in of outsourcing relationship; contractual amendments, unexpected transition and management costs and disputes and legislation.

According to Mc Eachern (2005 cited Brulot 2007), despite the high growth in IT outsourcing, client firms have face a considerable amount of dissatisfaction with their providers in recent years. The author stated that the problem is not only related to off shoring to India but outsourcing in general. According to the source, a study showed that 51% of the clients wanted to terminate outsourcing contracts due to lack of satisfaction with outsourced software projects; citing poor quality, reduced operational effectiveness and greater management complexities as the primary reasons.

2.10 Sourcing

Traditionally the relationship between suppliers and customers was limited to purchasing transaction. Companies purchased goods and services from suppliers based mostly on price and promised delivery rate. However, during the past decade the relationship between suppliers and customers has evolved to a more collaborative relationship, in which the selection of suppliers is called sourcing. Suppliers are literally the source of supply. According to the authors, the supplier - customer relationship focuses on collaboration and coordination, shared goals for quality and service, the measurement for supplier performance, and lower cost (Taylor and Russell 2003).

According to Kotabe and Murray (2004 cited Brulot 2007), sourcing is the "management by multinational companies of the flow of components and finished products in serving foreign and domestic markets". The source argued that effective sourcing contributes to a firm's competitive advantages. It contended that firm's specific advantages influence what technologies and activities should be the main focus for competitive advantage. It added that location specific advantages determine where organizations source and market.

2.11 Managing Supplier Performance

2.11.1 Supplier Selection

According to Lambert *et al.*, (1998), the important activity in the acquisition process is selecting the best supplier from among a number of potential vendors. The source stated that the acquisition process includes both decision makers and decision influencers, which combine to form the decision makers unit (DMU). They argued further that the numerous factors involved make the process complex. The authors mentioned on-time deliveries, product reliability and financial terms as some attributes to consider when selecting suppliers.

Taylor and Russell (2003) admit that there are difficulties involved in selecting the right supplier. He recommends the use of Analytical Hierarchy Process (AHP), a quantitative method for ranking decision alternatives and selecting the best one given multiple criteria. The source further explained the AHP as a process for developing a numerical score to rank each decision alternative based on how well each alternative meets the decision maker's criteria.

"When selecting suppliers to evaluate, you have to determine a reasonable number of suppliers. It is usually not worthwhile to evaluate suppliers who receive from you or with whom you do not spend a great deal of money. Whatever number of suppliers you choose, the group of chosen suppliers should include; 1.Suppliers with whom you spend a lot of money. 2. Suppliers who have the most impact on your operations. The determination of categories is subjective and can vary from organization to organization [www.nextlevelpurchasing.com].

The source provided the following guidelines to help in the determination of suppliers who meet those criteria in an organization;

High Spend Supplier

"For spending, apply the time-honored eighty-twenty (80-20) rule. As it would apply to suppliers, eighty percent (80%) of an organization's spend must be with twenty percent

(20%) of its suppliers". In other words, 20% of suppliers who receive 80% of an organization's budget should be selected and managed.

High Impact Supplier

"Here questions are asked about the suppliers with respect to their delivery, quality, service and cost and their impact on an organization performance"

"Standard Criteria of quality, price, and delivery are necessary-but-not-sufficient conditions for consideration." This quotation by Robert Spekman captures the essence of the problem with regard to the selection of suppliers as long-term partners. The standard criteria, according to the source are appropriate for short-term, transactional purchasing, but they are inadequate when searching for partners. For the latter purpose, factors that determine long-term future performance and the potential for innovation and improvement need to be identified. Less tangible issues such as commitment, openness and trust are also involved if the partnership is to succeed. The propensity of firms to develop and apply these attributes is not easy to assess (Saunders 1997)

2.11.2. Strategic Partnership

Supply chain partnership is a collaborative relationship between a buyer and seller which recognizes some degree of interdependence and co-operation on a specific project or for a specific purchase agreement (Gunasekaran *et al.,* 2004).

When companies outsource key functions they must be certain to maintain strength in the functions they keep internally. Outsourcing is a powerful tool, but if a company becomes merely a collection of outsourced activities, it will loose its unique value. The source noted that with technology changing so rapidly, companies need innovation, flexibility, and sound business strategies to maintain a competitive advantage. Strategic partnerships with world - class suppliers can strengthen that advantage (Beebe and Meyers 1999).

Chesbrough and Teece (1996 cited Meyers and Beebe 1999) noted that virtual companies – those that develop partnerships with external suppliers – can harness the power of market forces to produce, market, disseminate, and support their products in ways that fully integrated companies cannot duplicate.

2.11.3. Supplier Performance

Supplier evaluation is measuring performance of suppliers over time (Brulot 2007). Wyustru *et al.,* (2003) suggested that supply evaluation mainly takes place at process level in order to keep the preferred supplier base updated.

According to Monczka *et al.,* (2005), an often-heard frustration is that finance departments do not attach value to measuring the savings from sourcing agreements. This results in managers' view that sourcing is an expensive rather than an investment.

Gunasekaran *et al*., (2004) argue that the evaluation of suppliers in the context of the supply chain (efficiency, flow, integration, responsiveness, and customer satisfaction) involves measures important at the strategic, operational and tactical level. The levels were mentioned as; strategic level measures – lead against industry norm, quality level, cost savings initiatives, supplier pricing against market. Tactical level measures - the efficiency of purchase order cycle time, booking in procedures, cash flow, quality assurance methodology and capacity flexibility. Operational level measures- include ability in day-to-day technical representation, adherence to developed schedule, ability to avoid complaints and achievement of defect free deliveries.

Supplier performance is critical to an organization. Organizations purchase from suppliers because they need their products and services in order to operate in a desired manner to achieve certain results. A supplier that performs well can help organizations to be more efficient, produce higher quality products or services, reduce costs, and increase profits. A supplier that performs poorly can disrupt organization's operations, and make them fail in the eyes of their customers, increase their costs and threaten their profits. Therefore managing the performance of suppliers should be a strategic focus of every organization. The source suggests that companies should have formalized systems in place to measure their suppliers' performance. It added that companies should have strategy to motivate suppliers to improve their performance [www.nextlevelpurchasing.com].

2.12 Information Technology Alignment

Lock et al., (2005 cited Brulot 2007) defines Information Technology (IT) as "a facilitator of integration of business functions at all levels in organizations by making corporate-wide information more readily accessible". According to the study IT is a determinant of organizational integration. According to Brulot (2007), the major advantage of IT is improving process improvement such as operating efficiency.

Recently, the concepts of supply chain design and management have become a popular operations paradigm. This has intensified with the development of Information and

Communication Technologies (ICT) that include Electronic Data Interchange (EDI), the internet and World Wide Web (WWW) to overcome the ever increasing complexity of the systems driving buyer-supplier relationships. The complexity of Supply Chain Management (SCM) has also forced companies to go for on-line communication systems. For example the internet increases richness of communication through greater interactivity between the firm and customer (Watson *et al.*, 1998 cited Gunasekaran *et al.,* 2004).

Armstrong and Hagel (1996 cited Gunasekaran *et al.,* 2004) argue that there is the beginning of an evolution in supply chain towards on-line business communities. For example General Electric's trading process network is an online business community that allows the company to transact about one billion dollar worth of business with their suppliers located all over the globe.

2.13 Top Management Commitment

The role of top management has been researched extensively. They motivate, support and inspire followers .Their commitment is key in achieving competitive performance (Lok *et al.,* 2005).

According to Monczka *et al.,* (2005), it is crucial for the success of an inter-firm development project in which there is an executive champion who has the ability and authority to convert vision into practice. Sourcing is a practice of strategic importance, so it needs strategic support as well. The executive champion can overcome difficulties and he or she has the commitment to make things work (Littler *et al.*, 1995 cited Brulot 2007).

Brulot (2007), argue that top management has to allocate resources supportive to the collaborative operation with suppliers. As such it is most likely that when the collaboration between a firm and its suppliers intensifies, the importance of top management support will increase as well

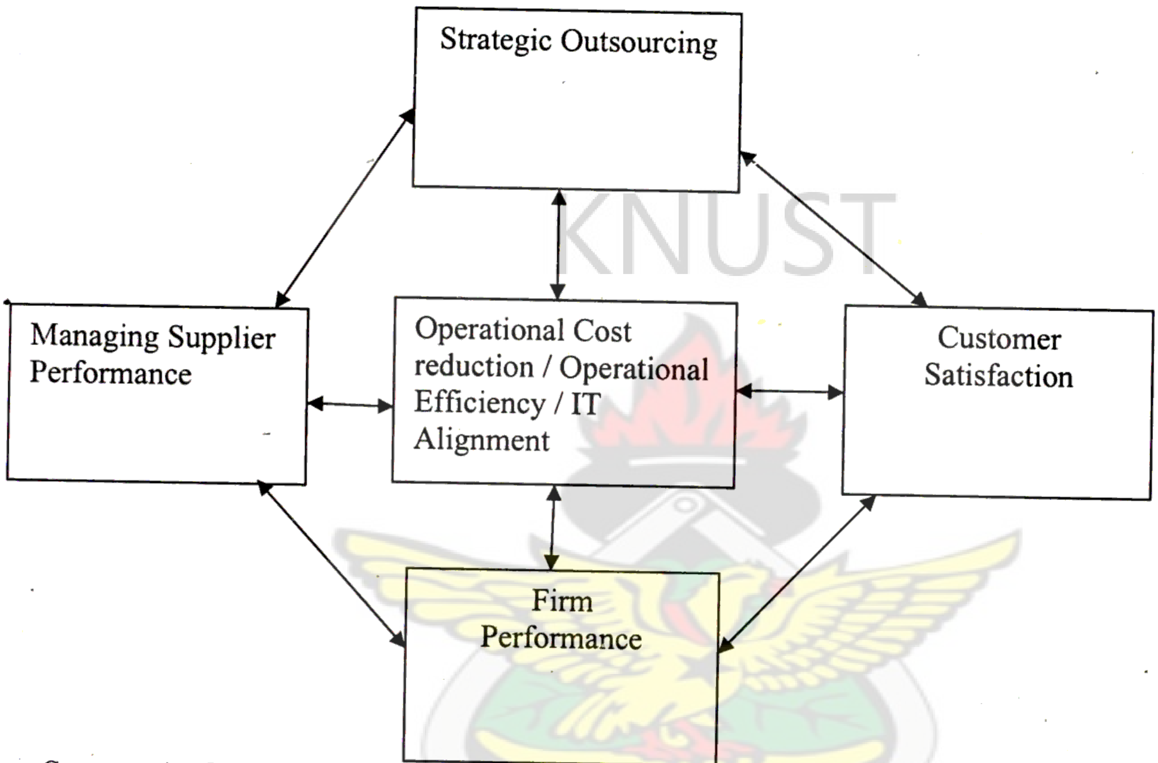
2.14 Firm Performance

Firm performance can be measured by means of an objective and subjective measure. Subjective measures are used when there is no financial data available this might be due to firms' unwillingness to give that information or differences in reporting style and accounting principles (Brulot 2007). Previous research has found that subjective measures are correlated with objective measures of performance (Brouthers *et al.*, 2003 cited Brulot 2007).

2.15 Conceptual Frame

This aspect of the work explores the conceptual model of the study in order to identify the linkages of management of strategic outsourcing, managing supplier performance, operational cost reduction / operational efficiency / IT alignment, customer satisfaction and firm performance.

Figure 1: Conceptual Framework



Source: Author's Own Survey, 2009

2.15.1 Strategic Outsourcing

Of late companies that seek to remain in business in the presence of global competition adopt outsourcing as a business strategy. According to Heller and Quaing (2008), companies wish to keep the overhead cost low and try to concentrate on their core business. The source emphasized that for this reason companies embark on activities of high value with low risks and preferably low costs.

It is upon this direction that Beebe and Meyers (1999) said that managers have recognized that strategic, smart or selective outsourcing can result in an expansion of an organization's ability to serve customers needs. They added that smart outsourcing involves a careful selection of functions to be sub-contracted based on strategic decisions.

Smart outsourcing, is believed to task suppliers to provide specialized capabilities to supplement existing ones along a firm's value chain. The result of such arrangements is greater information standardization, simplified coordination and clear administration demarcations along a firm's value chain [www.wikipedia.org/wiki/wikipedia]. Thus strategic outsourcing management has increasingly become an effective way to reduce operational costs, increase operational efficiency, quality improvement and therefore improve customer satisfaction and firm performance.

2.15.2 Managing Supplier Performance

This encompasses supplier/vendor selection, partnership or collaboration with suppliers and performance evaluation.

Taylor and Russell (2003) say that the selection of suppliers is called sourcing. They argue that the relationship between customer and supplier has become more collaborative. The essence of this is to get the best services from suppliers. Saunders (1997) says that suppliers need to be partnered in order to determine the long-term future performance and potential innovation for organizations. He noted that commitment, openness and trust are factors that should be included in the criteria for selecting vendors. He argued that when this criterion is met, quality delivery, price and others will follow.

Companies require strong internal staff in order to partner suppliers for quality services to be achieved. According to Beebe and Meyers (1999) "the innovation, flexibility and sound business strategy required by organizations to maintain a competitive advantage is achieved through strategic partnership with world-class suppliers". Companies that evaluate the performance of their suppliers stand the chance of benefiting from efficiency, flow, cost reductions, customer satisfaction etc. that companies need in order to compete.

Beebe and Meyers (1999) suggest that the most successful partnerships establish best practice goals from the beginning and benchmark against them on regular basis. It must be noted that most firms rely partly on suppliers hence their performance is key to organizations. From the fore-gone discussions there is enough indication that managing supplier performance is essential for efficiency, customer satisfaction and the entire performance of an organization.

2.15.3 Operational Cost Reduction, Operational Efficiency and IT Alignment

According to [www.nextlevelpurchasing.com] a supplier that performs well can help organizations to be more efficient, produce higher quality products or services, reduce costs and increase profits. Therefore managing the performance of suppliers should be a strategic focus of every organization.

Outsourcing therefore can lead to companies eliminating investments of fixed infrastructure, access to external competencies and regaining control of internal departments. All these are in pursuit of efficiency of services, cost savings, greater quality and improvement on business operations. The end result is customer satisfaction and firm performance.

Information Technology (IT) is the software on which all the activities of the organization thrive. In other words IT system enables an organization to link its departments together with its suppliers and customers. Through this means information flow becomes very efficient and effective. This promotes operational efficiency, effective supplier performance management, customer satisfaction and real time business processes in a firm.

2.15.4 Customer Satisfaction

Strategic outsourcing management practices aim at achieving customers overall satisfaction. This is normally measured by on-time deliveries of products or services, in the right condition and at the right place. Customer satisfaction determines the performance of an organization. Beebe and Meyers (1999) argue that the utmost concern of managers is the ability of their organizations to serve customers needs.

2.15.5 Firm Performance

According to Brulot (2007), firm performance can be measured by means of an objective (financial data) or subjective measure (i.e. with non-financial data). Thus performance measure is necessary for organizations to access the success of their outsourcing strategy. Irrespective of whichever measure is used, it is important that companies have formalized systems in place to measure their suppliers' performance since this go a long way to increase company performance [www.nextlevelpurchasing.com].

Quinn and Hilmer (1995 cited Heller and Quaing 2008) indicate that companies that use strategic outsourcing can obtain benefits such as maximization of income realized by own resources, the development of core competence to create barriers against competitors, the capitalization of investments, innovations and specialized abilities of external suppliers as well as the lowering of risks and the reduction of life cycles with an increase of customer demand satisfaction at the same time.

In order to achieve these advantages from strategic outsourcing, outsourcers need to take performance measures seriously since it is through this means that they can succeed.

CHAPTER THREE

RESEARCH METHODOLOGY AND PROFILE OF NEWMONT

3.0 Introduction

This chapter comprises two sections. The first section has to do with details of the methodology used for the study. The type of data and sources are the areas discussed. The second section focuses on the profile of Newmont Ghana Gold Limited, Kenyasi.

The research methodology of this thesis follows both explorative and descriptive research approaches. An explorative research is normally used to gather data (mainly qualitative data) in order to increase an in-depth understanding of the topic that is being researched. Descriptive research aims to give an accurate image of the phenomenon that is being studied.

3.1 Research Design

This considers the general plan on how the research objectives were answered. A single case study was adopted as a strategy to achieve the research objectives.

According to Robson (2002 cited Heller and Quain 2008), case study is defined as ` a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence'. The case study strategy has considerable capability to generate answers to `why', `what' and `how' questions.

3.2 Sources and Types of Data

The researcher collected and used both primary and secondary data.

3.2.1 Primary Data Sources

Primary data for the study included personal data of respondents to questionnaires and face-to-face interviews with managers and other officers from the five departments of the company. Interview questions were built to reflect the main points and implications derived from the literature review. The interviews were carried out to ascertain the results of the study. Specific questions were asked during the interview, but there was room for open discussion so that interviews could share complementary information on the various quality management issues under discussion.

3.2.2 Secondary Data

Secondary data was collected from various sources. These include scholarly journals, reports, educational guides, textbooks and interviews. Data from magazines and websites of Newmont Ghana Gold Limited as well as websites of organizations that do outsourcing were also used.

Ghauri and Gronhaug (2005 cited Brulot 2007) argue that the main advantage of using secondary data is enormous savings in resources, time and money. In general, it is more expensive to use secondary data than primary data. Secondary data are useful to compare with what the managers said during interview. Unlike primary data, secondary data generally provides a source of data that is both permanent and available in a form that may be checked relatively easily by others.

3.3 Study Population

The study population comprises of the management and workers of the Kenyasi branch of Newmont Ghana Gold Limited in the Brong-Ahafo Region. The staff of the five departments is quite large hence a sample was used for the study. The procurement and supply chain department is in charge of all the outsourcing activities of the company hence a lot of data was obtained from them.

3.4 Sampling Technique

The five management officials of the departments were interviewed and this took the form of closed and open-ended questionnaire. In addition five staff members from the supply chain management and procurement department were included due to their expertise in supply chain management. The sample size was eleven.

3.4.1 Sampling Method

Survey is one of the most frequently used methods of data collection in social research. The survey protocol of random sampling procedures allows a relatively small number of people to represent a much larger population. Survey is an effective means to obtain data on issues and causal relationships. However, they can only show the strength of statistical association between variables. Reconnaissance surveys do not explain changes in attitudes and views overtime. They also provide no basis to expect that the questions are correctly interpreted by the respondents.

Notwithstanding this, survey was appropriate for achieving the objectives of this study. Newmont Company has a policy that rotates its staff in its branches worldwide for training and education. People who have benefited from such experience were interviewed in the Kenyasi branch.

3.5 Data Analysis

The data collected was edited and examined for consistency of responses using both qualitative and quantitative methods to analyze the data. Frequencies and percentages were used to analyze findings where necessary, using statistical package for social scientist (SPSS) to judge the role of the management of strategic outsourcing in the company. Denscomber (1998) argue that secondary data collected for a specific purpose may differ from another research question(s) or objective(s). Both data have their strengths and weaknesses which need to be overcome in a study. Primary and secondary data have been used in this study to complement each other hence eliminate any shortcomings.

3.6 Company Profile

3.6.1 Background of Newmont Company Limited

Newmont founded in 1921 and publicly traded in New York Stock Exchange (NYSE) since 1925, is one of the largest gold producing companies in the world with headquarters in Denver, Colorado.

Newmont has operations in the United States, Australia, Peru, Indonesia, Canada, Uzbekistan, Bolivia, New Zealand, and Mexico. Our newest operation includes two sites in Ghana.

3.6.2 Background of Newmont Ghana

Ghana, formerly known as the Gold Coast, has been an important source of gold for the world for centuries. It is in this country that Newmont Mining Corporation has now established a new growth pole for its business. Newmont has started gold production from a new gold mine at Ahafo in Ghana and is currently also reviewing the potential for a second gold mine in the country. At peak production the two mines would be anticipated to produce over a million ounces a year.

In 2002, Newmont Mining Corporation acquired Normandy Mining and thereby obtained two concessions in the Ahafo area in the Brong-Ahafo Region and the Akyem area in the Eastern Region of Ghana. These are areas which, prior to Newmont's entry, had never seen large-scale industrial gold production. The Ahafo concession area straddles two districts – the Asutifi North and Tano districts- in the Brong-Ahafo region whilst the Akyem project is in the Birim North District of the Eastern Region.

Newmont's projects in Ghana are poised to become the company's fifth assets worldwide. Ahafo is located in the Brong-Ahafo region, about one hundred and eighty (180) miles (300 kilometers) northwest of the capital city of Accra. The Ahafo site is situated on approximately two hundred and seventy-eight (278) square miles (720 square kilometers) of land, with several deposits throughout. Construction at Ahafo is well underway, with start-up scheduled for the second half of 2006.

In July, 2005, Newmont's Board of Directors approved development of Akyem, for an expected start-up in 2008. Akyem is located in the Birim North District, in the Eastern Region, about eighty (80) miles (129 kilometers) northwest of Accra. Total capital expenditure for the two projects is likely to be about US$ 1 billion. Newmont began active mining on the Ahafo project in January 2006 and achieved first gold pour in mid-July 2006-onschedule. Newmont has successfully increased the reserves in these concessions in Ghana from 4 million equity ounces to about twenty (20)) million equity ounces currently.

3.6.3 Mission Statement

We will use our global assets, operating strengths, and financial flexibility to generate solid earnings and free cash flow. We will pursue excellence in safety as a core value and, in the communities in which we operate, have positive impacts, working in cooperation with local communities. In this way, we will achieve our vision of creating value with every ounce.

3.6.4 Vision and values

Vision: We will be the clear leader in the gold industry and one of the world's most trusted, respected, and valued natural resource companies.

Values:

- Act with integrity, trust, and respect
- Reward an entrepreneurial spirit, a determination to excel, and a commitment to action.
- Demand leadership in safety, stewardship of the environment, and social responsibility
- Develop the best people in pursuit of excellence
- Insist on teamwork and honest communication
- Demand positive change by continually seeking out and applying best practices.

3.6.5 Creating Value with Every Ounce

Newmont's tagline is 'creating value with every ounce':

- "Creating value…" – this is our focus; we strive to add reserves at the lowest cost and convert them into profits through production and sale; we create value for our shareholders, employees, and the communities in which we work.
- "…With every ounce" – of reserves, of production, and of effort by everyone at all times.

3.6.6 Operations of the Supply Chain and Procurement Department

ELLITSE software is used to align the Supply Chain and Procurement Department. This information system ensures easy communication among workers. The workers of the supply chain generate orders as well as track goods in transit. When goods are delivered to the warehouse the information is sent to the Accounts Department for payments to be effected. This system ensures transparency and accountability in the organization. The department sources its suppliers through tendering and competitive bidding.

Communication systems form part of an efficient supply chain solution and Newmont Ghana Limited is hooked up to the Newmont Electronic Data Interchange (EDI) via a satellite. This enables Newmont to generate invoices and order generation online. Through this means they are able to do online tracking of goods from their suppliers. They also enjoy efficient communication with their branches, suppliers and customers' world wide.

Newmont's website gives the company access to E- Commerce site where it is possible to do business electronically.

3.6.7 How Gold is produced

I. Exploration

This involves an examination of rock samples to determine the presence of gold in a particular area. Drilling rigs are used to obtain the samples of the rocks from the depths of the earth. The samples are analyzed carefully in order to determine the gold content. At this stage the mineralized zone is referred to as a **"resource".**

II. Feasibility Studies

It involves a review of all the processes in a mine and deals with the cost benefit analysis of the entire project. It helps to establish the viability of the mine, the possible environmental and social impacts, how they can be mitigated, availability of labor and cost of labor, cost of equipment, and reclamation of the project site as well as mine closure costs etc. If the ore deposit is profitable, then it becomes an ore reserve.

III. Mine Construction

This involves construction of infrastructure such as roads, a processing plant, bridges, accommodation, mining area, environmental control structures, etc, required to enable mining operations to be undertaken.

IV. Mining

This involves moving soil from the ground to expose the ore. This is referred to as surface mining. Sometimes mining requires going deep into the earth to reach gold bearing rocks. This is called underground mining. Newmont Ghana currently plans to operate surface mines in Ghana.

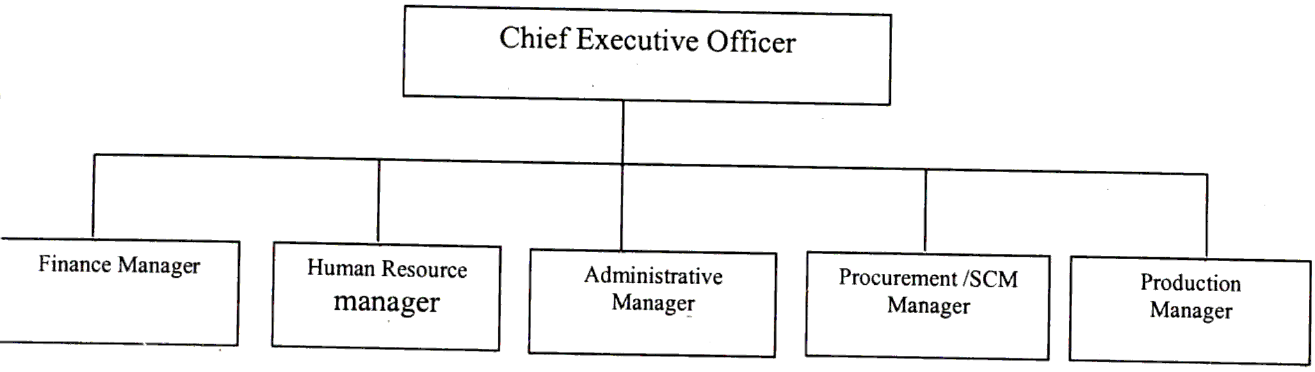
V. Processing

Because several impurities occur in gold ore deposits, various processes are used to remove the impurities. The ore hauled from the pits is crushed in a grinding mill. The grinding mills contain steel balls that grind the ore into powder. From the mill, the crushed ore is treated with chemicals to separate the impurities (rock, soil, etc) and the gold. The gold is treated in a very hot furnace (at about 2,100) and poured into bars.

VI. Reclamation

This is done at every stage of the mining process. For Newmont Ghana, this step is very important as it involves activities aimed at restoring the environment to a usable condition for the communities

Figure 2: Organizational Chart



Source: Author's Field Survey, 2009.

The organizational chart provides information about the company's structure and its characteristics to both employees and external partners of the company. It clearly spells out the channel of communication and what the company seeks to achieve.

CHAPTER FOUR

ANALYSIS OF DATA

4.0 Introduction

This chapter presents analysis, results and discussions on how Newmont Ghana Limited, Kenyasi branch as a mining company, manages its outsourcing activities with key suppliers. In all, two sets of questionnaires were analyzed; one set for managers and the other for other workers of Newmont Ghana Limited, including responses from interviews that were conducted in two settings.

4.1 Results and Discussion of Newmont Ghana Limited

Eleven questionnaires were administered to the functional managers and workers of the five departments of Newmont. For the purpose of this work the supply chain and purchasing department of Newmont were separated to make a total of six departments. The supply chain and purchasing departments workers have in-depth knowledge about all the outsourcing activities pursued in Newmont hence a greater number of the questionnaire were sent to them. All the questionnaires were wholly attended to, the analysis was based on the response from the various departments.

Table 1: Department respondents belong to in Newmont.

	Freq	Percent	Valid Percent	Cum Percent
Supply chain	3	27.3	27.3	27.3
Procurement or Purchasing	3	27.3	27.3	54.5
Human Resource	2	18.2	18.2	72.7
Operations or Processing	1	9.1	9.1	81.8
Finance	1	9.1	9.1	90.9
Administration	1	9.1	9.1	100.0
Total	11	100.0	100.0	

Source: Authors Field Survey, 2009

From Table 1; 3 out of the 11 people interviewed representing 27.3% are in the Supply Chain Department while another 3 people occupying 27.3% are in the Procurement or Purchasing Department. Another 2 people reflecting 18.2% are in Human Resource Department, also 1 person indicating 9.1% was obtained from Operations, Finance and Administration Departments respectively. This is to ensure that, responses are spread over and retrieved from wide range of departments in the company

.

The greater number of questionnaire pushed to the supply chain and procurement departments as compared to the others, is as a result of the technical nature of outsourcing. The expertise required to source for the right vendor or external service provider or third-party company to provide service necessary for Newmont's competitive advantage are provided by these departments. This is in agreement with the assertion by Kotabe and Murray (2004) that effective sourcing contributes to a firm's competitive advantage.

Table 2: Distribution of Ages of Respondents and the Years served

		HOW LONG HAVE YOU BEEN WORKING AT NEWMONT		Total
		2-3 years	4 years and above	
AGE GROUP OF THE RESPONDENT	28-32	0	3	3
	33+	2	6	8
Total		2	9	11

Source Authors Field Survey, 2009

The period of engagement rendering services with regard to the management of outsourcing is very essential. Information gathered indicate that long service and experience enable personnel to identify challenges that are associated with outsourcing.

The maturity level of staff also affects how they handle such challenges when they arise. These qualities put together enable the company develop sustainable and collaborative relationship with good and major suppliers.

As indicated in Table 2; 9 of the respondents interviewed have worked for four years and above while 2 fall between 2-3 years bracket. Moreover, the ages of 8 respondents were 33 years and above. The other 3 respondent's ages were between 28-32 years,

4.2 Strategic Management of Outsourcing in Newmont and Reasons for their Adoption

Table 3: Practices that form part of Newmont's Outsourcing Policy

	Freq	Percent	Valid Percent	Cum Percent
supplier partnership	4	36.4	36.4	36.4
supplier selection and supplier evaluation	4	36.4	36.4	72.7
Determine support function to outsource and supplier selection	2	18.2	18.2	90.9
All except supplier monitoring	1	9.1	9.1	100.0
Total	11	100.0	100.0	

Source: Authors Field Survey, 2009

From Table 3; 4 out of the 11 people representing 36.4% emphasize on supplier partnership as a major entity (in terms of maintaining strength) in the company's outsourcing policy. Meyers and Beebe (1999) is in support of this. Another 4 people occupying 36.4% stressed on supplier selection and supplier evaluation as a practice in outsourcing while 2 people reflecting 18.2% commented that determining support function and supplier selection are major practices adopted in outsourcing. Lambert *et al.,* (1998) and Taylor and Russell (2003) see supplier selection as most important and very difficult respectively in the acquisition process. On supplier evaluation, Gunasekaran *et al.,* (2004) noted in his work that companies that seek to achieve efficiency and customer satisfaction should consider evaluating suppliers at the strategic, operational and tactical levels.

However, 1 person representing 9.1% indicated that, Newmont undertakes all the strategic practices mentioned above as a means of outsourcing with less emphasis on supplier monitoring. Hence, Newmont undertakes all the above mentioned strategic practices as tools in outsourcing. Further probing revealed that, outsourcing is effectively done with calculated evaluation of the most optimum supplier to carry on the outsourcing process. [www.wikepedia.org/wiki] in supporting this view noted that the choice of an optimum supplier could also be achieved through competitive bidding and due diligence.

Table 4: Newmont's major suppliers

	Freq	Percent	Valid Percent	Cum Percent
World class companies	3	27.3	27.3	27.3
World class companies and Local companies	8	72.7	72.7	100.0
Total	11	100.0	100.0	

Source: Authors Field Survey, 2009

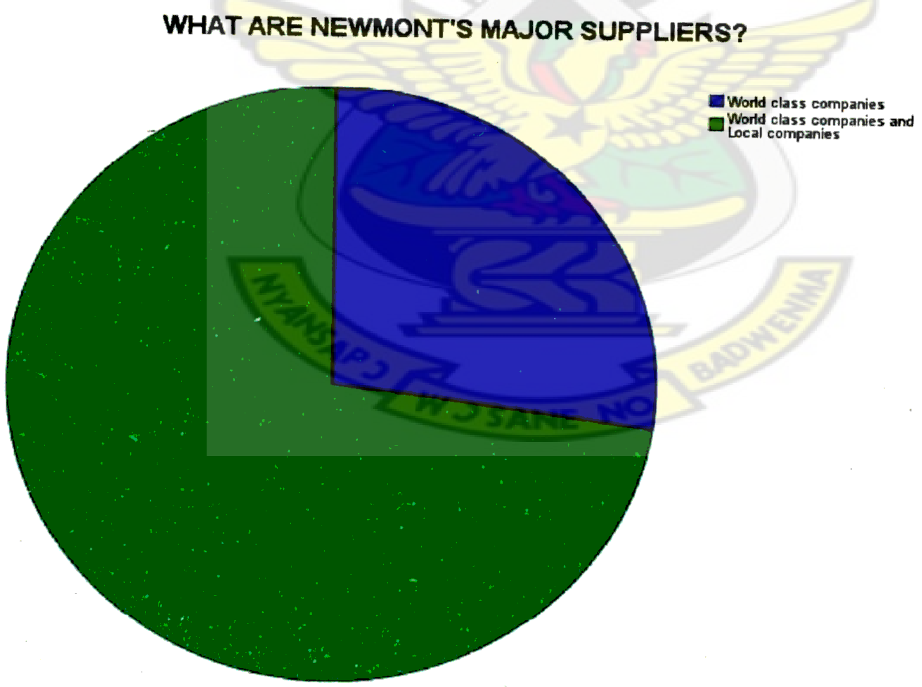
From Table 4; 3 out of the 11 people interviewed reflecting 27.3% indicated that Newmont's major suppliers generally are world class companies while 8 people occupying 72.7% confirmed that Newmont's major suppliers are both world class companies and local companies. Hence, majority of the respondents revealed that Newmont Company's generally deals with both world class companies and local companies.

The survey revealed that Newmont's motives for contracting world class suppliers is to obtain world-class capabilities without the risks involved in developing them, quality service, and the ability to gain access to materials that are not found locally. Heller and Quaing (2008) affirm this.

Further probe indicated that the company's choice of local suppliers was to enjoy proximity advantages. The results cited reduction in lead-times and early delivery of goods and services as some reasons. The work of Kotabe and Murray (2004) agree with this finding

The pie chart in Figure 5: presents a graphical view of the major suppliers

Figure 5: Major suppliers



Source: Authors Field Survey, 2009

Table 5: Relationship that exists between the company and its major suppliers

	Freq	Percent	Valid Percent	Cum Percent
Supplier management	1	9.1	9.1	9.1
Strategic alliance and collaboration with suppliers	2	18.2	18.2	27.3
All the options above	3	27.3	27.3	54.5
collaboration with suppliers and supplier management	5	45.5	45.5	100.0
Total	11	100.0	100.0	

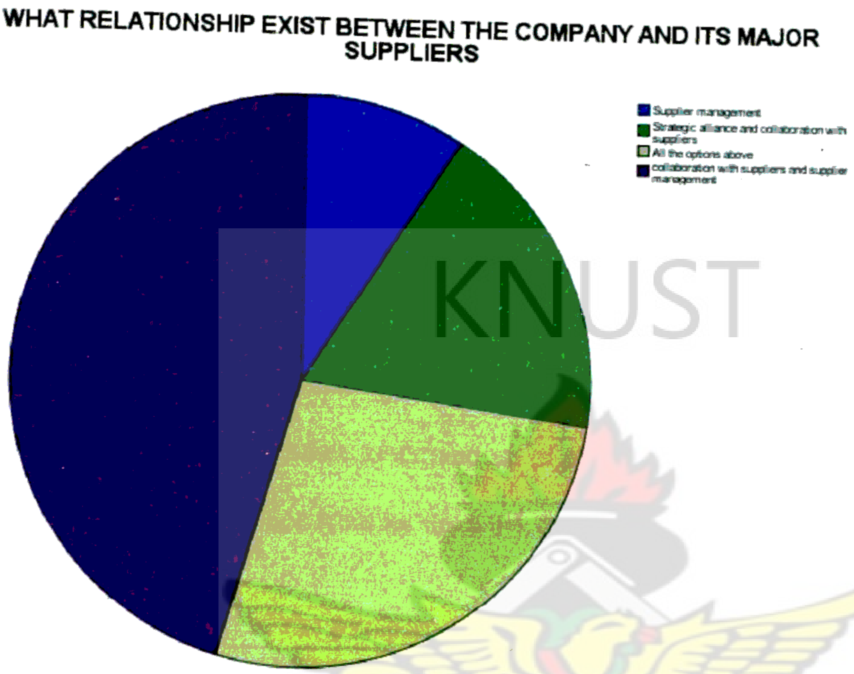
Source: Authors Field Survey, 2009

The results in Table 5; shows that 5 persons (45.5%) affirm that the company collaborates with its major suppliers and manage their performance as well. It was established that supplier collaboration and management allow a company to assess its suppliers output over time. This ensures that the preferred supplier is updated with the necessary equipment to perform. Through this means the company is able to resolve misunderstandings over time for the purpose of achieving its outsourcing strategy. This supports the works of (Wyustra *et al.*, 2003; Brulot 2007).

2 respondents representing 18.2% opted for strategic alliance and collaboration with suppliers. It came out that Newmont has strategic alliance with Mantrac Ghana Limited. According to the results, Mantrac supplies certain heavy duty equipment without which Newmont faces difficulties. For this event, Newmont assists Mantrac in all kinds of support necessary to deliver quality and continuous service to Newmont. Chesbrough and Teece (1996) in agreeing to this indicted in their work that virtual companies (those that develop partnership with external suppliers) can harness the power of market forces to produce and support their products.

3 persons representing 27.3% indicated that all the options are necessary strategies that are employed by Newmont in dealing with its major suppliers.

Figure 6: Relationships that exists between Newmont and its suppliers



Source: Authors Field Survey, 2009

Table 6: Considerations the company takes before beginning to outsource.

	Freq	Percent	Valid Percent	Cum Percent
What can be improved internally before outsourcing	3	27.3	27.3	27.3
All the above options	8	72.7	72.7	100.0
Total	11	100.0	100.0	

Source: Authors Field Survey, 2009

From Table 6; it is observed that, 3 people out of the 11 people interviewed representing 27.3% indicated that Newmont considers what can be improved internally before outsourcing while the remaining 8 responses reflecting 72.7% consider all the options before outsourcing. The options considered include Newmont's core competencies in the mining industry, support functions found in any business Newmont requires and what can be improved internally.

Hence Newmont weighs its strengths and weaknesses, the measures that can improve its effectiveness internally and finally, support functions in any business Newmont requires and how it can bring about mutual benefits to both parties.

The study revealed that smart or selective or strategic outsourcing the company believes in has all the initiatives it takes to expand an organization and provide quality products to its customers. This is supported by the work of (Meyers and Beebe 1999).

Table 7: Management of the performance of the company's suppliers

	Frequency	Percent	Valid Percent	Cum Percent
Yes	11	100.0	100.0	100.0

Source: Authors Field Survey, 2009

From Table 7, all the 11 persons interviewed reflecting a total of 100% affirmed that Newmont do manage the performance of its suppliers. Hence, Newmont does not actually focus on maximizing profit but maintaining and regulating the optimum performance of all its suppliers to ensure continuity and sustainability in outsourcing.

The results revealed that all the suppliers will have difficulties in responding to the needs of the company if they do not receive the support they need from the company. Meyers and Beebe (1999) support this with a statement in their work, that the most successful partnerships establish best practice goals from the beginning and benchmark against them on regular basis.

Table 8: Overall objectives for outsourcing

	Freq	Percent	Valid Percent	Cum Percent
Reduce cost	2	18.2	18.2	18.2
focus on core competence	2	18.2	18.2	36.4
Get new services	2	18.2	18.2	54.5
Obtain world class services	3	27.3	27.3	81.8
Improve on financial performance	2	18.2	18.2	100.0
Total	11	100.0	100.0	

Source: Authors Field Survey, 2009

Table 8; explains why Newmont Company undertakes and encourages outsourcing. From the Table, 2 people each reflecting 18.2% indicated specifically that, Newmont outsource to reduce cost, focus on core competence and get new services. While 3 people occupying 27.3% indicated that, Newmont outsource generally to obtain world class services. That is, the outsourcing of Newmont is done to meet standards and obtain world class services.

The remaining 2 people expressing 18.2% confirmed that Newmont outsource to improve on its financial performance since every business ultimate goal is to maximize profit. The results indicated that with the exception of obtaining world class services Newmont Company attach equal weight to the objectives assigned for outsourcing.

Information gathered revealed that the reasons enumerated are all essential to every company that wishes to adopt outsourcing as a business strategy to achieve competitive advantage. Hence the company employs these as strategic tools in its operations. This is confirmed in the work of (Meyers and Beebe 1999).

4.3 Challenges Associated With Outsourcing Practices

Table 9: Difficulties the company encounters in pursuing its outsourcing practices

	Freq	Percent	Valid Percent	Cum Percent
Poor choice of sourcing partners/ Inadequate organizational communication with suppliers	1	9.0	9.0	9.0
Inadequate planning and training/skills needed to manage outsourcing activities	1	9.0	9.0	18.0
None of the first two reasons.	4	36.4	36.4.	54.4
The company is opened up to allow vendors access inside.	5	45.5	45.5	100.0

Source: Authors Field Survey, 2009

From Table 9; 1 person (9.0%) said that the company has poor arrangement practices for sourcing its partners. It was added that the communication between the company and its suppliers is inadequate. Another 9.0% (1 person) settled for inadequate planning and training skills necessary for managing outsourcing practices.

4 respondents representing 36.4% indicated that none of the first two problems exists in the company. Additional information gathered revealed that the company provides regular training for its staff. As part of the training programs, employees are sent to other countries where Newmont operates.

It was also established that the company does most of its sourcing through the internet. This makes it easy for the company to reduce lead-times and obtain on-time deliveries of products and services. Watson *et al.,* (1998) in support of this result noted in their work that ICT is the solution to the ever-increasing complexity of the system driving buyer-supplier relationship.

5 persons representing 45.5% answered that the company is liable to exposing its internal operations and trade secretes to its competitors through service providers. This according to the results is a worry to the company. Such a situation according to the respondents exposes the company to all sorts of risks. They explained that it takes only trust on the part of suppliers to protect the company. Schoorman *et al.,* (2007), consider trust in their work as a means of overcoming risks.

4.4 Benefits Derived From Outsourcing

Table 10: Benefits the company seek to achieve in outsourcing

	Freq	Percent	Valid Percent	Cum Percent
Financial	2	18.2	18.2	18.2
Non financial	5	45.5	45.5	63.6
Both options	4	36.4	36.4	100.0
Total	11	100.0	100.0	

Source: Authors Field Survey, 2009

The results provided in Table 10; show that 2 persons (18.2%) agree to the idea that the company outsources for financial gains. Gilley and Rasheed (2000) share this view in their work. 45.5% from 5 respondents stated that Newmont's outsourcing strategy is more of non-financial than financial.

According to Quelin and Duhamel (2003), the non-financial benefits include improvement of quality, control over internal departments and focus on core competencies.

The remaining 36.4% of the respondent's, claim that Newmont pursue outsourcing for both financial and non-financial benefits.

Table 11: Financial benefits Newmont has obtained from its outsourcing practices.

	Freq	Percent	Valid Percent	Cum Percent
Reduction of operational costs	5	45.5	45.5	45.5
Reduction of capital invested	2	18.2	18.2	63.6
Transformation of fixed costs into variable costs	1	9.1	9.1	72.7
Reduction of operational costs and reduction of capital invested	3	27.3	27.3	100.0
Total	11	100.0	100.0	

Source: Authors Field Survey, 2009

The results in Table 11; indicate that the financial benefits manifested in all the aspects listed in the Table. However, there were no figures to back the results. Gilley and Rasheed (2003) supported this in their research.

4.5 Recommending Appropriate Strategies that will lead to Newmont obtaining the best from Outsourcing

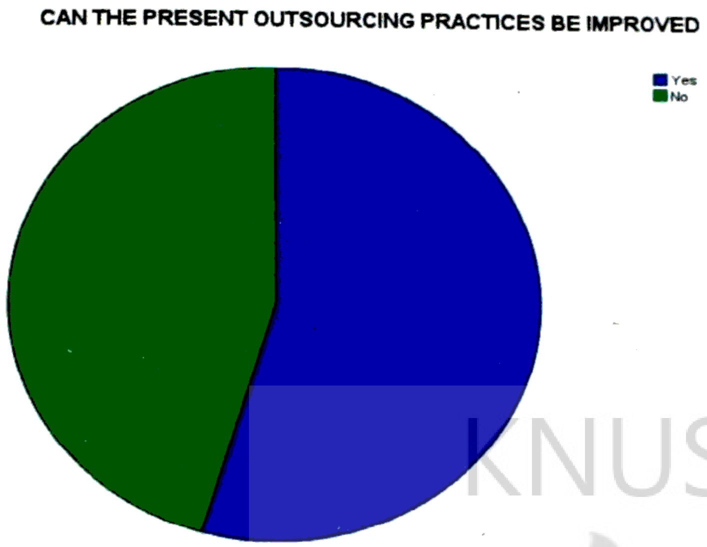
Figure 12: Improving on the present outsourcing practices.

	Freq	Percent	Valid Percent	Cum Percent
Yes	6	54.5	54.5	54.5
No	5	45.5	45.5	100.0
Total	11	100.0	100.0	

Source: Authors Field Survey, 2009

6 persons representing 54.5% said that the current outsourcing practices could be improved. The other 45.5% of responses from the remaining 5 persons was negative. According to those respondents they do not know any new ideas other than what is being pursued in the organization.

Figure 7: shows a distribution of the improvement of outsourcing practices.



Source: Authors Field Survey, 2009

Table 13: Appropriate strategies that can improve on outsourcing

	Freq	Percent	Valid Percent	Cum Percent
Constant training of employees and outsourcing partners	3	27.3	27.3	27.3
Employing world class IT Software/managers	4	36.4	36.4	63.6
Adopting global sourcing practices	4	36.4	36.4	100.0
Total	11	100.0	100.0	

Source: Authors Field Survey, 2009

The results presented in Table 13; show that 3 persons representing 27.3% indicated that constant education on the part of both employees and vendors will improve on outsourcing. It was recommended that management should build trust among suppliers in the company's quest for efficiency from outsourcing.

36.4% of the responses rooted for global sourcing practices. According to these results the company obtains quality services from world class suppliers. The remaining 36.4%

(4 people) settled for the best IT software and experts as well. It was found out that IT improves on communication between the company and its suppliers. Graham and Hardaker (2000) support this result.

It was also found out that top management commitment is essential for the improvement of outsourcing. An interview conducted revealed that top management motivate, support and inspire workers to give out their maximum performance. Lok *et al.*, (2005) in their work stated that management's commitment to outsourcing is essential to the achievement of competitive performance

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This section of the study presents a summary of the information collected from the study. It also captures the conclusions drawn from the study in the light of the findings. Finally, appropriate recommendations are made based on data and information gathered from Newmont Ghana Limited and research carried out by outsourcing researchers and practitioners.

5.1 Summary of Findings

5.1.1 Outsourced Activities and their Motives

Newmont Ghana Limited, a mining company knows that the importance of outsourcing and the relevance of the management of its activities to Newmont's customers, stakeholders and Ghana, hence the company's focus on outsourcing activities aside from mining. The outsourced activities of the company include: transport services, parts and service support, maintenance and repair services, road construction in mine sites, security service etc. The rational behind the outsourcing of these activities include; focus on Newmont's core business, efficient utilization of assets and cut down the cost of doing business.

5.1.2 Management of Outsourcing and Supplier Performance

Newmont uses a software system called ELLITSE and the internet to manage its outsourcing practices. ELLITSE software is used by the entire Supply Chain and Procurement departments. The software is used for sourcing suppliers, order generation, communication, and tracking of goods in transit and others. It enhances transparency and accountability in its purchases and payment systems. The human resource developments that are responsible for outsourcing activities are also used.

With regard to performance, the company considers quality, time and responsiveness as part of their performance measures. Reliability and relationships are other factors employed. The company's outsourcing policy makes use of the formation of strategic alliance with major suppliers. This arrangement ensures that the company offers support services to its suppliers for them to operate efficiently to deliver quality service or products.

5.1.3 Challenges Associated With the Management of Outsourcing

Newmont like any other company is faced with challenges while it pursues its outsourcing business. The challenges of the company include:

- Delay in delivery of services or products by suppliers.
- Inability to meet lead-times due to the cumbersome nature of clearing goods from the port.
- The company's operations are opened to outsiders.
- The possibility of breakdown of the software (information system) will retard the company's operations.
- The possibility of sub-contracting job to other suppliers.
- False information fed into the information system trigger suppliers in the supply chain to respond. For example dealing with inaccurate order will warrant supplies that are not needed. Such a signal affects all the partners in the chain. (This is known as the bullwhip effect in supply chains).

5.1.4 Benefits of Outsourcing to Newmont Ghana Limited

The benefits Newmont Ghana Limited has derived from managing outsourcing include:

- Continuous exposure to new technologies and best practices in the industry.
- Curbed operational expenses and reduce costs.
- Improvement of staff skills through efficient training and education.
- Development of a software called ELLITSE for improving on the efficiency and measuring performance.
- Competitive advantage due to Newmont's superiority in-terms of gold output, as a result of the loyalty and competency of suppliers.
- Regain and improvement on strategic business processes.
- Excellent communications between the various departments within Newmont, their suppliers and customers.
- Enjoyment of economies of scale.

5.2 Conclusion

In summary, it is noteworthy that outsourcing has become relatively stable in the developed countries. Currently, it is rapidly growing and emerging in developing countries like Ghana.

Strategic outsourcing management has increasingly become an important business strategy that can significantly assist organizations to focus on their core business in a bid to leverage their skills and resources to achieve greater competitiveness. The successful management of strategic outsourcing can provide significant benefits to Newmont Ghana Limited and other Ghanaian companies and their suppliers as well.

Some of the benefits to outsourcers include; elimination of investments in fixed infrastructure, quality and efficiency of services and cost savings from strategic management of outsourcing. In addition, competitive advantage will be sustained as a result of the partnership that will be built between outsourcers and their suppliers.

However, there exist significant challenges to organizations that pursue outsourcing. Notable among them are the risks of becoming dependent on service providers and firms losing control over parts of its functions.

5.3 Recommendations

On the basis of the data analysis and major findings, the following recommendations were made:

- Since technical know how or professionals are required to do effective sourcing for the achievement of competitive advantage, it is recommended that the company, in addition to exposing its employees to its international branches (for training skills) should hold periodic quality training programs to enhance the performance of all employees.
- It is recommended that the company should start working on goods clearing arrangement at port ahead of time before they (the goods) arrive. This will reduce the delays that constitutes to inability to meet lead-times.

- One of the worries of the company is that vendors or suppliers are threats to the companies operations and trade secretes. It is therefore recommended that the company should build and maintain trust with its suppliers. This could best be achieved through motivation, education and support given to vendors.
- It is established that ICT facilitates and ensures the efficiency of the outsourcing processes in Newmont. Therefore the company should assess and manage all sorts of IT related threats.
- To ensure the sustainability of its competitive advantage, Newmont should build and maintain a competent workforce. They will ensure that best outsourcing practices are promoted in the company.
- Employees should be made to cross check information and other inputs fed into the information systems. This arrangement will either reduce or eliminate the .bullwhip effect that affects the supply chain of organizations
- It is found in literature that there is danger of suppliers subcontracting jobs to other suppliers. These results in sub-quality services/products offered. To ensure commitment to quality, it is recommended that Newmont develops effective internal testing mechanism to assess measurement data on suppliers and report the results to decision makers.

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APPENDICES

APPENDIX 'A'QUESTIONNAIRE FOR THE MANAGEMENT WORKERS OF NEWMONT

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS
APPENDIX A

INTRODUCTION
This set of questions is to enable the researcher to collect data that would enable him assess the role of strategic outsourcing in Newmont Ghana Limited. This exercise is purely academic. Your contribution by way of answering the questionnaire will be highly appreciated.

A. PERSOATANAL DATA

INSTRUCTION

You are requested to tick ( ) the boxes provided for the appropriate option and provide brief answers to the other spaces provided.

1 Please state the department you belong to in Newmont. ....
....

2. In which capacity do you work in Newmont?

a. Director b. Manager

c. Accountant d. General Manager

Others, please specify..

3. Which age group do you belong to?
a. 18 – 22 years [ ] b. 23 – 27 years [ ]

c. 28 – 32 years [ ] d. 33 years and above.

4. How long have you been working at Newmont?
a. less than 1 year. b. 1 – 2 years

c. 2 – 3 years. d. 4 years or more.

5. Your gender. Male [ ] Female [ ].

B. STRATEGIC MANAGEMENT OF OUTSOURCING PRACTICES IN NEWMONT AND REASONS FOR THEIR ADOPTION.

6. Which of the following practices form part of Newmont's outsourcing policy?
   a. Determine support function to outsource. [ ].

   b. Supplier selection [ ].

   c. Supplier partnership [ ].

   c. Supplier evaluation [ ].

7. What considerations does the company take before beginning to outsource?

   a. Newmont's core competencies in the mining industry [ ]

   b Support functions found in any business Newmont requires. [ ].

   c. What can be improved internally before outsourcing? [ ]

   Others, specify ....

8. Who are Newmont's major suppliers?

   a. World class companies. [ ]

   b, :Local companies [ ]

   c. Individuals [ ]

   Others, specify ....

9. What relationship exists between the company and its major suppliers?

   a. Strategic alliance [ ]

   b. Collaboration with suppliers [ ]

   c. Supplier management [ ]

   Others, specify ....

10. What criteria does the company use to select its suppliers?
   a. Commitment to quality [ ]

b. Price [ ]

c. Company stability [ ]

d. References / reputation [ ]

e; Flexible contract terms [ ]

f. Scope of Resources [ ]

g. Location [ ]

h. Existing Relations [ ]

i. Staff turnover [ ]

11. Does the company manage the performance of its suppliers?

a. Yes [ ] No [ ]

12. What performance evaluation measures exist in Newmont?

a. Terms of agreement [ ]

b. Detailed description of suppliers obligations and services to be provided [ ]

c. Miners responsibilities and obligations [ ]

d. Performance measures and expected service levels [ ]

e. Rates, fees and any incentives or penalties [ ]

f. Communication [ ]

g. Feedback [ ]

h. Average response time for corrective action [ ]

13. What are the company's overall objectives for outsourcing?

a. Reduce cost [ ]

b. Focus on core competence [ ]

c. Get new services [ ]

d. Obtain world class services [ ]

e. Acquire skills [ ]

f. Manage risks [ ]

g. Improve on financial performance [ ]

Others, specify……………………………………………………………………

14. How important are the following reasons to your company? Please tick the appropriate box. 1 – Not important – 4 very important; N/A – don't know / not applicable.

	1	2	3	4	N/A
a. Reduce cost.	[ ]	[ ]	[ ]	[ ]	[ ]
b. Focus on core business.	[ ]	[ ]	[ ]	[ ]	[ ]
c. Get new services.	[ ]	[ ]	[ ]	[ ]	[ ]
d. Obtain world class services.	[ ]	[ ]	[ ]	[ ]	[ ]
e. Acquire skills.	[ ]	[ ]	[ ]	[ ]	[ ]
f. Manage risks.	[ ]	[ ]	[ ]	[ ]	[ ]
g. Improve on financial performance.	[ ]	[ ]	[ ]	[ ]	[ ]
Others, specify…………………………………	[ ]	[ ]	[ ]	[ ]	[ ]

C. CHALLENGES ASSOCIATED WITH OUTSOURCING PRACTICES

15. What difficulties does your company encounter in pursuing its outsourcing straggles?

a. Poor choices of sourcing partners [ ]

b Inadequate planning and training / skills needed to manage outsourcing activities [ ]

c. Poor organizational communication with suppliers [ ]

Others, specify………………………………………………………………………………

16. Identify some of the risks in outsourcing?

a. The fear of job loss due to change [ ]

b. The is opened up to allow vendors access inside [ ]

c.. Knowledge transfer to vendors [ ]

d. Loss of innovation and potential talent [ ]

D. BENEFITS DERIVED FROM OUTSOURCING

17. What benefits does the company seek to achieve?

a. Financial [ ]

b. Non financial [ ]

18. How does Newmont measures its performance?

a. Objective – measurement with financial data [ ]

b. Subjective – measurement by comparison with other companies in the industry [ ]

19. What financial benefits has Newmont obtained from its outsourcing practices?

a. Reduction of operational costs [ ]

b. Reduction of capital invested [ ]

c Transformation of fixed costs into variable costs [ ]

20. Are the financial benefits mentioned in (20) above measurable?

Yes [ ] No [ ]

21. If your answer is yes, specify how they are measured.................................

22. What are the non financial benefits derived from outsourcing?

a. Focus on core competencies [ ]

b. Improvement of quality [ ]

c. Acquisition of external competencies [ ]

d. Control over internal departments [ ]

e. Reduction in lead times [ ]

Others, specify...

23. What gives your company competitive advantage?..

E. APPROPRIATE STRATEGIES

24. Can the present outsourcing practices be improved?

Yes [ ] No [ ]

25. If your to (24) is yes, suggest appropriate strategies...

26. Is management actively involved improving outsourcing activities?

a. Yes [ ] b. Now [ ]

27. If your answer to {26} is yes, what aspects of the management practices needs to be Improved? ....

28. How do you strengthen the company's competitive advantage?

APPENDIX B QUESTIONNAIRE FOR OTHER WORKERS OF NEWMONT

INTRODUCTION

This set of questions is to enable the researcher to collect data that would enable him assess the role of strategic outsourcing management in Newmont Ghana Limited. This exercise is purely academic. Your contribution by way of answering the questionnaire will be highly appreciated.

PERSONAL DATA

INSTRUCTION

You are requested to tick [ ] the boxes provided for the appropriate option and provide brief answers to the other spaces provided.

1 Please state the department you belong to in Newmont ....

2 In which capacity do work in Newmont?

a. Officer [ ] b. Clerk [ ] c. Miner [ ]

d. supervisor [ ] e. Shift boss [ ] f. Security [ ]

Others, specify ....

3. Which age group do you belong to?

a. 18-22 years [ ] b. 23-27 years [ ]

c. 28-32 years [ ] d. 33 years and above [ ]

4. How long have been working at Newmont?

a. less than 1 year [ ] b. 1-2 years [ ]

c. 2-3 years [ ] d. 4 years or more [ ]

5. Your gender. Male [ ] Female [ ]

B. STRATEGIC MANAGEMENT OF OUTSOURCING PRACTICS IN NEWMONT AND REASONS FOR THEIR ADOPTION

6 Who are Newmont's major suppliers?

a. World class suppliers [ ]

b. Local companies [ ]

c. Individuals [ ]

Others, specify ....

7 What criteria does your company use to select its suppliers?

a. Price [ ]

b Company stability [ ]

c. References/Reputation [ ]

d. Commitment to quality [ ]

e. Flexible contract terms [ ]

f. Scope of resources [ ]

g. Location [ ]

h. Existing relations [ ]

i. Staff turnover [ ]

8. Does the company evaluate the performance of its suppliers?

a. Yes [ ] No [ ]

9. How does the company evaluate the performance of its suppliers?......................

10. How do the following statements apply to your organization working together with your service provider?

a. we have common information systems [ ]

b. We share the same information [ ]

c. We communicate frequently with each other [ ]

d. We have joint planning [ ]

11. What are the company's overall objectives for outsourcing?

a. Reduce cost [ ]

b. Focus on core competencies [ ]

c. Get new services [ ]

d. Obtain world class services [ ]

e. Acquire skills [ ]

f. Manage risks [ ]

g. Improve on financial performance [ ]

Others, specify……………………………………………………………………………

12. How important are the following reasons to your company? Please tick the appropriate box. 1 – Not important – 4 Very important; N/A – don't know / not applicable.

	1	2	3	4	N/A
a. Reduce cost	[ ]	[ ]	[ ]	[ ]	[ ]
b. Focus on core competencies.	[ ]	[ ]	[ ]	[ ]	[ ]
c. Get new services.	[ ]	[ ]	[ ]	[ ]	[ ]
d. Obtain world class services.	[ ]	[ ]	[ ]	[ ]	[ ]
e. Acquire skills.	[ ]	[ ]	[ ]	[ ]	[ ]
f. Manage risk.	[ ]	[ ]	[ ]	[ ]	[ ]
g. Improve on financial performance.	[ ]	[ ]	[ ]	[ ]	[ ]
Others specify	[ ]	[ ]	[ ]	[ ]	[ ]

C CHALLENGES ASSOCIATED WITH OUTLOURCING PRACTICES IN NEWMONT

13 Does the company encounter difficulties in the implementation of its outsourcing practices?

a. Yes [ ] b. Now [ ]

14 If your answer to {13} is yes, mention the difficulties.

15 Mention some of the risks in outsourcing.

a. The fear of job loss due to change [ ]

b. The company is opened up to allow vendors access inside. [ ]

c. Knowledge transfer to vendors. [ ]

d. Loss of innovation and potential talent. [ ]

e. Lack of internal staff training. [ ]

f. Lack of financing. [ ]

g. Lack of qualified personnel [ ]

h. Inadequate infrastructure. [ ]

D BENEFITS NEWMONT DERIVED FROM OUTSOURCING

16 What benefits does your company seek to achieve from outsourcing?

a. Financial [ ] b. Non financial [ ]

17. What financial benefits has Newmont obtained from its outsourcing practices?

a. Reduction of operational costs. [ ]

b. Reduction of capital invested. [ ]

18 What are the non financial benefits derived from outsourcing?

a. Focus on core competencies [ ]

b. Improvement of quality [ ]

c. Acquisition of external competencies [ ]

d. Control over internal departments [ ]

e. Reduction in lead times [ ]

E APPROPRIATE STRATEGIES

18 Can the present outsourcing practices be improved?

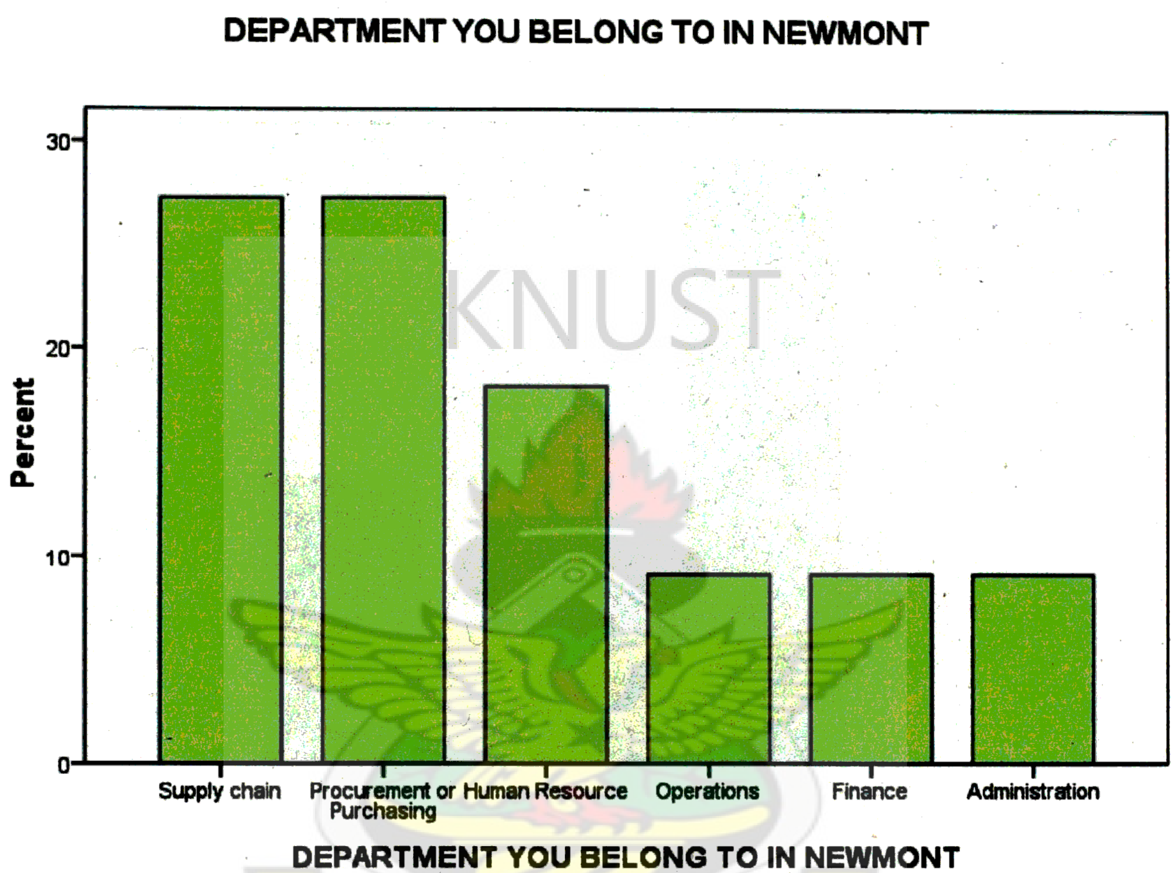
a. Yes [ ] b. No [ ]

19. If your answer to {18} is yes, suggest appropriate strategies……………………..

20 What measures can be used to overcome the difficulties associated with outsourcing?

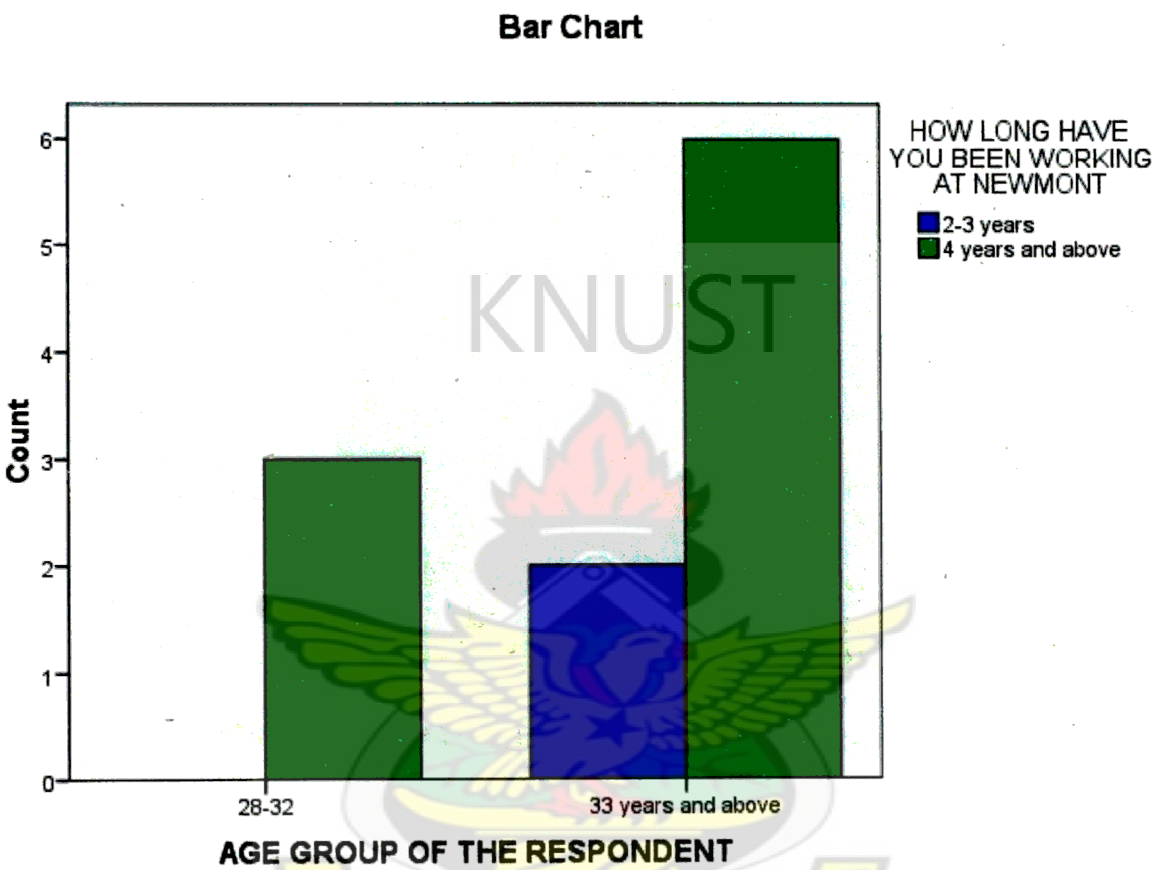
APPENDIX C: LIST OF FIURES

Figure 3: Department of Respondents.



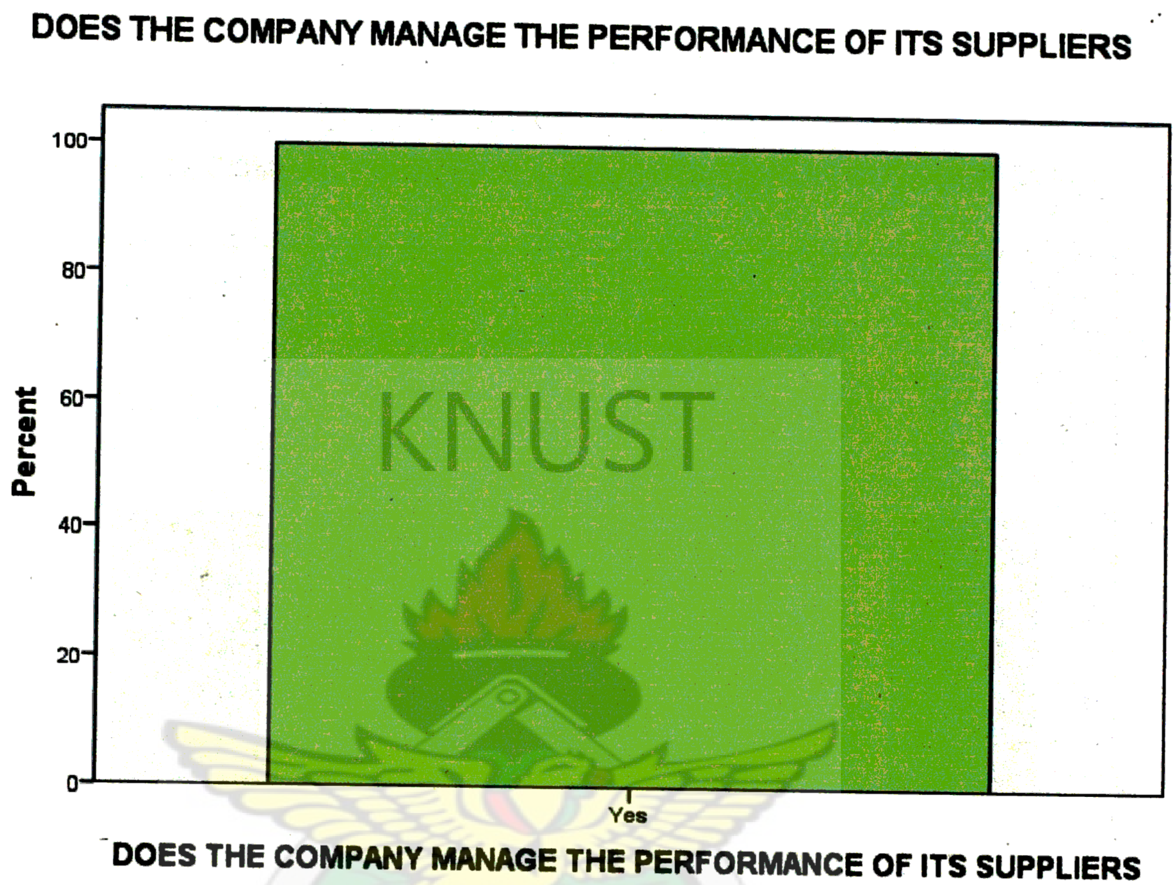
Source: Authors Field Survey, 2009

Figure 4: Ages of respondents ans number of years served



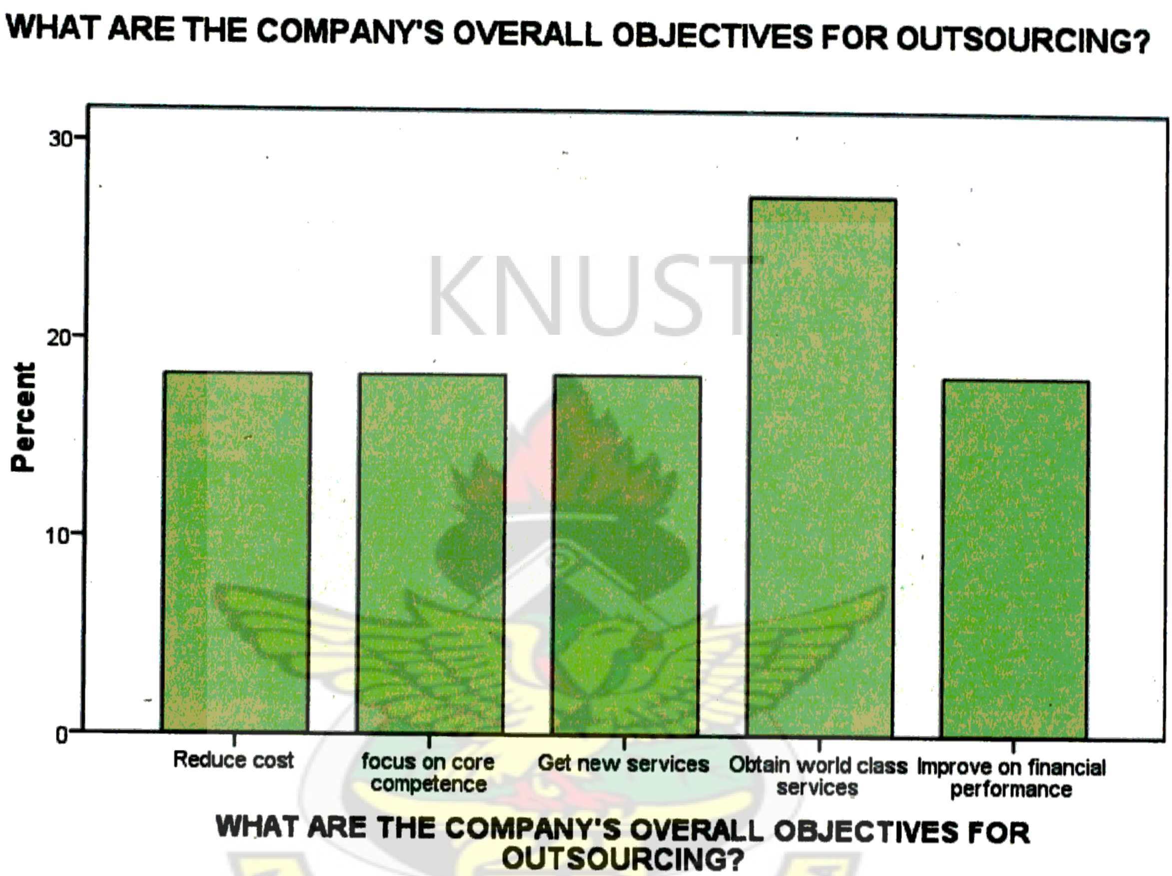
Source: Authors Field Survey, 2009

Figure 8: Management of the performance of suppliers



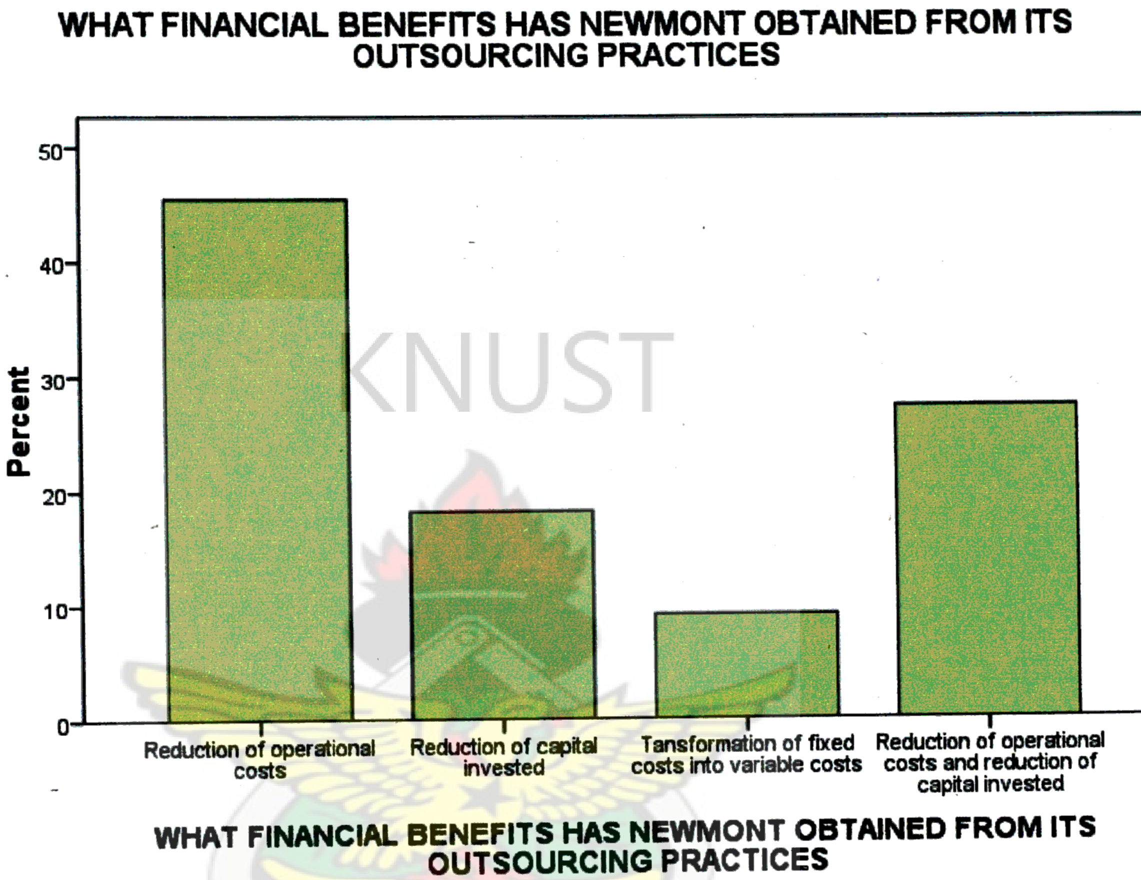
Source: Authors Field Survey, 2009

Figure 9: Objectives for Outsourcing



Source: Authors Field Survey, 2009

Figure 11: Financial benefits Newmont obtains from outsourcing



Source: Authors Field Survey, 2009