

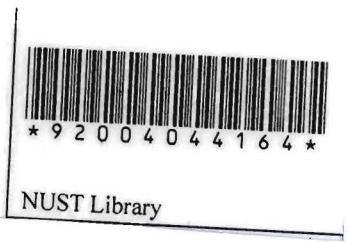


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THE EFFECT OF OUTSOURCING NON-CORE SERVICES AS A SOURCE OF SUSTAINABLE COMPETITIVE ADVANTAGE IN THE THERMAL POWER GENERATION INDUSTRY IN ZIMBABWE: A CASE STUDY OF HWANGE THERMAL POWER STATION.

LIBRARY NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY PO BOX 346 BULAWAYO ZIMBABWE		
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BARNET LIWONDE



ABSTRACT

The primary objective of this study was to explore the effect of outsourcing non-core services as a source of competitive advantage in the thermal power generation industry in Zimbabwe focussing on Hwange Thermal Power Station which is in the thermal power generation as the holistic unit of study. Grounded on an interpretivism paradigm, the study is based on a cross-sectional case study strategy on Hwange Thermal Power Station. It used both quantitative and qualitative research approaches in which a non-probabilistic sampling approach was used to draw the appropriate sample (Patton and Appelbaum, 2003). Guided by this sampling approach, the sample was based on the researcher's subjective judgement or purposive sampling with an appropriate focus on all seventy (70) managerial employees at Hwange Thermal Power Station (Saunders, Lewis and Thornhill, 2009). Primary data was obtained through self-administered and interviewer-administered questionnaires. The data obtained was analysed using the IBM SPSS Statistical tool and the findings were presented using suitable charts and frequency tables where appropriate.

The major findings of the study are that Hwange Thermal Power Station's prime driver of outsourcing is plant reliability and efficiency seeking aimed at reliable electricity generation and supply to the nation (Hitt, 2011). The study further established that in pursuant of the plant reliability and efficiency seeking primary objective, Hwange Thermal Power Station outsources mainly specialised skills and expertise as well as specialised spares and equipment based on Arm's length outsourcing arrangements that are primarily cost or service level agreements (SLA) driven and do not create a deep relationship between contracting parties (Click and Duening, 2005). The study, therefore, recommended that Hwange Thermal Power Station must develop close, collaborative, reciprocal and trusting (win-win) rather than arms-length and adversarial (win-lose) relationships with outsourcing suppliers (Cox, 1999). With such close collaboration and support from outsourcing suppliers, Hwange Thermal Power Station will be able to leverage the outsourced specialised skills, spares and equipment to achieve effective plant maintenance leading to the required plant reliability and efficiency. Such plant reliability and efficiency will result in cost-minimisation, above average revenue generation and low electricity tariffs. These are all major factors of cost leadership which is a key source of competitive advantage for Hwange Thermal Power Station (Porter, 2004).