

## **AN EMPIRICAL STUDY OF FACTORS INFLUENCING THE PROVISION AND OUTSOURCING OF THE STAFF CATERING FUNCTION**

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*This paper describes an empirical study on the outsourcing of the staff catering function in a sample of Australian businesses. It surveys 112 companies with staff catering facilities, and uses Tichy's (1982) TPC model to explore the reasons for the provision of the facility in the first place and the factors that influenced the decision either to outsource or not to outsource the facility. We hypothesise that the provision of a catering facility in the first place would primarily be influenced by cultural and political factors rather than technical ones; and that although the decision to outsource or not will be influenced primarily by technical factors, these decisions (particularly the decision not to outsource) will reflect a balance of technical, political and cultural factors. Lastly, we hypothesise that the shaping of the outsourcing decision will be located at middle to senior management levels (without a great deal of employee participation), with the decision made at senior levels and generally involving the CEO. The findings generally support these hypotheses.*

### **Introduction**

The concept of in-house staff feeding emerged in the UK in the 1920s with the recognition that the ration book system then in place was affecting the health of the (predominately female) workers. In order to maintain war production it was decided that factories should ensure employees received one round meal per day. The concept was adopted in the USA in the 1930s, and arrived in Australia in the late 1950s.

Traditionally, in-house employees operated the staff catering function, with the organisation itself taking responsibility for the management of the facility. In Australia, the first transfer of management of the staff catering facility to an outside party occurred in 1958, heralding the beginning of a new market in outsourcing. Since then this market has expanded at a great rate. "In the UK, contract catering has been one of the most successful outsourcing fields of the last decade as the trend to contract out has swept across the public and private sector" (Tulip, 1997: 12-13).

### **Definitions**

Outsourcing is defined as the procurement of products or services that are external to the organisation" (Lankford and Parsa, 1999: 310). From a relationship perspective, "outsourcing is a contractual agreement between the customer and one or more suppliers to provide services or processes that the customer is currently providing internally" (Fan, 2000: 213). Outsourcing occurs when "the business is seeking outside help from a third party provider in the performance of a business operation". It is "viewed as a form of predetermined external provision with

another enterprise for the delivery of goods and/or services that would previously have been offered in-house" (Wolosky, 1997: 65).

### *Pressures to Outsource*

The business of outsourcing in general has surged since the late 1980s and early 1990s due to a variety of key reasons outlined in the literature:

- Pressure to cut costs and restructure operations (Domberger, 1998). The Boston Consulting Group conducted a study in 1991 of more than 100 key companies with extensive outsourcing practices and concluded that most western companies outsource primarily to save on overhead or induce short term cost savings (Kakabadse, 2000: 671);
- Adoption of a "lean and mean mentality" with a desire to concentrate on core competencies (Wolosky, 1997: 65; Lankford and Parsa, 1999);
- Further drive to become more competitive in a rapidly changing environment with increased pressure from global and foreign organisations (Silverstein, 1999; Scheuing, 1999); and
- Pressure for service innovation (Kakabadse, 2000: 690).

### *Advantages and Disadvantages of Outsourcing*

When considering the advantages of outsourcing, the literature primarily focuses on technical (economic, quality, innovative) rather than political or cultural factors. For example, Lankford and Parsa (1999: 315), Kakabadse (2000: 691) and Wolosky (1997: 65) stress advantages gained through specialist contractor knowledge, innovation, and specialised professional expertise. This in turn can lead to competitive advantages for business through reduced costs, expanded services improved productivity and morale and a more positive corporate image (Lankford and Parsa (1999: 312-315).

The literature on outsourcing usually discusses its disadvantages in terms of a loss of skills and corporate memory and the loss of control over suppliers (Kakabadse, 2000). However, outsourcing can also lead to the disintegration of an organisation's culture through negative impacts upon social interactions (Diamond, 1993) and the signalling to employees of de-skilling and/or redundancies (Vaill, 1989).

### **Decisions on the Outsourcing of Staff Catering**

In order to discuss issues related to decisions regarding outsourcing, we will adopt a framework provided by Tichy's (1982) "TPC Theory". This theory specifies three fundamental organisational problems that require continuous attention and adjustment over time. These are the "technical design problem", the "political allocation problem" and the "cultural problem". Each of these problem areas requires both separate attention and co-ordination with the other two areas to manage basic dilemmas facing organisations.

### *The Initial Decision to Provide a Staff Catering Facility from a TPC Perspective*

In applying the categories specified by the TPC framework to staff catering we can say that employers today provide staff catering facilities for a range of technical (rational economic), political (balancing stakeholder benefits) and cultural (norm and value based) reasons. Technical reasons may focus on increased efficiency through keeping staff on site for a maximum possible time, on health and nutrition (healthier staff work better and have less sick leave), or on the fact that the facility may be in such a location that alternative food sources are not available. Political reasons may focus on satisfying industrial relations pressures, and

directives from senior management. Cultural reasons may focus on the provision of a service that facilitates a nurturing and supportive environment as well as opportunities for interdepartmental networking.

### *The Decision to Outsource Staff Catering or Not From a TPC Perspective*

#### *Technical Aspects*

The outsourcing literature primarily stresses technical reasons for outsourcing such as “enhanced productivity, service improvements, and cost containment” (Williamson, 1994: 32). A number of commonly cited reasons for outsourcing include reduced costs, improved quality, service delivery and organisational focus, and increased flexibility (Fan, 2000: 213).

Outsourcing is also considered a means of allowing increased focus on the organisations’ core activities, thereby adding value to the end customer (May, 1998: 136). “Ford has used contract caterers for thirty-five years, having taken the view that it is in the motor car business and not professional catering” (Evans, 1993: 42). Similarly “For Lloyds, the contract approach removes entirely the day-to-day but increasingly important task of management, especially in exercising due diligence on health and hygiene legislation” (Tulip, 1993: 36).

Staff catering is becoming more complex due to changing employee needs and demographics as well as increased emphasis on compliance (from local and national authorities). Where staff catering is managed in-house, employees are often limited in skills and knowledge in food offerings, menus, and compliance. As a result, these organisations often outsource to a specialist company for whom these issues are a prime focus. For staff catering, disadvantages arising from loss of corporate skills and memory is unlikely to be an important issue. Outsourcing, then, is likely to achieve a better technical solution than the organisation is able to satisfy by itself.

#### *Political and Cultural Aspects*

Many organisations regard the outsourcing of staff catering as simply a matter of achieving a reduction in costs (Brown, 1993). However, political and cultural factors also deserve serious consideration. The staff cafeteria, or canteen, becomes the facilitator of the social interaction of the employees and a variety of stakeholders; they consume meals and spend their entire break times in the facility. More intangible issues such as improved quality and better staff conditions are important (Evans, 1993; Tulip, 1997). Staff catering is also one of the few staff benefits where staff are required to contribute out of their own pockets, in that each transaction involves actual and tangible contribution of personal monies, resulting in a sense of ownership. The overall management strategy for the catering operation will have an effect on this sense of ownership.

The concept of having another organisation’s staff employed to interrelate directly with the host organisation’s employees on a daily basis, and performing tasks which can directly affect their well being, is where the decision to outsource or not becomes complex. Levy (1993) makes the point that contract catering employees will probably be on site for most of the time a workplace is open - providing services that are important to the life of the company and the health and happiness of its staff. Apart from financial considerations, this reason makes the decision to contract out or not a critical one.

If social interaction and enhancing the cultural web of the organisation are the main drivers for providing a facility, then this may be best achieved by managing the facility in-house, using the

organisations own employees as an integral part of the cultural web. Should this change to an outsourced situation; the issue of “breaking up the family” will need to be addressed. Where a family-oriented culture exists, the catering staffs are more likely to be employed directly by the organisation, as part of the “family”, and integral to the social interactions of other “family” members. In an outsourcing situation it is likely these family members will be displaced, and the perception of other family members as to how this is carried out is critical. The act of outsourcing indicates to the family that the organisation is changing the way it does things, and may signal an “erosion of the social contract” (Kakabadse, 2000: 695).

In summary, it can be seen from the previous discussion that outsourcing the staff catering function is not merely a technical decision, but one that also requires consideration of political and cultural factors.

### **The Dynamics of the Outsourcing Decision**

#### ***Nature and Location of the Decision***

Natale et al. (1995: 6) identify two categories of decision-making. The first are regular or common decisions, which form part of the daily life of a manager. They are programmed decisions and are often based on existing rules and procedures and are therefore more often carried out at lower levels of management. The second category is the uncommon or non-programmed decisions. These have fewer rules and procedures requiring more managerial judgement and are typically handled at senior management level. For example, strategic decisions are usually made at the top of the organisation since they set the tone and tempo of managerial decision making for every individual and unit throughout the entire organisation” (Harrison, 1996: 46).

Fan (2000: 214) studies outsourcing decisions carried out in fourteen companies and concludes that outsourcing decisions “have yet to gravitate to the top of the organisation in all but a few cases”. In his study, most of the outsourcing decisions related to what were considered peripheral activities, which may or may not attract attention at board level. Since the staff catering function lies within the “support function” of the organisation and is not directly related to outputs of the “operating core” (Mintzberg, 1989), it may well be considered peripheral. It thus seems unlikely that top management would be involved in decisions regarding its outsourcing. On the other hand, a variety of factors may make senior level involvement more likely. Firstly, the decision is essentially a non-programmed one. Secondly, the decision may well have significant impact on costs regardless of staff catering’s support role. Lastly, senior management are more likely to be involved if the outsourcing signals a broad strategic change such as one that focuses more on core values. Given these ‘pulls’ in opposite directions, the question arises as to what management or other levels will be involved in the decision making process.

#### ***Employee Participation in the Staff Catering Decision***

The decision-making literature (Rausch, 1996; Vroom and Jago, 1988) suggests three main factors that determine the level of employee participation in decision-making. These are:

- 1) The importance of the quality or correctness of the decision;
- 2) The importance of the acceptability of the decision to key stakeholders; and
- 3) The availability of information to make a high quality decision.

Generally speaking, the effectiveness of a decision is a multiplicative combination of quality and acceptability. With some decision situations, acceptability is not an important criteria and the

effectiveness is primarily related to the decision quality. In such instances, autocratic decision styles are often the most effective. Such styles will incorporate information seeking, when the decision makers do not have all the information to make the decision. However, when acceptability of the decision is critical to key stakeholders, decision-making effectiveness then becomes closely related to securing such acceptability through participative approaches.

The degree of participation will therefore depend upon how decision-makers, who shape and make the decision, frame the decision. Within our research, we separate the responsibility for shaping of the outsourcing proposal from the responsibility for making the final decision. If the decision context for outsourcing staff catering is seen or 'framed' from a technical (rational economic) perspective only, it is then likely that the decision will be made with the minimum of participation since 'information' (related primarily to cost, choice of external suppliers and so on) is available either at the top of the organisation or through external research. However, if the decision context were framed from a political or cultural perspective to emphasise stakeholder preferences, one would expect wider participation with a far greater attempt at understanding user needs and values.

### **Research Aims and Hypotheses**

This study aims to investigate the factors that influence an organisation's approach to the management of the staff catering function. Four key questions are asked:

1. What factors (technical, political and cultural) motivate an organisation to provide a staff catering facility in the first place?
2. What factors (technical, political and cultural) influence the decision to outsource or not?
3. Who is involved in this decision, from shaping the proposal, to responsibility for the final decision?
4. What levels of participation are involved in the outsourcing decision?

This study is largely exploratory. However, based on the above discussions, a number of hypotheses can be proposed.

#### ***Hypothesis 1***

*The decision to provide a staff catering facility in the first place will emphasise cultural and political rather than technical reasons.*

Although not directly supported by the literature, it is intuitively plausible that organisations would see a staff catering facility as symbolically representing a facility one would have in a 'proper workplace'. Technical reasons would more likely arise when decision-makers are led to question the economics, quality or innovation of the catering facility.

#### ***Hypothesis 2***

*The decision to outsource or not to outsource will involve consideration of technical, political and cultural factors. However, technical (rational economic) factors will be most influential.*

Hypothesis 2 is based on indications within the literature that technical reasons predominate in the decision to outsource or not.

### ***Hypothesis 3***

*While primarily focusing on technical factors, the decision not to outsource would have a greater emphasis on cultural and political factors than the decision to outsource.*

Since technical disadvantages relate primarily to loss of skills (not a real issue in catering function), cultural/political considerations would be primarily emphasised in the decision not to outsource.

### ***Hypothesis 4***

*The shaping of the proposal to outsource will be primarily located at middle/senior management levels without a great deal of employee participation.*

This hypothesis follows from our expectation that a proposal for outsourcing will be framed primarily from a technical (rational economic) perspective, rather than in political or cultural terms, and will therefore – as previously discussed - not involve much employee participation.

### ***Hypothesis 5***

*The making of the decision will primarily be located at senior management levels with the CEO involved in making the decision because of cost factors and the non-programmed nature of the decision.*

The peripheral nature of the outsourcing decision on the one hand, and its non-programmed nature on the other would suggest that the outsourcing decision would not gravitate to the top of the organisation. However, cost factors and the non-programmed nature of the decision are more likely to attract CEO involvement in making the decision.

## **Sample and Data Collection**

To gather the data, a questionnaire was distributed to 300 companies in NSW known to have staff catering facilities from data previously obtained by market research carried out by a large Sydney-based catering company. The organisations selected represent a broad range of industries, including pharmaceutical, industrial manufacturing, legal and financial, distribution, retail and wholesale, with site populations varying from less than 200 to over 1000. The questionnaires were distributed by post and directed to a person within each organisation who had a significant involvement with the outsourcing decision in relation to the staff catering function. A total of 112 responses from 112 different organisations have been received, representing a response rate of 37.3 per cent. The majority of the responses are from middle managers (40.2%), members of the top management team (25%) or from senior managers that were not members of top management (25.9%).

## **The Questionnaire**

The questionnaire is divided into the following sections:

- Section 1 (questions 1-4): obtains demographic information including industry and company data including industry classification, site population, and the respondent level and position within the organisation.

- Section 2 (questions 5, 6): explores the importance of a variety of factors as influences on the decision to have a staff catering facility in the first place; and the organisation's chosen strategy for the management of the facility.
- Section 3 (questions 7-11): relates to the decision to outsource or not – the primary thrust of the decision, decision responsibility and level of participation.
- In addition to the above sections, a number of questions were included to obtain a measure of organisational culture. However, results pertaining to these questions are not relevant to the aims of this paper and are not presented.

Most non-demographic items are arranged on a 7-point Likert-type scale with 1 = "Strongly disagree" or "Not at all", and 7 = "Strongly Agree" or "Extremely".

## **Results**

All analyses reported below are conducted using SPSS statistical package version 10. The data from the 112 returned questionnaires are coded into a data matrix with each respondent (or questionnaire) as the unit of analysis.

The presentation of results are structured around the hypotheses which are repeated below.

*Hypothesis 1: The decision to provide a staff catering facility in the first place will emphasise cultural and political rather than technical reasons.*

Results related to this Hypothesis are presented in Table 1. Note that the numbering of items presented in this and all subsequent tables do not correspond to those in the original questionnaire, but are presented in this way for ease of discussion.

**Table 1: Factors Influencing the Decision to Provide a Staff Catering Facility**

	<b>Factor</b>	<b>Mean</b>	<b>Std Dev.</b>
1	Creating a nurturing and supportive environment	5.08	1.36
2	Contributing towards harmonious industrial relations	5.00	1.58
3	Other	4.90	2.61
4	Maximising health and nutrition	4.03	1.70
5	Ensuring staff are kept on site for a maximum length of time	3.68	1.99
6	Isolation from other food sources	3.32	2.33
7	We've always done it this way	3.24	1.88
8	Because the boss wants it like this	2.04	1.43

*Note: Respondents rate the importance of each of the above factors using a 7 point rating scale; 7=extremely important, 1= not important at all.*

Factor 1, parts of factor 3, and factor 7 relate to cultural aspects; factors 5, 4 and 6 relate to technical aspects; and factors 2 and 8 to political aspects.

Of the cultural factors presented here, factor 1 is clearly related to a "support culture" (Harrison and Stokes, 1992) and clearly associated with an underlying value of providing support for staff. Under factor 3, "Other", (which rates third highest of all factors) emphasises the cafeteria as a form of employee benefit, as a service to employees, and as a means of providing social opportunity for staff across various departments.

Factor 7 rates low with a mean of 3.24. However, this factor is not related to any of Harrison's classifications, but rather to decision-making based on habit or pattern (which in turn could be related to some underlying values or assumptions not directly elicited by the question).

Political factors relate to factors 2 and 8. The second highest rating factor is factor 2 (contributing towards harmonious industrial relations). The other political aspect, factor 8 (because the boss wants it like this) rates the lowest of all factors. However, although factor 8 is of low importance here, it may be of more relevance in organisations with a power-oriented culture (Harrison and Stokes, 1992).

The technical factors (4, 5, 6) rate closely to each other from fourth to sixth place, with maximising health and nutrition highest. Under factor 3 "other" (which rates third highest of all factors) more technical aspects are mentioned such as a staff catering being a "condition of employment", and compliance with a Human Resources policy in that a facility must be provided over a certain level of site population when the alternatives are poor; and prohibiting uniformed employees to leave the site due to production sensitivities (clean room production environments).

In summary, it can be seen that the first three factors in the above table stress cultural and political rather than technical factors, thus providing support for Hypothesis 1.

*Hypothesis 2: The decision to outsource or not to outsource will involve consideration of technical, political and cultural factors. However, technical (rational economic) factors will be most influential.*

Results related to this hypothesis are presented in Table 2.

**Table 2: Primary Reasons to Outsource or Not to Outsource**

	<b>Factor</b>	<b>Mean</b>	<b>Std Dev</b>
1	Comply with sound technical, rational or economic reasons	5.19	1.49
2	Protect the company culture and ensure that the way "things are done around here" remains intact	3.27	1.92
3	Satisfy critical stakeholders or people in positions of power	3.19	1.92

*Note: Respondents rate their extent of agreement with of the above items using a 7 point rating scale; 7=strongly agree, 1= strongly disagree*

It is fairly clear from the above table that the primary reasons to outsource or not are technical rather than cultural or political in nature, thus lending support for Hypothesis 2. Factor 1 (technical reason), with a mean of 5.19, is the only factor above the mid-point of the scale. This trend is separately true for decisions to outsource and decisions not to outsource (see Table 3 below).

*Hypothesis 3: While primarily focusing on technical factors, the decision not to outsource would have a greater emphasis on cultural and political factors than the decision to outsource.*

Results pertaining to this hypothesis are presented in Tables 3, 4 and 5.

Table 3 shows that the difference in the observations for factors 1-3 (for organisations that did or did not outsource) are as predicted by hypothesis. However, for factors 1 and 3, these differences are negligible. For factor 2, the difference of 0.90 is larger, but does not reach statistical significance ( $p=0.07$ ).

**Table 3**

	<b>Factor</b>	<b>Organisations that outsource (N= 74) M (SD)</b>	<b>Organisations that do not outsource (N= 18) M (SD)</b>
1	Comply with sound technical, rational or economic reasons.	5.26 (1.48)	5.11 (1.45)
2	Protect the company culture and ensure that the way "things are done around here" remains intact	3.04 (1.83)	3.94 (2.18)
3	Satisfy critical stakeholders or people in positions of power	3.21 (1.95)	3.33 (1.81)

*Note: Respondents rate their extent to which they agree that each of the above reasons to outsource or not to outsource. A 7- point rating scale was used with 7=strongly agree, 1=strongly disagree*

Based on the above table, we can infer moderate support for Hypothesis 3.

Tables 4 and 5 examine the specific importance of various factors in the decision to outsource or not to outsource. The majority of the thirteen factors in Table 4 are of a technical nature (factors 2–8 and 10-12) as it is difficult during questionnaire design to envisage many cultural or political factors, which would serve as valid reasons for outsourcing staff catering. However, the "other" category included allows for the capture of categories which did not occur to us during the questionnaire design phase. The responses in this category are negligible, implying that the categories in Table 3 are adequate.

There are two political factors - factor 9 (achieving a solution which is acceptable to key stakeholders) which ranks ninth, and factor 13 (satisfying the wishes of the organisation's leaders) which ranks lowest of all factors with a mean of 3.11. This indicates that political factors do not play a big part in the outsourcing decision.

Of the technical factors, an increased focus on core business, specialist expertise, and more effective cost management rate highly. It appears that the greatest emphasis is given to satisfying the needs of employees, by achieving a balance between technical (rational-economic) cultural and political reasons for outsourcing. However, it is generally clear from Table 3 that technical reasons feature more strongly in the outsourcing decision than either cultural/political reasons or in comparison to the reason for providing a staff catering facility in the first place. Factor 1 (satisfying the needs of the employees), rates highest of all the factors in the above table and is included for intrinsic interest. Need satisfaction can occur for technical, political or cultural reasons and hence the factor cannot distinguish between T, P, C components.

Table 5 shows the mean and importance rating for organisations that did not outsource the staff. The above fifteen items are a mix of technical, political and cultural factors. Factors 2, 3, 4, 5, 10 and 13 are technical factors primarily emphasising efficiencies, effective cost management, saving money and, providing a distinctive service. Four of these factors rate high in importance (among the top five items). Factor 13, relating to the ability to manage food safety compliance issues rates relatively low. Note that factor 10 is particularly inserted to determine whether the decision to outsource is made for primarily technical reasons (rather than a balance of all three factors). As can be seen, this item ranks tenth out of fifteen factors, indicating the importance of balancing technical factors with cultural and political considerations.

**Table 4: Importance of Various Factors in the Decision to Outsource**

	Item	Mean	Std Dev
1	Satisfying the needs of the employees	6.02	1.15
2	Enhancing ability to focus on the core business	5.60	1.40
3	Bringing in valued specialist expertise	5.54	1.31
4	Managing the catering cost stream in a more effective way	5.22	1.71
5	Providing an opportunity for service innovation	5.06	1.54
6	Achieving quality improvements	5.01	1.54
7	Providing the ability to manage food safety compliance issues	4.86	1.70
8	Providing distinctive service	4.80	1.71
9	Achieving a solution which is acceptable to key stakeholders	4.67	1.81
10	Saving money	4.66	1.96
11	Achieving the best possible technical solution	4.51	1.70
12	As a means of "re-engineering" the on-site catering service provided prior to outsourcing	3.13	1.64
13	Satisfying the wishes of the organisation's leader(s)	3.11	1.70

*Note: Respondents rate the importance of each of the above factors using a 7-point rating scale; 7=extremely important, 1= not important at all.*

Factors 7, 8 and 12 are cultural factors and rank seventh, eighth and twelfth in order of descending means. While they are not as influential as technical factors in the decision not to outsource, they are not to be neglected.

Items 6, 9, 11, 14 and 15 are political factors. Achieving a solution acceptable to stakeholders ranks sixth of fifteen items above, while other political aspects such as contributing towards harmonious industrial relations and satisfying the wishes of the organisations leaders rank somewhat lower. Political factors such as adhering to company policy or the fear of losing control rank last in the above list.

**Table 5: Importance of Various Factors in Deciding not to Outsource**

	Factor	Mean	Std Dev
1	Satisfying the needs of the employees	5.43	1.35
2	Efficiencies in the current in-house operation.	5.18	1.59
3	Managing the catering cost stream in a more effective way.	5.11	1.69
4	Saving money.	4.83	1.75
5	Providing distinctive service	4.75	1.86
6	Achieving a solution which is acceptable to key stakeholders	4.48	1.42
7	Enhancing the "family values" of the organisation	4.25	1.96
8	Nurturing a supportive environment	4.14	1.72
9	Contributing towards harmonious industrial relations	4.11	1.74
10	Achieving the best possible technical solution	4.07	1.33
11	Satisfying the wishes of the organisation's leader(s)	4.04	1.73
12	Creating an environment for departmental networking	3.86	1.65
13	Providing the ability to manage food safety compliance issues	3.74	1.43
14	Adhering to company policy.	3.36	1.93
15	Fear of losing control.	3.07	1.77

*Note: Respondents rate the importance of each of the above factors using a 7 point rating scale; 7=extremely important, 1= not important at all.*

The above results provide general support for our hypothesis that the decision not to outsource puts greater emphasis on cultural and political factors than the decision to outsource. This can be clearly seen from Table 3, where the importance of protecting company culture as a reason for the decision is rated more highly on average for organisations that did not outsource, compared to those that did. A comparison of Tables 4 and 5 also gives some support for this

hypothesis. Although a strict comparison of items to test the hypothesis is not possible because of the different items contained in the two tables (some possible reasons for outsourcing would not be plausible reasons for not outsourcing, and vice versa) there is a greater prominence of cultural and political factors in Table 5 than in Table 4.

Hypothesis 4: The shaping of the proposal to outsource will be primarily located at middle/senior management levels.

Hypothesis 5: The making of the decision will primarily be located at senior management levels with the CEO involved in making the decision because of the non-programmed nature of the decision

Results related to hypothesis 4 and 5 are presented in Tables 6, 7 and 8 and will be discussed together.

**Table 6: Primary Responsibility for Shaping the Proposal**

	<b>Management level</b>	<b>%</b>
1	A particular senior manager	28.3
2	A particular middle level manager	18.9
3	A group of senior managers	13.2
4	A combined group of senior and middle level managers	12.3
5	A combined group of management and staff from different areas	11.3
6	The CEO together with a group of senior managers.	6.6
7	A group of middle level managers	3.8
8	The CEO in conjunction with a senior manager	2.8
9	The CEO	1.9
10	Other	.9

**Table 7: Degree of Participation in the Decision**

	<b>Factor</b>	<b>Mean</b>	<b>Std Dev</b>
1	There is/was a high degree of participation in the outsourcing decision.	4.03	1.72
2	The pro's and con's of the decision are being/have been widely debated.	3.89	1.83
3	The union is/was closely involved in the outsourcing decision.	2.35	1.82

*Note: Respondents rate their extent of agreement with of the above items using a 7 point rating scale; 7=strongly agree, 1= strongly disagree*

Hypothesis 4 is clearly supported by the results shown in Tables 6 and 7. From Table 6, the CEO was only involved in shaping the proposal in 11.3 per cent of cases with the main responsibility falling on senior and middle level managers. Table 7 shows the factors related to the extent of employee involvement with decision-making. Factors 1, 2, and 3 relate to the levels of participation in decision-making and the involvement of unions in decision-making. The means for factors 2 and 3 are below average (4 on a 7 point scale) while the mean for factor 1 is just on the scale midpoint.

Table 8 shows the prime responsibility for making the final decision mostly rested with the CEO and senior management. These results support Hypothesis 5.

**Table 8: Responsibility for Making the Final Decision**

	Management Level	%
1	A particular senior manager	21.5
2	The CEO together with a group of senior managers.	21.5
3	The CEO	15.9
4	The CEO in conjunction with a senior manager	14.0
5	A group of senior managers	9.3
6	A combined group of senior and middle level managers	6.5
7	A combined group of management and staff from different areas	4.7
8	A particular middle level manager	2.8
9	A group of middle level managers	2.8
10	Others	0.9

### Conclusions

The general finding is that our expectations are confirmed – namely that:

- Technical, political and cultural factors influence all aspects of decisions involving staff catering, from its initial provision within the organisation to strategies regarding outsourcing or not outsourcing the facility.
- The importance of the mix varies, depending upon the situation. Cultural and political factors appear to be most important for the provision of the facility in the first place. Technical (rational-economic) factors are weighted most heavily in the decision both to outsource or not. However, it is in the decision not to outsource that cultural and political factors come more into play.

A rather unexpected feature of the research is the high degree of direct involvement of CEOs in the making of the outsourcing decision. This may be because of the non-programmed nature of the decision. However the location of staff catering within the “support staff” part of Mintzberg’s structural framework would raise expectations that the CEOs would be less likely to be involved. On reflection, the impact on the bottom line and the balance required may well ensure decision-making at the highest levels in spite of this structural classification.

The lack of participation does not come as a surprise. Given that the decision to outsource or not has emphasised primarily technical factors as discussed earlier, we would anticipate (based upon Vroom and Jago, 1988; Rausch, 1996) that the decision would be made with minimum participation since this technical information relates primarily to cost and choice of external suppliers, and can be gained through external research. Acceptability of a proposal to outsource or not outsource can easily be checked with critical stakeholders by a particular person or group without the need for wide participation.

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Silver, Mary. (1995) *The Management Challenge*. Melbourne: Hawthorn Press.  
Thompson, Edgar (1995a) "The Chaos Principle and Management", in Joan Smith, ed., *Scientific Theories in the Social Sciences*. New York: Theoretical Publishers: 123-136.

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