Financial Viability of Outsourcing Campus Services in La Consolacion University Philippines

Alma C. Centeno, CPA
La Consolacion University Philippines,
Bulacan, Philippines
abcc_lcup@yahoo.com

Abstract

Improvement and organizational performance issues are nowadays being widely addressed since performance measurements are gradually being introduced in most organizations. In order to survive in the current competitive higher education environment, the characterization of outsourcing and its financial viability in campus services are deliberated in this study. This paper also aimed at describing the revenue flow and level of operating expenditures of La Consolacion University-Philippines in Bulacan for the three-year fiscal period. The study attempted to determine the liquidity, profitability and solvency of an outsourcing agreement. Using financial statement analysis via financial ratios applied on the performance of the food services unit, results revealed that the outsourcing endeavour of LCUP was generally found to be financially viable in generating profit for the school. Having minimized the costs in 2016, the food services unit showed a higher profitability and better liquidity ratios through outsourcing. The study also proved that outsourcing operations provided the university a better leverage through its more efficient management of obligations and use of resources. It also provided more ease in the management of its revenue and expenses aside from greater possibilities of improving student satisfaction which contributes to student retention. The income generated from outsourcing proved to be a viable solution to the uuniversity's need for immediate financing in addressing the demands of students at large. Findings of this study also showed that outsourcing had a positive impact on the overall revenue inflows of the school, had saved on unnecessary costs, and had led to further improvement of its financial viability by adding to gross income the savings from the cost of keeping or hiring unnecessary workers in the canteen.

Key words: *financial viability, outsourcing, financial ratio analysis, profitability, liquidity, solvency, revenue sources, expenditures, food services*

1. INTRODUCTION

Education has always been a priority concern of every being who would wants to be achieve socio-economic success someday. This fact has been capitalized by individuals from the public and those in the private sector, who believe in the power of education and in the potential returns that can be derived from it. Learning institutions come about from all places that any rigid competition is found everywhere, giving one a meager return from an investment. In a macro-level perspective, organizations have powerful inertia, i.e. they do not respond immediately to challenges or changes. When organizations are absorbed in day to day tasks, they may not readily perceive the issues affecting their sustainability (McGrath, 2011). This is considered as a new way of thinking in management research emphasizing the sustainability of the organization. Further, McGrath (2011) pointed out that educational organizations are expected to be vehicles for 'social change,' as well as in preserving and transmitting values. The fact that schools are self-renewing institutions and that they are growing and developing organizations, they have continuously engaged in systematic problem solving tasks, while they tried to select appropriate technology from all that is available. Indeed, schools must be able to integrate 'stability and change'.

Schools are by their nature, inter-generational, and decisions made in one year may actually have an impact for many years to come. The effective ongoing operation of non-government schools, for instance, is underpinned by sound financial management, informed decisions, and incorporating appropriate controls. This concerns a proactive approach to preventing, detecting and treating any signs of financial stress which if left untreated, would place the school's financial viability at risk (NSW Education Standards Authority, n.d.). Therefore, it is imperative for higher education institutions to be able to make realistic attempts at securing their financial constraints over and above their spending patterns. Based on the report from MSD Organisational Capability Self-Assessment Tool (2013), "achieving financial outcomes requires an organization to accurately balance its expenditure within the limitations of its income stream".

In the Philippines, the Commission on Higher Education serves as host to higher education systems as a key instrument in the educational and integral shaping of globally competent, service-oriented, and productive professionals through various educational institutions registered for operation. Whereas, higher education institutions have become prime movers to the socio-economic growth and sustainable development of the country as a whole (Castano & Cabanda, 2007). Apparently, the start of the twenty-first century's second decade saw a major improvement in the Philippine education system. As of 2013, there are over 2,229 higher education institutions in the country divided into public and private institutions. There are 656 public higher education institutions which account for 28.53% of all HEI's. While 1,643 private institutions account for 71.47% of all HEI's. (Wikipedia-CHED, 2016). In addition, performance indicators in the public sector have often been criticized for being inadequate and not conducive to analyzing efficiency and that there is a scare of literature on Philippine educational institutions that addresses the efficiency and productivity performance of state universities and colleges that employs a more accurate and reliable approach. The current political and economic climate in the Philippines including the funding restructure of universities and colleges have motivated a number of researchers to make this kind of study timely and important to the needs of decision makers.

Bradie (2012) claims that Higher Education institutions (HEIs), in particular, are caught in a tug-of-war scenario. Legislators and exhortations from policy makers are admonishing these institutions to show accountability in delivering high-quality outcomes allowing their students to contribute

productively in the 21st century economy; On the other hand, these institutions are being called to operationalize their target goals to show their competitive edge in the global market where their students would enhance their experiences even outside the classroom contexts.

Conversely, projections for a more difficult situation arise to the extent of calling into question the stability of existence of HEIs as providers of good education since turbulent socio-economic environment indeed have put so much burden and financial pressures on their shoulders over the past decades. This includes:

- Leaders could respond to declining trends or unpredictable resources including demographic changes, deregulation, upheavals in the national and local economies in business organisations
- Trends have eventually continued and severely posed a threat to educational institutions' ability to sustain financial equilibrium.
- Need for the education sectors to think and act more strategically on procurement should be addressed in Higher Education
- Colleges and universities are confronting intense competition from other institutions, private companies
- Increasingly difficult ways of maintaining financial stability since Higher education budgets are tight

In the midst of this negative trend, the need for the education sectors to rethink and act more strategically on revenue procurement should be addressed by policy makers in Higher Education institutions. In this regard, a vast majority of higher education institutions (HEIs) have been forced to seek for ways to manage costs, including *outsourcing* that was gaining popularity in order to stay competitive and offer quality services. Apparently, the merits of this growing and common response to budgetary constraints have not been adequately documented. (Dollar, 1985b; Goldstein et al., 1993; Abramson, 1994; Gilbert, 1998).

In terms of services and functions suitable for outsourcing, an article of the well-known economist Victor Goldberg as cited in SAM Advanced Management Journal (2011) pointed out that "food service was already outsourced to a large extent in universities". However a range of the benefits and limitations of outsourcing enables an institution to gain better control over its overall functions. It is believed that *outsourcing* allows campuses to take advantage of economies of scale achieved by outsider vendors in such a way that the campus does not have to keep staff on hand during down times. This also introduces an element of competition onto the campus. Thus, outsourcing allows higher education institutions to try new things, to test new products and services, to competitively price alternatives, to strengthen their own capabilities, to use people's capital, and, most importantly, to focus on what they do best (Batern & Manning, 2001). Nowadays, many higher education institutions strive to leverage excellence in their organizational performance in order to survive in the current global competitive environment. They stand at a vantage point trying to achieve better results and improve profit margins by employing varied emerging tools for the business and applying the best management philosophies (Hernaus, Bach & Vuksic, 2012).

It can be observed that an institutions' performance concerns are nowadays being discoursed since a lot of performance measurements are gradually being introduced in most organizations. The use of ratio analysis is said to be applicable in higher education institutions along with its well-founded utility in the corporate sector. The well-established nature of non-for-profit agencies vis-a-vis colleges and

universities has tended towards utilizing measurements of financial analysis in the most recent times. Albeit the fact that higher education research, teaching and services may be difficult to quantify, certain measures of financial performance, fiscal health and functioning of colleges and universities seemed to put an ease on the matter. Looking at the goals of the management to measure the overall efficiency of their organizations, therefore, would lead to a discovery of the many useful aspects of financial assessment as essential tools for fiscal performance evaluation.

Taken together, this paper proceeded on analyzing the financial report of LCUP to investigate the viability of its outsourced food service operations While the data compiled are limited to a 3-year period trend analysis, implications of assumed financial viability were noted.

2. OBJECTIVES OF THE STUDY

The major thrust of this study was to determine the financial viability of outsourcing food services operations in La Consolacion University Philippines, a higher education institution in the Province of Bulacan. By using financial ratio analysis as a tool for measuring its fiscal health for a period of three years (2014-2016).

3. RESEARCH QUESTIONS

- How may the outsourcing of food service operations be described in terms of:
- revenue flow
- level of overall operating expenditures?
- How financially viable is the outsourcing of food services in terms of liquidity, profitability, and solvency?
- Based on the findings of the study, what business implications maybe drawn to further improve the financial viability, cost-efficiency, and quality in La Consolacion University Philippines, a higher education institution in the City of Malolos?

4. LITERATURE REVIEW

Outsourcing is considered beneficial according to Blair, O'Hara, O'Conno & Kirchhoefer (2011). Essentially, outsourcing is considered one of the most 'researched' areas in management studies as it accounts for improvement of the performance of the organization. In similar vein, Steane & Walker (2000) as cited in Monczka et al. (2005) opined that outsourcing is an option for the organization to procure some services by contracting out previously performed in-house work to an external service provider in order to augment its efficiency and effectiveness. In addition, experts have unanimously agreed that outsourcing is generally a 'process of contracting out all or part of its components to a third party' whereby an external service provider manages and provides certain provisions for an "agreed fee" over a period of time."

Generally, outsourcing is the process of contracting someone else to do the work that a business cannot or does not wish to do by itself. In the world of business, it is the most natural thing to outsource to obtain enhanced services at lower costs. When properly structured and monitored, outsourcing can

reduce costs, improve services quality and increase efficiency and innovation. However, this could also present certain risk and maintaining or improving service quality may not be assured. In addition, through outsourcing, universities are able to cut costs, improve efficiency and meet their rising demands for greater accountability. The major challenges noted in outsourcing included negative attitude of staff, poor monitoring and evaluation, non-cooperation by students to the outsourced and interference by community (Ilavska & Babiak, 2007).

Managing Campus Services: Shift to Outsourcing Activity. There is one relatively unexplored method found to be useful in reducing costs commonly referred to as the "outsourcing" of various higher education functions and services. This is a type or form of privatization which is usually geared towards Higher education sector and generally refers to the school's decision to contract with an external organization or agent to provide a traditional campus function or service (Phipps & Merisotis, 2005).

Outsourcing is one that is now common in many institutions of higher education, however, most colleges and universities have not collected data on outsourcing sufficiently. Nicklin (1997 as cited in Adams III, Guarino, Robichaux, & Edwards, 2004) opined that most often, the type of activities were mostly dining or food operations and bookstore services that were generally the first functions outsourced by higher education institutions. In 2004, the study of Adams III, Guarino, Robichaux, & Edwards explored the nature and extent of outsourcing by higher education institutions, benefits and challenges associated with outsourcing, and the implications of outsourcing for effective management. This study involved a national survey enlisting the four-year colleges and universities at two points covering the specified time frames between 1998-99 and 2003-04. Findings revealed that the most frequently contracted or outsourced activities were vending, dining, and bookstore operations. It further investigated on the link between each of the two institutional variables namely Control and Carnegie classification, and the different outsourcing activities. Outcomes of the study demonstrated that most of the private institutions have outsourced "grounds maintenance and custodial services more significantly" as compared to public institutions.

A study of Gupta, Herath, & Mikouiza (2005) underscored an exhaustive survey on the degree of implementation and level of satisfaction with outsourcing initiatives. This study was conducted across all private and public school districts in Maryland, North Carolina, and Virginia. It was found that most of the institutions believed in the concept of outsourcing in the system. Further, it was claimed that factors such as cost cutting, improvement in staffing and quality of services, safety concerns and pressure from peer institutions have motivated the respondents to approach outsourcing. In another study on outsourcing congruence with competitive priorities: its impact on supply chain and firm performance, Kroes & Ghosh (2010) developed a set of outsourcing decision factors and categorized them into cost related outsourcing drivers, flexibility related outsourcing drivers, innovativeness related outsourcing drivers, quality related outsourcing drivers and time related outsourcing drivers. Cost related drivers are those factors that aim to improve cost competitiveness by eliminating unproductive activities and refocusing on reducing costs. According to the study, the specifics include the selection of a partner that offers lower total costs, logistics and regulatory as well as legal costs to perform an activity.

Managers should think hard about whether outsourcing will work given the "size of their institutions, the activity being outsourced and the expected benefits" and should "continuously monitor and evaluate to determine if outsourcing is effective". Though outsourcing may improve the quality of services, it has become more expensive for students and harder for them to afford (Grove, 2017).

According to Phipps & Merisotis (2005), the issue on outsourcing has been given serious interest by the National Association of College University Business Officers (i.e. NACUBO, 2002). The said organization took the initiatives in 2002 to conduct a survey of colleges and universities in the United States which subsequently revealed that “outsourcing of services has increased significantly” for over a two-year period (2000 to 2002). Majority of the data were collected based on surveys that have been completed by representatives from around 152 educational institutions in 2000 and the ones coming from 112 colleges and universities completed in 2002. Considerably, it was found that outsourcing is no stranger to the respondents.

It was noted that on the average, the American higher education institutions were quite familiar with this phenomenon since around 82% of the surveyed colleges and universities have actually resorted to outsourcing at least one service in their campus; whereas, this percentage was found to have increased to about 91% in 2002. The said study revealed that 65% of the institutions in 2002 have actually outsourced around two (2) to five (5) campus services and that almost one (1) in seven (7) respondents has outsourced more than five (5) services.

Dimensions of Performance Measurement in Not-For-Profit Organizations. Not-for-profit organization refers to organization in which there is normally no transferable ownership interests and that does not carry on business with a view to distribute or use any profits for the gain of its members. They are formed usually for social, philanthropic or similar reasons (Epstein & Buhovac, 2009).

In most recent times, a number of non-profit organizations have dramatically increased at varying dimensions such as charitable institutions, social services, religious and fraternal communities, as well as health care societies, educational institutions, environmental, sports and recreation, political parties, business organizations and funding agencies of sorts. In terms of functions, they basically engage into “purely social impact-focused” as not-for-profit organizations as they serve to improve the lives of many individuals, members of the community and the entire social groups in general. However, these non-profit organizations tend to manifest overlapping qualities that sometimes range from their “purely socially-focused to member-focused functions” because some of these would play dual roles serving both the members of the organization and the society as a whole (Epstein & Buhovac, 2009).

In similar vein, Epstein & Buhovac (2009) argued that most comparative analysis studies have reported mainly on some common approaches focusing only on quantity or rather on objective measures of financial variables such as budget, funds raised, ratio of expenditures. Hence, it was pointed out that to achieve more effective measures of performance, current research plans should require a rather clearly defined mission and organizational strategy, as well as inclusion of non-financial factors aside from commonly used financial metrics. Apparently, Epstein & Buhovac (2009) further claimed that administrators, auditors and accounting managers of both profit-oriented and non-profit-focused organizations usually face the same kind of challenges in measuring indicators of their performance. This happens whenever an organization could hardly stay focused on its mission just so to address a social problem. Evidently, there are organizations that lack office staff with appropriate accounting expertise to do their tasks for longer periods of time. In addition, there are donors and funding agencies that share a more proactive role or function far better that profit-oriented shareholders could ever take because of diversified goals or objectives. Therefore, this current research takes the same position in favor of the idea saying that managing non-profit organizations effectively is indeed a complex endeavor. In this context, the current investigation somehow considers Epstein & Buhovac’s (2009) claim that using mainly

financial data to evaluate non-profit organization's performance is important but does not solely address comprehensive performance issues alone. Since most managers and administrators of not-for-profit organizations have full responsibility to efficiently manage their resources, they have to consider their function as stewards for these resources aside from the fact that they have to take full responsibility for their organization's overall performance. Hence, this would imply that they should not just manage the entire operations efficiently and but also to ethically measure whether their resources are used wisely in order to achieve the goals of their mission successfully.

Use of Financial Performance Analysis in Non-Profit Organizations. Generally speaking, the term financial analysis purposely relates to examining circumstantially the financial condition and the results of operations (i.e., the performance) of a business. In other words, it is concerned with an in-depth study of an organization's financial position namely its capital, assets and liabilities over a given period of time). This covers its financial performance in terms of income, profitability, solvency, earnings per share, dividend pay-out at a certain point in time. Since it forms the basis for undertaking financial analysis, the organization's financial position and performance are basically reflected in its financial statements thus the researcher herself would affirm the idea that financial analysis in itself is a mechanism that would necessitate an evaluation of the component parts of these reports. Conversely, it may sound that financial analysis relates to the process of identifying the financial strengths and weakness of an organization. Hence, determining the major financial operations and characteristics should predict significant relationships among the various items of financial statement.

Likewise, financial performance analysis is the process of determining the operating and financial characteristics of a firm from accounting and financial statements. The goal of such analysis is to determine the efficiency and performance of firm's management, as reflected in the financial records and reports (Bhunia, Mukhuti, & Roy, 2011). In addition, a well designed and implemented financial management is expected to contribute positively to the creation of a firm's value (Padachi, 2006 as cited in Bhunia, Mukhuti, & Roy, 2011).

A study of Abraham (2004) of the University of Wollongong confirmed the significant use of ratio analysis on measurements of financial performance which was adapted to non-profit organizations. Aside from identifying organisational strengths and weaknesses, the study involved detecting financial anomalies and focusing attention on issues of organisational importance. In the conduct of evaluating financial performance using ratio analysis, Abraham (2004) opines that one could accurately identify the strengths and weaknesses inherent in an organization, particularly in detecting financial anomalies and by focusing the management's attention on important issues of the organization. Hence, the current research also affirms these conclusive statements drawn from the aforecited study since it has shown a number of salient points derived from the financial performance model of Turks, et al., (1995) which may be considered applicable to the context of the chosen participant belonging to this current investigation.

To further explicate the salient concepts of the study, the Figure 1 shown below represents a kind of cyclical diagram. This assumed model uses links that connect some elements that impact the variables of the study. Firstly, the diagram denotes how outsourcing operation is generally measured in terms of revenue flowing into the institution as well as the level of operating expenses that is associated to the revenue; this is then linked to the financial viability of outsourcing procedures employed in campus services, its effectiveness is deemed measurable by using financial ratios of liquidity, profitability and solvency. Furthermore, the model associates other benefits derived from outsourcing of bookstore and

food services that may impact the overall operations of the institutions such as those that affect the size of enrollment, revenue sources, and value adding initiatives. Finally, the diagram takes into account the business implications that may be drawn from this investigation in order to further improve the financial stability, cost-efficiency and quality of education among higher education institutions in the City of Malolos, Bulacan.

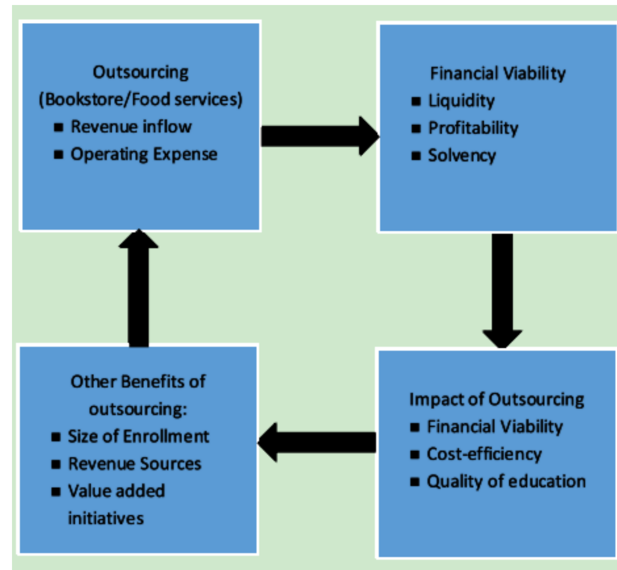

Figure 1. Cyclical Diagram on Outsourcing Mechanism

Overall, this paradigm clearly illustrates the practice of employing outsourcing campus services and the measurement of its effectiveness through the use of financial analysis particularly through liquidity, profitability, and solvency ratios. Hence, this initial framework is seen as a tool to help clarify notions regarding operations of campus services intended for non-profit educational programs which should constitute a sound design of the services they provide, the clients they serve, and the logic behind the utilization of resources available. Therefore, this current study affirms the significance of financial analysis and its fundamental aim in determining the organizational efficiency and the firm's performance (Bhunia, Mukhuti, & Roy, 2011). In same manner that a well-designed and implemented financial management is deemed valuable by contributing positively to the creation of a firm's value according to Padachi (2006 as cited in Bhunia, Mukhuti, & Roy, 2011).

Influence of Financial Performance Analysis on Higher Education. Montanaro (2013) opines that the price of education is a huge factor for the college choice among students and their parents. Hence, it would be a viable act for trustees in higher education to ensure that a balance of resources is met to address such a need. However, reports revealed that people in the United States for instance, have shown signs of discontent since they were less convinced that schools in the tertiary levels do practically use their resources to meet the needs of their stakeholders because of unemployment and news of protests. (Hoover, 2012, 2012b; Jaschik, 2013; Kiley, 2012 as cited in Montanaro, 2013). The need to underscore the relationship between academic quality and financial measures would be very useful however issues concerning organizational efficiency may well be addressed through financial performance measures with

emphasis to resources allocation. In this case, the target issue on pricing concerns can take into account the use of financial performance analysis. This current research thus conforms to the predisposed notion of Montanaro (2013) as he quotes:

"Meeting the needs of all individuals with a stake in higher education outcomes required a complex balance of resources. Thus, addressing stakeholder concerns may be best achieved with a demonstration of the relationship between academic quality and financial performance Metrics".

Financial Ratios in Higher Education. Notably, Chabotar (1989) as cited in Montanaro (2013) asserts that financial ratios are necessary not only to provide information on the numbers within the financial reports alone but more importantly to highlight its relationship with other related performance data within the organization. Ratios are developed to ascertain the stakeholder's trust on efficient management operations and to facilitate the assessment of performance over a period of time. Further, Montanaro (2013) underscores the uses of performance ratios such as to explicate the impact of activities in an organization, to ensure meaningful comparisons between and among institutions particularly in competitive environment and to prove trends that imply decline or improvement of performance over time.

Rizzo (2007) as cited in Montanaro (2013) claims that since the demand for college education has virtually increased, evaluating the performance of colleges and universities with the use of financial ratios had its turn in the midst of economic crises since the 1980s. Inflation indices and the upright use loan-based grant of education nowadays have eventually called for the accountability of using financial ratios.

In terms of non-profit designated schools, most college institutions are slow to using ratio analysis for the assessment of their organizational performance since higher education institutions simply operate on the merit of obtaining their vision-mission and goals. Nevertheless, the need for evaluating organizational performance based on financial ratios for higher education environment has been identified in Chabotar (1989) as cited in Montanaro (2013). The use of ratio analysis in higher education sector sets the framework as a tool in order to assess different aspects of performance and even make comparisons among various institutions each having its own attributes and condition. As most schools in higher education sectors utilise financial performance metrices and academic performance scales, their efforts to articulate the interests of stakeholders are met thus, to provide quality education for them is pivotal. Hence, this study conforms with the assertions of Montanaro (2013) that trustees must recognize the need to address a sustainable financial performance as this will have subsequently a huge impact on the industry's performance and behavior of stakeholders at large. Apparently, student success is also attributed to financially-sound learning institutions having adequate resources which can be expanded by accessing need-based institutional grants. Thus, poorly managed schools would risk losing their accreditation and may be subject for closure. Along this line, data-driven and observational researches though has viewed that financial performance was quite limited but diverse in certain academic institutions.

Role of Financial Ratio Analysis in Performance Assessment for Non Profit Organizations. Financial Statements Defined. In the parlance of financial management, it is said that financial statements are prepared in monetary terms. Also called 'Annual Accounts', these are usually prepared on a yearly basis, on the other hand, it is called 'Quarterly Financial Statements' when it is prepared for a shorter period of time. Bernstein & Wild (2000) defined financial statements as the final product of accounting

work that is accomplished during the accounting period. This contains information about an enterprise or financial records of an organization.

Similarly, Bernstein & Wild (2000) assert that it is the responsibility of the board of directors to share to its shareholders a true and fair report of the affairs of the organization, usually in the event of laying down the information during and before an annual meeting. Therefore, the profit and loss accounts would then be annexed to the balance sheet and auditor's report attached thereunto.

Financial Ratios. Glynn, et al. (2003) points out that ratio analysis is considered a well-established tool in order to evaluate an organization's profitability, liquidity and financial stability. Moreover, Martin & West (2003) highlighted the very features of NPOs saying that these are basically characterized by the lack of direct relations between resources provided and the goods or services from the organization; hence, the goals and purposes of the firm's operations are not profit-based at all. Apparently, when ratio analysis is used, financial data can be deduced to a more understandable basis for assessment of the organization's financial conditions and operating performance; thus, providing an efficient means for decision-makers to determine various relationships. For instance, the organization can probably utilize such tools to forecast its ability to pay its debts in due time and to facilitate its operations in a way that is consistent with its mission. In addition, the purpose of each ratio is technically designed to diagnose early signs and symptoms of the organization's underlying condition which may at least suggest suitable treatment plans as the needs arise (Abraham, 2004).

Limitations of Financial Ratio Analysis. In calculating financial ratios, Abraham (2004) suggested a need "to take a step back and see the whole panorama of the financial analysis forest". This has to be done in order to recognize the limitations of the instrument when interpreting the results of financial ratio analysis. Another important consideration for evaluating non-profit organizations lies on the interpretation of ratios and percentages in isolation since this will bring about further examination of "qualitative" factors such as the company's 1) general economic conditions, 2) the unique characteristics of the non profit sector and the 3) position of the organization under investigation in relation to its own historical and cultural evolution. There are apparently some limitations in the financial statement data used for the ratio calculations.

Notwithstanding the inflation rates in the 1920s, the inflation was in double digit figures during the 1970s, while at 3% as of today; thus, one should consider "historical cost accounting" as another form of limitation. Assets such as accounts receivable being stated in current and non-current assets, as well as parcels of land being stated at historic cost make comparative analysis more difficult across years especially when facing economic inflation rates at varying levels (Herzlinger & Nitterhouse, 1994, as cited in Abraham, 2004). Conversely, it may be observed that most NPOs might try to evade the rules of accounting regulation. This happens when the organization's accounting reports may be presented based only on the discretion or practices of the ones preparing the documents. The worse thing is probably the reporters' lack of conciseness in the use of appropriate jargons or technical terms used in accounting which may mean another thing to a certain reader besides the intent of the assigned clerk who prepares the report himself. Moreover, the focus of financial operations may undergo a number of revisions due to unpredictable changes in the company's policy; thus, the preparation of reports may be different especially when there is difficulty in making comparisons of data over time.

In sum, it is generally suggested that historical data, possibly for up to ten years, be considered in developing trend analysis for NPOs. This is believed as an ideal measure to enhance the evaluation of the

strengths and weaknesses of organizations as well as to revive their financial profile with respect to their goals and mission.

Ratio Analysis Categories. Timabang (2015) used common ratio indicators which were grouped into categories. There are multiple ratios attributed to providing the most meaningful information, for instance, profit margin and return on assets both within the measures of profitability and liquidity ratios.

Liquidity Ratios. This applied to an organization's short-term solvency. It is designed to address the ability of the company to pay its bills and is deemed useful in higher education institutions because the 'timing of cash receipts did not always match timing of expenditures (Anastacio, 2016). Usually a high liquid ratio an indication that the firm is liquid and has the ability to meet its current or liquid liabilities in time and on the other hand a low liquidity ratio represents that the firm's liquidity position is not good (Islam, n.d.). Moreover, the liquidity ratios are a result of dividing cash and other liquid assets by the short term borrowings and current liabilities. They show the number of times the short term debt obligations are covered by the cash and liquid assets. If the value is greater than 1, it means the short term obligations are fully covered. Generally, the higher the liquidity ratios are, the higher the margin of safety that the company possess to meet its current liabilities. Liquidity ratios greater than 1 indicate that the company is in good financial health and it is less likely fall into financial difficulties (Accounting for Management, 2015).

Profitability Ratios. These are essential to determine the viability of the organization over long period of time. Timbang (2015) asserts that repeated deficits may not be sustained at times and thus reflect poor decision making on the part of the management. In this view, revenues are retained within non-profit organizations to progressively track their mission. In such instance, the school's sustainability is reflected on its lack of repeated losses. In this view, the current research affirms what Timbang (2015) pointed out that the best approach in measuring an organization's overall financial condition that will more likely attract students involved an assessment from all ratio categories. This approach will in way put the organization at a better stance in meeting its mission goals as an institution.

A number of differing mechanisms are involved in the practice of financial analysis. Jagels & Coltman (2003) classified them into 1) Trend analysis (dynamic analysis), and 2) Structural analysis (static analysis). This study utilized the so-called trend analysis which involves analysis of financial statements over a period of years and indicates the trend of elements namely sales, cost of production (i.e. Operation) profits, assets and liabilities.

5. METHODOLOGY

The research design of this study practically rested on financial statement analysis technique that employed the use of ratio analysis. In the current operations as a non-profit educational portal in the city of Malolos, the researcher evaluated the financial viability of outsourcing of food services of LCUP in the midst of competitive global environment. By way of consolidating secondary data drawn from financial reports acquired from 2014 to 2016, the study utilized certain accounting ratios particularly ratio analysis by which components are compared over trend periods, typically for a period of three years. It was believed that year-to-year comparisons could possibly highlight trends and point out possible need for action. In terms of ratio analysis, the paper covered only the measures of the organization's financial statements in terms of liquidity, profitability and solvency of its food services operations. The researcher utilized the descriptive research design as this paper sought to find the answers to the major problems of

the study, describing and analyzing the existing issues and trends which have been the focus of the study. (Galicano-Adaza et al., 2002).

In employing the said descriptive type of research, the current study used a combination of both Survey and Financial Ratio Analysis in order to carry out a well-planned gathering of and interpretation of data. A survey technique was utilized to guide the researcher to describe areas supported by the food services unit. The principal aim of using this design was to describe the nature of the phenomenon as it exists at the time of the study and to explore the causes or interaction of variables (Galicano-Adaza et al., 2002). This research employed analysis of financial statements to probe into the effectiveness of outsourcing in terms of the variables namely liquidity, profitability, and solvency covering a period of three successive years (2014, 2015, and 2016) in La Consolacion University Philippines.

Traian-Ovidiu (2013) pointed out that case study involving analysis of financial statements is an activity to be performed consistently by any company who desires to develop since this is an essential way to gain information on their business operations conducted in the previous periods. According to the American Institute of Certified Public Accountants (n.d.), an important component of financial analysis method is the use of financial statement which is done by providing formal and original statement prepared annually for the purpose of presenting a periodical review or report, the status of investment, and results or the progress achieved by the management.

In this regard, Anastacio, Dacanay, & Aliling (2010) noted that financial statement primarily provides information concerning the organization's financial position, performance and cash flows intended for various users. However, there are bits of information that cannot simply be disclosed on the face of financial statements. Thus, the firm is subject to either quantitative or qualitative basis of statement interpretations. In this case, it should look into the preparation of financial statements in compliance with the Philippine Financial Reporting Standards (PFRS, 2016). In this study, the La Consolacion University Philippines was chosen as respondent from among the registered colleges and universities in the city of Malolos, Bulacan. All the data were subjected to an exhaustive review process through data validation and analysis of audited financial statements for three periods (2014, 2015, and 2016) belonging to the financial data of the university. The school is strategically situated at a place where the business and education sectors merge progressively.

Instrumentation. Rich sources of information for financial statement analysis were the audited financial statements prepared for a case study of La Consolacion University Philippines. Anastacio, Dacanay, & Aliling (2010) pointed out that the generally accepted accounting principles require the presentation of comparative financial statements for the current year and the previous ones. Hence, the current study prepared both the survey questionnaires and financial statement reports as major instrumentation used for this investigation. In terms of financial statement analysis, the researcher took into account the three successive periods from 2014-2016 in order to facilitate the comparison of the school's financial performance over the last three years using horizontal analysis of comparative statements. Specifically, the data analyzed were part of the annual report on financial statements submitted to regulatory agencies such as Securities and Exchange Commission and Stock Exchange and Bureau of Internal Revenue entities. Additionally, the data used for analysis covered the salient areas to be assessed namely liquidity, profitability and financial efficiency by employing the horizontal analysis (also known as trend ratios). The financial statements have been prepared on the historical cost basis which required the use of critical accounting estimates as well as the significant exercise of judgment of

accounting policies derived from management. The statements were presented in Philippine peso, the financial currency with values rounded to the nearest peso.

Using the research objectives mentioned in the foregoing items of this study, the study determined the coverage of the analysis. Upon collection of financial reports for three consecutive years (2014-2016), the researcher proceeded to calculate liquidity, solvency, profitability ratios affecting the outsourcing of food services of La Consolacion University Philippines. Significant findings were derived from the work of computing the trends and ratios along with its interpretations and implications derived from the conclusions.

6. DISCUSSION

The summative results of the study are presented in order to explore the variables raised and the analysis of the data based on the financial statement reports acquired from the Finance Office of the university. Measures of ratio analysis applied on the three-year period (2014-2016) were performed in order to answer the research questions stipulated earlier.

PROBLEM 1: Outsourcing of Food Services Operations

Revenue Flow. Revenue of a business would refer to the economic benefit during an accounting or operating period in the form of inflow (Ballada, 2016). It arises in the ordinary course of business and in the case of our subject, revenue includes the sale of food and the services of the food service unit, the cafeteria. This also included the catering services for school gatherings and for accreditation and the water station which provided the clean potable water of the institution. Table 1 shows the reported income from the food services unit for the three year period 2014, 2015, and 2016. It can be observed that the gross revenue of 2014 is higher than the 2015 revenue by P1, 703,036.19.

Table 1. *Gross Revenue from Sale*

	2014	Inc (Dec)		2015	Inc (Dec		2016
		Amt.	%		Amt.	%	
Cafeteria-Catmon	5,948,834.41	(1,035,911.19)	-17%	4,912,923.22	(50,271.81)	-1.02%	4,862,651.41
Cafeteria-Barasoian	120,000.00	(120,000.00)	-100%		-		
Catering	540,273.00	(540,273.00)	-100%		761,070.00	0%	761,070.00
Water Station	220,391.00	(6,852.00)	-3%	213,539.00	16,929.00	7.93%	230,468.00
Gross Revenue from Sales	6,829,498.41	(1,703,036.19)	-25%	5,126,462.22	727,727.19	14%	5,854,189.41

Level of overall operating expenditures. From the financial data of the food services unit supplied by the finance office which was subjected to the financial statement analysis, the revenue earned from outsourcing food services is posted at P975,309 lesser than the 2014 revenue of P6,829,498.41 and P727,727.19 lesser that the 2015 revenue. The decrease of fourteen percent was considered very minimal for a food services unit and revenue from sales was only a tip of an iceberg and did not present the whole

story. The data of cost of sales gave a clearer picture of the unit's performance. In 2014 and 2015, the cost of providing services was twice the cost in 2016. The unit was able to minimize cost because from P4, 498,264.13 in 2014 to P2,020,039.45. Decrease was mainly due to not purchasing of materials to be used by the food services unit. Other cost to convert this materials to finished product to be sold also decreased. The food services unit need not pay for the expenses incurred by the concessionaires but only receive the fee charged to them for using the school facilities.

Table 2. *Cost of Sales*

	2014	Inc (Dec)		2015	Inc (Dec)		2016
		Amt	%		Amt	%	
Purchases	3,466,972.78	144,901.90	4%	3,611,874.68	(2,214,029.09)	-61%	1,397,845.59
Salaries and Benefits	708,900.13	114,486.61	16%	823,386.74	(432,647.88)	-53%	390,738.86
Working Students' allowance	125,729.50	61,750.50	49%	187,480.00	(55,185.00)	-29%	132,295.00
Water Refilling Expenses	196,661.72	9,261.28	5%	205,923.00	(106,763.00)	-52%	99,160.00
Cost of Sales	4,498,264.13	330,400.29	74.15%	4,828,664.42	(2,808,624.97)	-58%	2,020,039.45

PROBLEM 2: Financial Viability of Outsourcing

The study consolidated further the data drawn from financial reports for a period of three years from 2014 to 2016. In order to analyze the financial viability of outsourcing performance of La Consolacion University Philippines' food services unit, the study utilized particularly the measures of ratio analysis by which components were compared typically over the 3-year period as previously specified. Likewise, the researcher believed that annual comparisons could possibly highlight trends and point out possible need for action. In response to the second research question, the study covered only the measures of the organization's financial statements to be able to determine the financial viability of LCUP's food services unit in terms of its liquidity, solvency, and profitability.

Financial statement analysis on calculating gross profit and net profit showed a generally high result of operation in 2016 than in 2017. It is geared towards the positive result of management policy in the outsourcing food services unit. A net income of P37, 65,468.57 in 2016 was a better result than the 2015 net income of P101, 459.01. The 2014 gross profit of P2,331,234.28 and the net income of the same year of P2,150,036.11could be said to be better than that of the 2015 income, but still the 2016 gross profit of P3,834,149.96 is yields to a better result because of a minimal operating expense.

Gross Profit. Gross Profit is the excess of revenue after deducting the cost of sales (Ballada, 2016). The profit increases the economic benefit of an entity and shows how the company is able to generate surplus. The data in Table 3 below reveal that in terms of surplus of revenue over its cost of sales, figures reported in 2016 were predominantly higher than in 2015 with a percentage increase of 11.88 percent or P3, 536,352.16 more than P297, 797.80. It can also be observed that gross profit had a remarkable decrease from 2014 to 2015 by P2, 033,436.48 or 87 percent decrease in gross profit. The

reason behind such decrease is the absence on the Barasoain Campus' contribution to sales as well as the lack of revenue from catering services. There was also a slight decrease in the revenue of the water station from 2014 to 2015.

Table 3. *Gross Profit*

	2014	Increase(Decrease) Amount	%	2015	Increase(Decrease) Amount	%	2016
Gross Revenue	6,829,498.41	(1,703,036.19)	-25%	5,126,462.22	727,727.19	14%	5,854,189.41
Less: Cost of Sales	4,498,264.13	330,400.29	74.15%	4,828,664.42	(2,808,624.97)	-58%	2,020,039.45
Gross Profit	2,331,234.28	(2,033,436.48)	-87%	297,797.80	3,536,352.16	1188%	3,834,149.96

The increase in gross profit in 2016 is due to the 58 percent decrease in cost of sales. The decrease on cost of sales is primarily due to a significant decrease in the cost of purchases and the salaries and benefits of the cafeteria personnel. Also contributory to this increase is the concessionaires' fee which was collected from the nine concessionaires. Other expenses which were deducted from the gross profit included the repairs and maintenance of food services unit fixed assets, differential of staff, staff development costs, retirement fund due to canteen staff, and miscellaneous expenses. Deducting these other expenses from the gross profit revealed the Net Income (also known as net profit) which is the bottom line income of an entity according to Manuel (2014).

Table 4. *Net Income*

	2014	2015	2016
Gross Profit	2,331,234.28	297,797.80	3,834,149.96
Miscellaneous	37,076.70	26,589.07	2,200.00
Repairs and Maintenance	75,759.00	70,668.49	37,539.98
Differentials	---	23,369.33	14,867.08
Staff Development	15,274.28	14,235.90	5,300.30
Retirement Pay	53,088.19	61,476.00	8,774.03
Total Other Expenses	181,198.17	196,338.79	68,681.39
Net Income	2,150,036.11	101,459.01	3,765,468.57

Table 4 clearly shows that in 2016 net income was P3,664,099.56 more than the 2015 net income. A big difference were observed between the net income of 2014 and 2015. There were several reasons that caused the increase in 2016 net income even revenue in that year which was lower than the 2014 revenue. As previously mentioned, cost of sales decreased by 58 percent which gave the school a much higher gross profit in 2016. Another contribution to a higher net income in 2016 was the much lower other expenses figure of the same year.

Profitability Ratios. The financial statement subject to financial ratio analysis revealed that as to profitability, the food services of La Consolacion University Philippines had improved from its 2014 figures to its 2016 result. As expounded in the previous paragraph, the net profit in 2016 was better, and since the net income of net profit is the numerator of profitability ratio, the food services unit was able to reflect a high profitability ratio in 2016 than in the two previous years.

Table 5. *Profitability Ratios*

Profitability Ratios	2014	2015	2016
Gross Profit Margin	34%	6%	65%
Net Profit Margin	31%	2%	64%
Net Return on Assets	3%	.13%	6%
Return on Equity	.61%	.03%	.97%

The gross profit margin is a ratio which measures a company's manufacturing and distribution efficiency during the production process. This ratio is the percentage of sales left after subtracting the cost of goods sold in relation to the net sales. Findings of the study demonstrated that all of the ratios in 2016 were exemplary than the first two years of operations. A gross profit margin of 65 percent is indicative that outsourcing the food services unit contributes to a high gross profit. This would mean that the unit was able to generate more revenue and at the same time was able to minimize its costs. Having a high efficiency rating in gross profit indicates that the firm is able to make a decent profit as long as the overhead is controlled (Timbang, 2015).

On one hand, the net profit margin is another measurement of management's efficiency which shows the relationship of net income to net sales (Ballada, 2016). A business that has high operating or net profit margin tends to have a lower fixed cost, meaning is able to keep its costs at a very minimum and therefore translate into a better profit margin. La Consolacion University Philippines Food Services Unit's 65 percent net profit margin elucidates that it has an added measure of safety during tough economic crisis. This means that the Unit will be able to surpass challenges that may come its way because it was able to efficiently manage its fixed costs.

Conversely, the Return on investments (ROI) or what is commonly known as return on assets, measures the income that a firm generated for every peso that it had invested (Timbang, 2015). Based on the outcomes of the study, it was noted that the return on asset of the food services unit was at its highest in 2016 at six percent. Whereas for 2014 and 2015 were at three percent and 0.13 percent, respectively. This means that the Food Services Unit was able to generate more income per peso invested in 2016 than in the previous years. The unit's return on assets measures the income generated by the unit for every peso that was invested in assets and it showed how profitable the unit had been with its assets.

Another test on company's ability to generate income from investment is what we call the return on equity (ROE). Like the return on assets, the return on equity measures the income generated for every peso of capital that the owner puts into the business. The higher the return, the better (Manuel, 2014). In Table 4, return on equity for 2014 was only 0.61 percent and further went down in 2015 with only 0.03 percent. This is a very low return on equity since it did not even reach one percent, meaning the food services unit was not able to give a one peso income for the capital infused into the business. The 2016 ROE increased to 0.97 percent. This percent maybe a little low by 0.03 percent but it shows a very big leap from the previous year. The findings therefore indicated that outsourcing the campus food services provides the school a better return.

Liquidity Ratios. In terms of credibility and staying in business, Table 6 showed that liquidity ratios applied to the food services' performance has declined. Liquidity ratios, as defined by Manuel (2014), is the firm's ability to pay its obligations as they fall due. This means that an entity is able to pay its creditors of its liabilities that are already demandable. The firm's liquidity affects its capacity to borrow (Timbang, 2015). A low liquidity will make it difficult to make a loan due to poor or bad credit risks.

Table 6. *Liquidity Ratios*

	2014	2015	2016
Working Capital	P49,497.54	P30,284.53	P11,515.53
Current Ratio	3.83	2.76	1.78

The working capital or net working capital is the difference between the current assets and current liabilities of an entity. Current assets consists of cash and other assets that are easily converted to cash and those that are consumed or used in the normal course of business or what is termed as one operating or accounting cycle which is usually one year. Current liabilities on the other hand, would refer to the company's obligation which has to be settled or paid within one year. A positive working capital means that the entity is able to pay off existing obligations with a safety cushion to meet unexpected or unrecorded current liabilities (Timbang, 2015). The most frequently used liquidity ratio is the current ratio which is computed by dividing current assets by the current liabilities (Ballada, 2016). An indication that the firm is liquid if current ratio is more than one. This means that for every one peso liability the firm has more than a peso to pay for it.

Based on the findings of the study, the data shown in Table 6 above reflect a decreasing pattern. In the case of liquidity ratio, there was no absolute guarantee that a higher ratio would mean the better is the entity. A high ratio (over 3) does not necessarily indicate that a company is in a state of financial well-being. The rule of thumb is a current ratio of two (2). This means that for every peso of liability, the firm should have two-peso worth of current assets to pay for such obligation. Based on the data reported in 2014 and 2015, current ratios were 3.83 and 2.76, respectively. Considering that the standard for current ratio is only 2, the food services had not efficiently managed its current assets. This implied that current liabilities may have exceeded the Unit's current assets. Further, it may not be using its short-term financing facilities efficiently.

Depending on how the Food Services Unit's assets were allocated, a high current ratio may suggest the following: the Unit has inefficiently used its current assets with the possibility of retaining high levels of slow-moving inventory that may become obsolete, has not been securing financing well, or has not been managing its working capital well. The 2016 current ratio maybe lower than two but this was a much better current ratio because cash is basically the major composition of the unit's current ratio. The food services' current assets were basically the concessionaires' fees collected and not much of the inventories. The working capital maybe decreasing but as mentioned, this was due to the fact that there would be more cash and less of the inventories, making the unit more liquid.

Solvency Ratios. These are more commonly known as leverage ratios, typically measure the ability of a firm to hold out its operations indefinitely by matching debt levels with its equity, assets, and earnings. Solvency ratios ascertain going concern issues of a firm and its ability to pay its bills in the long term. While liquidity ratios measure the ability of a firm to pay of its current obligation, solvency ratios focus more on the long-term sustainability of a company. Better solvency ratios indicate a more creditworthy and financially sound company in the long-term. The most common solvency ratios are shown in Table 7, which would explain a firm's financial liquidity on a long term basis. The debt to asset ratio is a solvency that measures the amount of total assets financed by creditors instead of investors (Anastacio, 2015). This would clarify what percentage of assets is funded by borrowing as compared with the percentage of resources that are funded by the investors. Basically, it exposes how a company has grown and acquired its assets over time. This is an important measurement because it shows how leveraged the company by looking at how much of company's resources are owned by the shareholders in the form of equity and creditors in the form of debt (Anastacio, 2015). Those who would want to invest and give credit to a firm would always use this figure to make decisions about the company. Both investor and creditor would want to make sure the company is solvent and has enough cash to meet its current obligations, and successful enough to pay a return on their investment and pay their debt.

The debt to assets ratio formula is computed by dividing total liabilities by total assets. A debt to equity ratio of 1 would be the standard measurement which mean that investors and creditors have an equal stake in the business assets. A lower debt to equity ratio would be a better one because this usually implies a more financially stable business. A high debt to equity ratio are considered more risky to creditors and investors.

The debt to equity ratio shows the percentage of company financing that comes from creditors and investors (Timbang, 2015). Apparently, creditors view a higher debt to equity ratio as risky because it shows that the investors was not able to fund the operations and relied on creditors. This means that investors do not have as much skin in the game as the creditors do. Lack of performance might also be the reason why the company is seeking out extra debt financing (Anastacio, 2015).

Table 7. *Solvency Ratios*

	2014	2015	2016
Debt to Total Asset Ratio	0.19	0.19	0.17
Debt Equity Ratio	0.17	0.17	0.12

A closer analysis of the of the data in Table 6 would give us a glimpse of how solvent the Food Services Unit has become when outsourcing was implemented in 2016 effecting a debt to total asset ratio

of 0.17 and the debt equity ratio of 0.12 which are better than the 2015 and 2014 ratios of 0.19 and .017, respectively. This means that the school was able to finance its assets from its own resources rather than borrowing to acquire assets. In the same light, the company was able to lower its liability which means it was able to perform with no outside borrowings utilized. When looking at the best practices of an organizational setup, one is led to examine the benefits that could be derived from that particular practice or decision. In the case of outsourcing, its significance has been established in terms of the minimization of the cost to operate and the expenses that were reduced by outsourcing of food services unit.

Revenue Sources. In terms of revenue generating capacity of outsourcing, the additional income came in the form of concessionaire's fee that was collected monthly from the stall owners who satisfactorily offered good food services to LCUP students. Apparently, income may not be flowing in through the sale of the canteen, but there was a notable decrease in cost of sales and other related expenses that the cafeteria had incurred in preparing and selling lunch and snacks. This is because the food preparation and distribution were already handled by the concessionaires themselves. As discussed in the previous chapter, the school now would have to concentrate in other more important tasks like improving logistics and most specially giving quality education and lastly for its continuance of commitment. Results therefore would demonstrate how outsourcing undertaken by the management contracted vendors who provided greater financial returns than when LCUP did on its own management of services relieves the school of the administrative responsibility for this function

Value-Adding Initiatives. As discussed in the previous chapter, the school now would have to concentrate in other more important tasks like improving logistics and sustaining the delivery of quality education. Based on the survey conducted, the two areas that were responsibly attended to by the outsourcing of food services were financial returns to the university and student satisfaction. Ninety percent of the respondents agreed that outsourcing gives a better return to the university as elucidated by the gross profit margin and the net profit margin.

Satisfaction of students with the services offered by the food unit is contributory to the retention of students. A study by Segismundo (2015) revealed that faculty resources and student services, may be considered singly as significant determinant of student retention. It claimed further that the quality of students' overall educational experience have significant combined effects on student retention. Students who are satisfied with how the student services efficiently and effectively attend to and promptly answers their needs contribute to students' persistence in school. The said study was supported by Umfress (2010) which posited that expenditures with student services were a significant predictor of college student retention even when other important characteristics were controlled, while all other expenditures including that of research and instruction were not.

PROBLEM 3: Business implications on improving the financial viability, cost-efficiency, and quality in La Consolacion University Philippines

The study attempted to analyze the aforecited ratios that provided an indication of how La Consolacion University Philippines funds are allocated. This included how the university administration was able to yield and utilize their available funding from outsourcing food services operations by the time it contracted the services providers. Taken together, the findings were able to significantly illustrate an increase in ratio following the outsourcing activity in 2016 and the trends that have occurred before the said timeline. A summary of the total performance is shown in table 1, 2 and 3 that highlighted this increased profit and decreased expenditure levels subsequent to outsourcing food services operations. In

terms of the impact of outsourced food service operations on the overall expenditure levels of La Consolacion University Philippines as non-for-profit educational institution, the reported findings clearly showed a number of business implications that can be drawn in order to further improve the financial viability, cost-efficiency, and quality in La Consolacion University Philippines.

Overall, one can deduce from the outcomes that La Consolacion University Philippines financial position has improved over the years. The decision of the management to outsource their food service operations basically impacted some areas. The ratios tested on several aspects of financial measurements of the university have helped clarified the tendency of the results to either increase or decrease its resources resulting from outsourcing methods of campus food service operations. LCUP's existing financial viability is operating quite satisfactorily. If the school places greater management strategies on improving the core operations, they may assess financial viability risks in the future with confidence. In terms of cost-efficiency, the school may simply allow itself to pay only for the services when necessary without incurring the overhead. This may at least lessen the direct and indirect costs to the university given such an option. The management may now be forced to search for more cost-effective ways to allow wider competition by looking for more contracts with other vendors and thus may ensure even greater profitability and quality of service to students in particular. Results of the study also imply that LCUP's outsourcing decision affects both their vendors and stakeholders alike since they all share the same concern to bring about service quality than just generating the profit. The onset of outsourcing has high impact specifically on cost efficiency, viability consideration and service quality and thus may trigger the management to exert more efforts to allocate their funding and valuable resources to further leverage its existing financial condition.

7. CONCLUSION AND RECOMMENDATION

With the indicated findings and detailed interpretation and analysis of the collected data, the following conclusions were drawn. The study has come up with some conclusive statements on the constructs of outsourcing and its financial viability on campus services at a selected higher education institution in the province of Bulacan. It could be noted that the outsourcing of food services resulted to a positive cash flow for the business because of the low costs and expenses that kept the unit working. Most of the costs in providing food services was under the control of the concessionaires could be considered experts in this field. The school was able to save on unnecessary cost of preparing for the operations of the unit such that the fees that were collected became revenue for the unit. On the other hand, the financial ratios that were employed in measuring the fiscal reports have clearly described how outsourcing helped the institution to be better off in serving the students and the personnel as well. Each ratio proved that outsourcing food services could make for an easier way of handling the same and earn revenue from it without experiencing economic setbacks.

Eventually, the outsourcing of food services has led to further improvement of financial viability in grossing addition income for the school. The more concessionaire there will be to provide services, the better the revenue generating opportunity for the school. Financial viability also comes in the form of savings from the cost of keeping so many staff or workers in the canteen given full benefits like those in the other departments. Likewise, another cost saving bustle was its capability to accept more catering services for school activities at a very minimal expense.

Therefore, the researcher recommends that the results of this study be used as a tool in exploring the more significant other dimensions of outsourcing not only the food services units alone but on how it functions in order to increase the financial rewards for the school. Since the financial condition and viability of the food services unit were achieved via analysis of financial ratios, this line of research which explains how outsourcing can be beneficial should be taken into account for other services rendered in higher education institutions in the province.

Moreover, an assessment of current policies should also consider making a powerful combination of having satisfied clientele and stakeholders and that should be equated with rewards and returns to the institution as a whole. There is a need to improve more on how the canteen services can increase revenue aside from the receipt of fees from concessionaires. Revenue could also be in the form of commission from the sale of concessionaires like how tenants in department stores do. Lastly, the cost efficiency could be very much implemented if schools will be able to monitor the expenses of the food services unit because lower cost and expenses indeed result to increased income.

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