

Outsourcing of the Delivery of Non-Core Services in Tanzanian Public Service Institutions: A Case of the President's Office – Public Service Management (PO-PSM)

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ABSTRACT

This study was done at PO-PSM and 56 respondents participated and the general objective is to investigate the performance of outsourced services in the Tanzania public service institutions. Specific objectives are to: Determine employees' perceptions on the decision of the government to outsource non-core public services, examine the outsourcing process, to identify the problems facing public service institutions on the implementation of outsourcing of the delivery of non-core services, and determine the extent government has been solving the problems of outsourcing. Research design used was the case study. Data collection methods used were interviews, observation and documentary review. Analysis of data was done based on research objectives. Findings indicated that; outsourcing was perceived as an acceptable tool for improving the delivery of non-core public services; there was remarkable improvement in the delivery of cleaning and ground maintenance and security services, implementation of outsourcing was static; feasibility study for outsourcing non-core services was outdated; inadequate capacity for negotiation and bargaining with the private sector; inadequate systems to monitor and evaluate the performance of the outsourced services and delayed payments for the private service providers. Conclusively, outsourcing is a tool effectively used by public service institutions to improve the delivery of non-core services. This should be extended to more strategic non-core activities. It is recommended that public service to broaden the scope of coverage of outsourcing and evaluation of the outsourcing and evaluating the performance of outsourced services; and institute a culture of timely payments for the outsourced services.

Keywords: Outsourcing, Non-Core services, management and Public Services.

INTRODUCTION:

The pressure from the Tanzania economic crisis in 21st century led to shortcomings in the delivery of public services characterized by bureaucratic, slow to respond, inefficient, ineffective public services institutions. Solutions to these issues were underpinned by a number of studies, for example a study done by (Mahita, 2002) revealed that lack of enough human resources was a barrier towards effective management of cleaning activities in offices and storage buildings.

The recommendation was either to provide training for those employees undertaking such activities or to outsource the activity. These recommendations were in line with (Koinange, 1999) recommendations from his study on provision of poor services in Kenya public organizations. (Buseke, 2001) investigated poor performance of procured services in Tanzania educational institutions and revealed that institutions did not have enough vehicles for cargo delivery and advised the government to outsource the activity for efficiency and effectiveness.

Despite the above studies, problems with regard to effectiveness of core activities have led to the so called public dissatisfaction with service delivery by some public service institutions. The problem of poor public services has been ascribed to the nature of governments, suggesting that governments have had taken on too much and have grown too big and outsourcing was viewed as a possible solution to the public service institution's poor service delivery.

Tanzania government, like any other governments, across the world has been implementing wide range of reforms to improve the delivery of public services. One of the interventions that public service organizations have used to improve public service delivery is the use of the private sector to deliver services that initially were delivered by using public service institution's employees who are on the payroll. (URT, 2000)

This strategy of using private sector as an alternative method of improving service delivery is meant to enable public service institutions to concentrate on their core services. The outcomes of outsourcing is to have citizens who enjoy receiving public services that are more responsive to the client's needs as well as being more cost efficient and effective. The use of private sector to deliver public service has been termed differently by different scholars, some scholar's call this strategy private sector participation, contracting out and others call it outsourcing (Beaumont & Sohal, 2004).

Outsourcing in the Tanzania public service can be described as being infancy. It can be said to have taken roots from the year 2000 following the government decision to implement the Public Service Reform Programme - PSRP (URT, 2004). The main thrust of PSRP is to improve the quality of public services by putting in place system and structures that supports public service institutions to deliver quality services. Among many other reform initiatives, one of them is outsourcing non-core services to the private sector for efficient service delivery and PO-PSM has the role in facilitating MDAs to involve the private sector in services considered to be non-core. PO-PSM also is responsible for ensuring that within PO-PSM, non-core services are outsourced to the private service providers.

Based on above roles, PO-PSM plays a dual role on outsourcing, in the first part PO-PSM stand as a custodian of implementation of outsourcing across the public service, in this context PO-PSM has to ensure that the concept of outsourcing is implemented effectively across MDAs and also appreciated as an effective tool for improving the quality of public services. In the second part, PO-PSM is a public service institution so it is responsible for implementing outsourcing effectively within PO-PSM just like any public service institution. Given these roles, PO-PSM has to lead by example and walk the talk of the implementation of outsourcing than any other public service institution. To prove this, PO-PSM comes to be the first public service institution in Tanzania to outsource the delivery of non-core services (URT, 2004). This was done deliberately to kick start the implementation of outsourcing the in public service institution.

Prior to outsourcing, PO-PSM went through the outsourcing process, and the first step was to carry out the feasibility study which identified non-core services namely cleaning, ground maintenance, security, reception, mail clearance and staff transport.

This was followed by procurement of service provider and later on contract management. According to URT (2004), the first wave of outsourcing services intended to pilot the implementation of outsourcing and PO-PSM outsourced four services; these were reception, security, office cleaning and ground maintenance. Other services that were considered for outsourcing namely mail clearance and staff transport were not outsourced at that time. It is about fourteen years since PO-PSM embarked on the implementation of outsourcing and there has been no attempt to outsource the two remaining services (mail clearance and staff transport) that were considered to be potential for outsourcing, hence, the justification of this study.

RESEARCH OBJECTIVES:

The general objective of this study is to investigate performance of the outsourced services in Tanzania public service institutions. Specific objectives are to: Determine employees' perceptions on the decision of the government to outsource non-core public services examine the outsourcing process followed to outsource non-core public services, determine problems facing government on the course of outsourcing non-core services; and determine the extent to which problems facing outsourcing have been solved by the government.

LITERATURE REVIEW:

Theoretical Literature:

Theories of Outsourcing which Guided the Study:

To ease the explanations on the study of outsourcing in the public service of Tanzania, the core competence, agency

and process theories were drawn and include: Agency theory, core competencies theory and process theory.

Agency Theory:

According to (Eisenhardt, 1989), agency cost theory provide insights into the contractual relationship between the outsourcing organization (principal) and the service provider's organization (agent/supplier) and different perspectives of risks that principal and agent have. If the client distrusts the supplier then the extent of monitoring required will be greater for the client, than it would be if the client could wholly trust the supplier to deliver (Eisenhardt, 1989). Agency theory helps to distinguish the most productive and fairest method of minimizing risks for both client and supplier. Agency cost also decreases overtime as when the agency theory is applied in outsourcing context; it means that organizations should have a mechanism of monitoring the execution of contracts to ensure that services provided are in line with the service level agreement (Gong, 2003).

Core Competences Theory:

The essence of the core competencies framework is that core competencies should be kept in-house, but that other things that the organization does, which are not deemed core, or critical to its mission or function, should be considered for outsourcing. Non-core services such as transport, laundry, catering, security, reception have been outsourced by many public service organizations for many years. The core competency perspective is useful in prompting serious consideration about the functions which are truly cost-effectively done in-house, and those which could be outsourced, without any loss to future requirements in expertise.

The concept has been predominantly used to develop and test various outsourcing decision frameworks arguing that the core activities shall remain in-house. The decision to outsource will be informed by organizational functions that the organization lacks internal competency and there must be firms that are available and competent to deliver such services. According to (Gong, 2003) outsourcing to be meaningful, organization has to assess their core competency to decide whether to outsource or not as well as to identify areas for outsourcing. Core competence theory is perceived to provide the best decision making tools to help organizations to prepare themselves well for the task of the outsourcing arrangements.

Process Theory:

Process theory holds that events or occurrences in an organization are results of certain inputs (states) followed by a set of processes leading to a certain outcome (Andrew, 2002). Process theory has been utilized in studying outsourcing as an organizational transformational process which involves using the private sector to deliver services that initially were being performed or provided by the organization itself using in house staff.

The Outsourcing Decision:

Traditionally, most non-core activities in public services institutions have been carried out by in house-staff employed by the public service. In recent years some public service institutions have contracted out some of these services to private service providers. Examples include outsourcing of security services and general maintenance (Andrew, 2002). Outsourcing now days is considered as strategic management tool that helps organizations to deliver quality services.

The decisions to outsource and how to outsource vary greatly within the public service institutions. For some public service organizations, the decision to outsource is a matter of costs and benefits, thus whatever saves money is the best decision. However, (Watt, 1996) argued that outsourcing decision should be considered in light of the prospect of adding value and economic efficiency to government's services. (Domberger & Hall, 1996) on the other hand cast doubts on whether outsourcing is economically efficient due to the existence of transaction costs.

(Tompkins, 2005) describes outsourcing as an organizational transformation process that can create the opportunity for improved performance. It states that while many organizations have had considerable success in outsourcing others have also encountered serious challenges and setbacks. Emphasizes on the success or failure of an outsourced decision was placed on making sure that you outsource the right business function. According to Tompkins (ibid), all businesses consist of three types of functions: core functions; tactical non-core functions and strategic non-core functions.

The Outsourcing Processes within the Public Service:

According to (Kakabadse & Kakabadse, 2002), outsourcing practice dates back to eighteenth-century and has been in continuous use in numerous public service institutions. Since then this concept is strongly implemented in business as well as private sectors. Out-sourcing can be understood as use of another's resources. In this regard, outsourcing is viewed by the researchers as the procurement of products or services from sources that are external to the organization.

In other words outsourcing is a transfer of some functions of the organization to external highly skilled

executors — outsourcers. Under the outsourcing arrangement, the public service institution enters into an agreement with a private sector institution to deliver a service that initially it was provided by a public service institution by using public service employees.

Development of Outsourcing of the Delivery of Non-Core Services in the Public Service Institutions Globally:

Public service institutions are created by the governments to deliver public goods to the public of the respective country. In Tanzania there has been a constant challenge of having government institutions with appropriate governmental and administrative machinery which are adequately equipped to meet the expectations of citizen (URT, 2004). Attempt to improve public services, Governments (For example Tanzania and Kenya governments) across the world ended up expanding by creating huge and complex public service organizations that could no longer satisfy the needs of citizens and also exert negative effects on the economy.

The challenge was therefore for the those governments to re-think on how best it can organize its role, be innovative and look for new, alternative and flexible ways of doing business to meet the numerous demands of the citizen One of the approaches that countries has adopted to improve the quality of public service delivery is outsourcing of non-core services in the public service. Various countries adopt their own systems implementation methodology for outsourcing process. Depending on the process of operation it could be either success or failure.

Outsourcing in Tanzania:

(Ntukamazina, 2000) explains that the reforms among other things aimed at redefining the role of the state in Tanzania by identification of functions that were core to the government and must continue to be delivered by the government and those functions that were non-core and can be outsourced to the private sector. The implementation of Civil Service Reforms ended in 1999 and one year later in the year 2000, the Government embarked into the implementation of the second phase of reforms called Public Service Reform Programme (URT, 2000).

According to (URT, 2000), this programme focuses transformation of public service institutions into effective and efficient institutions that deliver quality public service to the citizens of Tanzania. Among many other reforms initiatives, one of them was the outsourcing of the non-core services to the private sector for efficient service delivery. Outsourcing initiative was reinforced by the Government after realization that the public service needed to be better focused on the delivery of core services which include the law and order and basic social services and infrastructure. Since, 2000, public services institutions in Tanzania have been outsourcing the delivery of non-core services such as cleaning, ground maintenance, security, reception, catering and laundry.

(Mutahaba, 2010), in his report noted that private sector participation is one of the strategies that the government adopted in the Public Service Reform Programme to improve the delivery of public services. This is an innovative strategy which aims at opening up the provision of non-core public services to the private sector to take the advantage of private sector efficiency in quality service delivery. The implementation of private sector participation strategy is in line with the Public Service Employment Policy of 1999 that states that that to the greatest extent possible and provided that value for money is gained, non-core functions shall be contracted out to private sector organizations through competitive tendering.

Furthermore, to ensure that the outsourcing of the delivery of non-core services achieve the desired benefits, In November, 2004, the Government through the President’s Office, Public Service Management issued a Guide for Private Sector Participation in the Government. (Kiragu & Mutahaba, 2006).

Solutions for the Outsourcing Problem:

(Mooney, 1994) provides the following solutions for outsourcing problems.

Transparent and Competitive Process of Selection of Suppliers:

During the selection of suppliers, public service institutions should employ a transparent and competitive process for the selection of preferred providers.

Contract Management:

It is important for public service institutions that have outsourced their non-core services to have contract management skills to enable them manage properly the contracts provisions of non-core services

Establish Appropriate Performance Measures:

It is important for the public service institutions to introduce an effective monitoring framework for the performance of outsourced services throughout the contractual period.

Going for the Balance in Public Serviced Delivery:

Based on the above discussion, there are strong reasons to support outsourcing and some equally concerns on the fear of outsourcing. During the literature review, the researcher realized that each sector (the private and Public) has its own strengths and weaknesses. For example public sector tends to be strong in policy

formulation, regulations, ensuring equity and continuity.

The private sector tends to be strong to performing tasks that are operational in nature and straight forward services. The private sector is good at bringing in efficiency in service delivery through innovations of new ways of doing things and adopting new technologies quickly. Such services are like cabbage collection, cleanness, and ground maintenance, laundry, and reception and computer systems designs.

EMPIRICAL LITERATURE:

A study done by (Savas, 2000) on the impact of outsourcing of public services in various public services institutions in South Africa and Mauritius showed that outsourcing of the delivery of public services to the private sector has reduced the costs of operating the public services in those countries. The study revealed that on average outsourcing has contributed to the savings of around 25% (after taking into account the cost of administering and monitoring the contract). Savas (ibid), therefore, concluded that that outsourcing has come to at reduced costs compared to the situation before outsourcing.

(Warner & Hebdon, 2001) conducted a research on outsourcing of public services in local governments authorities in USA and found that it has a positive impact on the performance of local government authorities. Local governments in USA used outsourcing as means to improve the delivery of public services as it brought about the market disciplines in the public service. Through outsourcing, local governments were able to bring about opportunities for competitive private service provider, to structure the market in a competitive environment.

(Abdallar, 2014) in their research on outsourcing in Governmental Parastatals in Kenya found that outsourcing has a significant effect on the delivery of public services. Their findings suggested that public service organizations should continue to concentrate on core activities and outsource non-core activities as this cuts costs enhances performance, improve service delivery. (Goldstein, 1993) and Gilmer (1997) carried out studies on outsourcing in public service institutions and found that outsourcing has traditionally been used to operate catering laundry, cleaning, ground maintenance and security services. Further, they observed that many institutions have opened up outsourcing to other services such as computer services, transport and other facilities operations.

Ender and Mooney (1994) conducted a study on outsourcing and found that the greatest impediments for outsourcing were staff retrenchment that resulted into negative impact on staff morale. The results from the studies above indicated that there were opportunities for cutting down costs and improving organizational performance.

METHOLOGY OF THE STUDY:

The study was done at PO-PSM office in dare s salaam and 56 respondents who were purposefully and randomly sampled participated. Case study research design was employed during the study and this research design enabled the use of a number of data collection methods and instruments. Interviews, observations and documentary analysis were data collection methods used to collect valid and reliable data. Data collection instruments used were interview questions, observation schedule and documentary review guide.

The end of data collection exercise was followed by analysis of data. In this case, data from different sources were grouped tougher to identify those similar or those which differed. This resulted into the reduction of data into small portions which were used for data analysis. The qualitative data was analyzed through empirical explanations and qualitative data was calculated in percentage and tabulated.

DATA PRESENTATION, ANALYSIS AND DISCUSION:

The presentation of data, analysis and discussion is based on research objectives.

Perceptions on the Decision of the Government to Outsource Non- core Public Services

Data concerning perceptions on the decision of the government to outsource non-core public services was collected through interviews. Respondents were asked to tell is they were agreeing with the decision to outsource noncore services and Table 1 below indicates the findings.

Table 4.1: Responses on the Decision of the Government to Outsource Non-core Services

N=56

Category of Response	Number of Responses /Percentage
Strongly agreed	45(80.4%)
Agreed	7(12.4%)
No response	4(17.1%)
Total	56(100%)

Source: Field Data, 2016

It was revealed from the study 45 respondents (80.4%) strongly agreed that outsourcing has improved the delivery of non-core public services; 7 respondents, (12.5%) agreed with the outsourcing strategy was appropriate way to improve the delivery of non-core services; and 4 respondents (7.1%) had no respondents on improving the delivery of non-core public services through outsourcing. Findings revealed the indication that outsourcing is perceived to be an appropriate way of improving the delivery of non-core services.

Findings revealed a number of benefits of outsourcing of outsourcing none core services. Data from documents indicated that the outsourcing of security services was cost effective since it reduced theft of government properties. According to the findings while the rate of loss increased year after year before outsourcing security services, the rate of loss decreased after outsourcing security services (Table 2).

Table 2: Responses on Outsourcing of Security Services

Before Outsourcing	Year	2000	2001	2002	2003	2004	2005	2006	2007
	Loss (%)	12.5	39.4	32	24.9	34	33	39.4	45.2
After Outsourcing	Year	2008	2009	2010	2011	2012	2013	2014	2015
	Loss (%)	11.3	9.5	3.4	2.1	1.7	0.8	0.2	0.0

The increase in rate of loss of government properties before outsourcing of security services from rate of 12.5% in the year 2000 to 45.5% in the year 2007 was revealed to be facilitated by poor security officers who had to enough and modern security facilities and equipment. This finding s in line with (Kajonga, 2016) who revealed that lack of enough and high technology facilities and equipment resulted into the easiness of bandits to invade the Westgate Mall in Kenya whereby a number of people died. On the case of modern equipment, it was revealed from the study that it was difficult to detect some items on course to be stolen.

The above finding is also in line with the finding in the study done by (Malcus, 2015) who discovered that lack of high technology equipment in Buzwagi (Tanzania) gold mine resulted in to loss of gold worthy of USD 859,000 between the year 2007 and 2010 and recommended immediate procurement of high gold detection facilities and equipment to combat the problem. The researchers anticipate that the government facilities/equipment loss (45.5%) in the year 2007 and hence, the decision of the management to outsource the security services. In this regard, the benefit is revealed in Table 2 whereby the rate of loss of government properties decreased from the year 2008 which was 11.5% to 0% in the year 2015.

The improvement of quality and promptness of clearness was revealed to be another benefit of outsourcing cleaning services. It was revealed from respondents 19 (33.9%) that cleaning is done on time before the beginning of working hours which is contrary to before outsourcing whereby employees during working hours were forced to vacate the office during cleaning and that consumed official office working hours and interrupts institution’s work plans. Researches conceived the finding to be valid because the condition of the office with regard to cleanliness influence the health of employees (OSHA, 2016) and that work environments which is free from interruptions positively influence employee performance (Bernac, 2007). Finding from observations revealed good maintenance of surrounding gardens. All of these are indicators of positive perceptions among respondents on outsourcing of non-core activities at PO-PSM.

Findings revealed that the outsourcing of catering services improved the quality of canteen cleanliness and the quality of food served to employees and outside customers. Respondents 10(17.8%) narrated that before outsourcing the organ responsible management of canteen and hotels used to close down the canteen due to dirty conditions but this stopped after outsourcing the service. This was validated from reviewing documents whereby from the year 2001 and 2006, the canteen was closed three times due to dirtiness. No document was

found indicating the closure of the canteen after outsourcing the service. With regard to the improvement of quality of food served after outsourcing, all respondents 56(100%) explained that food services not only attracted employees but also outside people. This was proved from the documents as indicated in table 3 below.

Table 3: Number Customers for the Period 2010 -2015

Year	2010	2011	2012	2013	2014	2015	2016
Number of Customers	58	148	206	246	280	480	532
Rate	-	39.2%	71.8%	83.7%	87.8%	58.3%	90.2%

Source: Researcher Data, 2016

Analysis of data indicates linear increase of number and percentage of customers in the canteen and this resulted into the increase with regard to the rent which the institution accrued after outsourcing the canteen services. The increase of customers from 39.2% in the year 2011 up to 90.2% in the year 2016 was fueled by the presence of varieties of food and fruits served which were not available before outsourcing of canteen services.

Outsourcing Processes Followed by PO-PSM to Outsource Non-Core Services:

Respondents were required to explain outsourcing processes, Table 4 indicates findings.

Table 4: Types of Outsourcing used by PO-PSM to Outsource Non Core Services

N=56

Type of Outsourcing	Number/Percentage of Responses
Formation of outsourcing management group	18(32.1%)
Feasibility study stage	15(26.8%)
Procurement stage	20(35.7%)
The contract management stage	3(5.4%)
Total	56(100%)

Source: Field Data, 2016

Findings indicated that 18 respondents (32.1%) mentioned the formation of outsourcing management group as a key process among the outsourcing processes. It was revealed from documents that established in the year 2000. According to 4 respondents (7.1%) a group is constituted by the heads of divisions (directors) and Units and it was revealed from documents that the group has 14 members. According to 9 respondents (16.1%) the formation of outsourcing management group was important because the group provides an overall direction and management of the outsourcing at PO-PSM. In light of this, a Group also has the authority to make decision on policy issues in the implementation of outsourcing and provides appropriate advice and support to PO-PSM on outsourcing to ensure that the primary target of improving service delivery is achieved.

This is in line with (Jacob, 2012) who advocates that the management group is a think tank of institution and facilitates the attainment of mission and vision of the institution. This is also in line with the response provided by respondents 2(3.6%) that the formation of outsourcing management group was critical in the implementation of outsourcing since the group is responsible for providing the strategic direction of the outsourcing process as well driving the outsourcing projects forward. The researcher conceived the finding to be valid since this facilitates easiness of allocating necessary resources and as well as playing key role on prioritization of outsourcing and making decision on which services should go to the private service providers first.

It is also contended that the functions of the outsourcing management group are critical ingredients in the implementation of successful outsourcing. It is therefore imperative for PO-PSM to ensure that the group functions in a proactive style and has the appropriate skills to be able to provide the strategic guidance on the implementation of outsourcing at PO-PSM. It was also revealed from the study that feasibility study stage was the foundation of the outsourcing process in public service institutions and that the objective of the feasibility study stage was to assess whether it is in the best interest of the MDA to continue delivering a certain service by its own staff or to contract out to the private service providers.

It was revealed from documents that PO-PSM the feasibility study was conducted in 2000 and it come up with the proposal to outsource the following services, office cleanness, ground maintenance, security, reception, mail clearance and staff transport. The report suggested to package related services together, and they become four

services instead of six namely, office cleanness and ground maintenance; security and reception; mail clearance and staff transport.

With regard to the importance of feasibility study, findings revealed that respondents (25%), respondents explained that it provides the projection on the cost benefit analysis for the decision to adopt outsourcing. However, respondents (32.1%) mentioned that the PO-PSM's feasibility study was outdated and therefore it did not capture the current market prices and that outsourcing by using such an outdated report and could not show clearly the price that PO-PSM could incur if it was to provide the cleaning and ground maintenance; and reception and security services by using full time employees who are on PO-PSM wage bill.

In the absence of information that would have provided baseline of costs that PO-PSM would incur by using staff on her wage bill, it is difficult to assess the cost savings of outsourcing non-core services. Respondents' argument that PO-PSM needs to update the feasibility study so as to gauge the market price that will provide base in contract negotiation was valid because updated feasibility study may also enhance the monitoring and evaluation of the performance of outsourced services namely office cleanness and ground maintenance; and security and reception. Furthermore, if PO-PSM may decide to embark on outsourcing of the remaining services, namely, mail clearance and staff transport, it has to undertake a comprehensive feasibility study report for the two services in order to capture the market price.

The procurement stage was mentioned by respondents 20(35.5%) and was explained to be important as it involves buying in a private service supplier in accordance with the Government Procurement Legislations. It was revealed from respondents 7(12.5%) that the stage has been enhancing the effectiveness of outsourcing practices because of being transparent, competitive and efficient contrary to the practice before outsourcing. Furthermore, respondents 5(8.9%) appraised the procurement of private service suppliers for office cleanness, garden maintenance and decorations. and security services at PO-PSM. However, respondents 2(3.6%) had a concern that since the feasibility study was not up to date, PO-PSM lacks effective tool to guide the process of procurement and advised updating of adequate technical capacity for negotiation during procurement process.

In this case, researchers contend that for outsourcing to be effective for both parties (PO-PSM and Private Service Providers) it requires among other things PO-PSM to have adequate capacity in carrying out market research, negotiation and bargaining. For the private sector part, negotiation is part and parcel of day to day activities. The two have to match for the deal to be fair for both parts. This calls for PO-PSM to train respective staff on how to carry out market research and negotiation. It is also important for the feasibility study to be updated periodically so as to provide the baseline for the cost of outsourcing at PO-PSM.

Data in table 4 indicates that respondents 3(5.4%) mentioned contract management stage to be key stage in the outsourcing process. For the question which required them to tell the importance of contract stage, they revealed that stage was important because it enables both part to a contract to meet their obligations in order to deliver the objectives required from the contract. The response was conceived by researchers to be valid because in order outsourcing to be effective there should be a proactive contract management that solves problems as they arise. The validity of response is further indulged in into the fact that contract management consists of three activities namely, service delivery management for ensuring that service is being delivered as agreed; relationship management for ensuring an open and constructive relationship between concerned parties as well as contract administration which handles the formal governance of the contract. (Pralhad, *et al*, 1990)

The importance of contract management was further explained by one respondent (1.9%) that '*..... contract management stage helps to identify shortfalls in the quality of outsourced services and also taking appropriate interventions to rectify the problems quickly*'. The response is in line with Lonsdale and Cox (1997) that lack of required skills and technical competence to ensure service quality can result in compromised service quality standards and may lead to failure of the outsourcing to deliver its expected benefits. Contract management stage is important for effective outsourcing process since it monitors whether services are being delivered to agreed specification. The respondent (1.9%) advised PO-PSM to establish structured mechanism for monitoring the contract of outsourced services; to build the capacity of staff (at least two staff in service delivery quality assurance, contract management and service user satisfaction surveys; furthermore PO-PSM needs to disseminate service level agreements to all staff so as give them necessary information for them to participate and contribute on service quality monitoring.

Problems Facing the Government on Course of Outsourcing Public Services:

The problems which underpinned outsourcing were probed. Respondents were asked to narrate if there were problems and findings are indicated in Table 5 Below.

Table 5: Responses on Availability of Outsourcing of Non Core Services

Type of response	Number of responses	Percent
There are many problems	2	3.6
There are few problems	40	71.4
There are no problems	10	17.8
No response	4	7.2
Total	56	100

Source: Field Data, 2016.

Findings indicates that respondents 2(3.6%) narrated that there were many problems which faced the outsourcing process, respondents 40(71.4%) narrated that there were few problems, respondents 10(17.8%) narrated that there were no problems and respondents 4(7.2%) narrated that there were no problems. Those who narrated that there were many problems elaborated that the problems were on the process of getting qualifying firm to provide services. Respondents who narrated that there were no problem they explained that the outsourcing was good in-terms who services delivered.

Problems which faced outsourcing of non-core services where then investigated, respondents (N=42- who generally said that there were problems) provided responses as indicated in Table 6 below.

Table 6: Type of Problems Faced Outsourcing of Noncore Services

Type of Problem	Number of Responses	Percent
Difficulties in identification/selection of competent service provider	9	21.4
Difficulties of service quality management	10	23.8
Lack of legal compliance and security	8	19.1
Delayed payments to private service providers	13	30.9
PO-PSM staff using staff of the private service provider for personal services	2	4.8
Total	42	100

Source: Field Data, 2016.

Findings indicate that respondents 9(21.4%) mentioned the difficulties of service quality management to be among problems facing outsourcing process. They explained that since the main objective of outsourcing was to improve the quality of provision of services, the absence of pre-defined measurements for monitoring the delivery of outsourced services quality of services throughout the contractual life resulted into the process to be a challenging task.

Findings also revealed that although respondents 5(11.9%) explained that outsourcing has improved the provision of cleaning and ground maintenance, PO-PSM experiences difficulties in ensuring that the services are up to standard throughout the contract period. This necessitated one respondent (2.4%) suggests that ‘.... PO-SM needs to ensure that it has adequate capacity to monitor the performance of outsourced services’. Data in Table 6 indicates that respondents 10(23.8%) mentioned difficult of legal compliance and security.

It was revealed from the study that 17.9% respondents explained that the incidence of leakage of information has not happened at PO-PSM but since outsourcing entails co-existence of staff from both parties (PO-PSM and private service providers) it is important to have a legal compliance and security as an agenda throughout the life span of the contract. Respondents 2(4.8%) of insisted on the demarcation of no go-area for staff of private service providers and also to continuously educate the PO-PSM staff on office security matters.

Problem of delayed payments to private service providers was mentioned by respondents 13(30.9%). It was revealed from the study that there has been reoccurrence of delayed payments and debt escalation for the outsourced services. The delayed payments have affected the quality of service by decreasing the work morale of private service providers’ staff. When private service providers are not paid on time it means they cannot afford to pay salaries on time and also they cannot purchase all ingredients to enable them to deliver quality services. It was revealed fro respondents 6(14.3%) that the debt escalation has been contributed by the late disbursement from the treasury. The researchers contend that delayed payments under outsourcing arrangements will definitely led to compromised service specification.

Respondents 2(4.8%) mentioned problem which originated from some PO-PSM staff using staff of the private

service provider for personal services such as buying foods in the morning and also during lunch time. It was revealed from the study that such arrangement undermines the effectiveness of outsourced services. One respondent (2.4%) narrated that ‘..... There is some staff who considers the private service provider’s people who are easily available for personal use through bilateral arrangement outside the service contract’. Respondents 3(7.1%) revealed that this situation has to be controlled by both parties in the contract (PO-PSM and private service suppliers). In this case, they both need to monitor their staff to ensure that they concentrate on core business. Generally, it was revealed from the study that private service provider’s staff does not have a good understanding of PO-PSM in terms of its services and divisions and units which provides the services. There have incidences negative customer experience due to failure of private service providers staff to provide right information to customers.

The Extent to which to Outsourcing Problems have been Solved by PO-PSM:

The extent to which outsourcing of problems have been solved was intensively probed and data was collected through interviews and observations. Respondents (N=42) provided responses. Initially, respondents were required to tell if the management has been putting efforts to solve the problem, Table 7 indicates responses.

Table 7: Responses on the Initiates Taken to Solve Problems Faced Outsourcing Process

Type of Initiative	Number of Responses	Percent
Continuous indoor seminars	12	28.6
Supervision and monitoring	5	11.9
Establishment of team with members from each section	10	23.8
Presence of no go area	6	14.3
Undertaking boarding sessions for private service providers’ staff	8	19
Advising treasury to convince them to establish a special budget	1	2.3
Total	42	100

Source: Field Data, 2016

Findings indicated that respondents 12(28.6%) said that PO-PSM is taking initiatives to solve the problem of using the staff of the private service provider for personal services such as buying food by carrying out continuous indoor seminars to educate her staff on the demarcation of roles of the private service provider’s staff. This was confirmed from documents which indicated that a number of indoor seminars have been conducted frequently (Table 8)

Table 8: Indoor Seminars for year 2013 – 2016

Year	2010	2011	2012	2013	2014	2015	2016
Number of Seminars	15	23	20	45	35	50	55

Source: PO-PSM, 2016

Data in Table 8 indicates linear increase of indoor seminars for PO-PSM staff to enable them to get education on the relationship between them and private service providers. It was revealed from the study that staff gained competencies in this area with regard to relationship and this improved the effectiveness of services outsourced. Respondents 5(11.5%) explained that there has been supervision and monitoring by the staff from the Administration and Human Resources Management department to ensure that PO-PSM staff does not engage in bilateral arrangement with the private service providers’ staff.

In fact if private service provider staff is misused by engaging them in other activities that are outside the contract definitely the services on the contract will suffer. One of the basic objectives of outsourcing is to allow staff to concentrate in core business. Since the delivery of non-core services is the core business of the private service provider’s staff, it is good to leave them free from other services so as to give them adequate time to concentrate on the delivery of non-core services.

Findings also revealed that respondents 10(23.5%) that the problem of service quality management is being addressed whereby PO-PSM has established a team of 15 people drawn from all 15 PO-PSM’s divisions and

units. According to the findings, a team has been assigned with the responsibilities of monitoring the performance of the outsourced services at division/unit level and reporting to the contract manager. Despite of these developments, respondents 3(7.1%) revealed that the performance of the private service provider is effective since there has been no incidence of contract termination since PO-PSM embarked on outsourcing. 1.8% of the respondent explained that there have been incidences of late service delivery especially on office cleaning and also the service standard is not consistent. The researchers positively conceived the responses and thought that PO-PSM has to come up with a clear mechanism of monitoring the quality of outsourced services which also gather feedback from service recipient's surveys. This is also in line with (Fox & Meyer, 1995). Who argue that if the service quality management is not given priority, it can significantly affect effectiveness of the delivery of outsourced services at the institution.

Respondents 6(14.3%) explained that the problem of legal compliance and security is being addresses at PO-PSM. It was revealed from the study that management created a no go area policy whereby service providers' staff cannot enter without the presence of PO-PSM employees. Another 2 respondents representing 3.6% of the respondents explained that this policy is very clear and it is adhered to by both parties. Respondents 2((4.8%) revealed that PO-PSM has provided cabinet in all offices to ensure that when staff are not in the offices they keep their documents in cabinet and leave their desks clean. The respondent (2.3%) had the opinion that '*..... there should be continuous education to PO-PSM staff on the importance of legal compliance and security*'.

The researchers positively conceive the opinion because of the occurrence series of incidences of leakage of confidential information from public service institution. This is in line with the fact that private service provider's staff should be vetted before they are allowed to enter and provide service to public services institutions (Choi, Fracoise, & Gangders, 2005). In fact the issue of confidentiality in public service institution is important especially at this time of globalization characterized by speedy dissemination of information.

It was revealed by respondents 8(19%) that PO-PSM has taken steps to solve the issue of organizational knowledge. According to the respondents, PO-PSM has been undertaking on boarding sessions for private service provider's staff to explain to them about PO-PSM and services offered and various locations within PO-PSM that customers can access those services. The study revealed regular transfer of staff of the private service provides and this affects continuity in terms of understanding about PO-PSM and being helpful to customers. Six respondents representing 10.7% said that PO-PSM has taken measure to address the problem of delayed payments to the private service providers.

It was revealed from respondent (2.3%) that since the problem of delayed payments originated from the Treasury, PO-PSM has been engaging in discussion with the treasury to convince them to establish a special budget item that may be used to allocate funds for outsourced services contracts because up to the time of study the disbursement system was not specifying allocations among financial commitments and plans that PO-PSM has at a time. Respondent (2.3%) narrated that '*.....the delay in payments of private service provider to a large extent affects the delivery of outsourced services since it is difficult to enforce and monitor quality if there are outstanding debts payable to the private service provider*'. The researchers conceived the responses positively because implication of delayed payments is that the client will lose power to enforce the delivery of services in accordance with the service level agreement and hence compromised service quality.

CONCLUSION AND RECOMMENDATIONS:

Conclusively, outsourcing concept is very well acknowledged as a tool or practice to facilitate public service institutions to deliver quality services while allowing the institutions to concentrate more on core functions. From the findings, it appears prudent for public institutions to continue with outsourcing and to expand the scope of coverage to more strategic non-core services. The study also realized that there were difficulties to determine cost savings under outsourcing because of inadequate information to for one to make a meaningful comparison on the cost services after the adoption of outsourcing and the costs of such before outsourcing when the services were directly provided by PO-PSM. The Feasibility study of the year 2000 was outdated and was not able to gauge the respective market costs under outsourcing arrangement. It was also found that the subsequent outsourcing of outsourced services was not preceded by updated feasibility study.

Based on the findings from this study, it appears prudent for the PO-PSM and other public service institutions to broaden the scope of coverage of outsourcing. For those institutions that have not started to outsource their non-core services should be encouraged to adopt outsourcing. For those who have started and have outsourced part of their non-core services should be encouraged to continue with outsourcing of the remaining non-core services. However, it is recommended that prior to outsourcing, PO-PSM as well as other public service institutions should carry out a comprehensive feasibility study of the services earmarked for outsourcing and

this will broaden the understanding of the situation in which they operate and take a considered approach to the future. Furthermore, PO-PSM need to establish a culture of updating the feasibility study as this is important in determining cost effectiveness of outsourcing. In this regard, subsequent outsourcing of the same services should be preceded by updated feasibility study.

For purposes of having a continuous improvement of the delivery of outsourced services, PO-PSM should establish a vibrant mechanism of service quality monitoring which includes things like day to day inspection of services; scheduled problem solving meetings between PO-PSM and private service providers; and carrying out service users satisfaction surveys. Furthermore, PO-PSM staff also needs to be engaged in monitoring and reporting the performance of outsourced services.

The study also recommends building the capacity of PO-PSM staff to carry out feasibility study, market research, negotiation, and bargaining and contract management at strategic management level as well as operational level. The presence of capacity in the above mentioned areas will give the government the advantage similar to the private sector, since the above mentioned areas are the core competency of the private sector. The study recommends that the Government through Treasury, needs to ensure adequate and timely monthly disbursement to PO-PSM and other public service institutions. The study recommends that PO-PSM and other public service institutions implementing outsourcing should carry out continuous seminars to demarcate the role of the private service provider's staff and the core functions of PO-PSM and that of the private service providers.

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