

# Accounting for Outsourcing of Non-Core Services in Tanzania Public Sector: The Perception of Managers

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## Abstract

The purpose of this paper was to explore the opinions of managers regarding the motives behind outsourcing practices in the public sector. Specifically, this paper intended to understand whether managers consider outsourcing as a cost-serving strategy, a strategy to focus on core competencies and or a strategy for enhancing the quality of service delivery. Interviews were conducted with thirty-two (32) public sector managers and fifteen (15) managers from private sectors that were purposefully selected. The results have shown that outsourcing decisions are necessary for complementing knowledge, skill and competence gaps in public service delivery. The managers' opinions have indicated that outsourcing enables the public sector to focus on their respective core competencies in order to enhance their performances. Moreover, outsourcing decisions reduces operational costs and improves the quality of service delivery in the public sector. The findings imply that decision makers consider outsourcing as a tool to bring about economic, efficiency, effectiveness and equitable service delivery to the public in Tanzania. The limitations of this study are that the data collected from interviews could limit the generalization of the findings because the managers' opinions may not necessarily be objective hence the results can be largely subjective. The paper recommends that future researchers can think of using a large sample and or analyze outsourcing in public sector services from risk-based perspectives.

## Keywords

Non-Core Services, Outsourcing Decision, Perceptions, Public Sector, Tanzania

## 1. Introduction

The Public sectors globally have been transferring some of their non-core activi-

ties and services to be performed by third parties mostly private sectors so as to save money, enable them to focus on core competencies and enhance the quality of services at the expense of the private sector (Moschuris, 2015; Polzin et al., 2016). This process of transferring services or activities to be performed by third parties is commonly referred to as an outsourcing decision. Outsourcing entails that the contacted part assumes responsibility to perform the functions under specified contractual conditions, usually the functions should be performed in a similar way as the contracting organization would perform (BOT, 2021). Outsourcing decision requires some of the activities, functions and/or processes previously performed by a particular organization to be transferred to an external part on a contractual arrangement (Aragão & Fontana, 2022). It was noted that outsourcing is intended for reducing operating costs, improving productivity, enhancing efficiency, and increasing effectiveness in Public Sector Organizations (PSOs) because outsourcing enables organizations to focus on their core competencies (Andersson et al., 2019). Moreover, outsourcing is intended for “greater efficiency and value for money among PSOs” (Dadzie et al., 2022: p. 182).

Although the literature above highlighted the reasons or benefits of outsourcing in public sectors, there are also many kinds of literature that consider outsourcing as a problem for public sector organizations (Lee & Kim, 2010; Bals & Turkulainen, 2017). It is argued that outsourcing would lead to sacrificed service quality (Andersson et al., 2019), lack of accountability, poor service coordination, reduced flexibility and a high risk of information leakages in public sector organizations (Lee & Kim, 2010; Rho, 2013). Furthermore, outsourcing has been thought to increase costs instead of cost-cutting (Kremic et al., 2006). It is argued that contracting the private sector to undertake public services can create significant government oversight and poor cost monitoring (Girth et al., 2012.). Alonso et al. (2017), tested whether outsourcing actually reduces public spending in European countries, and they found that outsourcing failed to reduce government expenditures. Similarly, Fjeldstad et al. (2008), examined the outsourcing of revenue collection activities in urban and rural councils in Tanzania, they found that the contracted revenue collectors are actually benefiting more than the contracting parts, sometimes more than half of the revenues collected are enjoyed by the third parties. For example, they observed that 60% of the net revenue collected as entry fees from vehicles and passengers at Ubungo Bus Terminal in Dar es Salaam in 2016 was retained by the agent.

Generally, there are conflicting research results as to whether outsourcing in the public sector is beneficial or not (Rho, 2013). These contradictions are basically the key motivating factor for undertaking this paper. Another motivation for this paper is to contribute to the limited literature on outsourcing in the public sector, especially in developing countries like Tanzania. The literature related to outsourcing in the public sector is still limited (Aragão & Fontana, 2022). Therefore, the contribution of this paper to outsourcing literature in public sec-

tor especially in Tanzania is necessary and sufficient to make this paper original.

The findings of this paper will increase the understanding of the importance and problems of outsourcing strategies in public service delivery. This would help to reduce uncertainties in the government's decision-making process especially when it comes to outsourcing strategies. It should be noted that when outsourcing reduces payroll costs, then it may equally mean that outsourcing increases unemployment in public sector. In other words, outsourcing may lead to the execution of redundancies of public sector servants! This would not bring happiness to public servants but would increase happiness to private sector servants! In this context, this paper explores the perceptions of both public and private sector servants.

From a theoretical and practical point of view, the contributions of this paper are important. Furthermore, accounting for outsourcing is an important element to management accountants, especially in public sector; however, it has been given little attention in the literature. The choice between insourced and outsourced service delivery is a fundamental activity for management accountants to guide such decisions in both private and public sector organizations (Taponen & Kauppi, 2020). In this context, this paper would enable policy makers to understand and give priority to management accounting as a tool to facilitate decision making.

The main objective of this paper is to explore opinions of decision makers regarding the motives behind outsourcing practices in the public sector. Specifically, the paper intends to understand whether managers consider outsourcing as: 1) cost-serving strategy, 2) a strategy to focus on core competencies and 3) a strategy for enhancing the quality of service delivery. This means the paper intends to find answers to the key questions on whether managers in public sector organizations consider outsourcing as a tool to bring about economic, efficiency, effectiveness and equitable service delivery to the public in Tanzania. These objectives were achieved through the exploration of perceptions or opinions of directors/managers from both public and private sectors regarding benefits and costs associated with outsourcing. For this purpose and for the purpose of consistency, semi-structured interviews were performed with 32 Directors/Managers in the public sector and 15 managers in the private sector.

## 2. Literature Review

Basically, although it is not always, public sectors do engage in outsourcing practices to serve unnecessary costs (Joha & Janssen, 2010; Alonso et al., 2017), enhance the quality of public services delivery (Assaf et al., 2011; Cabral et al., 2013; Ikediashi et al., 2015), and or to focus on their core competences (Gunasekaran et al., 2015; Fontana et al., 2019; Aragão & Fontana, 2022). These three factors have been noted to be the main motivating factor of the public sector to outsource their non-core activities. This section provides literature review on the three factors to obtain the theoretical and empirical facts on what others have

documented in this area of study.

## **2.1. Outsourcing Theories**

The literature on outsourcing documents that there are many theories used to explain motives for outsourcing (Gottschalk & Solli-Sæther, 2005), however, three theories are the mostly used: Core competencies theory (CCT), Resource-based theory (RBT), Transaction cost theory (TCT). This paper employs the three theories to explain the perceptions of managers in respect of cost saving, service quality and better performance associated with focusing on core competencies. I argue that single theory would hardly manager to sufficiently explain causal relationships (Mabonesho, 2013), in this context is important to apply many theories to provide sufficient discussion regarding the opinions of managers on outsourcing decisions.

### **2.1.1. Core Competency Theory**

The concept of core competence can be defined as the ability of an organization to learn collectively how to coordinate knowledge, skills, technologies and attitudes in order to enhance better performance in its functions as compared to others (Prahalad & Hamel, 1990). Moreover, the term core is an alternative word to fundamental or key (Gottschalk & Solli-Sæther, 2005). This means core competency refers to fundamental competencies of organizations to function smoothly, lack of these may lead to discontinuity of the operations.

The core competency theory therefore is used to prescribe actions to be taken by organizations to achieve competitive advantage in the marketplace. The concept of core competency states that organizations should use their strengths or those areas or functions in which they have competencies to perform their business. Moreover, the core competencies theory suggests that activities should better be performed by a person with the necessary competencies either from in-house or outsourced suppliers. The theory further suggests that an activity or a function that is not core competency of a particular organization, should be considered for outsourcing with best suppliers unless the activity/function is part of a defensive posture to protect competitive advantage” (Gottschalk & Solli-Sæther, 2005).

This theory is relevant to this study, I argue that the perceptions of managers regarding outsourcing are partly guided by the core competency theory that outsourcing is necessary to non-core competencies and it is mostly done to allow the organization to focus on core competencies for better service delivery. Thus, it is important to use this theory to explain the managers’ opinions that outsourcing decisions are made to allow the public sector to focus on its core competencies while allowing the private sector have the fundament competencies to perform the public sectors’ non-core functions so that to enhance performances.

### **2.1.2. Resource-Based Theory**

The resource-based theory (RBT) states that organization resources that are valuable, rare, difficult to imitate, and non-substitutable would position an organi-

zation to a competitive advantage for a long-term (Priem & Butler, 2001). This means, in order for an organization to generate sustainable competitive advantage and quality service delivery, both public and private firms should use resources that are hard to imitate, provide economic value, scarce, non-substitutable, and not readily available to other organizations to perform their core-functions (Gottschalk & Solli-Sæther, 2005). Moreover, RBT suggests that organizations are different because of their specialized resources and that we should recognize that where a particular organization is a weak in terms of resources in a particular function, there should be other organizations which are strong in performing such function. The essence of the resource-based theory lies in its emphasis on the internal resources available to an organization to facilitate better performance, rather than on the external opportunities and threats from external suppliers. This implies that when the public sector has resources to perform a particular function confidently, then it would not outsource otherwise it would opt for using external resource suppliers. Since the resources are different from one organization to another, then organizations are heterogeneous, and the bundles of resources available to each organization are different but they could complement!

In this paper, I argue that resource-based theory can be used to explain that it is important for the public sectors to outsource resources for the activities which cannot perform better using the available resources. This would enhance the quality of the services and performances. Moreover, when the organizations have the necessary resources to produce quality services then they would opt for insourcing. This means the resource-based theory in this paper is used to explain the managers opinion regarding outsourcing and insourcing decisions for quality of service delivery.

### 2.1.3. Transaction Cost Theory

The basic argument of transaction cost theory is the minimization of transaction costs based on two vital behavioral assumptions bounded rationality and opportunism (Williamson, 1985; Nordigarden et al., 2014). According to this theory, the minimization of transaction costs is an important factor in outsourcing decisions that managers make. According to Gottschalk and Solli-Sæther (2005), the assumption behind bounded rationality is that the human decision-making process is intended to attain satisfaction not optimization of the intended outcome. In other words, we, humans try to find out a decision that will be good enough, rather than the best possible decision. On the other hand, the assumptions behind opportunism are that humans are generally self-interest seekers, seldom transparent and will take advantage of others when possible (Gottschalk & Solli-Sæther, 2005). The theory suggested that because of bounded rationality and opportunism, an organization would insource a particular activity or “buy” (outsourcing) from an external supplier depending on the associated costs. It should be noted that both insourcing and outsourcing decisions come with their own transaction costs. Managers rationally, choose to outsource when the cost of

insourcing a particular function is relatively higher than when using external suppliers (outsource), likewise when there is cost saving from insourcing then the organization will opt for in-house resources rather than outsourcing in order to increase financial benefits. Indeed, [Jain and Natarajan \(2011\)](#), noted that outsourcing decision is frequently perceived as a rational decision made by managers motivated to reduce and control transaction costs at the expense of others. Moreover, [Williamson \(1989\)](#), argued that insourcing or outsourcing decision is grounded on comparison of costs related to transactions for each approach. Hence, one of the motives behind outsourcing is the transaction cost.

## 2.2. Outsourcing for Cost Reduction

Previous researchers had argued that private sectors are more economical, efficient and effective in services delivery than the public sector ([Potrafke, 2018](#)) and that the public sector can learn from the private sector initiatives through outsourcing ([Vyas et al., 2018](#)). In this context, public sector outsourcing practices were considered important for cost-effectiveness and quality of services ([Brown et al., 2008](#)), especially when private sector is considered as an agent for the outsourcing practice ([Andersson et al., 2019](#)). Cost-cutting is considered the main reason for public sector to outsource its non-core businesses from private sector ([Polzin et al., 2016](#)). The cost-based view suggests that outsourcing activities would be possible when there is cost efficiency ([Freytag et al., 2012](#); [Taponen & Kauppi, 2020](#)). Moreover, based on Transaction Cost Economics theory, the literature on outsourcing reveals that cost reduction is one of the main motives for external sourcing of activities in both private and public sectors ([Hätönen & Eriksson, 2009](#); [Rogers & Rodrigo, 2015](#); [Taponen & Kauppi, 2020](#)). According to the International Organization for Standardization (ISO), outsourcing can help companies reduce an average of 15% of their costs, but the actual savings depend on how many business operations are planned for outsourcing. Moreover, the Harvard Business Review states that organizations can reduce the cost of around 20% to 30% by outsourcing non-core business processes ([ROI, 2022](#)). The Transaction Cost Economic (TCE) theory of [Williamson \(1979\)](#), has been frequently used to explain that the motive for outsourcing is cost-cutting ([Rogers & Rodrigo, 2015](#)). The basic premise of the theory is that lower cost transaction can be favored in decision-making where there are alternatives. This implies that external outsourcing can be favored when there is cost saving that emerge from in-house sourcing as an alternative, this is to say, when the internal transactions (in-house sourcing) lead to relatively higher cost than outsourcing, then it is better to opt for outsourcing.

Based on transaction theory, [Moschuris \(2015\)](#), assessed the impact of a number of decision-making criteria in resolving tactical outsourcing issues in industrial enterprises operating in Greece, In-depth interviews were administered to purchasing managers, experts and business executives. The results show that cost and quality criteria were important for outsourcing decisions that would resolve

tactical make-or-buy issues to achieve short-term cost savings.

Smith (2012), in his book “*The Pros and Cons of Outsourcing*” argued that outsourcing may contribute to cost reduction because it can improve economics of scale through the delivery of administrative and transactional activities. This is because outsourcing allows the contracting organization’s purchases to be limited to amount of consulting support needed while giving flexibility as well as cost efficiency by turning some of the fixed costs into variable costs through contracting third parties (Fjeldstad et al., 2008) and Nordigarden et al. (2014).

Fjeldstad et al. (2008), conducted a brief examination of experiences in outsourcing revenue collection in seven urban and rural councils in Tanzania, they noted that revenue from Local Government is seasonal such that they would require revenue collectors who are not permanent employees so that to serve costs during low season of revenue. They noted that permanent employees attract fixed labour costs which would unnecessarily increase the cost of collecting revenues especially in low seasons. In contrast, private agents are more flexibility and can reduce operational costs across different revenues seasons. For example, Fjeldstad et al. (2008) noted that the Mwanza City Council in Tanzania contracted individuals to collect revenue at Mwaloni Fish Market, during high season they engaged up to 25 collectors while during the low season the number of collectors was reduced to 10. This means through outsourcing the council’s administrative costs were shifted to the private collector who changes the fixed costs to variable ones.

Payowela (2016), aimed at examining whether outsourcing of security service at the Tanzania Fisheries Research Institute leads to cost-serving. The interview was conducted and a questionnaire was distributed to officers responsible for Procurement and Supplies and Management Team, they found that outsourcing of security service had relatively reduced cost of security service. It was explained that the cost-serving is due to the difference between the fees charged by the outsourced company and the combined cost of in-house sourcing that would include: salaries, allowances, pension benefits and security facilities. It was therefore concluded that the outsourcing significantly reduced costs to the public sector (Payowela, 2016).

One way of how outsourcing in public sector is likely to reduce cost is the expected savings from avoiding permanent employment to activities that the public sector organization relatively lack competencies. According to Potrafke (2018: p. 2) “Public sector outsourcing is likely to be done to explicitly reduce public employment”. When an organization outsource a particular type of activity that require a special skill or knowledge, would not require hiring new employees, this would avoid costs relating to hiring, recruitment, salaries, allowances, pension benefits and other costs. But also, there will be no need for conducting a special training programme for the same as the work will be handed over to third parties with necessary skills and knowledge. This would enhance economy, efficiency and effectiveness in services emerged from outsourcing. We should



note that permanent and pensionable employees are associated with fixed costs that are they are paid regardless of magnitude work ahead of them. Moreover, organizations have to pay for payroll taxes, employment benefits such as pension plans, medical insurance, and travel allowance. These costs could not be incurred when outsourcing is used.

According to Polzin et al. (2016), the advantage of outsourcing occurs when there are financial and or capacity limitations in an organization. It should be noted that outsourcing practice is like shifting employment costs from variable costs to fixed costs. Nordigarden et al. (2014) noted that internal sourcing would reduce capacity utilization and lead to high fixed costs during periods of lower demand. Meanwhile, outsourcing would enhance operation flexibility to assist the outsourcing organization to avoid costly investments in capacity expansion that can result in “overly large fixed costs during market downturns” Nordigarden et al. (2014: p. 987). Moreover, it is argued that not all public sectors have enough capacity to manage the complexities of contract management (Girth et al., 2012).

Taponen and Kauppi (2020), compared the service outsourcing decisions between public and private organizations in Finland regarding decision-making process across the sectors and they used multiple case studies. The findings indicated that public sector organizations are “trailing behind private sector” organizations in decision-making process across sectors, and that “private organizations have more comprehensive knowledge of markets and suppliers’ cost levels leading to more cost-efficient outsourcing” (Taponen & Kauppi, 2020: p. 184). They further recommended that it is important for the public sector to outsource from private sector so that to get the best from the decision processes of the private sector. According to Polzin et al. (2016), the advantage of outsourcing occurs in an environment presenting financial and/or capacity limitations mostly in short-term basis, that is to say, outsourced services become cost-efficient over time and not immediately (Lieberherr & Leiren, 2017).

On the other hand, it was observed that outsourcing policies can increase spending in public sector (Alonso et al., 2017). Alonso et al. (2017), tested whether outsourcing actually reduce public spending in European countries, they used a panel data model for 25 European countries over the 10 years period that is from 1990 to 2011. They found that outsourcing failed to reduce government expenditures at the central government level.

When examining the experience of outsourcing revenue collection in some Local Government in Tanzania, Fjeldstad et al. (2008), found some cost saving, but also noted that there are a lot of local government revenues remained with private contracted revenue collectors. For example, they observed that the “agent collect entry fees from vehicles and passengers at the Ubungu Bus Terminal in Dar es Salaam in 2006 retained almost 60%” of the officially reported revenues collected (Fjeldstad et al., 2008: p. 5). Moreover, it was further reported that it is common for private contracted agents to understate the revenue margins when



reporting. For instance, Fjeldstad et al. (2008: p. 5) noted that “a study from Uganda shows that the actual gross margins realised by private agents caused by the undervaluation of market yields varied between 71% and 970%”. These imply that outsourcing may not always lead to cost-serving as proposed in the literature above. Most of the research that assessed whether outsourcing in the public sector leads to cost-serving was conducted using cases. It might be that the results were influenced by the selected cases, which is why this research focuses on a survey of public sectors in Tanzania.

### 2.3. Outsourcing for Increased Quality of Service Delivery in Public Sector

The literature commented that another motive for outsourcing in public sector functions is to increase quality of service delivery (Ikediashi et al., 2015; Andersson et al., 2019). Quality of service delivery is here defined as the delivery of services to the public in line with the internal quality benchmarks designed to meet the needs and expectations of customers in this context, the Public. It is the key function of the public sector in Tanzania and the literature supports that outsourcing is performed in order to increase quality service delivery (Assaf et al., 2011; Cabral et al., 2013; Ikediashi et al., 2015). However, it was noted that when there is excessive use of outsourcing the quality of public services can decrease (Dahlström et al., 2018).

Dahlström et al. (2018), investigated the relationships between outsourcing, bureaucratic personnel quality (BPQ) and citizen satisfaction with public services in Sweden’s municipalities. They used cross-section data from Sweden’s municipalities, the findings revealed that there is a negative and significant relationship between outsourcing and levels of citizen satisfaction at 99 percent level, their results were tested using different approaches but the results remained the same across a number of robust tests. This means that citizens are not satisfied with the outsourced services implying the agents are not providing quality services as required. Dahlström et al. (2018), further indicated that although outsourcing is becoming popular in local government worldwide, “only a handful of studies have examined the link between outsourcing and service quality”. In this context, this study has focused on examining whether outsourcing is considered important for enhancing quality service delivery in the public sector in Tanzania.

Assaf et al. (2011) aimed at identifying the critical factors that influence the outsourcing decision of maintenance services in Saudi Arabian universities. To achieve this objective, they conducted a comprehensive review of the literature in the fields of maintenance management and outsourcing practices to understand the issues involved and identify the crucial factors affecting outsourcing decision of maintenance services. The findings show that Saudi universities generally value the importance of the quality, and that one of the key factors influencing the decision to outsource maintenance services in public universities

in Saudi Arabia is quality improvement.

Ikediashi et al. (2015) in their paper “Service quality and user satisfaction of outsourced facilities management (FM) services in Nigeria’s public hospitals” assessed the level of satisfaction of users of outsourced FM services. They collected data using questionnaire and interviews and used Structural Equation Modelling (SEM) method of data analysis. From their findings, it was concluded that there is very high satisfaction regarding service quality from outsourcing of cleaning services, security services and landscape maintenance. The results imply that stakeholders are quite satisfied with performance of outsourcing vendors (cleaning and security in particular) in contrast to the apparent relaxed attitude to work by in-house staff of public sector institutions in Nigeria.

#### **2.4. Outsourcing Enables Public Sector to Focus on Core Competencies**

The Core Competence Theory (CCT) suggests that activities of an organization that are not core competencies should be considered for outsourcing. This means the suppliers with the necessary competencies will be required to offer services/activities unless the non-core activities have a competitive advantage that requires to be protected, in this context, the non-core competencies can be retained in the house (Gottschalk & Solli-Sæther, 2005). Indeed, in Tanzania, it is encouraged that the public sector should outsource the non-core functions such as cleaning and security guide services to allow the public sector organization to focus on its core competencies (BOT, 2021; URT, 2022).

Moreover, Gottschalk and Solli-Sæther (2005), when trying to identify and rank critical issues in IT outsourcing relationships, they noted that large firms like ABB outsourced IT infrastructures (data centre, infrastructure, and desktops) so that to focus on their core competencies (power and automation technologies) so that to obtain economies of scale and reduce IT costs. As quoted from Gottschalk and Solli-Sæther (2005), the ABB’s CFO argued that outsourcing enabled ABB to “significantly take down costs, while benefiting from IBM’s global expertise” (Gottschalk & Solli-Sæther, 2005: p. 697). This means, IBM competencies in IT infrastructure were the necessary resources for giving competitive advantage to ABB as through outsourcing IBM the ABB company saves both time and money. This enables ABB to focus on their core competencies (Awe et al., 2018).

Basing on resource dependency theory, Awe et al. (2018), argued that outsourcing is like accessing complementary resources that would help to provide a “competitive advantage to companies as it saves them both time and money to focus on their core competencies” (Awe et al., 2018). Furthermore, Jain and Natarajan (2011) in their paper “Factors influencing the outsourcing decisions: a study of the banking sector in India” they noted that the recent liberalization in banking regulations has furthered information and communication technology in Indian banking sector, this created an opportunity to use outsourcing as a strategic tool for the Indian banks to focus on their core competencies.

The budget process in Public Sector in Tanzania requires that the Present's Office: Public Service Management and Good Governance (PO-PSMGG) to annually issue a guideline for Manning level (Ikama). The guideline among other issues specifies the categories of manpower that would be required in the financial year in question. For example, "Ikama" for financial years 2020/2021 and 2021/2022, categorically stated that the posts for non-core functions of a public organization such as office attendants, cleaners, and security officers, can be outsourced from private sectors to allow the public sectors to focus on their core competencies.

Generally speaking, there are many objectives of a public sector organization to adopt outsourcing strategies which include but are not limited to: firstly, enabling the contracting organizations to focus on their core competences (Gunnasekaran et al., 2015; Fontana et al., 2019; Aragão & Fontana, 2022), secondly to reduce spending (reducing costs) by shifting the costs to private sector; (Domberger & Jensen, 1997; Joha & Janssen, 2010; Alonso et al., 2017), it is argued that the efforts of not-for-profit organizations to reduce cost are lower as compared to profit oriented firms (Glaeser & Shleifer, 2001). Indeed, Andersson et al. (2019: p. 356), observed that "managers in non-profit firms often face weaker monetary incentives than managers in comparable for-profit firms" this means that managers in public sector may have less incentive of cost-reduction than the managers of the private sectors. Thirdly, outsourcing is intended to enhance quality of public services delivery (Assaf et al., 2011; Cabral et al., 2013; Ikediashi et al., 2015) and many other reasons such as lack of capability and expertise in the public sector, these would require outsourcing.

### 3. Methodology

The problem situation for this research is considered complex and social in nature because it requires subjective opinions of the individual, therefore the research was based on qualitative analysis as in Aragão and Fontana (2022). A qualitative analysis helps the researchers to deal with social processes and relationships (Vyas et al., 2018). and analyze a situation where it is difficult to gain access to quantitative data (Carassus et al., 2014). As noted above, the data that have been used in this research are subjective, this means the data that did not intend to represent responses of the population or integrity of the data (Arku, 2013), but the data were collected to enable the researcher and users of the finding to understand the perceptions of the managers as to whether outsourcing in public sector reduce operation costs, enable the public sector to focus on its core competencies for enhanced performance and enhances the quality of service delivery.

The main objective of this research is to explore the perceptions of managers and other stakeholders behind outsourcing decisions in Tanzania's public sectors in relation to cost-serving, quality service delivery and enhanced performance associated with focusing on core competencies. In order to effectively

collect data for this research, I initially reviewed literature related to outsourcing in public sector so that to understand the motives and benefits of outsourcing and the theory behind outsourcing practices, this helps the preparation of the interview guides and discussion of the findings. The Literature suggested that an in-depth interview is a preferred tool for collecting sensitive information and can be used especially for sensitive issues that cannot be well captured when questionnaires are used (Sandhu, 2012). An in-depth interview is here defined as a tool for collecting data for qualitative research, it involves conducting intensive individual interviews with a small number of respondents to explore their views on a particular idea, program or situation (Moschuris, 2015; Taponen & Kauppi, 2020). The benefit of in-depth interviews over other tools is that they provide much more detailed information as compared to questionnaires, observations and documentary review (Moschuris, 2015). On the other hand, the major downside of the in-depth interview is that it is hard to collect data from a large sample, which means that generalization of the result is not possible. Moreover, it is difficult to use a random sampling method when the interview is used, this is because the interviews are administered to respondents with good knowledge of the issue to be researched as such purposive sampling was used in this research.

Researchers in outsourcing has been frequently using in-depth interview (Kulkarni & Jenamani, 2008; Nordigarden et al., 2014; Rogers & Rodrigo, 2015). Similarly, this paper collected data using in-depth interview with Directors or Managers responsible for planning, finance, procurement, human resource and administration from both private and public sectors

**Table 1** and **Table 2** provide a list of public and private organizations respectively from which the responses to the interview questions were selected and the number of respondents is also indicated.

**Table 1.** List of public organization for interview.

Organization	No. Org Visited	Number of Respondents	Finance	Procurement	Planning	Human Resource and Admin.
Higher learning Institutions	4	12	2	3	4	3
Government agencies	5	8	1	2	3	2
Local Governments	5	12	4	3	2	3
Total	14	32	7	8	9	8

**Table 2.** List of private organization for interview.

Organization	No. Org Visited	Number of Respondents	Finance	Procurement	Planning	Human Resource and Admin.
Security Guard Services Companies	3	7	4	0	0	3
Cleaning Services Companies	3	8	3	2	0	3
Total	6	15	7	2	0	6

**Table 1** and **Table 2** indicate that a total of 47 interviews were administered of which 32 were from public sector and 15 from private sector. The respondents had enough experiences in their organizations and especially in outsourcing activities. The method that was used to select the respondents was purposeful sampling technique. The interviewed managers were required to have at least three (3) years working in higher positions in any of the following fields; Planning, Finance, Procurements, Human Resources and Administration who have been engaged in outsourcing activities.

The unit of analysis in this study was directors/managers (from public and private sectors) with responsibility for resourcing decisions of their organizations. In particular, the key sampling criteria were experiences in planning, finance, procurements, human resource management and administration. Managers in these areas were interviewed especially those who have been in the organization for at least three years making or providing advices on outsourcing decisions.

The data were collected using semi-structured and in-depth interviews conducted through mobile phone calls, WhatsApp calls and Face-to-face conversations. As noted by [Kulkarni and Jenamani \(2008: p. 269\)](#), the interviews have helped “me to closely interact with the respondents and in turn to control the interview process”. The purpose of using semi-structured interviews is to collect data with a reasonable degree of standardisation while in-depths interviews were used to capture the opinions in real context and complexities regarding outsourcing decisions ([Yin, 1994](#)). One example of the semi-structured question was asked the respondents from public sector to state whether the mentioned activities were fully outsourced, partly outsourced or not outsourced, the responses to this question are presented in **Table 3**. The example questions for the in-depth included the question that asked the respondents to *explain as to whether outsourcing decisions have any impact on operating costs*, the responses to this question are included in Section 4.3 of this paper.

The mobile phone and WhatsApp call approaches were used in gathering details from respondents outside Dar Es Salaam and a few from Dar Es Salaam

**Table 3.** Outsourced functions.

Outsourced Non-Core Activities	Fully Outsourced		Partly Outsourced		Not Outsourced	
	No.	Percentage	No.	Percentage	No.	Percentage
Security Guide Services	32	100	0	0	0	0
Office Cleaning Services and gardening	32	100	0	0	0	0
Maintenances and repairs (office buildings, Air Conditioner and fan)	25	78	7	12	0	0
Servicing of office equipment (computers and printers)	0	0	20	62.5	12	37.5
Servicing of office telephone lines	18	56	14	44	0	0
Servicing of office water systems and plumbing	25	78	7	12	0	0

based on their conveniences. Most of the respondents from Dar Es Salaam were approached through face-to-face interviews. In addition, I also collected data during a meeting of Directors and Managers of Human Resources and Administration that was held in Dodoma from 26<sup>th</sup> and 27<sup>th</sup> May 2022 through face-to-face interviews. I attended this meeting and I found the meeting as an important opportunity to gather some information related to impact of outsourcing of public sector's non-core functions like office cleaning and securities. The meeting was important because I was able to meet with the Managers of Human Resources and administration across the country. The interviews were mostly conducted using Kiswahili language and a few in English language, notes were taken during the interview and recorded for follow-up during transcriptions. Kiswahili language was used in order to allow the respondents to express their views more easily and confidently.

The interview guides were prepared and tested through pilot studies. First, the interview questions were prepared and subjected to comments from the gurus in the management accounting and public management fields. The experts analyzed the level of understanding and the content of each question and produced comments that were used to develop a second version of the interview guide. The second version of the guide was then subjected to pilot test for the Master Students in Human Resource and Administration at the Mwalimu Nyerere Memorial Academy, 2021/22. The purpose of the pilot test was to test the understanding of the questions and the average time for every interview, there were minor collections mostly rephrasing some of the questions for clarity.

Finally, two sets of interview guides were prepared. The first set was intended for Directors/Managers responsible for planning, finance, procurement, human resource and administration in public sectors, while the second set was prepared for managers responsible for planning, finance, procurement, human resource and administration in private sectors. As noted above, semi-structure and in-depth interviews were used, which means some of the questions were of more open than closed to allow sufficient discussion to explore the view and opinions of the respondents. While, other questions were semi-closed questions to limit the views of the respondents to the basic questions of this paper so that to capture standardized data regarding the impact of outsourcing on cost-serving, quality service delivery and security of public documents and other resources.

The scope of this research was limited to Directors and or Managers responsible for planning, finance, procurement and or administration in local governments (LGAs), Government Agencies and Higher Learning Institutions and in Private Sector especially in Security and Cleaning Companies. The selection of Directors/Managers for interviewed was based on their availability and therefore randomly obtained provided that they had experiences of at least three years.

The process of conducting the interviews started by defining the objective of the interview to the respondents. Moreover, the responded were assured that the information collected was intended for academic purpose and that the informa-

tion shall be used with high level of confidentiality. Furthermore, the names of the respondents are not part of the data, this means numbers were used to represent names to enhance confidentiality. The interviews were conducted from March 2022 to May 2022 and the average duration of the interview was 30 minutes (ranging from 20 minutes to 40 minutes depending on the respondents' willingness). The interviews were conducted using Kiswahili and English languages. The information collected using Kiswahili was transcribed to maintain the accuracy and consistency of the data analysis.

The respondents from public sector were marked using *RPB<sub>n</sub>* code; where *RPB* represents respondent from public sector and *n* represent number assigned to the respondent's name. Moreover, respondents from private sector were marked using *RPV<sub>n</sub>* code; where *RPV* represents respondent from public sector and *n* represent number assigned to the respondent as in [Aragão and Fontana \(2022\)](#). For example, *RPB<sub>1</sub>* represent respondent from public sector named using number 1. A total of forty-seven (47) interviews were conducted at different times and every time when the interview was conducted, the information was described to avoid loss of meanings from the information.

As noted in [Kulkarni and Jenamani \(2008\)](#), that outsourcing decision making combines ideas mainly from a combination of two theories: transaction cost economics (TCE) theory and resource based-view (RBV) to explain the motives towards outsourcing. However, they added that where the two theories are contradicting then TCE would prevail. The current research also agrees that there is no single theory that would sufficiently explain the motives for outsourcing decisions. Indeed, [Mabonesho \(2013\)](#), argued that single theory would hardly sufficiently explain the impact of an independent variable on the dependent variable.

## 4. Presentation and Discussion of the Findings

### 4.1. Introduction

This subsection presents and discusses the results of the findings in three parts: the first part focuses on the Managers' opinions on whether outsourcing decisions are intended for cost-serving, the second part, presents and discusses the opinions of respondents as to whether outsourcing enables organizations to focus on their core competencies and the third part presents and discusses opinions of managers as to whether outsourcing enhance quality of public service delivery.

During the interview sessions, the managers were first asked to give their personal details such as age, job positions, responsibilities, employment duration and experiences on outsourcing activities in their organization and in their current positions. These questions were intended to screen the respondents by taking only the respondents who are likely to give quality and trust information. The minimum experience of the respondents that were considered for interview was three years. This implies that all of the respondents had enough experiences



to provide reliable information. The results from the interview are presented as follows

#### 4.2. Commonly Outsourced Services

One of the interview questions to the public sector required the respondents to state whether the mentioned activities are fully outsourced (Full), partial outsourced (Part) or not outsourced (No) in their organization. **Table 3** presents the results of respondents from public sector.

The results presented in **Table 3** indicated that all the 32 (100%) responded from public sector agreed that their organization outsourced security guard services and cleaning and gardening services. Moreover, maintenance and repair of office buildings, air conditioners and fan and water systems and plumbing services are fully outsourced in 25 (78%) organizations and 7 (22%) organizations are partially outsourced, that is there are some permanent employees to support the activities while accompanied by the outsourced staff. The results also show that there is 00% full outsourcing of computer and printers services. Moreover, the results show that out of 32 respondents 18 (56%) agrees that they outsourced the functions of telephone lines services, while 14 (44%) respondents noted that they partially outsource the functions. I was also interested to understand why partial outsourcing, the respondents noted that some of activities are partially outsourced in their organizations, for example, maintenances and repairs (office buildings, air conditioners and fan), servicing of office equipment (computers and printers), servicing of office telephone lines, water lines and plumbing. They noted that these functions are partially outsourced to support the established departments as clearly stated by respondents in public sector (*RPB<sub>8</sub>*).

*“In our organization, we have Estate Department which is responsible for maintenance and repairs of the office building and servicing of the office telephone lines, plumbing, sewage system repairs, Air Conditioner (AC) and fan repairs and servicing. However, the department has relatively few employees such that they have to outsource the work force from private sectors and the employees from the department are working as supervisors to ensure that the works are done as per expectations of the organizations” RPB<sub>1</sub>* (similar observations were stated by *RPB<sub>7</sub>, RPB<sub>10</sub>, RPB<sub>13</sub> RPB<sub>20</sub> and many more*).

Another respondent noted that

*“our IT Department has competent employees, however some activities like servicing of heavy printers are performed by the respective suppliers. But the majority of the computer maintenances are done by our employees” RPB<sub>3</sub>*.

Another question that was asked to the public sector respondents was “*who makes the decision to outsource some of the organization functions?*” The respondents to this question argued that so far it depends on the types of the functions. The non-core functions like cleaning, gardening and security guard services, outsourcing decisions to some extents are made at national level and it comes as a directive through guidelines for manning level (Ikama) which are is-

sued annually. For example, the guideline for manning level “Ikama” for Tanzania public sector (see for example the Manning Level Guideline for financial 2020/2021) clearly specifies that the non-core activities like cleaning and security should be outsourced. This means it is the directives of the authorities to outsource non-core activities.

“...the manning level guideline (*Ikama*) from the President Office – Management of Public Service and Good Governance (*PO-MPSGG*) encourages public sectors to outsource non-core services such as cleaning and security guide...so the decision to outsource is partly not ours” *RPB*<sub>1</sub>.

“whether we like or not, the manning level guideline do not give a room to make new employment in the non-core activities, see this “*Ikama*” for the financial year 2020/21” *RPB*<sub>6</sub>.

“...if I have to be given an option to choose between insourcing and outsourcing of non-core functions like cleaning and security guide, I would definitely opt for outsourcing to reduce payroll costs and focus on core competencies” *RPB*<sub>8</sub>.

*RPB*<sub>15</sub> noted that “cleaning and security guide services are important to our organization, they support our core businesses and without them we could not be efficient to our work. However, office cleaning and security guide activities are not directly associated with our core functions as per establishment order therefore they can be easily outsourced”.

The results presented above indicated that outsourcing decisions of non-core competencies in public sector are two-fold: at the first implication the government issue guidance that the public sector should outsource the non-core competencies to allow them to focus on their core competencies. Secondly, the public sector is required to choose/decide and procure an organization that could perform the non-core competencies. Moreover, it appears that security and office cleaning services are mostly outsourced as compared to other non-core competencies.

### 4.3. Outsourcing to Save Cost

One of the objectives of this study was to explore the opinions of managers in public sector, as to whether outsourcing reduce costs. There were two key questions used to achieve this objective: First, the respondents were asked to *explain as to whether outsourcing decisions have any impact on operating costs*. The second question required the respondents to explain on *how (ways on which) outsourcing can read to cost reduction/increase*. Thereafter few follow-up questions were asked depending on the responses from the respondents. The results show that more than 95% of the respondents from public sector, explained that public sector outsourcing decisions reduces payroll costs and other employment related costs such as replacement costs; they mentioned that outsourcing of non-core services like security and cleaning reduces direct payroll costs because, the practice allows specialisation and expertise that reduce working time and

enhances efficiency. However, they added that although outsourcing reduce direct employment costs, there are possibilities of increased indirect costs such as lack of confidentiality in public sector activities. They were on the opinion that outsourcing cleaning services would impair confidentiality where the integrity of the outsourced cleaners and security guides is low. For example, it was stated that

*“...the cleaning and security guide companies have the necessary knowledge, skills and competences in their areas of specialization that would enable them to economically, efficiently and effectively perform their duties than when we opt to insource” RPB<sub>3</sub>.*

*“outsourced companies can do better than when we use internal employees who are to be supervised by non-experts. Therefore, the companies are likely to be good in supervision that lead to reduced operation costs. In this context, we outsource to save costs like. salary, overtime, uniforms and many more costs necessary for permanent employees also we save time”.* Similar response was supported other respondents like, *RPB<sub>4</sub> RPB<sub>10</sub> and RPB<sub>20</sub>.*

*“...yes, outsourcing would reduce payroll costs, but on the other hand, it can reduce confidentiality in offices because the cleaners have full access to offices mostly at the time when the office owners are not around! They can access any file left on desks or on shelves” RPB<sub>2</sub>.*

*“...it is common to find confidential government documents used as packaging materials at Kariakoo<sup>1</sup>. Moreover, office information is likely to leak through security men and office cleaners” RPB<sub>30</sub>.*

In similar observations *RPB<sub>32</sub>* added that outsourcing of security services may reduce confidentiality in public sector, the respondent specifically noted the following:

*“in our organizations a computer was stolen from one of our offices while the outsourced security service was available for 24 hours! The computer had office information. We could suspect that the security guides were responsible for the incidence, and that the stolen computer/information can be shared to individuals outside the organization as a result would indirect increase costs to the organization” RPB<sub>32</sub>.*

Based on the transaction cost theory, the managers in public sector agree that outsourcing is a strategic decision to reduce transaction costs! However, the private sectors do sign contracts with the public sector to perform the outsourced functions on behalf of the public sector so that to benefit from the activities! I call this a *“paradoxical decision,”* in order to obtain answers to this paradox, I asked the managers from private sector three key questions: *First, how do you benefit from outsourced functions;* second *are your employees trained to do the tasks assigned to them,* and the third question was *“are your employees trained on how to handle and keep government information (secretes) of their clients.”*

The respondents noted that close supervisions, professionalism and specializations are key towards saving operational costs and hence increased benefits.

<sup>1</sup>Kariakoo is the prominent shopping area not only for Tanzanians but also for the citizens of neighbour countries like DRC, Rwanda, Burudi, Malawi and Zambia.

Specifically, the Respondents from private sectors (**RPVs**), noted that

*“...we are committed to ensure that we economically and efficiently provide services as required by clients, this is only possible through an effective supervision in terms of man power, equipment, machines and other working tools. **RPV**<sub>2</sub>.*

*“...we hire employees who have been trained to clean offices effectively such that they use few hours to effectively do their jobs. This means there is reduced time and number of people to work in a particular assignment. This leads us to minimize operation cost and hence we reap benefits from outsourcing” **RPV**<sub>7</sub>.*

*“...in addition to training, our staff recruitment policy require that a new staff is vetted before placement” **RPV**<sub>9</sub>.*

The responses from **RPV**<sub>2</sub>, **RPV**<sub>7</sub> and **RPV**<sub>9</sub> were supported by many other **RPV**<sub>s</sub>. Follow-up question was asked to the respondents from private sector, as to whether there are incidences related to office information leakage and theft, the results show that 92% of respondents disagreed, they reported that there were no incidences reported in their offices regarding office information leakage. It was noted that:

*“There is no any reported case in our office regarding office information leakage!” **RPV**<sub>4</sub>.*

However, other respondents noted that there are some reported theft incidences which lacked evidences to confirm that our employees were involved

*“in year 2018 we had one reported case regarding theft of office computer, however, there were no enough evidences to convict our employee to be involved in the incidence, but we refunded the computer to comply with the contract requirements” **RPV**<sub>12</sub>.*

*“we are registered companies and we are aware that one of the conditions in our contracts with our clients is confidentiality, and that any unethical behaviors of our employees would lead to termination of contract or incurrence of high compensation costs, most of the contracts specify that the service provider shall be liable for any loss caused by her/his employees” **RPV**<sub>3</sub>.*

*“...unethical behaviors are not acceptable in our office operations...yes, I cannot deny that our employee would not misbehave, but it should be noted that the individual misbehaviors could not be associated with the company's integrity. And misconducts are highly discouraged” **RPV**<sub>1</sub>.*

The majority of **RPVs** noted that normally they employ trained and ethical individual who are vetted to perform cleaning and security duties, moreover, they noted that closer supervision and competencies are key for saving operational costs.

Basing **RPB**<sub>s</sub> opinions, it would be concluded that managers of the public sector organizations accept that outsourcing reduce costs but it could increase risk of office information leakage. However, this argument was challenged by the cleaning and security companies on the ground that they employ people who have undergone training on their respective fields. Following these two opposing

arguments, the respondents from the public sector were further asked on how the risk of information leakage in public sector can be minimized, **RPB<sub>12</sub>** and **RPB<sub>26</sub>** explained that to bring confidence of reduced leakage of office information, we can employ few permanent staff with the necessary skills and competencies to supervise the outsourced staff. It was stated that:

*“I am not trying to say that the outsourced companies do not trust worth, or have questionable integrity, but to bring confidence to public servants regarding office’s information safety, we need to have permanent employees with necessary competencies to monitor the movement of outsourced staff in the public offices” . RPB<sub>12</sub>.*

*“It is my opinion that we employ a trained office cleaner who will be monitoring the cleaning activities in the organization as it has been used in other non-core activities. For example, we have Engineer and technicians in the Estate Department, their roles include supervision of the outsourced staff. This would reduce risks and enhance confidences” RPB<sub>26</sub>.*

Furthermore, **RPB<sub>8</sub>** were asked to give their opinions regarding the professionalism, knowledge, skills and competencies of the private sector regarding provision of cleaning and security guide services; all the 32 public sector managers interviewed (100%) argued that the companies are professionally good, knowledgeable, skillful and have the necessary competencies. Moreover, these companies are vetted in the process of registration and the client can vet the service providers before they are engaged.

The respondents from public sectors have shown that they outsource non-core functions because there are cost savings from outsourcing, on the other side, the respondents from private sector, argue that they engage in the outsourced functions with the public sector because they benefit from outsourced functions! This means, that private organizations have relatively necessary competencies and skills for ensuring economic benefits emerge form outsourced functions. This result is consistent with that of [Roodhooft and Van den Abbeele \(2006\)](#) that private sector has more comprehensive skills and knowledge of outsourcing markets leading to more cost-efficient outsourcing. Moreover, the results are consistent with the study that shows that the decision-making regarding insourcing and outsourcing “conducted by public sector organizations are trailing behind private sector” ([Taponen & Kauppi, 2020: p. 171](#)). [Taponen and Kauppi \(2020\)](#), further observed that the market analysis should be done prior to cost analysis and benchmarking as the availability of suppliers more qualified than the internal process that defines the insourcing and outsourcing decision.

The results presented in this section are consistent with transaction cost theory (TCT) which states that functions which are not core to the organizations are outsourcing to avoid unnecessary addition of transaction costs. However, still there is a key question remained unveiled by this research which goes “if the private sector pays their employees and survive, why the public sector considers outsourcing as payroll cost saving strategy? How does the private sector benefits

from the outsourcing? These questions require future researcher to look for empirical answers.

#### 4.4. Outsourcing to Enable Focusing on Core Competencies

The second objective of this paper was to understand the opinions of managers as to whether outsourcing in public sector enable the public sector organizations to focus on their core competencies. The opinions of the 32 (100%) respondents from public sector organizations accepted that one of the reasons for outsourcing non-core functions is to enable them to focus on their core competencies. Moreover, it was added that private sector organizations tune themselves to focus on the functions which are considered non-core in public sectors to ensure specialisations for effective service delivery to citizens. As noted in [Taponen and Kauppi \(2020\)](#), that specialization allows organizations to focus on their core functions, and outsource the non-core functions. This allows improvements in quality of service delivery resulting in better performance. Specifically, it was explained as follows.

*“...basically, we outsource so that to concentrate on our core activities...”*

***RPB<sub>1</sub>***.

*“...our non-core functions are core-functions to others! so in order to be effective, our non-core functions are outsourced to companies with necessary skills and competencies to do the functions so that all the functions are performed by specialized competent persons”* ***RPB<sub>29</sub>***.

On the other hand, respondents from private sector had similar opinions as those of the respondents from public sectors. To avoid repetitions in presenting the findings, I present opinions of only three respondents

*“...we have trained office cleaners..., they use few hours to effectively do their jobs”* ***RPV<sub>7</sub>***.

*“...look here, the non-core functions in public sector, are basically core functions to us. This allows us to partner with public sector organizations to economically, effectively, and effectively save the public”* ***RPV<sub>15</sub>***.

*“We are aware that currently “Ikama” (manning level) in the public sector do not allow new recruitments on some of the non-core functions, this gives us opportunities to make the non-core functions in the public sector to be core-functions in our organization”* ***RPV<sub>9</sub>***.

The results presented in this sub-section has clearly indicated that outsourcing is necessary for enhancing service delivery. The finding shows that it is important to outsource non-core competencies to allow organizations to focus on their core competencies. The results are consistent with previous researchers who concluded that organizations should focus on their core competencies and outsource the non-core competencies to enhance their operational efficiencies see for example [Quinn and Hilmer \(1994\)](#), [Deloitte \(2012\)](#) and [Brown et al. \(2008\)](#). Generally, outsourcing allows specialisation, which leads not only to good performance but also on high quality services as clearly discussed in [Taponen and](#)

**Kauppi (2020)**. This research paper has shown that outsourcing non-core functions in public sector is critical decision because poor performance in outsourced services would usually impair the quality and continuity of the core functions offered. It should therefore be noted that outsourcing in the public sector might follow a formal decision-making process. This means that there should be guidelines capable of helping decision makers in public sectors to understand the problem situation, providing an effective response in decision making to ensure high quality public service delivery.

#### 4.5. Outsourcing to Enhance Service Quality

The survey conducted by **Deloitte (2012)** showed that outsourcing decisions are also motivated by the need for high quality outsourced functions. In a similar argument, this paper also aimed at collecting opinions from managers of public sector organizations regarding outsourcing to enhance service delivery. As noted above, in order to understand and analyze the opinions of respondents regarding outsourcing for enhancing the quality of public sector functions, I constructed two basic questions based on the resource-based theory (RBT) and core competency theory (CT). Based on the RBT, I argued that the public sectors are likely to outsource activities which cannot be performed better using the available resources to enhance the quality of the service, thus, the first question required the respondents to state as to whether outsourced private organizations have the necessary and unique resources and competencies to perform the non-core functions at the required standards. The second question was constructed based on the core competency theory (CCT) which states that organizations should use resources in which they have competencies to perform their business better. The theory further suggests that an activity or a function that is not core competencies of a particular organization, should be considered for outsourcing with best suppliers unless the activity/function is part of a defensive posture to protect competitive advantage” (**Gottschalk & Solli-Sæther, 2005**). Basing on CCT the questions for the interview was “can you please explain if there are any quality improvements from the outsourced functions.”. The responses are summarized in the following matrix

The interviewees were required to provide their conclusive opinions, they were required to agree, slightly agree or disagree. Slightly agree means that they agree but there are some issues to be clarified.

Basically, **Table 4** shows that all (100%) of the respondents either agreed or slightly agreed that private organizations have the necessary and unique resources and competencies to perform the non-public sector’s core functions at the required standard and at relatively high quality. Specifically, **Table 4** shows that 30 (93.8%) of the respondents agreed and 2 (6.2%) slightly agreed that the private companies have the necessary resources and competencies to perform the non-core functions of the public sector organizations. Furthermore, the table shows that 28 (87.5%) agreed and 4 (12.5%) slightly agreed that there are quality



**Table 4.** Outsourcing for enhanced service delivery.

Qn. No.	Interview Questions	Opinion Strength on agreeing		
		Agreed	Slightly agree	Disagreed
1	Outsourced private organizations have the necessary and unique resources and competencies to perform the public sector's non-core functions at the required standard	30 (93.8%)	2 (6.2%)	0
2	There are quality improvements of the outsourced functions	28 (87.5%)	4 (12.5%)	0

improvements in the outsourced functions. On the other hand, no respondent disagreed with the two questions. This implies RBT and CCT can be used to confidently explain that because the public sectors have little competencies to perform their non-core functions, then outsourcing becomes their best option when they need high quality performance.

## 5. Conclusion

The main objective of this paper was to qualitatively analyze the opinions of managers in both public and private sectors regarding the benefits of outsourcing non-core functions. Semi-structured interviews were used to collect the evidence across four (4) public sectors; the Education sector (5 Higher learning institutions), the Health sector (3—Hospitals/dispensaries), the Electricity sector (2—Institutions) and Insurance (2—Institutions), and two private sectors; Security guide sector (3—Companies, and Office Cleaning sector (3—Companies) a total of 47 respondents were interviewed to collect their opinion regarding outsourcing of non-core functions to reduce cost; to focus on core competencies; and to enhance the quality of service delivery in public sectors.

Generally, the opinions from managers in both public and private sectors have shown that outsourcing decision acts as a strategic decision for complementing knowledge and skill gaps in public service delivery. The messages that emerged from the opinions have indicated that outsourcing enables the public sector to focus on their respective core competencies in order help them to performed better in their area of specialization. Moreover, outsourcing is a means of recognizing that different organizations have different competencies so that to complement one another, it is a difficult for an organization to have all the necessary knowledge and skills required to smoothly run their businesses. This means every organization in one way or another should require competencies and skills from another organization. In this context, the private sectors are an important source of competencies for the non-core functions in the public sector. As noted in the interview, when the public sectors' non-core competency functions are performed by private companies, would enable the public sector to reduce costs, enhance service delivery and performance. Similarly, as recommended by Wu *et al.* (2015: p. 469), this paper recommends that “the government should improve the level of its own professional knowledge and management skills” through outsourcing.

Theoretically, this study indicated that when the public sectors suffers from deficiencies of knowledge, skills and competencies in any function, they can outsource the same from other outside suppliers (mostly private sectors) which have the necessary knowledge, skills and competencies, this would help the public sectors to remain focused to their core functions while allowing the non-core functions to be performed by competent third parties. This would enable the public sector to avoid unnecessary costs and poor performances associated with their non-core functions while letting the private sector also benefit from outsourcing!

From a managerial perspective, this study helps public decision makers to consider core competencies in allocating human resources to various functions. To obtain an expected result, decision makers in both public and private sector should consider outsourcing to all functions for they do not have the necessary competencies to save costs and to enhance performance and business continuity. Indeed, Wu et al. (2015: p. 465) concluded that the current public sector is characterized by changing innovation and fashions such that outsourcing of public service “has shown its multiple values and has been popular with the local government”.

Moreover, this study has shown that a single theory would hardly explain the motives for outsourcing. This conclusion is important for researchers to rethink and consider hybrid theories in explaining a particular phenomenon (Mabonesho, 2013). So far, this paper has added literature in the area of outsourcing.

This study had some limitations, the data collected was mainly based in Dar Es Salaam, and the sample was purposefully collected, which would limit the generalization of the findings. Moreover, few organizations were consulted and the opinions from the respondents were collected from a small sample, this means that the opinions may not necessarily be objective hence the results can be largely subjective.

This paper ends by recommending that future researchers can think of expanding this research and analyze outsourcing in public sector from a risk-based analysis perspectives angle and other perspectives.

## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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