



**CONTRIBUTION OF OUTSOURCING SERVICES ON LOCAL GOVERNMENT PERFORMANCE
IN TANZANIA: A CASE OF IRINGA MUNICIPAL COUNCIL**

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Abstract

The purpose of this study was to assess the effectiveness of outsourcing goods/services on local government performance in Tanzania, a case of Iringa Municipal Council. Specifically, the study wanted to determine the effectiveness of IT outsourcing services, legal outsourcing services, training outsourcing services and security outsourcing services on local government performance in Iringa Municipal Council. With the aid of quantitative research approach together with the use of descriptive research design, a researcher was able to conclude the findings. From the targeted population of 235 employees, a sample size of 70 employees were drawn using simple random sampling. Information gathered from the respondents were analyzed using both descriptive statistics and regression analysis. The findings showed that the majority of the respondents agreed to the variables being used or effective in their institutions. The study found out that IT outsource services, Legal Outsource Services and Security Outsource Services were significant predictors of local government performance whereas it has an impact of 92.7%. By considering the findings of the study, it is recommended that since there is a significant relationship between outsourcing services and local government performance, the management of local government needs to ensure that the legal outsourcing effects are considered in necessary basis since they contribute to local government performance.

Keywords: *Outsourcing, Outsourcing practice, Effective outsourcing, IT outsourcing service, Local government performance.*

1.Introduction

Outsourcing has become one of the most broadly adopted strategies of this globalization era (Cocks, 2016). Due to this Business Process Outsourcing (BPO) has emerged to be a critical method/system used to deliver high quality services to customers in the service industry hence increasing organization performance (Revi et al., 2017). Firms have continued getting tougher competition from other industry players, (Geward, 2017). To maintain their competitive capabilities, the firms have been looking for ways to re-engineer their internal processes in order to improve their service levels. This has led to an increasing trend for firms to outsource some of their operations to other services providers to improve their business performance. Hence, many firms are now considering service outsourcing as a strategy to reinforce their core competencies and improve their performance (Quinnand Hilmer, 2019). To improve organization performance, firms outsource others which have state of the art skills that are not currently available in the

organization. They are therefore able to improve critical areas of the business which leads to improved organizational performance. Also, when non-critical business functions are outsourced, the firm can focus on its core business which improves organization performance (Smith & McKeen, 2020). Outsourcing practice is a process of obtaining goods and services by contract from an outside supplier (Nag, 2017). It is a management strategy by which an organization delegate's major non-core functions to the specialized and efficient service provider, thereby saving time and money with the aim of increasing organization performance (Stroh and Treehuboff, 2017). It can also be termed as a contractual agreement between customers and one or more suppliers to provide services or processes that the customer is providing in-house (Fan, 2019). It is an arrangement in which one company provides services to another company that could be or usually have been provided in-house (Nag, 2017). So, it is the transfer of business units/ functions to external service providers (Dibbern et al., 2018) whereby authority is delegated to another party for the provision of services under a business contract that incorporates service level agreements related to cost, quality and timely delivery of product and service. Outsourcing practices in Tanzania local governments are subcontracting processes, such as product design or manufacturing, to a third-party company (Guislain, 2016). The transfer of a business function to an external service provider (Garajová, 2018). Outsourcing is the transfer of the provision of services previously performed by in-house personnel to an external organization, usually under a contract with agreed standards, costs, and conditions (Eversen, 2018). Areas traditionally outsourcing include legal services, transport, catering, and security. An increasing variety of activities, including IT services, training, and public relations are now being outsourced (Eversen, 2018). Local governments are embracing the technique of outsourcing as a way of increasing performance (Elmuti, 2019). Outsourcing has been implemented by Iringa Municipal Council with the purpose to reduce cost. However, today the focus is to improve productivity, flexibility, speed, skills, innovation and access to new technologies (Elmuti, 2019). Despite all initiatives, outsourcing does generate some problems. The first challenge faced by local governments is that outsourcing generally decreases local governments control over how some services or activities are performed by service providers which in result may raise the organization's debt disclosure hence lowering its performances (Quinn and Hilmer, 2019). Another big problem with outsourcing comes from the workers themselves as they fear loss of jobs (Mpambara, 2020). Thus, this study intends to assess the effectiveness of outsourcing goods/services on local government performance, a case of Iringa Municipal Council.

2. Literature Reviews

2.1 Theoretical Framework

Resource Based View (RBV) Theory

Resource-based theory has evolved in recent years to provide a way to understand how strategic resources and capabilities allow firms to enjoy excellent performance (Barney, 2017). Outsourcing can be explained from the dimension of relationship between service receiver and service provider. The resource-based view (RBV) analyses other aspects, considering internal strengths and weaknesses. A firm's resource perspective generates the core competencies and competitive advantage for specific business activity, RBV defines resources as tangible and intangible assets within the firm. According to Barney, (2017) the resource-based view is based on the concept of productive resources. In view of RBV theory of the firm, outsourcing is taken as a strategic decision which can be used to fill gaps in the firm's resources and capabilities (Grover et al., 2018). Normally firms establish their specific resources which they keep on reviewing to respond to shifts in the changing business environment. Hence, firms must come up with dynamic capabilities which are adaptable to the environmental changes (Pettus, 2017).

Capability is the key role of strategic management to ably adapt, integrate and reconfigure internal and external organizational skills, resources and functional capabilities to match the requirements of a changing environment. Combined capability, skills and right resources are necessary ingredients used by service providers to make quality products.

2.1.2 Core Competency Theory

Simchi-Levi, et al., (2016), defined core competency as the collective learning in the organization on how to coordinate diverse production skills and integrate multiple streams of technologies. This theory suggests that firm activities should either be performed in house or by external service providers. It is based on making or buying decisions. Non-core activities such as IT services, legal services and employees' training should be considered for outsourcing to the best suited service providers who are experts in that field. However, some non-core activities which have a big impact on competitive advantage should be retained in house. Core competencies refer to the collective knowledge of the production system concerned knowledge of procedures and how to best integrate and optimize them. The process of outsourcing non-core competencies continues to gain importance as it transfers responsibilities such as maintenance and transport functions, in the hands of suppliers most capable of performing them most successfully (Chandra & Kumar, 2018). Vendors' competence is an important factor that influences the success of an outsourcing arrangement (Levina & Ross, 2019). Core competency theory relates more to this study as the subject of outsourcing non-core activities. This theory suggests that non-core activities such as IT services, legal services and employees' training should be considered for outsourcing to the best suited service providers who are experts in that field. Thus, the theory adopts variables like IT services' outsourcing, legal services' outsourcing and employees' training outsourcing.

2.2 Empirical Review

2.2.1 The Effectiveness of IT outsourcing services on Local Government Performance

Campbell (2018) studied Outsourcing in IT Maintenance Management in Private Organizations in Nigeria. A case study was employed and questionnaires were used to collect the information from 63 employees. Data analysis was done quantitatively through descriptive analysis. The study found that 42 per cent of communication firms, 40 percent of computer manufacturers, and 37 per cent of semiconductor companies rely on global outsourcing. The reason for the high number of communications that are outsourced is partly due to the lack of communication professionals in IT services. Most companies cannot afford to hire a communication professional in IT services full time prompting outsourcing. Payroll, inventory, communication systems, computer maintenance, IT development, and database functions are some of the many areas that can be outsourced to increase performance of the organization.

2.2.2 The Effectiveness of legal outsourcing services on Local Government Performance

Ten-Raa and Wolff (2019) studied on "Outsourcing of Legal Services and the Productivity Recovery in US Manufacturing". Cross-sectional study was employed and data was collected from 150 employees. Descriptive and correlation analysis were used to analyses data that was collected using questionnaires. The study found that legal services have a significant effect on the decision to outsource since regulatory bodies make it their concerns that work should be done for those with the necessary skills. Contract conditions can also make it difficult for firms with outsourcing since some may specifically require that sourcing from external parties or otherwise is not allowed. The initial evaluation now allows for the detailed evaluation for the outsourcing decision to be made. This then calls for an internal and an external appraisal as well as an analysis of the result. The analysis of the result helps the firm to know whether to outsource

considering variables such as the cost per transaction and the firm's ability to perform the function.

2.2.3 Effectiveness of training outsourcing services on Local Government Performance

Perry (2017) conducted a study on "Employees Training Outsourcing and Manpower. A Study from Nairobi Firms; Kenya". The study employed a cross-sectional design and primary data was collected from 75 employees. Data analysis was done qualitatively and quantitatively through content and descriptive analysis. The study found that the cost reductions due to differences in labor costs lead to outsourcing and positive changes in labor input, and output is altered by profits and productivity growth. Employee training outsourcing not only results in a shift of labor but also worsen the productivity differential between outsourcing contract granting firms and outsourcing contract receiving firms. Contracting out allows the firm to rely on management teams in other organizations to oversee tasks in which it is at a relative disadvantage, and to increase managerial

Attention and resource allocation to those tasks that it does best.

2.2.4 The Effectiveness of security outsourcing services on Local Government Performance

Valeta and Robert (2020) conducted a study on "Impact of outsourcing non-consultancy services in local government authorities in Ghana". A case study was employed and questionnaires were used to collect the information from 50 employees. Data analysis was done quantitatively through descriptive analysis. The study found that the main argument for outsourcing non-consultancy services such as security and infrastructure is because of greater efficiency and better quality of services, cost savings, reduction of government monopoly in service provision and increasing business opportunities for the private sector flexibility of public institutions in delivering services to citizens, ability of public institution to concentrate on its main activities, and solution of staff problem due to "greying of the workforce."

3.0 Research Methodology

This study was conducted in Iringa Municipal Council. Iringa Municipal Council was chosen to know contribution of outsourcing services on local government performance. Outsourcing represents a significant shift in the way local governments manage and delegates their business support activities (Lutta, 2020). Iringa Municipal Council, just like any other public institution has outsourced its non-core function for the aim of improving quality of the services offered and cost savings. This demand carrying out this practical study grounded on each construct to know its effectiveness is important for policy review. However, outsourcing practices which have been adopted by leading local governments and have impacted on the growing local government in Tanzania have not been well documented and organized. The philosophical foundation for the study was based on the positivism paradigm, which builds a highly structured methodology to allow generalization and quantifiable observations and evaluate outcomes with the aid of statistical techniques (Creswell, 2014). This study employed quantitative approach. This method was used in this research as its objectives is to firm up and modify knowledge first gained in a fundamentally quantitative way which is consistent with the research objectives (Bryman, 2017). A descriptive research design was seeking to obtain information that describes existing phenomena by asking individuals about their perceptions, attitude, behavior or values on the effectiveness of outsourcing practices in local government performance. The target population is the entire aggregation of respondents that meet the designated set of criteria (Kolen and Brennan,

2014). The target population in this study constituted all 235 staffs from Iringa Municipal Council. The sample size was 70 as determined through Kothari, (2014) formula. The questionnaire is a basic data collection tool that comprises of questions drafted by a researcher and filled by respondents to accrue research data. Data were analyzed using descriptive and regression analysis using ordinary least square estimator was used to analyses causal relationship between variables.

4.0 Results and Discussions

4.1 Results

4.1.1 The effect of IT Outsourcing Services on local government performance

Table4.1.2: Effect of IT Outsourcing services on local government performance

Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
My office has been outsourcing computer maintenance expertise to increase its performance	3	4.3	9	12.9	20	28.6	18	25.7	20	28.6
There has been database management outsourcing in the office to increase performance	0	0.0	7	10.0	21	30.0	27	38.6	15	21.4
Outsourcing expertise on IT development ensure local government performance in my organization	2	2.9	2	2.9	23	32.9	20	28.6	23	32.9
IT outsource services in my office improves information sharing within an organization	3	4.3	4	5.7	10	14.3	25	35.7	28	40.0
IT outsource services in my office improves efficiency of the system within an organization	3	4.3	4	5.7	19	27.1	15	21.4	29	41.4
Agree = 62.9 Neutral = 26.6 Disagree = 10.6										

Source: Field data (2022)

The findings above show that out of 70 respondents, first statement .3 (4.3%) or the respondents strongly disagreed, 9 (12.9%) disagreed, 20 (28.6%) were neutral, 18 (25.7%) agreed and 20 (28.6%) strongly agreed. This implies that at Iringa Municipal Council there is outsourcing computer maintenance expertise to increase organization performance. Statement. 2, 7 (10%) of the respondents disagree, 21 (30%) were neutral (27 (38.6%) agree and 15 (21.4%) strongly agree. This shows at Iringa Municipal Council there is database management outsourcing in the office to increase performance Statement 3. 2 (2.9%) said they strongly disagreed, (2 (2.9%) disagreed, 23 (32.9%) were neutral, 20 (28.6) agreed and 23 (32.9%) strongly agreed. Majority of the respondents agreed that Outsourcing expertise on IT development ensures local government performance in Iringa Municipal Council. Statement 4. 3 (4.3%) strongly disagreed, 4 (5.7%)

disagreed, 10 (14.3%) were neutral, 25 (35.7%) agreed while 28 (40%) strongly agreed. majority of the respondent agree that IT outsource services in the office improves information sharing within Iringa Municipal Council. Statement 5. 3 (4.3%) strongly disagreed, 4 (5.7%) disagreed, 19 (27.4%) were neutral, 15 (41.4%) agreed and 29 (42.4%) strongly agreed. Employees at Iringa municipal council agreed that IT outsourcing services in their office improves efficiency of the system within an organization. Results from the study show that most of the respondents (62.9%) agree that IT outsourcing services have a positive effect on local government performance in Iringa municipal council. Specifically, most of the respondents said it increases information sharing (40%) and also improves efficiency at work (41.4%) and (26.6%) where Neutral and (10.6%) disagree. Further IT outsourcing services had the lowest standard deviation which meant that it had the most significance.

4.1.7 The effectiveness of legal outsourcing services on local government performance

Table 4.1.8: Effectiveness of legal outsourcing on local government performance

Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
Legal outsource services in my organization helps to follow contract conditions effectively	3	4.3	5	7.1	12	17.1	28	40.0	22	31.4
Legal outsource services in my organization helps to undergo statute issues effectively	2	2.9	4	5.7	23	32.9	22	31.4	19	27.1
Legal outsource services in my organization helps to undergo with regulatory body effectively	1	1.4	1	1.4	20	28.6	27	38.6	21	30.0
Legal outsource services assures the existence contracts between the organization and suppliers	1	1.4	3	4.3	17	24.3	21	30.0	28	40.0
Legal outsource services gives full access and right of use in my organization	1	1.4	4	5.7	15	21.4	21	30.0	29	41.4
Agree = 68.0 Neutral = 24.8 Disagree = 7.2										

Source: Field data (2022)

Table above shows that out of 70 respondents, Statement 1. 3 (4.3%) strongly disagreed, 5(7.1%) disagreed, 12 (17.1%) were neutral, 28 (40%) agreed and 22 (31.4%) strongly agreed. This implies that most of the respondents agreed that Legal outsource services in Iringa Municipal Council helps to follow contract conditions effectively. Statement 2. 2 (2.9%) strongly disagree, 4 (5.7%) disagree, 23 (32.9%) were neutral, and majority of respondents 22 (31.4%) agree and 19 (27.1%) strongly agree that Legal outsource services in Iringa Municipal Council helps to undergo statute issues effectively. Statement 3.1 (1.4%) they disagree, 1 (1.4%) they disagree, 20 (26.6%) were neutral, 27 (38.6%) they agree and 21 (30%) they strongly agree. This shows that

most respondents agreed with the statement that Legal outsource services in the Iringa Municipal Council helps to deal with regulatory bodies effectively. Statement 4.1 (1.4%) they strongly disagree, 3(4.3%) they disagree, 17 (24.3%) they are neutral, 21 (30.0%) they agree and 28 (40.0%) they strongly agree. This implies that most of the respondents in Iringa Municipal council agreed that Legal outsource services assure the existence of contracts between the organization and suppliers. Statement 5. 1 (1.4%) they strongly disagree, 4 (5.7%) they disagree, 15 (21.4%) they were neutral, 21 (30%) they agree and 29 (41.4%) they strongly agree. Majority of respondents in Iringa Municipal council agree that Legal outsource services gives full access and right of use. Results from the study showed that most of the respondents in Iringa Municipal Council (68%) agree with the effectiveness of outsourcing services on local government performance in Iringa municipal council. However, majority respondents said that legal outsourcing services assure the existence of contracts between the organization and suppliers (40%) and give full access and right of use (41.4%) and (24.8%) where neutral while the rest (7.2%) disagree. This concludes that legal outsourcing services are effective in Iringa Municipal council.

4.1.10 The effectiveness of Training outsourcing services on local government performance.

Table 4.1.11: Effectiveness of Training Outsourcing on local government performance

Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
Training outsources services help to improves your competence in performing organization activities	0	0.0	3	4.3	11	15.7	29	41.4	27	38.6
Training outsources services help to makes you specialized in performing organization activities	1	1.4	3	4.3	21	30.0	22	31.4	23	32.9
Training outsource services improves the use of materials and equipment in performing organization activities	3	4.3	3	4.3	13	18.6	22	31.4	29	41.4
Training outsource services improves your efficiency of service in performing organization activities	0	0.0	5	7.1	19	27.1	23	32.9	23	32.9
Training outsource services leads self-development performing organization activities	0	0.0	4	5.7	17	24.3	21	30.0	28	40.0
Agree = 68.0 Neutral = 24.8 Disagree = 7.2										

Source: Field data (2022)

Table above shows that out of 70 respondents, Statement 1. 3 (4.3%) they disagree, 11 (15.7%) they were neutral, 29 (41.4%) they agree and 27 (38.6%) they strongly agree. Number of

respondents agree with this statement; this indicates that Training outsource services help to improve competence in performing organization activities in Iringa Municipal council.

Statement 2. 1 (1.4%) of the respondents strongly disagreed, 3 (4.3%) they disagreed, 21 (30%) were neutral, 22 (31.4%) agreed and 23 (32.9%) they strongly agreed that Training outsource services help to make them specialized in performing organization activities. This implies that Training outsources services help to make it specialized in performing activities in Iringa Municipal Council. Statement 3. 3 (4.3%) they disagree, 13 (18.6%) they were neutral, 22 (31.4%) they agreed and 29 (41.4%) they strongly agree that Training outsource services in Iringa Municipal Council. improves the use of materials and equipment in performing organization activities. This implies the majority agreed that Training outsource services improves the use of materials and equipment in performing organization activities in Iringa Municipal Council. Statement 4. 5 (7.1%) they disagree, 19 (27.1%) they were neutral, 23 (32.9%) they agree and 23 (32.9%) they strongly agree that Training outsource services improves efficiency of service in performing organization activities in Iringa Municipal Council. This implies Training outsource services improves efficiency of service in performing organization activities in Iringa Municipal council. Statement 5. 4 (5.7%) they disagree, 17 (24.3%) they were neutral, 21 (30%) they agreed and 28 (40%) strongly agreed that Training outsource services leads to self-development performing organization activities in Iringa Municipal council. This impels that Training outsource services leads to self-development in performing organization activities in Iringa Municipal council. The results showed that most of the respondents agreed (68%) that training outsourcing services have a positive effect on local government in Iringa municipal Council. However majority respondents specifically said that it improves use of materials and equipment (41.4%) and leads to self-development (40%) and Neutral where (24.8%) and fewer disagree by (7.2%). Therefore, this implies that the majority did agree that training outsourcing services have a positive effect on local government in Iringa municipal Council.

4.1.10 The effectiveness of Security Outsourcing Services on local government performance

Table 4.1.11: Effectiveness of security outsourcing services on local government performance.

Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
Security outsource services ensures safety in performing organization activities	2	2.9	7	10.0	14	20.0	22	31.4	25	35.7
Security outsource services ensures peace in performing organization activities	2	2.9	3	4.3	21	30.0	19	27.1	25	35.7
Security outsource services ensures protection of employees in performing organization activities	0	0.0	2	2.9	15	21.4	29	41.4	24	34.3
Security outsource services ensures trust in performing organization activities	1	1.4	2	2.9	11	15.7	34	48.6	22	31.4
Security outsource services ensures assurance in performing organization activities	0	0.0	2	2.9	10	14.3	30	42.9	28	40.0
Agree = 73.7										

Neutral = 20.3										
Disagree = 6.04										

Source: Field data (2022)

Statement 1. 2 (2.9%) strongly disagree, 7 (10%) they disagree, 14 (20%) they are neutral, 22 (31.4%) agree and 25 (35.7%) strongly agree that Security outsource services ensure safety in performing organization activities in Iringa Municipal Council. This implies that the majority agree that Security outsource services ensures safety in performing organization activities in Iringa Municipal Council. Statement 2. 2 (2.9%) strongly disagreed, 3 (4.3%) disagreed, 21 (30%) were neutral, 19 (27.1%) agreed and 25 (35.7%) strongly agreed that Security outsource services ensures peace in performing organization activities in Iringa Municipal Council. Majority agree that Security outsource services ensure peace in performing organization activities in Iringa Municipal Council. Statement 3. 2 (2.9%) disagreed, 15 (21.4%) were neutral, 29 (41.4%) agreed and 24 (34.3%) strongly agreed that Security outsource services ensures protection of employees in performing organization activities in Iringa Municipal Council. Majority of respondents agreed that Security outsource services ensures protection of employees in performing organization activities in Iringa Municipal Council. Statement 4. 1 (1.4%) strongly disagreed, 2 (2.9%) disagreed, 11 (15.7%) were neutral, 34 (48.6%) agreed and 22 (31.4%) strongly agreed that Security outsource services ensure trust in performing organization activities in Iringa Municipal Council. This implies that respondents in Iringa Municipal Council agree that Security outsource services ensures trust in performing organization activities. Statement 5. 2 (2.9%) they disagree, 10 (14.3%) they were neutral, 30 (42.9%) they agreed and 28 (40%) they strongly agreed that Security outsource services ensures assurance in performing organization activities in Iringa Municipal Council. Majority at Iringa Municipal Council agree Security outsource services ensures assurance in performing organization activities. Results showed that most of the respondents (73.7%) agreed with the effectiveness of security outsourcing services on local government performance in Iringa municipal council. However, the majority said it ensures assurance (40%) and that it ensures safety (35.7%) and ensures peace (35.7%), Neutral where (20.3%) and few disagree (6.4%).

4.1.10 Increase of Local government performance

Table 4.1.11: Local government performance

Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
In this institution the practice of outsourcing services increases productivity of the organization	2	2.9	2	2.9	19	27.1	26	37.1	21	30.0
The practice of outsourcing services improves efficiency in performing organization objectives	0	0.0	2	2.9	11	15.7	30	42.9	27	38.6
In this institution the practice of outsourcing services improves service quality of the organization	0	0.0	3	4.3	18	25.7	25	35.7	24	34.3
The practice of outsourcing services improves competence of employees in performing	0	0.0	4	5.7	13	18.6	26	38.6	27	38.6

organisation objectives										
In this institution the practice of outsourcing services increases number of customers served	0	0.0	1	1.4	16	22.9	24	34.3	29	41.4
Agree = 74.3 Neutral = 22.0 Disagree = 4.02										

Source: Field data (2022)

Statement 1. 2 (2.9%) strongly disagree, 2 (2.9%) disagree, 19 (27.1%) are neutral, 26 (37.1%) they agree and 21 (30%) strongly agree that in the Iringa Municipal Council the practice of outsourcing services increases productivity. This implies that the practice of outsourcing services increases productivity of the organization. Most employees in Iringa Municipal Council agreed.

Statement 2. 2 (2.9%) of the respondents disagreed, 11 (15.7%) were neutral, 30 (42.9%) agreed while 27 (38.6%) strongly agreed that the practice of outsourcing services improves efficiency in performing organization objectives in Iringa Municipal Council. Majority of respondents agree that the practice of outsourcing services improves efficiency in performing organization objectives. Statement 3. 3 (4.3%) they disagree, 18 (25.7%) they were neutral, 25 (35.7%) they agree and 24 (34.3%) they strongly agree that in Iringa Municipal council the practice of outsourcing services improves service quality of the organization. This implies that in Iringa Municipal council the practice of outsourcing services improves service quality of the organization. Statement 4. 4 (5.7%) they disagree, 13 (18.6%) they were neutral, 26 (37.1%) they agree and 27 (38.6%) they strongly agree that the practice of outsourcing services improves competence of employees in performing organization objectives in Iringa Municipal Council. This shows that the majority agree that the practice of outsourcing services improves competence of employees in performing organization objectives in Iringa Municipal Council. Statement 5. 1 (1.4%) they disagree, 16 (22.9%) were neutral, 24 (34.3%) they agree and 29 (41.4%) they strongly agree that in Iringa Municipal council the practice of outsourcing services increases the number of customers served. The majority in Iringa Municipal council agreed that in this institution the practice of outsourcing services increases the number of customers served. Results showed that majority of the respondents agree that effectiveness of outsourcing of goods/service led to Increase of Local government performance by (74.3%) agree where (22.0%) Neutral and few Disagree by (4.02%) so majority of respondents agree to the fact that outsourcing of goods/service led to Increase of Local government performance in Iringa Municipal Council.

4.2: Normal Regression Analysis

Table4.2.1: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.614 ^a	.377	.339	2.56454
a. Predictors: (Constant), Security Outsource Services, IT Outsource Services, Legal Outsource Services, Training Outsource Services				

Source: Research findings, (2022)

Table 4.2.1 indicates that the coefficient of determination which is adjusted R square of 0.640 indicates that 64% of poor staff record management is determined by lack of training, lack of motivation and poor working facilities. Also, it indicates, R coefficient is 0.750 meaning that there is a correlation of 75% between the independent variable (lack of training, lack of

motivation and poor working facilities) and dependent variable (poor staff record management). This shows that the independent variables (lack of training, lack of motivation and poor working facilities) are significant predictors of the dependent variable (poor staff record management) at Ilala Municipal Council.

Table 4.2.2: Analysis of Variance – ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	35.203	3	4.968	71.330	.000 ^a
Residual	18.872	72	.070		
Total	54.075	75			

Source: Research findings, (2022)

The table above shows that $R = 0.614$. The value is higher than 0 meaning that there is a stronger relationship between the observed and the model predicted value of the dependent value. In these results, the model explains 37.7% (0.377) of the variation in the response. For the R^2 value indicated the model provides an adequate fit to the data. ANOVA was tested in this study. This was used for examining the differences in the mean values of the dependent variables associated with the effect of the controlled independent variables, after considering the influence of the uncontrolled independent variables

Table 4.2.3: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.371	0.218		1.323	.001
	IT Outsource Services	.183	.103	.234	1.771	.001
	Legal Outsource Services	.132	.128	.149	1.035	.003
	Training Outsource Services	.210	.148	.228	1.421	.005
	Security Outsource Services	.031	.106	.139	1.238	.220

a. Dependent Variable: Local Government Performance

Source: Research findings, (2022)

Local Government Performance = 7.371 (intercept) + 0.183 (IT outsource) + 0.132 (legal outsource) + 0.210 (training outsource) + 0.131 (security outsource) = 92.7%.

Therefore, Outsourcing goods/services affects local government performance by 92.7%. This shows that the level of effectiveness is high. Apart from the variables analyzed in this study, the rest of the variables affect local government performance by 7.3%. Table above also shows that local government performance (Constant) had the coefficient value of 0.371. In and a P-value of 0.000 and is significant at 1% level.

4.3 Discussion

Effectiveness of IT outsourcing services on local government performance

IT outsourcing services did not have statistical significance in the study thus cannot be used to recommend performance of local government. However, it was not significant with the regression results, most research done in IT outsourcing report that most companies cannot afford to hire a communication professional in IT services full time prompting outsourcing. Payroll, inventory, communication systems, computer maintenance, IT development, and database functions are some of the many areas that can be outsourced to increase performance of the organization.

Effectiveness of legal outsourcing services on local government performance

The study found that legal services have a significant effect on the decision to outsource since regulatory bodies make it their concerns that work should be done for those with the necessary skills. This was the most significant variable in the study. Thus, the study recommends that local governments should concentrate on legal outsourcing other than other variables that did not prove high significance in the data. Contract conditions can also make it difficult for firms with outsourcing since some may specifically require that sourcing from external parties or otherwise is not allowed. The initial evaluation now allows for the detailed evaluation for the outsourcing decision to be made. This then calls for an internal and an external appraisal as well as an analysis of the result. The analysis of the result helps the firm to know whether to outsource considering variables such as the cost per transaction and the firm's ability to perform the function. The study found that legal or regulatory requirement is one among factors that influences outsourcing decisions. This influence can be seen through: contract conditions: These conditions imposed by insurers or conditions related to security or privacy may restrict the use of external suppliers. Statute: Some public organizations, for example, are restricted by law from contractors (for security reasons). The restricted areas are reducing and governments are increasingly operating Compulsory Competitive Tendering (CCT) policies, thus requiring public sector providers to face competition from the commercial sector. Regulatory Body: Professional bodies require work to be undertaken by people with approved level of qualification and supervision

The effectiveness of training outsourcing services on local government performance

Training outsourcing was less significant in the study. Employee training outsourcing not only results in a shift of labor but also worsen the productivity differential between outsourcing contract granting firms and outsourcing contract receiving firms. Contracting out allows the firm to rely on management teams in other organizations to oversee tasks in which it is at a relative disadvantage, and to increase managerial attention and resource allocation to those tasks that it does best. On the application side, employee training outsourcing can reduce the commitment to fixed-cost, full-time human resource expenses and other overhead costs through contracts that provide development skills on an as-needed basis. Consequently, employee training outsourcing improves employee's efficiency. The outsourcing contract-granting firms assess the productivity of in-house service functions and only undertake outsource actions if outside producers can provide better comparable services. Thus, there is a need for research to be done specifically under this topic.

Effectiveness of security outsourcing services on local government performance

Security outsourcing was less significant in the study. Outsourcing security is because of greater efficiency and better quality of services, cost savings, reduction of government monopoly in

service provision and increasing business opportunities for the private sector flexibility of public institutions in delivering services to citizens, ability of public institution to concentrate on its main activities, and solution of staff problem due to “greying of the workforce. The study found out that effective security outsourced services are not a very crucial aspect in local government performance. However, it ensures that safety, protection, peace and all standards are met in accordance with the agreed contract, and the researcher cannot use these results to recommend security outsourcing.

5.0 Conclusion and Implications

The researcher continues to argue in favor of outsourcing to improve local government performance. However, there remains a lack of empirical evidence demonstrating that outsourcing led to government savings in the scholarship on outsourcing. Though the results of the study prohibit large effects, most of the empirical research did not consider whether detected cost savings in particular services were translated to the local government. In this light, this paper sought to assess whether outsourcing in local government led to increase in local government performance. The findings consistently accept the null hypothesis, indicating that outsourcing was associated with an increase in local government performance; in fact, outsourcing valuables resulted in increased local government performance. This was seen in the correlation and regression analysis. Particularly IT outsourced services, Legal Outsource Services and Security Outsource were more significant than the other variables. Despite the strengths of the findings, there are limitations of analysis that offer opportunities for further research. The study design does not allow to precisely identify the mechanisms explaining the positive relationship between outsourcing and local government performance. Unfortunately, due to less reliable indicators it was not possible to disentangle those precise mechanisms on this occasion. Further quantitative research may help, therefore, to shed light on whether transaction costs, fiscal illusion, common pool problems, pressures from interest groups, or the existence of negative externalities matter most when explaining findings. The conclusion is that the study has made contributions to literature.

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