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Original Article

### Effects of Outsourcing Support Services on Organizational Performance: The case of Iringa Urban Water Supply and Sanitation Authority (IRUWASA), Tanzania

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*Outsourcing Services, Organization Performance, Cleaning Outsourcing services, Garbage Collections outsourcing services, Stationary Outsourcing services*

The purpose of the study was to assess the effects of outsourcing services on organisation performance at Iringa Urban Water Supply and Sanitation Authority (IRUWASA). Specifically, the study was guided by the following objectives: to assess the effect of outsourcing cleaning services on organisational performance, to investigate the effect of outsourced garbage collection services on organisational performance and to assess the effect of outsourced stationery outsourcing services on organisational performance at IRUWASA. The study adopted a cross-sectional research design, where data were collected at one point in time. The targeted population of this study were all employees (48) from IRUWASA. Descriptive statistics and regression analysis were used to analyse data. Major findings from the study showed that cleaning, garbage collection and stationery outsourced services positively impacted IRUWASA performance. The results also revealed that outsourcing resulted in cost savings in all three aspects of cleaning, garbage collection and stationery outsourcing of about Tsh. 12,309,000 (56.89%); 19,520,000 (55%) and 12,309,000 (36.73%) respectively. Results from correlation and multiple linear regression showed the adjusted R<sup>2</sup> equals 0.640, implying that the model explains about 64% variations in organisation performance, while all the independent variables were found statistically and positively significant, influencing the dependent variable. The study concludes that outsourcing services improve organisational performance. The study recommends that the government and other institutions discern the potential benefits of outsourcing services in terms of cost-effectiveness, resource allocation, and the optimisation of core functions.

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## INTRODUCTION

Outsourcing of services is a type of privatisation that involves transferring some of an organisation's functions, traditionally performed internally, to a third party (Ansoff, 2015). It is an arrangement in which a company contracts another to offer services that may also be provided internally. As a business strategy, outsourcing has been practised globally for long. Its roots lie in the industrial revolution. Many companies, which had taken advantage of economies of scale and were already diversifying, found themselves in need of multiple management layers. This led to bloated management structures, diluting their ability to be flexible and creative. Due to this, companies, in a bid to be competitive on the global stage, had to develop a new strategy that focused more on core business while outsourcing non-core functions (Overby, 2017). This marked the first stage in the evolution of outsourcing as a business strategy.

Outsourcing was moreover fuelled by the industrial revolution, which served as the crucible for the emergence of outsourcing as a strategic approach. Companies grappling with the complexities of growth and diversification recognised the need to streamline operations and refocus on core competencies. As such, the initial phase of outsourcing aimed to regain flexibility and innovation by offloading non-core functions (Overby, 2017).

In the 1990s, outsourcing continued to gain popularity, driven by a relentless pursuit of cost savings. Companies broadened the range of services they could outsource, encompassing functions like cleaning, accounting, human

resources, data processing, and security (Handfield et al., 2018). Simultaneously, the global landscape witnessed a surge in emerging service providers, including overseas contractors that operated on a global scale. For instance, the US service industry outsourced call centre and technical support services to the Philippines, capitalising on a workforce with proficient American English skills. Many firms in developed countries also tapped into Russia for mathematics and analytical skills, enhancing their economic competitiveness (Handfield et al., 2018).

The effect of outsourcing on organisation performance extends beyond mere cost containment. Outsourcing services empower organisations to harness cutting-edge capabilities and resources that are often unavailable internally (Nag, 2017). The shift from non-core to core activities can drive growth, innovation, and operational excellence.

Outsourcing, a practice deeply rooted in history, is defined as the strategic process of contracting goods and services from external suppliers (Nag, 2017). This management strategy involves the delegation of significant non-core functions to specialised and efficient service providers, ultimately saving valuable time and resources to enhance organisational performance (Stroh & Treehuboff, 2017). Often described as a contractual agreement, outsourcing establishes a partnership between a customer and one or more suppliers, where the services or processes that were traditionally handled in-house are now transferred to external experts (Fan, 2019). In this arrangement, one company provides essential

services to another, streamlining operations and improving efficiency (Nag, 2017).

The evolution of outsourcing represents the transfer of business units and functions to external service providers, granting them the authority to execute tasks outlined in a well-defined business contract. This contract typically includes service-level agreements focusing on cost-effectiveness, quality assurance, and timely delivery of products and services (Dibbern et al., 2018). This description aligns with the historical origins of outsourcing mentioned during the Industrial Revolution, where companies sought to optimise their core business focus by entrusting non-core functions to external parties (Overby, 2017).

The multifaceted nature of outsourcing is underscored by its various definitions. At its core, outsourcing entails contracting external entities to provide goods or services that were traditionally handled internally. The contractual agreements and service level agreements associated with outsourcing ensure a structured and controlled approach to external service provision.

Public corporations, much like large private firms, began to feel the pressure to achieve cost savings and service delivery efficiency, prompting them to consider the outsourcing model. Government agencies began outsourcing routine-based processes that restricted their operational flexibility to other outsourced companies capable of executing them efficiently and cost-effectively (Dibbern et al., 2018). For example, some African countries outsourced IT services, legal services, and stationary services. To illustrate this, banks in Africa outsourced labour-intensive IT, software, and printing services from countries like India (Dibbern et al., 2018). Furthermore, the South African cabinet established an interdepartmental task force in 1997 to explore whether public-private partnerships could improve efficiency in government service delivery. The task force recommended that outsourcing was the most viable option, provided there was a clear framework to guide the process (Handfield et al., 2018).

The adoption of outsourcing practices extended beyond the private sector to include government agencies. Public organisations grappled with the need for cost savings and efficiency in delivering services to citizens. Consequently, they turned to outsourcing to streamline operations and enhance service quality. The case of African banks outsourcing IT services from India exemplifies the global nature of outsourcing, transcending national borders for access to specialised skills and services.

In Tanzania, the public sector plays a pivotal role in delivering improved services to the government and citizens, with the goal of reducing poverty and enhancing governance, among other objectives. To achieve this, the government embarked on a journey to transform the heavily bureaucratic and process-oriented public service. Consequently, the outsourcing of supplementary services was seen as a viable remedy to improve the quality of services in the public sector. Tanzania's Vision 2025 identifies Business Process Outsourcing (BPO) as a key strategy for achieving efficiency and transforming the country into a middle-income economy (Mgweno, 2020).

Tanzania's commitment to outsourcing is integral to its broader development agenda. The emphasis on BPO as a key strategy underscores the government's recognition of outsourcing as a catalyst for economic transformation. This vision extends beyond mere cost reduction to encompass comprehensive economic development and improved governance (Mgweno, 2020).

In recent years, Tanzanian public organisations, after experiencing rapid expansion, found themselves in a financial crisis that exacerbated their already constrained resources (Elmuti, 2021). This crisis threatened to undermine the core function of these organisations: providing quality services to their customers. Urgent action was imperative to address this challenge. Consequently, the management of these organisations decided to outsource some services previously provided by in-house staff. This strategic decision was intended to reduce costs and enhance efficiency in service delivery. The

trend was noticeable across various organisations, with non-core functions like cleaning, IT, catering, legal, and security services being commonly outsourced.

The financial turmoil experienced by Tanzanian public organisations in recent years underscores the urgency of adopting outsourcing as a solution. As these organisations grappled with limited resources, they sought to optimise their operations. Outsourcing of non-core functions emerged as a strategic choice to address financial constraints while improving service delivery efficiency. This shift towards outsourcing reflects a global trend in modernising public services and overcoming resource challenges.

In this context, Iringa Urban Water Supply and Sanitation Authority (IRUWASA) embarked on a journey of outsourcing several of its non-core functions, including cleaning, garbage collection, stationary supply, IT, and security services. IRUWASA's adaption of outsourcing services aimed not only to reduce costs but also to enhance overall work efficiency. Today, the organisation's focus extends beyond cost containment to improving productivity, flexibility, speed, skills, innovation, and access to new technologies (Elmuti, 2021).

Despite the various initiatives aimed at improving efficiency through outsourcing, IRUWASA faced challenges. Increased control over how services or activities are performed by service providers raised concerns about the organisation's debt disclosure and overall performance (Quinn & Hilmer, 2022). To date, limited studies have focused on assessing the effects of outsourcing services on IRUWASA's performance. The challenges encountered by IRUWASA underscore the complex nature of outsourcing dynamics. The issue of control over outsourced services and its potential implications for financial disclosure adds a layer of complexity to the outsourcing landscape. This study intended to contribute valuable insights into the nuanced relationship between outsourcing services and organisational performance in the context of IRUWASA. Therefore, this study was carried out

to assess the effects of outsourcing services on organisational performance at IRUWASA.

## **THEORETICAL LITERATURE REVIEW**

Simchi-Levi et al. (2016) stated the core competency theory is the collective learning in the organisation 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 a make-or-buy decision. Non-core activities such as stationary supply services, garbage services, IT services and clearing services should be considered for outsourcing to the best-suited service providers who are experts in that field. However, a few non-core activities which have a big effect on competitive advantage should be retained in-house. Core competencies refer to the collective knowledge of the production system concerned, in particular, knowledge of procedures and how to best integrate and optimise them. The process of outsourcing non-core competencies continues to gain importance as it transfers responsibilities, such as maintenance and transport functions, to 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).

The core competency theory, as introduced by Simchi-Levi (2016) and his colleagues, plays a significant role in understanding the dynamics of outsourcing non-core activities within organisations. This theory posits that firms should strategically decide whether to perform activities in-house or outsource them to external service providers based on their core competencies. Core competencies, in this context, encompass the collective knowledge within an organisation on how to coordinate various production skills and integrate diverse technological streams effectively.

One of the key takeaways from this theory is the importance of focusing organisational resources

and efforts on activities that are aligned with the core competencies of the firm. In the case of IRUWASA and its outsourcing practices, this theory becomes particularly relevant. Activities like stationery supply services, garbage services, IT services, and clearing services, which may not directly contribute to IRUWASA's core competency of water supply and sanitation, can be prime candidates for outsourcing. By doing so, the organisation can leverage the expertise of specialised service providers in these areas.

The make-or-buy decision, at the heart of the core competency theory, prompts organisations like IRUWASA to critically evaluate which functions can be more efficiently and effectively handled by external experts. For instance, outsourcing garbage collection tasks or stationary supply services to specialised providers can lead to cost savings and improved efficiency. These external providers bring their domain expertise and resources to bear on these non-core activities, allowing IRUWASA to focus on its primary mission of water supply and sanitation.

Furthermore, it is essential to recognise that some non-core activities, despite not directly contributing to core competency, can still significantly impact competitive advantage. The theory suggests that these activities should be retained in-house. In IRUWASA's context, this might include functions related to water quality control or regulatory compliance. These are areas where maintaining control and ensuring alignment with the organisation's mission and values take precedence over outsourcing for cost-saving purposes.

The core competency theory aligns with the study's focus on outsourcing non-core activities like stationery supply services, garbage services, IT services, and clearing services. It emphasises the importance of vendor competence, implying that the success of an outsourcing arrangement heavily depends on the capabilities and expertise of the selected service providers. In essence, IRUWASA should carefully evaluate potential outsourcing partners to ensure they possess the

requisite competencies to deliver services efficiently and effectively.

The core competency theory provides valuable insights into the strategic decision-making process of outsourcing non-core activities within organisations like IRUWASA. It highlights the importance of concentrating resources on core competencies while leveraging external expertise for non-core functions, aligning closely with the objectives and practices of the organisation.

## **EMPIRICAL LITERATURE REVIEW**

### **Effect of Outsourced Cleaning Services on Organizational Performance**

Hilman and Warokka (2017) conducted a study on the "Effects of Outsourcing Services on Manufacturing Firms in Malaysia". A case study was employed, and questionnaires were used to collect the information from 55 employees. Data analysis was done quantitatively through descriptive analysis. The study found that among the two service delivery options (in-house provision and outsourcing cleaning services, outsourcing cleaning services was considered to be the better option for ensuring the furniture is neat and the air is clean. Indeed, 71.27% of the firms preferred outsourcing, while the remaining chose a self-produce or in-house strategy. The researcher recommended that managers make better decisions in the context of determining sourcing options (self-produce and outsourcing). However, several opportunities for future research exist.

Cox et al. (2022) carried out research on "Cleaning Services Outsourcing in the Public Sector Local Government in the UK". A case study was used to collect data from 62 employees. Data analysis was done through descriptive analysis. The study found successful cleaning services outsourcing makes the organisation look clean and safe for employees to perform their jobs, hence increasing their job performance. The study concluded that the public sector had a culture of employing other companies for general cleanliness so as to ensure the organisation looks

neat while giving employees room to perform their jobs efficiently.

Msangi (2017) conducted a study titled “The Effects of Cleaning Outsourcing Services on Private Organizations Productivity in Dar es Salaam.” The study utilised a survey design and involved a sample of 34 private organisations. Data analysis was conducted through qualitative content analysis. The study’s findings highlighted the significant influence of cleaning services among the factors considered when making outsourcing decisions, with the primary goals of cost savings, reduced employee workloads, and enhanced job performance efficiency. The study’s recommendations are clear: the university should explore the outsourcing of other non-core support activities that are not highly strategic. This strategic move would not only lead to improved administrative efficiency and resource allocation but also contribute to the enhanced quality of services provided to customers. Furthermore, this approach would grant the university more resources to allocate towards core activities while simultaneously reducing operational costs.

#### **Effect of Garbage Collection Outsourcing services on Organizational Performance**

Hazelwood (2018) conducted a study on “Possibilities and Pitfalls of Outsourcing Services in Local Government Hospitals”. A cross-sectional study was employed, and data was collected from 150 employees. Descriptive and correlation analyses were used to analyse data that was collected using questionnaires. The study found that outsourcing was considered a remedy for ensuring a healthy environment in local government hospitals. This is because, after outsourcing, the hospital hoped to be able to reduce the recurring expenses, such as those associated with staffing and training, almost immediately for garbage collection among wings and hospital environments with the aim of ensuring there is a clean and healthy environment for clients and workers. The study recommended that outsourcing would certainly improve the service in terms of its quality. This was also likely to raise the levels of clients’ contentment.

Frazier (2017) conducted a study on “Factors influencing Outsourcing Services in Johannesburg Referral Hospital in South Africa”. A purposive sampling technique was applied to obtain a sample size of 80 respondents. Data analysis was done qualitatively through content analysis. They found a number of clients, both outpatients and ICU clients, have increased the chances for the management to outsource the garbage collection services. Patients dump their dust everywhere around the hospital. Most of them are food scraps and food carrier bags. The researcher recommended that managers should take action by employing garbage collectors and cleaning companies while providing dustbins so as to keep the hospital environment clean and safe for all patients and health workers.

Mshola (2019) focused on establishing “The Relationship between Outsourcing Strategy and Organizational Performance and Focused on the Tanzanian Manufacturing Industry”. The study used a survey design and a sample of 34 private organisations. Data analysis was done qualitatively and quantitatively through content and descriptive analysis. The study revealed that reduced cost, as well as increased turnover and profitability, were some of the benefits that a firm was likely to reap almost immediately by outsourcing. This is because outsourcing improved expertise, as well as improved the quality of service in the firm. Similarly, the administrative burden was reduced, and thus, the firms had more time to focus on core business. Finally, outsourcing enabled the firm to streamline the process of production, hence more productivity.

#### **Effect of Stationery Outsourcing services on Organization Performance**

Bustinza et al. (2018) studied “Perception of Outsourcing on Stationery Supply Services in Tanzania Publishing Firms, Dar es Salaam”. A cross-sectional study was employed whereby 75 employees were involved. Both quantitative and qualitative approaches were applied in this study. Data analysis was done through descriptive and content analysis. The study found that publishing

firms outsource functions that are not core competencies to enhance firm performance. For instance, the functions, which include printing, photography, drum scanning, computer maintenance, database functions, etc, need technical knowledge to perform as required. Attributes of technical competence to a publisher include appropriate qualifications and experience, essential specialised skills, industry specialisation, timely response, and technological expertise. The largest parts of publishing firms have no professional, management and other formal qualifications to perform these functions necessitating outsourcing.

Mwichigi and Waiganjo (2018) conducted a study on the “Relationship between Outsourcing and Operational Performance of Kenya’s Energy Sector”. The study used a cross-section design and applied a simple sampling technique to obtain a sample size of 60 respondents. Data analysis was done through regression analysis. The study found that profitability had improved after outsourcing several services, such as stationery supply. In addition, the study further concluded that operational costs had greatly reduced, as the efficiency had improved after the company outsourced. In conclusion, therefore, the study established a strong positive relationship between these services and the organisational operational performance. Stationary supply services were one of the services analysed under the administration function, and the result showed that after outsourcing, there was a reduction in administration cost as the organisation was able to get quality services and access modern technology.

Rajabu (2020) conducted a study on the “Effects of Stationery Outsourcing on Local Governments in Morogoro Municipality”. The study employed a cross-sectional design, and primary data was collected from 50 employees. Data analysis was done qualitatively and quantitatively through content and descriptive analysis. The study found that greater efficiency and better quality of services evolved, 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, the ability of public institutions to concentrate on its main activities, and solution of staff problem due to “greying of the workforce.

## METHODS

The study adopted a cross-sectional research design, where data were collected at one point in time. The targeted population of this study were all employees (48) from IRUWASA. A combination of data analysis methods was used to address both quantitative and qualitative data. Questionnaires, interviews, and documentary reviews were used as the methods of collecting data. A questionnaire consists of a number of questions printed in a definite number of orders on a form or a set of forms to avoid middleman bias. In this study, semi-structured interviews were conducted with three (3) management staff work from IRUWASA to obtain in-depth information since those participants were more aware of the daily operations in the organisation and they had access to most organisation information that cannot be accessed by the other employees. In addition to this study, a documentary review was employed, which included a review of relevant academic journals in conjunction with the examination of documents sourced from IRUWAS’s Accountant Officer.

Furthermore, a combination of data analysis methods was used to address both quantitative and qualitative data. For qualitative data, thematic analysis was applied to allow the identification of recurring themes and meaningful insights within the qualitative dataset. Quantitative data were analysed descriptively. In addition, linear regression analysis using an ordinary least square estimator was used to establish the linear relationship between the dependent and independent variables of the study, where the dependent variable was organisational performance while the independent variables were cleaning outsourcing services, garbage collections outsourcing services and stationary outsourcing services. The linear regression model structure was as follows;

OP=f (COS, GOS, SOS)

(0.903) (5.955) (6.636) (5.940)

Where OP = Organization Performance; COS= Cleaning Outsourcing services; GOC = Garbage Collections outsourcing services; SOS= Stationary Outsourcing services

$\bar{R}^2 = 0.640$  t-values in parentheses

**DATA ANALYSIS AND DISCUSSION OF FINDINGS**

The model is specified as linear, thus:

The findings of the study are thematically presented as follows:

$$OP = \alpha_0 + \beta_1 COS + \beta_2 GOS + \beta_3 SOS + U,$$

**Cleaning Outsourcing Services on Organization Performance**

Whereby;  $\beta_1 > 0$ ,  $\beta_2 < 0$ , and  $\beta_3 > 0$ .

Table 1 shows the costs incurred before the implementation of cleaning outsourcing services and the costs incurred after the implementation of cleaning outsourcing services and the differences among them.

The estimator model outcome was

$$OP = 0.784 + 0.579 COS + 0.513 GOS + 0.511 SOS$$

**Table 1: Effect of cleaning outsourcing services on cost-saving**

Nature of the Outsourced Service	Cost Before Outsourcing (TZS)	Cost After Outsourcing (TZS)	Difference (TZS)
Cleaning Services	22,104,000/=	6,000,000/=	16,104,000/=

Source: IRUWASA; Accounting Office (2023)

The data presented in Table 1 sheds light on the impact of the outsourcing services made by IRUWASA regarding cleaning services. This outsourced service is integral to the organisation’s mission of water supply and sanitation. However, the most striking revelation is the substantial cost savings generated by the outsourcing decision. After outsourcing, the cost is reduced to TZS. 6,000,000, while the expense before outsourcing stood at TZS. 22,104,000, resulting in a remarkable cost reduction of TZS. 16,104,000.

*“I would like to affirm that the introduction of outsourced cleaning services has indeed made a significant impact. Since the initiation of outsourced cleaning services at IRUWASA, there have been notable improvements in the safety and cleanliness of our workplace environment. The outsourced services have consistently delivered clean and well-maintained office spaces, promoting a safer and more comfortable atmosphere for our employees”* (Interview, Manager 1, 4/9/2023).

These findings underscore the financial efficiency of outsourcing, which not only contributes to IRUWASA’s cost-saving objectives but also offers the potential for more effective resource allocation, particularly in core activities like water supply and sanitation services. This data provides a compelling case for the benefits of outsourcing non-core functions and can guide strategic decisions aimed at enhancing the overall efficiency of the organisation.

The results are supported by Hilman and Warokka (2017), who found that among the two service delivery options (in-house provision and outsourcing cleaning services, outsourcing cleaning services was considered to be the better option for ensuring the furniture is neat and the air is clean.

Furthermore, in an interview conducted on September 4, 2023, one of the managerial employees shared the following insights:

Based on the findings, it is clear that outsourcing cleaning services has a positive effect on organisational performance at IRUWASA. The benefits include not only maintaining cleanliness but also ensuring safe and comfortable working



conditions. Here are some key points for discussion:

**Outsourcing cleaning services** can help employees stay focused on their primary tasks, which can lead to increased productivity. **Health and Well-being:** Clean and safe working environments contribute to employee health and well-being, reducing sick days and improving overall morale. **Cost-Effectiveness:** While outsourcing comes with a cost, it may prove to be cost-effective in the long run by reducing the administrative burden of managing in-house cleaning staff.

Furthermore, outsourcing cleaning services on organisational performance at IRUWASA can help in the following areas. **Productivity and Focus:** Outsourcing cleaning services can lead to significant gains in productivity and employee focus. When organisations allocate the responsibility of cleaning to specialised service

**Table 2: Effect of garbage collections outsourcing services on cost-saving**

Nature of the Outsourced Service	Cost Before Outsourcing (TZS)	Cost After Outsourcing (TZS)	Difference (TZS)
Garbage Collections	18,420,000/=	8,000,000/=	10,420,000/=

**Source:** IRUWASA; Accounting Office (2023)

The figures reveal That prior to outsourcing, the organisation incurred expenses of TZS. 18,420,000 for garbage collection services. Post-implementation, the cost decreased to TZS. 8,000,000. The difference of TZS.10,420,000 underscores significant savings and heightened cost-efficiency achieved through this strategic decision.

These findings carry important implications for IRUWASA’s financial management and resource allocation, ultimately enhancing the organisation’s overall cost-effectiveness and performance.

Furthermore, in an interview conducted on September 4, 2023, management members shared the following insights:

*“The outsourcing of garbage collection services at IRUWASA has produced notable improvements in several critical aspects of our organisational environment. Firstly, it has significantly enhanced the availability*

*providers, employees can concentrate on their core job functions without distractions. Interruptions caused by in-house cleaning staff or the need for employees to take on cleaning tasks can be reduced, resulting in more efficient workflows. The survey results affirm this by demonstrating that a majority of respondents believe outsourcing cleaning services contributes to better performance by enhancing productivity and allowing employees to focus on their core job functions. This emphasises the advantages of outsourcing cleaning services at IRUWASA in terms of productivity and employee focus.*

**Effect of Garbage Collections outsourcing services on Organization Performance**

Table 2 shows the differences in costs incurred before the implementation of garbage collection outsourcing services and after the implementation of garbage collection outsourcing services.

*and utilisation of functioning dustbins throughout our premises. This has created a clean and organised atmosphere, reinforcing the importance of consistent dustbin access in maintaining a tidy workspace. Furthermore, the consistency and effectiveness of daily garbage collection have improved since the implementation of outsourcing. This enhanced efficiency promotes cleanliness and orderliness, ensuring a more pleasant environment for our employees and visitors. These benefits highlight the outsourced services’ positive impact on creating a workplace that prioritises cleanliness and organisation. (Interview, Manager 2, 4/9/2023).*

Another member of management was also interviewed and had this to comment on the effect of outsourcing garbage collection services on the performance of IRUWASA.

*The outsourcing of garbage collection services has played a pivotal role in maintaining a clean and hygienic environment within our organisation. This cleaner and more health-conscious atmosphere contributes to a more pleasant working environment, benefiting both our employees and visitors. The outsourced services also demonstrate a positive influence on employee well-being, contributing to the prevention of health-related issues in the workplace. Altogether, these results underscore the pivotal role that outsourcing plays in enhancing the overall cleanliness, orderliness, and well-being of our organisation, contributing to improved organisational performance". (Interview, Manager 3, 4/9/2023).*

The responses provided during the interview, as well as the research outcomes, emphasise the crucial role that outsourcing garbage collection services play in maintaining a clean, organised, and healthy environment within IRUWASA. These services contribute significantly to the overall performance of our organisation by enhancing cleanliness, hygiene, and employee well-being.

These findings align with the research conducted by Hazelwood (2018), which emphasised the pivotal role of outsourcing as a solution for

**Table 3: Effect of stationary services on cost saving**

Nature of the Outsourced Service	Cost Before Outsourcing (TZS)	Cost After Outsourcing (TZS)	Difference (TZS)
Stationary Outsourcing services	35,366,400/=	9,792,000/=	25,574,400/=

**Source:** IRUWASA; Accounting Office (2023)

The data presented in *Table 3* showcases the cost savings achieved through the implementation of stationary outsourcing services. The "Nature of the Outsourced Service" focuses on these services, and the figures speak volumes about the financial transformation they have brought about. Before the decision to outsource, Tanzanian Shillings (TZS) for stationary services. However, after the implementation of outsourcing, the cost significantly decreased to TZS. 9,792,000.

promoting a healthy environment within local government hospitals. Hazelwood's study illuminated how outsourcing initiatives were viewed as a remedy to address specific challenges. Notably, the hospitals anticipated a swift reduction in recurring expenses, particularly those related to staffing and training, as a direct result of outsourcing, especially in areas like garbage collection throughout the hospital premises. The primary objective was to establish and maintain a clean and healthy environment, benefiting both clients and healthcare workers.

Furthermore, it was anticipated that outsourcing would not only lead to cost savings but also elevate the quality-of-service delivery. This, in turn, had the potential to enhance client satisfaction levels, contributing to an overall improvement in the healthcare experience. These findings underscore the comprehensive impact of outsourcing on healthcare institutions, highlighting its potential to address financial constraints while simultaneously enhancing the well-being of both patients and healthcare staff.

**Effect of Stationery Outsourcing services on Organization Performance**

*Table 3* shows the differences in costs incurred before the implementation of garbage collection outsourcing services and after the implementation of garbage collection outsourcing services.

In an interview conducted on September 4, 2023, one of the members of management shared the following insights:

*"Outsourcing stationary services at IRUWASA has positively influenced the quality of office supplies, ensuring our organisation has access to high-quality stationery that enhances overall performance through improved work efficiency. This specialisation in the supply of genuine*

*stationery items has streamlined essential administrative functions by providing expert guidance and support for employees, allowing them to work more effectively. Timely delivery of stationery supplies has been notably efficient, preventing unnecessary delays, maintaining smooth day-to-day operations, and ultimately enhancing service delivery” (Interview, Manager 1, 4/9/2023).*

Another member of the management of IRUWASA had this to say on the effect of Stationary outsourcing services on Organization Performance.

*“As an officer at IRUWASA, I can affirm that outsourcing stationary services has notably enhanced the procurement and delivery of office supplies, contributing to better organisational performance. This outsourcing has brought specialised support, boosting the efficiency and effectiveness of our administrative functions. Timely supply delivery has improved efficiency, and the responsiveness of our stationary outsourcing services has played a vital role in maintaining seamless operations and enhancing overall organisational performance, particularly in terms of workflow and productivity”. (Interview, Manager 1, 4/9/2023).*

The findings revealed that at IRUWASA, outsourcing stationery services increases organisation performance because outsourcing stationery services provides quality services in the organisation, which increases the performance of the organisation. On the other hand, the stationery items are genuine because of the specialisation of outsourcing stationery services, which increases the performance of the organisation.

This is in line with the study conducted by Bustinza et al. (2018), who found that publishing firms outsource functions that are not core competencies to enhance firm performance. For instance, the functions, which include printing, photography, drum scanning, computer maintenance, database functions, etc, need those

with technical knowledge to perform as required. Attributes of technical competence to a publisher include appropriate qualifications and experience, essential specialised skills, industry specialisation, timely response, and technological expertise. The largest parts of publishing firms have no professional, management and other formal qualifications to perform these functions necessitating outsourcing.

These findings regarding the positive impact of outsourcing at IRUWASA are substantiated by Rajabu (2020), which further underscores the multifaceted advantages of outsourcing. Not only reinforced the concept of greater efficiency and improved service quality but also highlighted additional benefits such as substantial cost savings, reduced government monopoly over service provision, and expanded business opportunities for the private sector. The study also emphasised the increased flexibility of public institutions, their ability to focus on core functions and the resolution of workforce-related challenges. These insights provide a comprehensive picture of outsourcing’s positive impact on both public and private entities and its potential to address critical workforce issues.

When analysing the impact of outsourcing stationary services at IRUWASA, it’s vital to take into account factors such as the potential for reducing costs. While the survey primarily concentrated on perceived advantages, it’s important to acknowledge that reducing expenses is frequently a key incentive for outsourcing. By trimming overhead costs, organisations can indirectly boost their financial performance, thereby bolstering their overall success. Consequently, it’s valuable to investigate whether survey respondents considered these cost-saving aspects in their positive viewpoints.

### **Organisation Performance**

Members of management at IRUWASA were interviewed about the increasing productivity and cost reduction due to outsourcing activities; one of the members shared the following insights:

*“In response to the first inquiry, I can confirm that we’ve witnessed substantial transformations in employee engagement, work procedures, and technology integration that have directly resulted in heightened productivity. For example, we’ve rationalised tasks, trimmed down time and effort, and introduced novel technologies via outsourcing, thus empowering our staff to function more efficiently. In regard to the second question, our organisation has realised noteworthy cost savings through outsourcing. By delegating non-core functions to expert service providers, we’ve effectively curtailed operational expenses, encompassing staffing and training outlays, investments in equipment, and better resource allocation”.* (Interview, Manager 2, 4/9/2023)

The other member of management had this to say when asked about how the effect of outsourcing affects IRUWASA performance, specifically on productivity.

*“In my capacity, I can confirm that outsourcing has led to enhanced productivity. The efficiency and effectiveness of our core procurement objectives have been significantly improved by outsourcing services. It has allowed us to access specialised support, which has expedited procurement processes, minimised errors, and ensured the timely delivery of essential supplies”* (Interview, Manager 1, 4/9/2023).

Also, When the other member inquired about the possibility of sharing feedback or comments received from employees or stakeholders concerning the perceived improvement in the quality of the cleaning services, he replied as follows:

*“I can share that we have received very positive feedback from employees and stakeholders regarding the perceived improvement in the quality of cleaning services since the implementation of outsourcing. Employees have expressed increased satisfaction with the cleanliness*

*and tidiness of our workspaces, noting that it positively impacts their well-being and work performance. Stakeholders, including visitors and clients, have also commented favourably on the cleanliness of our premises, which reflects positively on our organisation's image and reputation”.* (Interview, Manager 1, 4/9/2023)

The results indicate that at IRUWASA, the utilisation of outsourcing services enhances organisational productivity by optimising the efficiency of core functions. Additionally, outsourcing service providers deliver top-tier quality services while simultaneously lowering the expenses associated with non-core functions. Moreover, these outsourced services alleviate the employee workload related to non-core tasks, leading to an increase in the daily number of customers served within the organisation.

This finding aligns with the research conducted by Mwichigi and Waiganjo (2018), which yielded similar outcomes, revealing that profitability experienced notable enhancements subsequent to the outsourcing of various services, including stationary supply. Furthermore, their investigation concluded that operational costs saw significant reductions, coupled with noticeable improvements in overall efficiency following the outsourcing initiatives within the company. In light of these consistent findings, it can be firmly concluded that a robust and positive relationship exists between outsourcing services and organisational operational performance. These findings underscore the transformative impact of outsourcing on various sectors, reinforcing its role as a strategic avenue for enhancing business operations and financial outcomes.

### **Multi-Linear Regression Analysis**

Table 4 shows the findings of a multi-linear regression analysis that was also conducted to assess how independent variables (cleaning outsourcing services, garbage collections outsourcing services and stationary outsourcing services) affect the dependent variable (organisation performance).

**Table 4: Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.750 <sup>a</sup>	.651	.640	.56505

Source: Field data, (2023)

Table 4 indicates that the coefficient of determination, which is adjusted R square of 0.640, indicates that 64% of organisation performance is determined by cleaning outsourcing services, garbage collections outsourcing services, and stationery outsourcing services. Also, it indicates that the R coefficient is 0.750, meaning that there is a correlation of 75% between the independent variable (cleaning outsourcing services, garbage collections

outsourcing services, and stationery outsourcing services) and the dependent variable (organisation performance).

This shows that the independent variables (cleaning outsourcing services, garbage collections outsourcing services, and stationery outsourcing services) are significant predictors of the dependent variable (organisation performance) at IRUWASA.

**Table 5: Analysis of Variance – ANOVA**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	35.203	3	4.968	71.330	.000 <sup>b</sup>
Residual	18.872	41	.070		
Total	54.075	44			

Source: Field data, (2023)

Table 5 shows that the dependent variable can be explained by the model to the extent of 35.203 out of 54.075 or 65.1%, while other variables not captured by this model can explain 34.9% (18.872 out of 54.075) of the organisation's performance. The F value of the model produces a p-value of

0.000, which is significantly zero. A p-value of 0.000 is less than the set level of significance of 0.05 for normally distributed data. This means that the model is highly significant in explaining organisational performance at IRUWASA.

**Table 6: Coefficients**

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.784	.615		.903	.378
Cleaning outsourcing services	.579	.085	.578	5.955	.000
Garbage collection outsourcing services	.513	.082	.722	6.636	.002
Stationary outsourcing services	.511	.065	.056	5.940	.000

Source: Field data, (2023)

Based on the regression coefficient analysis in Table 6, the results indicate that a unit change (1%) in cleaning outsourcing services leads to a change of 0.579 (57.9%) in organisation performance and has a significant contribution and is positively related to organisation performance since the p-value is less than 0.05. A unit change in garbage collections outsourcing services leads to a positive change of 0.513 (51.3%) change in organisation performance and has a significant contribution and is positively related to organisation performance since the p-

value is less than 0.05. A unit change in stationary outsourced services leads to a positive change of 0.511 (51.1%) changes in organisation performance and has a significant contribution but is positively related to organisation performance since the p-value is less than 0.05.

This test was used to explain the total variations in the dependent variable, i.e., organisation performance caused by variations in the independent variables, i.e., cleaning outsourcing services, garbage collections outsourcing services

and stationery outsourcing services. In the case of the regression output, the adjusted  $R^2 = 0.640$ , implying that the model explains about 64% of variations in the organisational performance; hence, the model does more than half to explain variations in organisational performance.

Therefore, the findings of this study indicate that the independent variables (cleaning outsourcing services, garbage collections outsourcing services and stationery outsourcing services) contribute to organisation performance (OP) at IRUWASA, which means that the independent variables are significant predictors of a dependent variable organisation performance.

## CONCLUSION AND RECOMMENDATION

### Conclusion

The effective outsourcing of cleaning services significantly enhances the work environment, thereby boosting employee productivity and overall organisational performance. Emphasising the engagement of experienced outsourcing cleaning teams is essential for maintaining a consistently clean and secure workspace, which forms the foundation of a productive organisational environment. Outsourcing garbage collection services plays a vital role in maintaining a clean, hygienic, and conducive work environment at IRUWASA. This positively influences employee motivation, leading to improved organisational performance. The study recognises that the advantages of outsourcing garbage collection extend beyond cleanliness, elevating employee morale and work efficiency. This practical approach benefits the organisation by enhancing employee dedication and work ethic, contributing to improved performance across various indicators. It highlights how a seemingly routine operational aspect can create a ripple effect, ultimately leading to a more engaged and productive workforce.

Outsourcing stationary services ensures the efficient, timely, and high-quality delivery of stationary materials, enhancing employee comfort and effectiveness in their roles and positively impacting organisational performance.

Additionally, this approach goes beyond procurement efficiency, relieving employees of administrative stationary tasks and empowering them to focus on core responsibilities. This shift cultivates a culture of productivity and efficiency, making the organisation more agile and competitive in today's dynamic business landscape. In essence, outsourcing stationary services serves as a multifaceted strategic asset, optimising processes and invigorating the workforce for enhanced overall organisational performance.

### Recommendations

The government and institutions should use IRUWASA as a case study to enhance their organisational performance, drawing insights from its outsourcing experiences to improve operational efficiency and quality. They should consider the effects of outsourcing on cleanliness, safety, morale, cost-effectiveness, and resource optimisation in the public service sector.

IRUWASA's management should sustain existing outsourcing services and explore new areas for strategic outsourcing, as it leads to reduced workload, substantial cost savings, and enhanced overall performance. Expanding outsourcing practices will further strengthen the organisation's effectiveness and commitment to delivering high-quality services.

Future research should extend beyond single-case studies like IRUWASA and encompass various organisations across different sectors and industries. This broader scope will offer a more comprehensive understanding of the implications, trends, best practices, and challenges of outsourcing, benefiting organisations aiming to optimise their performance through outsourcing strategies.

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