

**OUTSOURCING SERVICES AND VALUE FOR MONEY ACHIEVEMENT
IN PUBLIC INSTITUTIONS: A CASE OF MOSHI COOPERATIVE
UNIVERSITY**

BY

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Research paper submitted in partial/fulfillment of the Requirements for the award of Certified Procurement and Supplies Professional (CPSP) of the Procurement and Supplies Professionals and Technicians Board (PSPTB).

May, 2017

CERTIFICATION

I, undersigned certified that, I have read and hereby recommends for the acceptance by the Procurement and Supplies Professionals and Technicians Board a research report entitled **“Outsourcing services and value for money achievement in public institutions”**: a case study of **Moshi Cooperative University** as partial fulfillment of the award of Certified Procurement and Supplies Professional (CPSP) of the Procurement and Supplies Professional and Technicians Board (PSPTB)

.....

Mr. Alban Mchopa

(Supervisor)

Date.....

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AND

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DEDICATION

This research paper is dedicated to my beloved Mother Mrs. Mussa Msofe for her love, moral support, encouragement and guidance that she has provided to me during the whole period of carrying out this study. May the lord reward her with a longer happy life and full of blessings?

LIST OF ABBREVIATIONS

BPO	: Business Process Outsourcing
CIPS	: Chartered Institute of Procurement & Supply
CPSP	: Certificate of Procurement and Supply Professional
IT	: Information Technology
ITAD	: International Tax Affairs Division
LDC'S	: Least Developing Countries
MoCU	: Moshi Cooperative University
OECD	: Organisation for Economic Co-operation and Development
PMU	: Procurement Management Unit
PPRA	: Public Procurement Regulatory Authority
PSPTB	: Procurement and Supplies Professionals and Technicians Board
RDT	: Resource Dependence Theory
SPSS	: Statistical Package for Social Sciences
U.S.A	: United States of America
V.F.M	: Value for Money

ABSTRACT

The study was about the outsourcing services and value for money achievement in public institution, taking a case study of Moshi Cooperative University. The study covered four objectives which included; to determine factors influenced Moshi cooperative University to engage into outsourcing of the services, to examine the contribution of outsourcing proceedings towards value for money achievement, to establish the extent to which outsourcing of services has reduced operational costs towards the achievement of value for money and improve the institutional efficiency, to establish the extent to which outsourcing of services has improved the institutional efficiency towards the achievement of value for money.

The study was carried out using case study design with the application of both qualitative and quantitative techniques. The study involved 40 respondents from Moshi Cooperative University and the model tool used to analyse data was Statistical Package for Social Sciences (SPSS).

The study findings indicated that, desire to reduce cost, and the need to free up organization resources so as to focus on their core activities were the substantial factor that influences the organization to seek outsourcing services. Outsourcing services has reduced operational costs and improved institutional efficiency whereby; through reduced internal head count, while responsiveness to client was the major factor that contributed to quality of customer service in outsourcing hence value for money achievement.

The study recommended that there should be systematic way of sharing information among the public organization that would assist to maintain vendor-organization relationship in order to maintain pricing and quality of work also it was recommended that the University should set strategies of managing the outsourcing contracts against the actual implementation. There should be special team assigned to monitor, evaluate, and report on the performance of the service provider so as to ensure that the contract terms are followed and quality service is obtained.

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CHAPTER ONE

OVERVIEW OF THE STUDY

1.1 Introduction

This section consists of background of the study, statement of the problem, general objective and specific objectives of the study, general and specific questions, significant of the study, and organization of the study.

1.2 Background of the Study.

Outsourcing has been one of the major strategies that companies utilize in order to remain competitive in the current dynamic environment. Several organizations and institutions have adopted outsourcing of some of the value chain activities to third parties. This is due to the benefits resulting from such as lower cost, better customer satisfaction and more importantly freeing the management to concentrate on the more strategic issues by ceding the non-core functions to specialized firms (Akeshuwola & Elegbebde, 2012).

Yang et al., (2007) and McIvor, (2008) asserted that outsourcing has become an important business approach, and a competitive advantage may be gained as products or services are produced more effectively and efficiently by outside suppliers. Lee and Kim,(2010) have argued that outsourcing allows firms to focus on their own core competences by relocating limited resources to strengthen their core product or service and strategically use outside vendors to perform service activities that traditionally have been internal functions. There are multiple reasons for outsourcing, of which reducing or controlling operational costs is the leading business driver for outsourcing services (Klepper and Wendell, 1999; Lacity *et al.*, (2009). Access to skills and technology of the service provider and thereby access to innovation is an interesting intended benefit of outsourcing (Lacity *et al.*, (2009).

Yankelovich (2003) indicated that two-third of companies world-wide outsource at least one business process to an external third party. This practice appears to be most common in the U.S., Canada, and Australia, where 72

percent of outsourcing is being sought. Javaligi (1998) noted that successful implementation of an outsourcing strategy has been credited with helping to cut cost increase capacity, improve capacity and improve quality. Some of the companies in this countries have even gone further in outsourcing some of the activities that might be termed as core activities to the organization example is the way that some firms in USA and those in the European Union outsource the task of employment to the employment urgencies, also some firms outsource the purchasing function to other firms. This firms views outsourcing as one of the way to make sure that the organizational goals and objectives are attained.

Despite the fact that outsourcing of services has a lot of benefits, there are also challenges related to the outsourcing of services such poor management of the outsourced contracts, over dependence on an outsourced service provider, employee morale problems, loss of corporate (core) knowledge and future opportunities, and unrealistic expectation from both parties in the outsourcing contract all these challenges hinders the achievement of value for money in public institutions.

Service outsourcing is becoming a dominant practice among African countries as it enables the institutions to direct their resources and focus on core activities. In South Africa, business process outsourcing, and off shoring is highly practiced. Also companies outsource services such as, IT services, research and development, security, advertising, catering services, transportation and logistics services.

In East Africa, Kenya is one of the countries that have kept a high emphasis on outsourcing. Kenya's government for example lists business process outsourcing (BPO) as a major economic building block in their Vision 2030 (Kenya's Vision 2030). Boasting an improved IT infrastructure, political stability and English language capabilities, Kenya is hoping to become a major BPO hub (Manning, S. 2013).

In Tanzania, outsourcing of services started to exist in the 1990s and gained momentum in 2000's, but now many public entities such as, education institutions, health institutions, and agricultural sectors they are involving rapidly in outsourcing activities, due to different problems that they face when performing core-functions. Different services such as; cleanliness, security services, advertisement, information technology systems, transportation and catering services are examples of functions that are increasing procured through contracting with outside service providers.

1.3 Statement of Research Problem

Least Developing Countries (LDC'S)' including Tanzania embarked on extensive outsourcing services in their public entities due to its contribution such as; cost reduction, increase in productivity, reducing administrative costs and availability of capital equipment which were not prior available,(Lyson and Farrington ,2006). Moshi cooperative University (MoCU) is one among the public institutions involved in the service outsourcing by outsourcing its services such as security, cleaning, catering, and information technology (IT) services. Before outsourcing MoCU used to perform non-core activities such as security, cleaning, catering and IT services on their own using the university employees (employed by the university). This resulted to high operational costs, management difficulties of the non-core activities that interrupted with the universities focus on core activities, decrease in efficiency and focus on the quality of core activities. As a result to the situation the university opted to outsource some of its activities which were previously performed by the university itself.

Despite of the role played by outsourcing services to foster public organizations development and its performance such as; Stay focused on core business, Reduce risks, Compliance and Security, Increase Efficiency and Competitiveness, Quickly implementation of New Technology, Reduction in Labor Cost, Reduction in management problems, Reduction in Capital requirements and facilitation of innovation in working areas, (Lee and Kim,

2010). Unfortunately there are still operational challenges that face outsourcing institutions especially in the public institutions. This is probably due to factors like; poor management of outsourcing contracts and resorting to outsourcing without a critical analysis of the activities and situations (Dominic, 2014). Dominic (2014) further argues that organizations resort to outsourcing mainly because it is the common trend without assessing the cost benefit analysis, and the impact that the outsourced activity has in value for money achievement in the organization.

Kremic et al., (2006) identified some of the known risks in outsourcing. They include unrealized savings with a potential for increased costs; employee morale problems; over-dependence on a supplier; loss of corporate (core) knowledge and future opportunities; inadequate requirement definitions; poor contract; lack of guidance for planning or managing an outsourcing initiative and poor supplier relations. These risks related to outsourcing also face MoCU in their outsourced services. Regardless of the risks that exists in outsourced services there is still a significant potential and benefits to be achieved , to achieve these benefit the university insures the outsourced contracts are well managed, including the evaluation of the suppliers performance, having a good communication system with suppliers and well managing the suppliers relationship.

Despite the benefit observed from the service outsourcing few researches have been done to assess the relationship between outsourcing and the achievement of value for money in public institutions particularly in the universities. Therefore this study intended to assess the relationship that exists between outsourcing and achievement of value for money in public institution, taking the case of Moshi Cooperative University

1.4 Research Objectives

1.4.1 General objective

To assess the relationship between outsourcing services and value for money achievement in public institutions,

1.4.2 Specific objectives

- i. To determine factors influenced Moshi cooperative University to engage into outsourcing of the services.
- ii. To examine the contribution of outsourcing proceedings towards value for money achievement in Moshi cooperative university.
- iii. To establish the extent to which outsourcing of services has reduced operational costs towards the achievement of value for money and improve the institutional efficiency.
- iv. To establish the extent to which outsourcing of services has improved the institutional efficiency.

1.5 Research Questions

- i. What are the factors that influenced Moshi cooperative university to engage into outsourcing of services?
- ii. What are the contributions of outsourcing proceedings towards value for money achievement in Moshi cooperative university?
- iii. To what extent has outsourcing of services reduced operational costs towards the achievement of value for money and improvement of institutional efficiency?
- iv. To what extent has outsourcing services improved the institutional efficiency?

1.6 Significance of the Study

The study widens general understanding on outsourcing and value for money achievement in Moshi Cooperative University. Also findings of the study inform Moshi Cooperative University on the problems facing the procuring entity under study and provide solutions in order to overcome the problems addressed.

The study informs different organizations and public institutions on the way that outsourcing can contribute in the value for money achievement. The study also help policy makers such as members of the PPRA, and other procurement entities by availing them with the information that they may use to make the decisions that are more informed, as far as outsourcing is concerned. The research is also of great use to academicians and researchers that wish to carry out further researches on outsourcing services and value for money achievement. As it contributes to literature base that helps them to create the gap that exist and hence develop areas of further studies in outsourcing. The research also enables the researcher to attain an award of certified procurement and supplies professional (CPSP) offered by the Procurement and Supplies Professionals and Technicians Board.

1.7 Organisation of the report

The report is organized in five chapters. The first chapter covers the background of the problem, statement of the problem, research objectives, and research questions, significance of the study, justification of the study and the organization of the study. Chapter two covers the theoretical literature review, the empirical literature review and the conceptual framework. Chapter three covers the research methodology, describing on how the data was collected and the methods of data analysis that was used. Chapter four covers findings and discussion describing how the data was presented, analysed and discussed. Chapter five present the summary, conclusion and recommendations of the study basing on the findings of the study while

indicating the implication to the policy makers and areas that needs further research to be conducted.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals with the review of different literatures concerning with the study. It focuses on definitions of the concepts, theoretical literature review, the empirical literature review, research gap as well as the conceptual framework.

2.2 Definitions of the concepts

2.2.1 Outsourcing

CIPS (2012) defines outsourcing as “the process of identifying the most suitable expert third party service provider to undertake the management, administration and provision of the service in question,” alternatively , Also Schienederjans, Schienederjans & Schienederjans (2005) define outsourcing as “the procurement of goods or services from sources that are external to the organization.”.

According to Quinn (1999), outsourcing is the process of engaging the services of a provider to manage essential tasks that would otherwise be managed by in-house personnel. This, when properly done, allows a business to plan the optimal utilization of its resources and capabilities to achieve the best advantage. It also improves the achievability of an organization’s strategic goals. This kind of outsourcing strategy can be utilized by any organization regardless of its size and has the effect of not only reducing the cost of operation but also providing an opportunity for optimal allocation of resources to the very necessary functions (Welch &Nayak, 1992).

The basic idea behind outsourcing is to create gains by allowing outside providers and specialists to take over the operation and management of a given function. Such gains may come in different

forms such as improving the bottom line of a company by reducing various operating expenses and increasing the flexibility for innovation without having to invest too much in training and capital infrastructure (Mella& Pellicelli,2012). Other benefits may come in form of convenience, where the strategy allows the business owners and managers to concentrate on their core business (Insinga & Werle, 2000). As a simple rule, so long as the benefits are considered sufficient by the client, then the process of outsourcing can be considered a success.

2.2.2 Value for Money.

Value for Money (VFM) is a concept which is generally understood to mean delivering the best results from a project or an activity through the most efficient use of resources (OCED, 2012). VFM can be used to guide decisions on whether or not to outsource a public service (Visconti, 2014) and to make comparisons between providers. The use of VFM has become more prominent in recent years, due to the need to demonstrate that public money is being spent optimally. Sectors such as international development, which are heavily dependent on public support, have been increasingly using VFM to demonstrate that public money is being spent wisely and to provide evidence of the effectiveness of their programs to skeptics (OECD, 2012).

VFM draws on assessments based on three criteria, *Economy*, *Efficiency* and *Effectiveness* (the three E's). Economy is a measure of the cost of inputs into the production or delivery of a good/service/activity. In the case of outsourcing of public services, Economy measures the costs to Government of procuring the service delivery. Efficiency measures productivity, how much is delivered for every unit input. Efficiency is increased through increasing the level of output per unit input or decreasing the level of input per unit output. Effectiveness can be measured quantitatively or qualitatively, thus

making it the most difficult and fraught criteria to measure. Effectiveness is concerned with ensuring that the quality of outcomes as determined by the intended objectives, are not diminished (ITAD, 2010).

2.3 Theoretical Literature Review

In assessing the relationship between outsourcing services and value for money achievement in the public institution the study was guided by resource dependence theory (RDT) which explains that, the organization are not self-sufficient with the resources as they require resources from the environment and thus, become interdependent with those elements of the environment with which they transact (Pfeffer,1982). Due to the fact that the organization also depend some of the materials from other organization the need for outsourcing arises.

The theory explains on how external resources of organizations affect the behavior of the organization. The procurement of external resources is an important aspect to both the strategic and tactical management of any company.

RDT suggest that organization behavior becomes externally influenced because of the focal organization must attend to the demands of those in its environment that provides resources necessary and important for its continued survival. As Pfeffer and salancik (1978) summarized “the underlying premise of the external perspective on organization is that organizational activities and outcome are accounted for by the content in which the organization is embedded”.

There are two elements in resource dependence argument. The first centers to the issue of external constraint and argues, that organizations will (and should) respond more to the demand of those

organization or groups in the environment that controls critical resources. In other words, resource dependence theory described the development of inter organizational power and argues that this power affects the activities of the organizations.

The second element argues that, for a variety of reasons, managers and administrators attempt to manage their external dependencies, both to ensure the survival of the organization and acquire, if possible, more autonomy and freedom from external constraints. Thus, the second part of RDT identifies the various strategies or tactics of organization and the managers to cope with external constraints resulting from resource dependence. However, external constraints from resource dependence as portrayed by (Pfeffer and Salancik, 1978) is distinguished between outcome independence and behavior interdependence whereby; in outcome independence, the outcomes, or results, achieved by one actor are independent with those of another actor. In behavior interdependence, the activities themselves are dependent on the action of another actor.

Within outcome independence, they further distinguish between competitive independence and symbiotic (we will, however, use vertical) interdependence. In a vertical interdependence, the output or action of one actor is the input for the other, while in competitive relationship; the two parties are in a zero-sum situation, leaving of the same resource pool.

According to the Pfeffer and Salancik, (1978), the importance of resource, the extent to which the (delivering of resource) actor has discretion over resource allocation, and third the extent to which there are few alternative suppliers of resources, are the important factors determining the independence of the organization.

The resource-based theory of the organization holds that, in order to generate sustainable competitive advantage, a resource must provide

economic value and must be presently scarce, difficult to imitate, non-substitutable and not readily obtainable in factor markets. This theory rests on two key points. First, that resources are the determinants of organization performance that is for the organization to achieve value for money there is a need of having relevant resources and they have to be utilized efficiently and second, that resources must be rare, valuable, difficult to imitate and non-substitutable by other rare resources. When the latter occurs, a competitive advantage has been created (Priem and Butler, 2001).

Organizations depend on multidimensional resources: labor, capital, raw material, etc. Organizations may not be able to come out with countervailing initiatives for all these multiple resources. Hence organization should move through the principle of criticality and principle of scarcity. Critical resources are those the organization must have to function. For those critical resources the organization have to provide them from within but those resources that are scarce to the organization, An organization may adopt various countervailing strategies it may associate with more suppliers (in outsourcing activities), or integrate vertically or horizontally (Kloptick, 2001).

A major problem concerning empirical studies using RDT is observed in measurement of power imbalance and mutual dependence. Using percentages of sales/purchases as an indicator could be relevant; the problem when it come to get a complete picture of power imbalance rest on measuring available alternative suppliers.

Other have suggested to ask management how difficult it would be to get alternative available resources, and combined this with a measure of proportional that one of the actor's need of resources from the other actor (Buchanan, 1992)

2.4 Empirical Literature Review

2.4.1 Foreign studies

As portrayed by (Kokes),2014 in the study of reasons for companies to outsource in U.S.A, there are different reasons for outsourcing ,these include the following; Reducing cost, whereas, this remain the number-one reason that organizations elect outsource, practically it has been observed that ever company cites lowering costs as the primary driver for adopting this business model,. This was also emphasized by Child (2005) states that outsourcing offers “significant, often immediate cost savings” and Corbett (2004, p.11) highlights results from the 2004 outsourcing world summit, which showed that 50% of executive respondents cited cost savings as the primary goal of outsourcing . Another reason is enables the organization to focus on core competence; Outsourcing allows firms to get rid of routine activities and redirect energy to focus on what they do best. Organizations should outsource non-core activities to allow them to divert resources to activities that can provide competitive advantage. Lee and Kim,(2010) suggests that outsourcing allows firms to focus on their own core competences by relocating limited resources to strengthen their core product or service and strategically use outside vendors to perform service activities that traditionally have been internal functions. Better experience rises revenue; organization outsource in order to raise the revenue that is realized through cost reduction after leaving other function to the third part. Likely, organization opts to outsource with the reason of generating higher customer retention rates. The combination of creative programs, informed and talented agents and timely execution can lead to dramatic increases in customer retention.

Every customer interaction is an experience shared and an opportunity to increase satisfaction and brand loyalty. For Quality outsourced

customer care can even save revenue by turning a cancellation call into a retained customer. Furthermore, reason for to scale staffing to match the business need during these annual peak and valley times. This added benefit also results in cost saving without compromising the level of services delivered to customers. On top of that, companies especially services providing companies outsource some of their services so as to ensure Diversification. For example, some companies want to keep part of their contract center operation internal and outsource other parts. This is because the company has experienced real success running their contract center operations internally, but is looking to supplement the program with outside expertise or geographies.

Ren and Zhou (2008) on their study on service outsourcing in U.S.A examined how contracts can be used to effectively ensure optimal services quality level by the vendor. They showed that simple contracts, even the pay-per-call-resolved contract than takes quality into consideration, an empirical study conducted by world bank on 2003 showed that although China is a unitary state with uniform de jure laws across the country, there are substantial variations in the effectiveness of contract enforcement across its regions (Tao et al., 2008;World Bank, 2008;Lu and Tao, 2009a) do not coordinate the vendor's quality training effort level. Instead, more complex contract is needed. Likely Quality is measured by the call resolution rate achieved by the vendor.

Benjaafar et al. (2007) conducted a study of Outsourcing via service competition in U.S.A. The study showed how firms can ensure better quality of customer services through outsourcing. The findings revealed that, adherence with reliable services, adequate skills of services providers, responsiveness to client, as well as system flexibility in outsourcing services may results into good quality of

customer services provided by the organization. On other hand, the study looked on services outsourcing to vendors with services quality considerations. They compare two scenarios. The first is to allocate demand among asset of vendors, but the proportion of demand that each vendor gets is an increasing function of the service level of each vendor. Here service level is measured by customer waiting time, abandonment probability etc. They call this approach supplier allocation (SA) approach. The other called supplier-selection (SS) approach, which uses a probability to select one vendor. The probability of being selected is an increasing function of services level committed by the vendor. They found that often using just one vendor (i.e the SS approach) is advantageous, but such advantage depends upon the form of cost functions of serving customer incurred by the vendors. Moreover, by selecting an appropriate allocation mechanism, the user can indeed induce a higher service level provided by its vendors.

According to Kroes and Ghosh, (2010) who conducted a study on Outsourcing Congruence with competitive priorities in U.S.A identified that outsourcing improves cost competitiveness because it helps organisations to do away with unproductive assets, reduce capital spending and partner with a provider that can provide an activity at a lower cost. On the other hand, It was also explained that outsourcing increases the financial standing of an organisation by reducing investment in assets, freeing up resources for other purposes and generating cash by transferring assets to the service provider. The factors relating to cost consideration include cost transparency, conversion of fixed to variable costs and elimination of fixed cost of internal staff. Others include access to outsider's lower cost structure and achievement of cost reduction with enhanced performance.

As portrayed by (Brusoni & Prencipe, 2001; Prencipe, Davies, & Hobday, 2003) on their studies based on United Kingdom. Today, firms manage a portfolio of outsourced activities that may include relatively low-skill activities (e.g call centres) as well as knowledge-intensive services (e.g, market research and analysis). The present scenario sees the flourishing of information technology (IT) outsourcing (Tettelbach, 2000) many organizations can not satisfy the level of resources required to provide the best practice in their organization. Hence the outsourcing can provide a cost effective solution due to economies of scale achieved when compare with the cost of developing and supporting in-house risk management tools. Additionally, an organization will be able to obtain better pricing in dealing in financial instruments as it will have access to information system. For this case, procurement professionals use market intelligence in their sourcing decisions and bringing compelling data to outsourcing decisions. This not includes cost factors, but also market research and the identification of innovative supplier, solutions and process improvements. Ideally strategic outsourcing involves all areas that have a stake in the outcome-the internal business units, legal procurement. Procurement's experience running complex supply chains price negotiations and supplier relationships, while adjusting to a changing global environment, makes it a valuable asset in determining the optimal public outsourcing process.

Giardini and Kabst (2008) hypothesized that Recruitment Process Outsourcing (RPO) has a negative effect on the perceptions and evaluations of job applicants on their study in Germany. Results indicated that the satisfaction of participants with the process, the attractiveness of the organization, and the intention to accept a job offer decreased with increasing levels of RPO. Elmuti et al. (2010) researched consequences of outsourcing strategies on employee quality of work life, attitudes and performance. The attitudinal results

of this research indicated that outsourcing strategies had a negative impact on the perceived quality of work-life dimensions.

Ndubisi (2011) in his study of conflict handling, trust and commitment in outsourcing relationship a study conducted in Chinese and Indian firms in Malaysia, identified conflict handling typologies which affect trust and commitment in B2B outsourcing relationship. It is also considered the moderating effect of culture in the relationship. Data was collected from Chinese and Indian firms providing HR outsourcing services. The impact of compromising conflict handling on trust and commitment is moderated by culture –significantly higher for the Chinese (business culture is a blend of the moral values of Confucianism and comprising elements which relate to long-term business relationship including strong personal connection and interpersonal harmony) service providers compared to the Indians (spiritualism and the Notion of “Karma”) Culture has also a direct impact on commitment but not trust (National culture effect).

Likely, Product or service quality may also suffer in outsourcing, affecting customer satisfaction. Companies must carefully select, qualify, contract with and manage their outsourcing partners to ensure that quality does not deteriorate. This often requires adequate transition periods and/ or parallel production as well as effective cross-training between companies. These aspects are often neglected because of cost saving effort. Another risk is that, the outsourcing transition phase may also fail if schedules and budgets are not achieved because of insufficient planning and /or resources (KPM, 2015). An outsourcing project must be run with the same discipline and planning as well-run large scale systems implementations. Outsourcing is a replacement of production or services functions, functions have a direct bearing on the company’s ability to meet its commitments to customers and shareholders. Furthermore, Suppliers

may not be financially viable (KPM, 2015), thereby exposing the company to supply interruption risk. Surprisingly, effectiveness of the “financial viability” criterion scored lower than others in the survey, indicating that a significant number of companies could be at risk of supply interruption or related problems because of their supplier’s lack of resources.

2.4.2 Local studies

Mabhuye (2013) assessed the performance of outsourced revenue collection system in local government authorities at Kasulu district council. The general research method that the researcher employed in the study were questionnaire ,personal observation together with documentary review as the major method of research data collection approach used. The key findings of his study were, that the council has been able to collect revenue from own sources in moment in time by an average percentage of 0.97% or 0.97 annually. This meant that, some agencies were not complying with their contract signed between the agencies and the council. Also another finding was that the performance in revenue collection of market due dropped by average of 47.6% while the performance of the forest fee levy has increased by an average percentage of 17%. Also the performance of market stalls rent increased by average percentage of 3%.

He recommended that in order to minimize the risk of giving the contract to incompetent and dishonest outsourced agents who fail to submit revenue collected at time, the council management should give the contracts or terms of agreements to outsourced agents with enough experience, and also the augends should have required and recommended collaterals. Also since the council has enough number of revenue sources which has not been outsourced and which can perform well if they are outsourced, furthermore the researcher recommended that new revenue sources such as parking fees for

bicycles, fee for Lorries in transit parking in towns and also the council should opt to make investment in government shares and treasury bonds.

Sumari *et al.*, (2013) conducted a study on the contribution of outsourcing on organizational performance and the reason why cooperatives are undertaking outsourcing projects .Also the study examined the relationships between outsourcing strategies and organizational performance. The results showed that cooperative organizations were unfamiliar with outsourcing and outsourcing strategies. The study also found that cooperative organization undertook outsourced activities in order to reduce cost, improve delivery and reliability of services as well as to make use of resources that are not available in the organization. In addition, Cooperatives outsourced services in order to reduce manpower need in the organization, focus on core organizational competencies as well as making organizational financial resources for profitable core activities.

The study concluded that outsourcing is beneficial to the organization. However, while cooperative organizations achieved significant improvement in organizational performance by outsourcing, they have not reached the magnitude of improvements ascribed to outsourcing strategies. Also it was recommended that emphasis on the contribution of outsourcing on organizational performance needs to be clearly stipulated and the appropriate outsourcing strategies has to be employed in order enhance organizational performance.

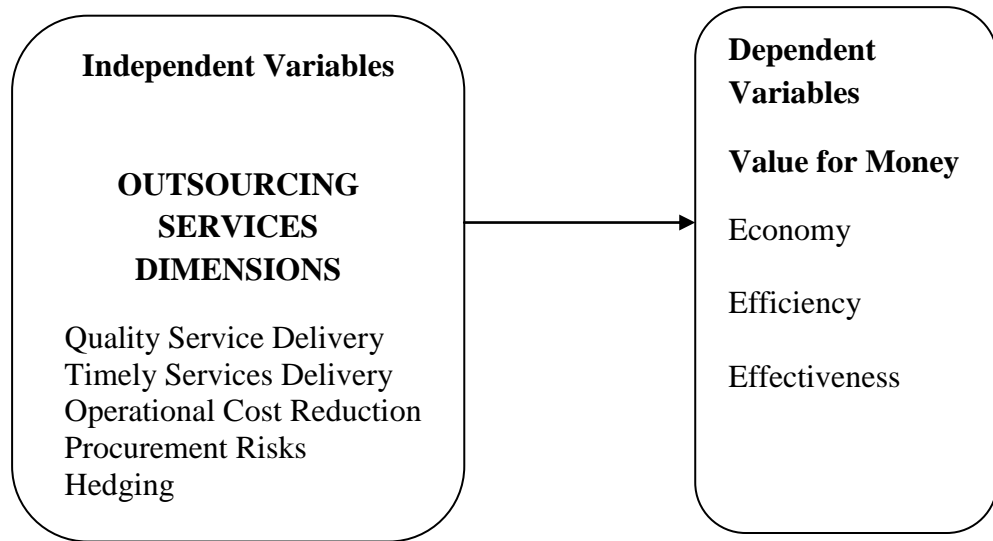
Mugassa (2015) did a study on Analysis of Outsourcing Hotel Services in Tanzania. The study covered Dares Salaam, Morogoro, Arusha, Tanga, Moshi, Mwanza and Zanzibar. The general research method that the researcher employed in the study was descriptive and analytical survey. In the study it was identified that many hotels,

catering outlets and restaurants outsource some of their services. It was also found that outsourcing in the hospitality industry is done in order to reduce costs, to improve the quality of service and increase revenue. The study aimed at analyzing the challenges in outsourcing hotel services in Tanzania. The study illustrated that the hotels tend to outsource non-core services such as laundry, security, purchasing, cleaning, catering, leisure and others. The hotels also indicated that the reasons for outsourcing is related to two main factors i.e. suppliers expertise and brand name as well as to increase internal efficiency. The results of the study illustrated that outsourcing hotel services is little known and inactive in Tanzania even though it has been practiced by some hotels for quite some time now unknowingly. This was identified to have been the main reason for the hotels carrying out many services in-house uneconomically and inconveniently.

2.5 Conceptual Framework

The conceptual framework illustrates the relationship between service outsourcing and the value for money achievement in public institutions into different parameters as shown in Figure 1. The literature identifies the outsourcing service dimensions such as quality service delivery, timely service delivery, operational costs reduction and procurement risk hedging as the contributory factors to the achievement of value for money in public institutions. These in return influences the performance of the organization in terms of efficiency, effectiveness and economy in its operations. In an institution the availability of timely service delivery, operational costs reduction and where the risks in procurement are taken care of in any service this results to the attainment of efficiency, economy and effectiveness in the institution. This is to say that efficiency, effectiveness, and economy as dependent factors depends on timely delivery, operational costs reduction and risk hedging which are the independent variables.

Figure 2. 1: Conceptual Framework model



2.6 Operationalization of the variables

Table 2. 1: Operationalization of the variables

S/N	Variables	Category	Description And Relationship	Means Of Measurement
1	Quality service delivery	Independent	Outsourcing of the non-core services to a specialized and experienced service provider results to the quality service delivery Which contributes to the attainment of efficiency and effectiveness in the operations hence value for money achievement.	Reviewing the services provider by the outsourced service provider and examine their contribution to value for money.
2	Timely services delivery	Independent	Services outsourced to a qualified service provider tends to delivered in the right time when needed due to the fact that the service provider tend to have enough resources and experience hence this results to effectiveness, efficiency in the institution.	Assessing responsiveness and timely provision of the outsourced services.
3	Operational Cost Reduction	Independent	Outsourcing of services means that the institution will concentrate on its core activities. Costs such as human resource, physical and financial resources previously employed in the outsourced services will be greatly reduces this leads to the achievement of economy, and efficiency. Hence results to value for money achievement.	Evaluating costs, expenses and resources of services, after and before outsourcing.
4	Procurement risks hedging	Independent	Risks associated with the services procured are taken care of by the outsourced service provider this results to the attainment of efficiency, economy and effectiveness in the institution	Reviewing the performance of service providers and their impact on risk hedging which results to efficiency and effectiveness.
5	Value for Money	Dependent	The best available outcome when all relevant costs and benefits of outsourcing of services are considered. It is described as obtaining the balance between time, quality, cost and risk. Also, it is a combination economy, efficiency and effectiveness.	Assessing the balance between time, cost, quality and risk of the outsourced services.

Source; Researcher (2017)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of research methodology was to describe and explain the procedures to be used in research design, study area, methods of data collection, sampling procedures and data analysis techniques. Research methodology is a way to systematically solve the research problem (Kothari, 2004).

3.2 Research Design

Due to the nature of the study, the study was undertaken by using case study design. The design was particularly useful for the study since it seeks to describe the problem into more details, to look at it as a whole and through its conclusion can be made. It involved the intensive study of the phenomenon in its natural habit, in such a way that the mutual relationship of relevant factors remain intact, (Yin,2003). The design was flexible in the use of data collection techniques which resulted into deeper insight and a better understanding of the problem in the case study.

3.3 Research Paradigms

Paradigms or “school of thought” in research are accepted ways of how people view and look at reality and the consequent approaches/ methods to generate knowledge that is held by a group of intellectuals who wide have influence in that area. The basic premises behind the paradigms are based on how people view reality (Lufumbi, 2008).

In this research, researcher adopted positivism as the philosophical approach in conducting the study. With this phenomenon, the only positive requirements to the respondents on outsourcing services and value for money achievement in public institution.

3.4 Types of Measurements

There are two types of measurement; parametric and non-parametric. Parametric measurement is used to analyze information obtained through experiment and non-parametric is used to analyze information obtained through responses by respondent (Christensen et al, 2011). The study used both quantitative and qualitative approaches in collecting data.

3.4.1 Parametric

This based on measurement of quantity or amount i.e. Numbers and standardized data. (Involve mathematical/statistical methodology.)

3.4.2 Non-parametric

This measurement used the information that was obtained from respondent. Measurements are referred to the act of measuring and it was conducted by assigning symbols or numbers to something according to a specific set of rules. This involved the phenomena relating to quality or kind (attitudes, opinions and behaviors, involved explanation and discussion of the concept and ideas.

3.5 Description of the Study Area

The study was conducted at Moshi Cooperative University (MoCU) which is found in Moshi Municipality Kilimanjaro region. Its bordered with Moshi police academy west side, Old Moshi secondary school North side, Rau secondary school and Sent Margaret secondary school east side, and community residences south side. The university is mainly focused on cooperatives and business studies although there are other programs like Bachelor of Laws that are provided by the university. The university has a population of more than 4,000 students and more than 350 staffs. MoCU mostly focuses in provision of education and training, research activities and consultancy services.

3.6 Data Collection Methods and Approach

As defined by Kombo and Tromp, (2006), data collection refers to gathering specific information aimed at providing or refuting some facts. In this study the researcher used various methods of data collection that helped in directing the researcher to obtain the intended results. The data collection methods that was used included, questionnaires, Interview and documentary review.

3.6.1 Questionnaires

This is a method which uses a set of questions for collecting data in carrying out the social science research (Rwegoshora, 2006). The researcher employed closed ended questionnaires as a tool to gather relevant information from respondents on outsourcing services and value for money achievement in MoCU. The researcher used this method of data collection as enabled the researcher to obtain sufficient data and the method was free from bias and each respondent had the time to fill the questions on his/her own without undue influence.

3.6.2 Interview

As defined by Rwegoshora (2006), an interview is a technique of field work which is used to watch the behavior of individual, record statements, and observe the concrete results of social or group interaction. The technique was used in the collection of primary data whereby questions were asked to respondents in order to get more detailed information about the study. Structured and Semi Structured interviews were used by the researcher to guide the interview with respondents.

3.6.3 Documentary review

The researcher also used this technique to collect data through reviewing available documents from other researches related to the topic under discussion in order to gain more information that had not been accurately covered in the questionnaires and interview technique

of data collection. It also involved the review of various documents relating to the objective of the study, the review of both published and unpublished reports, the review of library and internet materials was also done.

3.7 Types of Data

In this study the researcher collected both primary and secondary data basing on the study objectives. The researcher collected this data by the use of questionnaires, interview and documentary review as a method of data collection.

3.7.1 Primary Data

Primary data are those which are collected afresh and for the first time and thus happen to be original in character (Kothari, 2004). Primary data was collected directly from Moshi Cooperative University staffs through the use of questionnaires and interviews, to provide the answers to the objectives of the study in relation to outsourcing services and value for money achievement in public institutions.

3.7.2 Secondary Data

Secondary data is gathering information from already existing sources which have already been collected by someone else and which have already passed through a statistical process Kothari (2004); in this study secondary data was obtained through documentary review of both the published and unpublished reports. Various documents relating to the study objectives were also reviewed.

3.8 Population

The staffs of Moshi cooperative university was the targeted population of the study. The total population of the employees in Moshi cooperative University was 381 in both the Main campus in Moshi (Moshi Cooperative University Profile 2016), Kizumbi campus which is in Shinyanga and in the regional branches of the university which are located in 13 regions. This population

was appropriate due to the fact that the employees of the selected institutions were the ones that could give their correct opinion on the relationship between outsourcing services and the achievement of value for money. The population included members of PMU, members of tender board, heads of departments and faculties, staffs from the user departments such as Accounting and Human resource in Moshi Cooperative University in the main Campus in Moshi.

3.9 Sample and Sample size.

The study focused on the members of the Moshi cooperative university in the Main campus in Moshi whose tasks in one way or another are related to procurement activities. For qualitative studies, a sample of 25 respondents is adequate as proposed by Charmaz (2006). Hence basing on this principle and due to minimum time required to complete the research, resources and the nature of the study a sample of 40 respondents was picked from the population. Therefore the sample comprised of those with expertise, experience, awareness and knowledge about public procurement proceedings and service outsourcing in public institutions..

Table 3. 1: Distribution of the sample size.

Department	Unit number of respondents
PMU	5
Tender Board Members	5
Head of Departments and faculties	10
Members of the user department	20
Total	40

Source: Field Data, 2017

3.10 Sampling Procedures

The study employed simple random sampling techniques to select 40 staffs from Moshi Cooperative University. Simple random sampling involves the selection of individual from a group where by each individual has equal chance of being. This is one among the probability sampling techniques. The study employed this technique because it allows large representation of the population to be selected under the consideration of having equal chance to be selected.

The study also employed judgmental sampling techniques which mostly based on researcher's own judgment about what element should be used to meet the requirement for the purpose of the study. The researcher adopted this sampling technique in selecting the PMU officials and the Tender board Members so as to obtain a sample that had sufficient knowledge about service outsourcing.

3.11 Data Reliability and Validity

3.11.1 Data Reliability

Reliability refers to the extent to which data collection techniques or analysis procedures will yield consistent findings (Saunders *et al.*, 2009). The data was reliable as interviews were crucial in collecting primary data. The reliability of data minimized errors and biases in a research. In order to achieve reliability, the study used the tactic of documenting the research procedures as among the tactics to achieve reliability. Also to ensure reliability the study aimed at measuring the things right through ensuring consistent results by repeated measures on data collection. Reliability was also achieved through careful design directions for measurements with no variation between groups.

3.11.2 Validity

Validity is the extent to which a scale or sate of measures accurately represents the concept of interest (Hair et al., 1998). It is concerned with the accuracy of the data obtained and how it represents the concepts of the study. The study applied multiple sources of evidences to justify the problem which provide convergence of facts during the data collection process. To achieve validity the researcher used triangulation which is a process of collecting data using multiple sources whereby the information was obtained. Also to ensure validity, the questionnaire and interview guide were pre-tested through carrying out a pilot study to check the accuracy of the instruments in order to make corrections where necessary.

3.12 Data Analysis.

The analysis of data involved a number of closely related operations for the purpose of summarizing the data that are collected and organized in a manner that answers the research questions. In this study data was analyzed by using both qualitative and quantitative techniques. Qualitative data analysis involved the use of interpretive and reflexive approaches; open and close ended questionnaire which were used to collect qualitative data from respondents.

Also in this study the researcher used Quantitative data techniques, where by the data was presented in form of percentage and frequency through formulation of tables and figures and this was done after the compilation, coding and processing of numerical data which involved the use of Statistical Package for Social Science (SPSS) as a tool for data analysis.

CHAPTER FOUR

FACTS FINDING, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents result of analysis of the data collected from the study and interprets them in relation to the study objectives and research questions. The main objective of the study was to assess the relationship between outsourcing services and value for money achievement in public institutions. The findings were obtained through various data collection techniques including questionnaires, interviews and documentary review. This chapter presented data that originated from the findings of the research. This made it possible to get clear responses from the population under study on their perception on outsourcing services and value for money achievement. The main reason of making data presentation and analysis is to be able to provide the facts finding of the research problem. It should also be noted that statistical package for social science (SPSS) was used in the analysis of the data.

The research questions which guided the research problem were; factors that influenced MoCU to engage into outsourcing of services, contribution of outsourcing proceedings towards value for money achievement in MoCU, To establish the extent to which outsourcing of services has reduced operational costs towards the achievement of value for money and improve the institutional efficiency, extent to which outsourcing has improved the institutional efficiency.

4.2 Socio- demographic Characteristics of Respondents

4.2.1 Age of the respondents

The study found out that one (1) respondent which is equivalent to 2.5% of the respondents was between the 18-25 years, 40% of the respondents were between the age of 26-35years, 30% of the respondents were between the age of 36-45 years, 20% of the respondents were between the age of 46-55 years and 7.5% of the respondents were above 56 years. The findings shows that it is relevant that majority of the respondents more than 50% were above 36 years old.(see table 4.1 below)

Table 4. 1: Age of Respondents

Education level	Frequency (n=40)	Percent
18-25	1	2.5%
26-35	16	40%
36-45	12	30%
46-55	8	20%
56+	3	7.5%
Total	40	100.0

Source: Field Data, 2017

4.2.1 Gender of the respondents

The study found out that the majority of the respondents were male were 26 respondents which is equal to 65% composed of male and 14 respondents which is as the same as 35% of all the respondents were females.

Table 4. 2: Gender

Sex	Frequency (n=40)	Percent
Male	26	65%
Female	14	35%
Total	40	100.0

Source: Field Data, 2017

4.2.1 Education Level

The study indicated the majority of the respondents were highly educated where by 4 respondents which is equivalent to 10% of the respondents had a diploma level of education, 21 respondents which is the same as 52.5% of all the respondents had a Bachelor degree, Also the study found out that 13 respondents which is equivalent to 32.5% had master's degree, also it was out that 2 respondents which is equal to 5% had PHD. The findings implies that the respondents are highly educated which result to respond effectively to the questionnaires provided. According to Sitthy (2001) confirmed that education level of the employees determines his/her ability in day to day activities.

Table 4. 3: Education level of respondents

Education level	Frequency (n=40)	Percent
Diploma	4	10%
Bachelor	21	52.5%
Masters	13	32.5%
PHD	2	5%
Total	40	100.0

Source: Field Data, 2017

4.2.2 Working experience

The researcher examined the working experience of the respondents. In the study as shown in table 4.4 below the researcher found out that 12.5% of the respondents had a working experience of 1-5 years, 37.5% of the respondents had a working experience of 6-10 years, 30% of the respondents had a working experience of 11 to 15 years, also 15% of the respondents had a working experience of 16 to 20 years, and 5% of the respondents had a working experience of more than 20 years. By having this kind of response it clearly shows that Moshi Cooperative university have workers that have enough experience this is evident by the fact that 35 respondents which is 87.5% of the respondents had a working experience of more than 5

years. The experience of the workers in the institutions indicates that the respondents are familiar with the working environment and operations of the institution.

Table 4. 4: Working Experience

Working experience in years	Frequency (n=40)	Percent
1-5	5	12.5%
6-10	15	37.5%
11-15	12	30%
16-20	6	15%
21>	2	5%
Total	40	100.0

Source: Field Data, 2017

4.3 Factors influencing Moshi Cooperative University to outsource.

In order to determine the underlying factors that influences Moshi cooperative university to seek outsourcing services, seven items were given out to respondents so as to observe their degree of influence on seeking outsourcing services. These factors were then analysed using descriptive statics as follows.

4.3.1 Need to reduce cost and internal head count.

In Most cases it has been revealed that the need to reduce costs and internal head count in the organization being the factors that pushes a lot of the public institutions towards outsourcing. As Shown in table 4.5 below it was found out that 45% of the respondents strongly agreed that the need to reduce cost and internal head count is a factor that influenced Moshi cooperative university towards outsourcing, also 37.5% agreed, 2.5% of the respondents were not sure, 10% of the respondents Disagreed and 5% of the respondents strongly disagreed to the fact that outsourcing in the institution is influenced by the need to reduce costs and internal head count as shown in the table below. By these findings this shows clearly that the cost reduction aspect and the need of the organization to reduce the number of the employees in the public institution being one of the influences towards outsourcing.

In responding to the interview questions one of the respondents said that:

Before the year 2000 when outsourcing started in Moshi Cooperative University the university incurred a lot of costs that related to many employees which were employed in the non-core areas like cleanliness, and security. The need to reduce the costs related to those employees and the need to reduce the number of employees in the University influenced the institution towards outsourcing since it was a correct way of reducing costs and the number of employees in MoCU.

The findings relates with that stipulated by Kokes,(2014) who argued that desire to reduce cost, remains the number-one reason that the organizations elects to outsource, practically it has been observed that every company cites lowering costs as a primary driver for adopting any business model.

4.3.2 To increase efficiency and effectiveness in the outsourced services.

The study findings in table 4.5 below revealed that (37.5%) of respondents strongly agreed and (30%) of respondents agreed while (17.5%) disagreed, (7.5%) strongly disagreed and (7.5%) were not sure when asked whether the need to increase efficiency and effectiveness in the outsourced services is one of the factor that influenced Moshi Cooperative University to Outsource some of its services. By having more than 65% of the respondents agreeing to the fact that outsourcing of services in the university was influenced by the need to increase efficiency and effectiveness this clearly shows that outsourcing of the services in the university resulted to the attainment of efficiency and effectiveness which are the major components for value for money achievements. One of the respondents said that “*By outsourcing services like security the service*

is well taken care off by an experienced and more qualified expert in the related field than if the university had to employ its own workers and manage the service internally, The university reduces the number of employees and their related cost in the outsourced area at the sometime achieving the intended result in the outsourced service”

The response from the respondents shows that the institution can achieve more (quality outcome) with less resource invested in outsourced activity this reveals that efficiency and effectiveness is attained in the outsourced services.

This findings confirms the conclusion made by Buchanan,(1992) who said that public organizations will have efficient utilization of the internal capacity when they outsource other services from other actors.

4.3.3 To take advantage of the specialists” resources, capacity, and expertise

In table 4.5 below the findings of this research showed that (35%) respondents strongly agreed,(42.5%) respondents agreed, (5%) respondents were not sure, (12.5%) of the respondents Disagreed and (5%) of the respondents strongly disagreed with the fact that one among the factor that influenced MoCU to outsource was to take advantage of specialists’ resources , capacity, and expertise.

The findings revealed that the need to take advantage of the specialist resources, capacity and expertise was one among the major drivers that contributed Moshi Cooperative University to outsource some of its services in the findings of the study 31 respondents in total agreed on this fact. Since the university is equipped with specialist and experienced personnel in its core areas which are teaching, research and consultancy. Some of the non-core activities such as cleaning, cratering in special events and security, the university had to hire more

experienced and qualified specialist in those fields so as to obtain the best of service from a specialist service provider.

The study identified that the university had outsources services such as security, cleaning and canteen services, in all these services outsourced the university aimed at getting specialists skills and capacity that might help to provide the service efficiently and with lower costs.

4.3.4 To free up company's resources so as to focus on its core competence.

In the study as shown in table 4.5 it was found out that 60% of the respondents strongly agree, 25% of the respondents agreed, 10% of the respondents disagreed, and 5% of the respondents strongly disagreed to the fact that to free up company's resources so as to focus on its core competence is one among the factors that influenced Moshi Cooperative University to outsource. A total of 85% of the respondents who agrees and strongly agree on this factor greatly shows that the institution outsourced some of its activities such as security and others so as to have more focus on its core activities that gives it core competence. The university realized that performing some of the activities in-house incurs the university a lot of costs and causes the institution to spend a lot of resources to non-core activities which adds no value to the university, knowing that resources are limited and that they should be spent in core activities the university decided to outsource all those services that were not core such as clean, and security.

When interviewed one of the respondents said that:

The university used to spend a lot of time and costs in the non-core areas that had less value to the university. The need to get away from using more resources and to concentrate on only the core activities

which were teaching, research and consultancy influenced the university management to decide on outsourcing the non-core activities like security, cleaning, canteen services and sometimes IT services.

This finding related with that conducted by Elmuti (2003) who noted that increasingly, managers are keen to focus their energies on their core business activities, that is, those activities which are the source of competitive advantage and which determine the success or failure of the organizations. Outsourcing influences the resources allocated to business units as well as the level of vertical specialization of the firm's activities, both of which are corporate strategy. Also (Tomas & Victor 2006) argued that an organization should invest in those activities constituting core competences and outsource the rest.

4.3.5 Regulatory, legal or environmental requirement

The finding of the research in table 4.5 showed that 6 respondents which is 15% of the respondents strongly agreed, 9 respondents which is equal to 22.5% of the respondents agreed, 6 respondent which is equivalent to 15% of the respondents were not sure, 12 respondents which is 30% of the respondents disagreed and 7 respondents which is the same as 17.5% of the respondents strongly disagreed that regulatory and legal requirement was one of the factors that influenced Moshi Cooperative University to outsource some of its services. By having this kind of response from the respondents it shows that the regulatory, legal and environmental requirement has far less influence to the organization decision to outsource this is evident in the findings where 30% of the respondents disagreed and 17.5% of the respondents strongly disagreed this marked the total of 47.5% of the respondents which disagreed compared to a total of 37.5% of the respondents which agreed that regulatory, legal and environmental requirement to be one of the influencing factor that led MoCU to outsource. Despite

the fact that a lot of respondents responded negatively by disagree to this factor, one of the respondents who while interviewed mention this to be one of the factor but also said that:

“Although there are no specific regulations and legal framework that points out that the public entities should outsource some of its activities, but when submitting their request to employ some employees that belongs to certain category of employment especially those related to services like security, cleaning, office attendants and transportation. The government though the public service Management and good governance advices the institution to engage itself in Public Private Partnership(PPP) by outsourcing those services to external private service providers”. He further said that the government nowadays don’t pass request to employ service related employees in such areas.

4.3.6 To improve the organizations competitive position

As shown in table 4.5 below It was found out that 12.5% of the respondents strongly agreed, 30% of the respondents agreed, 12.5% of the respondents were not sure, 37.5% of the respondents disagreed and 7.5% of the respondents strongly disagreed that the need to improve the organizations competitive position is one among the factors that influenced MoCU towards outsourcing. This clearly shows that majority of the respondents which was a total of 44.5% disagreed to this factor to be one of the influence for MoCU to outsource. This was the less influencing factor of all. This meant that to improve the organization’s competitive position was not one among the factor that influenced Moshi cooperative university to outsource some of its services.

4.3.7 Need for sufficient service performance to meet requirement.

The researcher found out that 32.5% of the respondents strongly agreed. 45% of the respondents agreed, 5% of the respondents were not sure, 105 of the respondents disagreed and 7.5% of the respondents strongly disagreed to the question that the need for sufficient service performance to meet requirement was one of the factor that influenced Moshi Cooperative University to outsource some of their activities (see table 4.5 below). Having more than 70% of the respondents that agreed to this factor this showed that the need for sufficient service performance to meet requirement was one among the factor that influenced the university to outsource.

Lacity and Willcocks (2009) pointed out that the need to obtain better services to meet the client's organization is a crucial influence to IT outsourcing. The companies that are contracted out are expected to perform better and meet the required target according to the buying organization expectation. When outsourcing an IT company to develop software the buying organization expects that service that will be offered to meet the requirement.

Table 4. 5: Factors influencing Moshi Cooperative University to Outsource.

Attributes	Value	Frequency (n=30)	Percentage (%)
Need to reduce costs and internal head count	Strongly Disagree	2	5
	Disagree	4	10
	Not sure	1	2.5
	Agree	15	37.5
	Strongly Agree	18	45
To increase efficiency	Strongly Disagree	3	7.5
	Disagree	7	17.5
	Not sure	3	7.5
	Agree	12	30
	Strongly Agree	15	37.5
To take advantage of specialists resources , capacity and expertise	Strongly Disagree	2	5
	Disagree	5	12.5
	Not sure	2	5
	Agree	17	42.5
	Strongly Agree	14	35
To free organizational resources and focus on core competence/ core activities.	Strongly Disagree	2	5
	Disagree	4	10
	Not sure	0	0
	Agree	10	25
	Strongly Agree	24	60
Regulatory, legal and environmental requirement	Strongly Disagree	7	17.5
	Disagree	12	30
	Not sure	6	15
	Agree	9	22.5
	Strongly Agree	6	15
To improve the company's competitive position	Strongly Disagree	3	7.5
	Disagree	15	37.5
	Not sure	5	12.5
	Agree	12	30
	Strongly Agree	5	12.5
Need for sufficient service performance	Strongly Disagree	3	7.5
	Disagree	4	10
	Not sure	2	5
	Agree	18	45
	Strongly agree	13	32.5

Source: Field Data, 2017

4.4 Examining contribution of outsourcing proceedings towards value for money achievement in Moshi Cooperative University.

According to the Public Procurement Act No.9 of 2011 and Public Procurement Regulation 2013, the procurement of outsourcing services mostly falls under the category of non-consultancy services with exception of those outsourced services that requires highly skilled personnel such as auditing services, survey and others which are termed as consultancy services. Outsourcing of services has a significant contribution to the attainment of value for money in the public institution. In the study as shown in table 4.6 the following contributions were assessed so as to finally examine the contribution of outsourcing to value for Money achievement.

4.4.1 There has been a significant reduction of expenditures in the institution as a result of outsourcing.

Basing on the findings (in Table 4.6) it shows that 37.5% of the respondents strongly agreed, 45% of the respondents agreed, 2.5% of the respondents were not sure, 10% of the respondents Disagreed and 5% of the respondents strongly disagreed that there has been a significant reduction of expenditures in the institution as a result of outsourcing, which has also contributed to value for money achievement.

As shown in table 8 below, 37.5% and 45% of respondents strongly agreed and agreed respectively that there has been a significant reduction of expenditures in the institution as a result of outsourcing, which has also contributed to value for money achievement. Majority of respondents (82.5% i.e 37.5% + 45%) had a positive opinion that there has been significant reduction as a result of the institution outsourcing some of its services.

The researcher found out that the university has managed cut down its expenditures on employees such as the money they spent in paying

employees' salaries and other contributions, money spent on buying facilities and establishing infrastructures related to the outsourced services this has resulted to the university to achieve value for money as it helped in economizing the spending and increasing efficiency in the university.

The study is supported by Elmuti, & Kathawala. (2000) who stated that there are areas where outsourcing is rising and rising significantly, more of the organizations are outsourcing the IT services to escape the massive spending that the organization can incur by employing its own employees and performing the work internally. The costs of establishing IT infrastructures are high this result many of the organizations to use external service providers.

4.4.2 Minimization of operational cost and administrative complexities has contributed to value for money achievement.

In the findings indicated in table 4.6 below it was found out that 22.5% of the respondents strongly agreed, 50% of the respondents agreed, 2.5% of the respondents were not sure, 17.5% of the respondents Disagreed and 7.5% of the respondents strongly disagreed that outsourcing of services has enabled the institution to minimize the operational costs and administrative complexities hence it has contributed to value for money achievement through facilitating efficiency and effectiveness. Majority of the respondents which is 77.5% collectively either agreed or strongly agreed to the fact that outsourcing of services like security, catering services, cleaning and IT services has minimized operational costs and administrative complexities hence resulted to value for money achievement.

One of the respondents interviewed was noted saying that:

Outsourcing of services in the university has reduced operational costs and improved organizational performance in different ways such as it has reduced internal head count, it has reduces supervision costs, the university has minimized investment in non-core projects, it has enable the university to have a fixed budget and cutting off unnecessary costs and it has enable the university to reduce its purchasing costs in activities that were outsourced.

This was supported by (Domberger& Jensen 1997) who reported that there is “substantial evidence” that government’s institutions have saved money and reduced operational cost by contracting out. However, cost reductions can only be achieved if the provider has access to economies of scale or can achieve increased efficiency through specialization. Hence outsourcing can provide a cost effective solution due to economies of scale achieved when compare with the cost of developing and supporting in-house risk management tools. Additionally, procurement professionals use market intelligence in their sourcing decisions and bringing compelling data to outsourcing decisions.

4.4.3 Outsourcing has enabled the institution to focus on its core functions thereby improving the performance and hence lead to value for money achievement

As shown in table 4.6 below the researcher found out that 45% of the respondents strongly agreed, 40% of the respondents agreed, 5% of the respondents were not sure, 10% of the respondents disagreed that outsourcing of services in MoCU has enabled the institution to focus on its core functions thereby improving the performance and hence lead to value for money achievement. The degree of response of those who strongly agreed and the ones that agreed was 45% and 40%

respectively this makes a total of those who agreed to be 85% this shows that outsourcing has enabled MoCU to focus in its core functions which are teaching, research and consultancy whereby it has resulted to the improve in the university performance and the achievement of the overall value for money. The university has outsourced activities like security and cleaning which would have made the university management to dedicate a lot of their time and resources managing these activities.

As supported by Quinn and Hillmer (1995) Outsourcing allows firms to get rid of routine activities and redirect energy to focus on what they do best. This has given organization time to focus and invest in their core areas. Resources are also limited and have to be concentrated in core areas that give the firm a competitive advantage; Outsourcing enables the organization to free itself from less significant activities that adds costs and these results to better results for the core activities. Focusing on the core areas gives the institution core competence, which results into efficiency, improve of performance and growth.

4.4.4 Outsourcing has led to improved reliability, responsiveness and assurance of services in minimum cost and maximum efficiency.

In order to determine the contribution of outsourced services towards value for money achievement it was important to the researcher to examine on how outsourcing has resulted into reliability, responsiveness and assurance of services in minimum costs and maximum efficiency. Were asked their views on whether they agree, disagree or if they were not sure. The response from the respondents was that 22.5% of the respondents strongly agreed, 37.5% of the respondents agreed, 7.5% of the respondents were not sure, 20% of the respondents Disagreed and 12.5% of the respondents strongly disagreed that outsourcing has led to improved reliability,

responsiveness and assurance of services in minimum cost and maximum efficiency. The findings as shown in table 4.6 below revealed that more than 55% of the respondents agreed to the fact that the improved reliability, responsiveness and assurance of service in minimum cost and maximum efficiency that was caused by outsourcing some of the services in the university has contribute to efficiency, effectiveness and economy which in general are the major components of value for money achievement.

Performing some of the services in-house is quite costly than outsourcing them, if the service can be outsourced in a reasonably fair price to a qualified and an experienced service provider that also provide quality and reliable service in the right time when needed that results to value for money achievement in the institution.

This was supported by Benjaafar et al. (2007) who reported that organizations can ensure better quality of customer services through outsourcing. He revealed that, adherence with reliable services, adequate skills of services providers, responsiveness to client, as well as system flexibility in outsourcing services may results into good quality of customer services provided by the outsourced organization which also minimizes costs and maximize efficiency to the service that is outsourced.

Table 4. 6: Contribution of outsourcing proceedings towards value for money achievement in Moshi cooperative university.

Attributes	Value	Frequency (n=30)	Percentage (%)
There has been a significant reduction of expenditures in the institution as a result of outsourcing. Which has also contributed to value for money achievement.	Strongly Disagree	2	5
	Disagree	4	10
	Not sure	1	2.5
	Agree	18	45
	Strongly Agree	15	37.5
Minimization of operational costs and administrative complexities hence it has contributed to value for money achievement through facilitating efficiency and effectiveness.	Strongly Disagree	3	7.5
	Disagree	7	17.5
	Not sure	1	2.5
	Agree	20	50
	Strongly Agree	9	22.5
Outsourcing has allowed the institution to focus on its core functions thereby improving the performance of the institution hence lead to value for money achievement.	Strongly Disagree	0	0
	Disagree	4	10.0
	Not sure	2	5
	Agree	16	40
	Strongly Agree	18	45
Outsourcing has led to improved reliability, responsiveness and assurance of services in minimum cost and maximum efficiency.	Strongly Disagree	5	12.5
	Disagree	8	20
	Not sure	3	7.5
	Agree	15	37.5
	Strongly Agree	9	22.5

Source: Field Data, 2017

4.5 To establish the extent to which outsourcing of services has reduced operational costs towards the achievement of value for money and improvement of institutional efficiency.

The most crucial reason that influences a lot of the organizations to outsource is to reduce the operational costs. In making a decision on whether to outsource or not the organization focuses on the cost related factors of the outsourced activity. The public institution observes issues such as reduction in overhead and other fixed costs, reduction in human resource costs, reduction of the risks related to non-core activities, reducing of the total operational costs and insuring that the cost of outsourcing is lower than the cost of acquiring more resources to do the work internally.

The findings of the research were analysed using frequency and percentage as shown in (table 4.8) but also the findings were analysed using mean and standard deviation as shown in (table 4.7) below in order to clearly establish the components that influences in high extent the reduction of operational costs towards value for money achievement and those that influences in low extent.

Table 4. 7: Extent to which outsourcing of services has reduced operational costs towards the achievement of value for money and improvement of institutional efficiency

DIMENSIONS	Mean	Std. Deviation
Outsourcing has enabled the institution to reduce overall human resource costs	4.1000	1.17233
Costs of outsourcing is lower than the cost of acquiring more resources to do the work internally	3.8750	1.24422
Outsourcing has reduced the total operational costs in the university	3.8500	1.16685
Outsourcing has reduced the risks related to non-core activities which could add more costs to the organization	3.5250	1.30064
Outsourcing has reduced costs such as overheads and other fixed costs	3.4250	1.23802
Through effective quality programs developed it helps in reducing the quality costs	2.6000	1.41058

Source: Field Data, 2017

4.5.1 Enabled the institution to reduce the overall human resource costs

Outsourcing enables the organization to reduce the number of employees in the organization since the work is performed by an external company that is paid to perform the required service. In doing so the institution does no longer have to deal with costs related to employees in related field, costs such as salaries, overtime, contributions to healthy insurance and social security funds, allowances, costs of developing employees, training costs, recruitment and meals costs. The result of the findings in table 4.8 shows that 47.5% and 35% of the respondents strongly agreed and agreed respectively, these makes the total of those who agreed to be 77.5%. Also the field data as shown in table 4.7 above indicates that this component has the highest mean score of 4.10 and a standard deviation of 1.17233. This component is above the cut off mean of three (3), hence this indicates that it is through the reduction of the overall human resource cost that the operational cost is highly reduces

hence the achievement of value for money and improvement of the institutional efficiency.

This was also confirmed by one among the respondents who was interviewed, who said that:

Through outsourcing the university has reduced the operational costs in high extent through the reduction of the human resource costs. These costs included recruitment costs, salaries, training costs, overtime costs, contribution that the university had to pay for employee such as for health insurance, social security funds and other allowances all these costs had contributed in adding the overall costs to the university where by outsourcing some activities that were labor intensive such as security and cleaning the university has reduced a lot of cost.

This statement is supported by Gilley&Rasheed(2000) who stipulated that outsourcing lowers operational costs by cutting down human resource expenses and costs of the outsourced activity. They further explain that outsourcing company can lower the cost of labour. Lower direct salary costs may be applicable if the provider operates from a lower cost location. Savings should also be achieved, for example, by reducing exposure to the ever increasing burden of employment law, through the saving of recruitment costs, by reducing HR and payroll administration and even from lower occupancy costs resulting from a smaller headcount.

4.5.2 The cost of outsourcing is lower than the cost of acquiring resources to do the work internally

Result from the field as shown in table 4.8 below indicated that 40% of the respondents strongly agreed and 32.5% of the respondents agreed, and this made the total percentage of the respondents to be 72.5% who agreed that the cost of outsourcing is lower than the cost of acquiring resources to do the work internally also this factor had a mean score of 3.8750 and the standard deviation of 2.4422 as shown in table 4.7 above the mean score is above the cut-off mean score of (3). This implies that the cost of outsourcing in Moshi Cooperative University was indeed lower than the cost of acquiring resources to do the work internally hence this has contributed to the reduction of the operational costs. One of the respondents interviewed was noted saying that

This finding was supported by Meckbach, 1998 who suggested that most outsourcing is primarily motivated by the organization's efforts to reduce costs. If a function is to be outsourced for cost reasons, then it is assumed that the current in-house costs are higher than the expected costs for purchasing the service. However, there is significant uncertainty about the expected savings generated by outsourcing. Cost savings may not be as high as sometimes reported. Literature also suggests that determining accurate in-house costs to compare to can be difficult. Despite the uncertainty, many organizations outsource to reduce costs and therefore the higher the internal cost to perform the function relative to the expected cost of purchasing the service the more likely the function is to be outsourced. The organization therefore mostly insures that they outsource services considering the cost factor so as to ensure that the costs of purchasing the service to be relatively lower than the cost of performing the service in-house.

It was also reported by one of the respondents that was interviewed that:

Despite the fact that the outsourcing of services is cheaper than performing the service internally most of the times the outsourcing services are not provided well by the external suppliers because of the frequently loose of the work morale, poor productivity and commitment. According to them this is due to low payment made by the outsourcing company to their workers and the lack of strict management and supervision. April 2017.

4.5.3 Outsourcing has reduced the total operational costs

Outsourcing enables the organization to cut down costs such as human resource costs, management, and supervision costs, purchasing costs, finance costs, facility and other infrastructure costs. Outsourcing enabled Moshi cooperative university to reduce all these costs hence resulted into total operational costs reduction. This is also evident in the research findings shown in (table 4.8 below) where by 32.5% strongly agreed and 42.5% of the respondents agreed that outsourcing has in a large extent contributed to the reduction of the operational costs.

Also the mean score of this component was 3.8500 and had a standard deviation of 1.6685 as shown in (table 4.7 above) Due to the fact that the mean score exceeds the cut of mean score of 3 this means that this factor has a high influence in the reduction of the operational costs towards value for money achievement and the improvement of institutional efficiency. Apart from the operational costs reduction Moshi Cooperative university should also focus on quality of the services to be provided by the service provider.

4.5.4 Outsourcing has reduced the risk related to the non-core activities which could add more costs to the organization

The findings of the research as shown in (table 4.8) Indicated that 25% of the respondents strongly agreed and 37.5% of the respondents agreed to the fact that service outsourcing has reduced the risk related to the non-core activities which could add more costs to the organization. Majority of the respondents which marks the total of 62.5% (25% strongly agreed + 37.5% agreed=62.5%) agreed to this factor. The high extent of this factor that it has in the education of operational costs and improvement of efficient is also evident by the findings represented in table (4.7 above) where its mean score is 3.5250 and it had a standard deviation of 1.3864. Since the mean is above the cutoff point of 3 that still implies that outsourcing reduces the risk related to the non-core activities. Doing the activity in-house means that the organization will have to the risks related to the non-core activities. In the findings it was also founded that 15% of the respondents disagreed and 10 % of the respondents strongly disagreed this shows that in a certain extent the risks relating to the non-core activities are not well addressed by the outsourced companies. Mostly when interviewed respondents raised their concern on quality of the service that the outsourced company offers. The outsourced company fails to manage the quality related risks hence the service provider sometimes fails to conform to the requirement. The findings were supported by Yankilovich (2003) who suggested that companies have to manage a certain amount of risk (markets, financial conditions, technologies, government regulations, competition) but choosing to outsource some business functions enables the providers to assume and manage these risks for their clients. The providers can generally more ably administer these risks in their areas of expertise.

Organizations with smaller numbers of employees can be exposed to control risks in their accounting and other systems through having insufficient resources to segregate duties. This can also lead to the polarization of important corporate knowledge with one or two employees. Outsourcing can be used to manage these risks through the development of suitable processes which segregate functions and provide additional management oversight within a larger team provided by the outsourcing company.

4.5.5 Outsourcing reduces costs such as overheads and other fixed costs

Overhead costs such as human resource costs, purchasing costs, facility costs, executive management costs, legal services, IT costs, training costs and research and development costs. These costs are transferred from the client institution to the outsourced company. Also Moshi cooperative university does not incur fixed costs in the services that are outsourced. The research findings in (table 4.7) shows that this is also one of the important component that contributes to the reduction of the operational costs and value for money achievement this is due to the fact that its mean score of 3.4250 and standard deviation of 1.23882 exceeds the minimum cut off point of three(3) . Also (table 4.8 below) Shows that majority of the respondents which is in total 57.5% (20% strongly agreed and 37.5% agreed) to the fact that outsourcing reduces costs such as fixed and overhead costs which contribute in a high extent to the reduction of the operational costs towards the achievement of value for money and improvement of Moshi Cooperative university efficiency.

The findings of the research are also supported by Kim,(2010) who indicated that Cost cutting may not be the only reason to outsource services - but it can be a major factor. Outsourcing will convert fixed costs into variable costs and will release capital for investment allowing businesses to avoid large expenses during the early stages of

their evolution. Investors view outsourcing positively as it allows companies to put more capital into revenue producing activities. Outsourcing can deliver significant cost savings in comparison to the cost of in-house services.

Less important factor component: This component has a mean score that is below the average of 3. This indicates that the factor has low significant influence to the reduction of operational costs and towards the achievement of value for money and improvement of institutional efficiency. The study found out that the factor that had a less influence in the reduction of operational cost was, through developing effective quality programs. It was found that outsourced companies in most of the times develops no quality programs, they tend to work depending on experience. This component is explained more below.

4.5.6 Through effective quality programs developed it helps in reducing the quality costs

The research findings shows that there is a problem with the developing of the effective quality programs this was shown with the findings were by it earned a mean score of 2.6000 and the standard deviation of 1.41058 as shown in table (4.7 above) This implies that the outsourced companies have no effective quality programs that help in reducing the operational cost and improving the institutional efficiency. Kokes (2014) identifies that in some extent outsourcing service provided by the external service provider tend to be of a less standard and quality than if the service had to be done in-house, this also depends on the service provider where by the rare some service providers that well manage the services they offer and they employ professionals that helps to ensure that quality and responsiveness is attained. Also when some of the employees were interviewed it was found out that some of the outsourced service provider tend to employ unskilled personnel in areas that at least needs experience and skills

like in security, this also affected the quality of service provided by the outsourced company.

Table 4. 8 : Operational costs reduction towards the achievement of value for money and improvement of institutional efficiency.

Attributes	Value	Frequency (n=30)	Percentage (%)
Outsourcing has enabled the institution to reduce overall human resource costs	Strongly Disagree	2	5
	Disagree	4	10
	Not sure	1	2.5
	Agree	14	35
	Strongly Agree	19	47.5
Costs of outsourcing is lower than the cost of acquiring more resources to do the work internally	Strongly Disagree	2	5
	Disagree	6	15
	Not sure	3	7.5
	Agree	13	32.5
	Strongly Agree	16	40
Outsourcing has reduced the total operational costs in the university	Strongly Disagree	2	5
	Disagree	5	12.5
	Not sure	3	7.5
	Agree	17	42.5
	Strongly Agree	13	32.5
Outsourcing has reduced the risks related to non-core activities which could add more costs to the organization	Strongly Disagree	4	10
	Disagree	6	15
	Not sure	5	12.5
	Agree	15	37.5
	Strongly Agree	10	25
Outsourcing has reduced costs such as overheads and other fixed costs	Strongly Disagree	3	7.5
	Disagree	8	20
	Not sure	6	15
	Agree	15	37.5
	Strongly Agree	8	20
Through effective quality programs developed it helps in reducing the quality costs	Strongly Disagree	11	27.5
	Disagree	12	30
	Not sure	4	10
	Agree	8	20
	Strongly Agree	5	12.5

Source: Field Data, 2017

4.6 Extent to which outsourcing of services has improved institutional efficiency

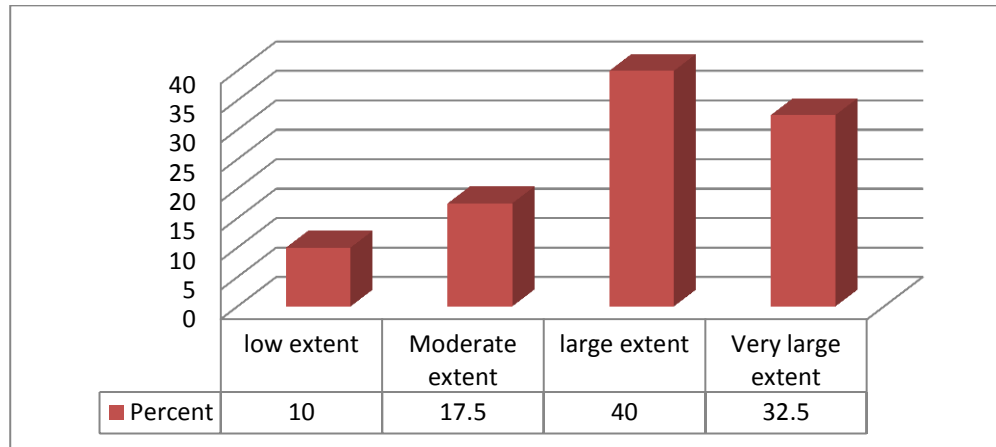
It was found out that 32.5% of the respondents pointed out that outsourcing of services has improved institutional efficiency to a very large extent, 40% of the responded pointed out that it was in a large extent, 7% of the respondents pointed out that it was in a moderate extent and only 10% of the respondents pointed out that it is in a low extent that outsourcing of services has improved institutional efficiency. These findings purely indicates that outsourcing of services in Moshi cooperative university has in a very large extent improved institutional efficiency and led to achievement of value for money, this was shown in (figure 4.1) where majority of the respondents (32.5% which pointed out that it is to a very large extent, and 40% which pointed out that it is in a large extent) that outsourcing of service has improved institutional efficiency.

One among the respondents interviewed was noted saying that:

We have succeeded in reducing the work load of managing some of the activities and the costs related to those activities by outsourcing them to external service providers, the university no longer deals with lot of employees in those areas, it only deals with the management of the company that it is outsourced. The same service is obtained reliably, at lower costs and with maximum efficiency.

This was supported by Kremic, T. (2006) who reported that companies that outsource get the benefit of specific expertise, freeing them to concentrate on their core activities. Also he reported that outsourcing partnership allows companies to leverage the expertise of their managed service providers who can apply industry best practices in niche areas. Management can implement operational efficiencies across the organization while focusing on core business activities hence these results in efficiency in the institution and at the same time value for money achievement.

Figure 4. 1: Extent to which outsourcing of services has improved institutional efficiency



Source: Field Data, 2017

4.6.2 The study sought to establish the extent to which outsourcing of services has improved institutional efficiency towards achieving value for money

The respondents were asked to rank their response to a scale of strongly agree, agree, not sure, disagree, strongly disagree. Dimensions used in the study include; service conformance, system flexibility, assurance/empathy of services, better security hence better organization performance, reliability of service, ensuring presence of skilled personnel, ensuring responsiveness to client organization and therefore better organization performance. All these dimensions were sought to improve institutional efficiency/performance and contributed towards value for money achievement.

Table 4. 9: Outsourcing of services has improved the institutional efficiency towards achieving value for money through the following,

Dimensions	Mean	Std. Deviation
Outsourcing of services results into efficiency through reliability of services hence improvement of performance	3.8750	1.24422
Outsourcing services results into efficiency through ensuring system flexibility therefore better performance	3.8500	1.07537
Outsourcing ensures assurance/empathy of services hence better organizational performance	3.4000	1.46410
Outsourcing of services resulted into efficiency through ensuring service conformance hence improvement of performance	3.3250	1.32795
Outsourcing services results into efficiency through ensuring responsiveness to clients therefore better organizational performance	3.1500	1.31168
Presence of skilled personnel in outsourced services results into efficiency and better organization performance	3.0170	1.37475
Outsourcing results into efficiency through ensuring better security hence better organization performance	2.7500	1.44559

Source: Field Data 2017

Most respondents acknowledged that outsourcing of services has improved the institutional efficiency through many ways. As per the research findings these ways/factors were grouped into most important factors and less important factors. The most important factors are those that had high level of response from the respondents, these important factors their mean score is above the cut-off mean score of three (3) hence it indicates that it is in a high extent that outsourcing of

services has improved efficiency through that factor. The most important factors that had a mean score of more than (3) as shown in (table 4.9 above) which were; through reliability of services obtained from outsourced companies (mean score of 3.8750), through ensuring system flexibility therefore better organizational performance (mean score of 3.85), through ensuring assurance/ empathy of services (mean score of 3.40), through ensuring service conformance therefore leads to better institutional performance and value for money achievement (mean score of 3.3250), outsourcing services has also resulted into efficiency through reliability of services hence better organizational performance (mean score of 3.15) and Presence of skilled personnel (3.0170). This indicates that it is in a high extent that outsourcing of services has improved Moshi cooperative university efficiency and resulted to value for money achievement.

The study is also supported by Elmuti & Kathawala (2000) who argue that outsourcing provides institutions with opportunities to add more skilled experts to their resource pool hence chances of increasing innovative performance may improve. As new people are added to the mix of problem solvers, institutions can benefit from their fresh perspective and ties to a new common goal and it is this promise that drives creation of innovative networks (Elmuti & Kathawala, 2000). Hill & Jones (2012) also argued that outsourcing ensures system flexibility this is due to the fact that by outsourcing it gives a chance for the institution to focus on other important areas also Hill & Jones further argued that through outsourcing it facilitates responsiveness, and reliability of services in the right time when required by the client institution hence boosts the improvement of performance.

On the other hand, there were less important factors that had a mean score of less than three (3) this means that this factor has in a low extent contributed to institutional efficiency. This factor included:

better security hence better organization performance (mean score of 2.75). Security issue in Moshi cooperative university has proven to have less impact to the improvement of institutional efficiency and achievement of value for money.

Generally outsourcing of services in a large extent has improved the institutional efficiency and this has been achieved through ensuring the reliability of services, ensuring of the system flexibility, through ensuring service conformance and assurance of services and also through ensuring that there is responsiveness to the client organization requirements.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary, conclusion of the study, followed by the recommendations made to the study and suggestions on areas for further studies.

5.2 Summary

The research work started with the background of the research topic which was explained to the best of the ability of the researcher. The research problem was stated in the area of outsourcing services and value for money achievement in public institution. Objectives of the study were drawn from the statement of the research problem in which the main objective was to assess the relationship between outsourcing services and value for money achievement in public institutions. The study was conducted at Moshi Cooperative University (MoCU). Other specific objective were to determine factors influenced Moshi cooperative University to engage into outsourcing of the services, to examine the contribution of outsourcing proceedings towards value for money achievement, to establish the extent to which outsourcing of services has reduced operational costs towards the achievement of value for money and improve the institutional efficiency, to establish the extent to which outsourcing of services has improved the institutional efficiency .

The study revealed that the need to reduce costs, and the number of employees, the need to free up organization resources so as to focus on their core activities were the major influencing factors that influenced Moshi Cooperative University to outsource some of its services. Other factors that also influenced the University to outsource was found to be the need for sufficient service performance to meet the requirement, to increase efficiency of service, and to take advantage of the specialist resources capacity and expertise. Also it was identified that although regulatory, legal and

environmental requirement had less influence in the decision of MoCU to outsource, in some extent the government still emphasize that the public institutions should contact out some of the services that are not core to their operations. The government emphasizes on Public private partnership.

It was also found out that outsourcing contributed a lot towards value for achievement in MoCU this was done through reduction of expenditure in the institution, minimization of the operational costs and administrative complexities in this the university was able to reduce investment cost in non-core activities, supervision costs, and purchasing costs. By focusing on the core activities of the university which are teaching, research and consultancy and also by ensuring reliability and responsiveness of services has resulted to the improvement of performance and value for money achievement.

In addition it was found out that outsourcing has in a large extent reduced the operational costs through reducing human resource costs, reducing the risks related to non -core activities which add costs to the university and it has reduced overheads and other fixed costs in the university. It was also found out that attainment of quality in the outsourced services has been a challenge due to lack of moral to the employees which are lowly paid and due to lack of proper supervision and management.

Furthermore the research found out that outsourcing has contributed in a high extent towards improving institutional efficiency through ensuring system flexibility, ensuring reliability of service, ensuring assurance/ empathy; through ensuring conformance of service according to the organizational requirement and presence of skilled personnel in outsourced services all these improve efficiency and results into better institutional performance.

5.3 Conclusion

The conclusion made under this research study focused on the four study objectives which were to determine factors influenced Moshi cooperative University to engage into outsourcing of the services, to examine the contribution of outsourcing proceedings towards value for money achievement, to establish the extent to which outsourcing of services has reduced operational costs towards the achievement of value for money and improve the institutional efficiency, to establish the extent to which outsourcing of services has improved the institutional efficiency towards the achievement of value for money.

This study is important as it helps to evaluate the relationship that exists between service outsourcing and value for money achievement in public institution in which the findings revealed that the success of Moshi cooperative university in outsourcing services based on reducing operational cost and improved organisation efficiency hence better performance as well as focusing on core activities. Value for Money (VFM) in the institution means delivering the best results from a project or an activity through the most efficient use of resources. Outsourcing enables Moshi cooperative university to efficiently use its resources by saving costs, investing much of its resources in core activities, converting some of the fixed costs to variable costs, reducing the administrative complexities, reduce the risks related to no core activities, ensuring service conformance , reliability and responsiveness of the service according to the university requirement. The researcher found out that the findings of the study directly reflected the main objective of the study which was “To assess the relationship between outsourcing services and value for money achievement in public institution” the researcher found out that outsourcing of services in Moshi Cooperative University has resulted into costs reduction, increase of efficiency and it has helped the organization to concentrate and focus on its core activities which has resulted to the effectiveness of the work done in the organization. These shows that best

results are attained through service outsourcing, hence it has resulted to value for money achievement in Moshi cooperative University.

5.4 Recommendations

Basing on the findings covering research objectives, the study recommends different issues as follows:

Since it has been reflected in this study that outsourcing services assist in procuring entity to reduce cost of operation in Organisation, the government should emphasize and encourage public institutions to outsource those services that are not core to the institution. As seen in the findings much hasn't been done by the government in establishing the legal framework or the regulation that binds the public entities to outsource services that are not core to the organization. It is now the high time for the government to consider the need of establishing regulations that bind the organizations to outsource.

Public institutions together with the government through the Public Procurement Regulatory authority should take initiative to formulate policies and strategies that governs the outsourcing process in public entities.

The study found out that the public organizations should endeavor to provide more frameworks for selecting outsourcing vendors that will benefit the organizations in the area of need so as to avoid financial crisis. Although there is a regulatory agency which is Government. Procurement and Supplies Agency (GPSA), it is recommended that there should be the systematic ways of sharing information among the organizations that would assist them to maintain vendor – Organisation relationship in order to maintain pricing and quality of service. The findings clearly shows how quality aspect in the service provided by the outsourcing organization is an important aspect in the efficiency of the organization, there should therefore be good relationship between the suppliers and the outsourcing organization better communication between these two parties will facilitate better prices and quality for the service ordered

Generally, the study on other hand recommended that it is important for the Moshi Cooperative University to set strategies of managing the outsourcing contracts against the actual implementation. This is to ensure the quality of service provided by the outsourced company and make sure that the performance of the service provider is as per the contract agreements.

The University as well as the experts from all public entities involved in outsourcing should establish a special team that will be assigned to monitor, evaluate, and report on the performance of the service provider so as to ensure that the contract terms are followed and quality service is obtained.

Furthermore public entities including Moshi cooperative University should ensure that there are frequent meetings between the service provider and the outsourcing public entity to discuss on the various challenges that the service provider faces and to provide a solution to them and also it will provide a forum for the public entity to express any concern that they have towards the service provided. It is therefore important for Moshi Cooperative University to adopt the named recommendation so as to achieve value for money in the outsourced services.

5.5 Suggestions for Further Researches

Due to different reasons including time and financial constraints, the study did not cover other areas of the study including effects of outsourcing strategies on the organizational performance and roles of the government in the implementation of outsourcing strategies in public institutions. Since the study only based on one university, the researcher recommends other studies to be undertaken in other public institutions.

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APPENDICES

Appendix I: Questionnaire

QUESTIONNAIRE

I am a candidate pursuing for certified procurement and supplies profession offered by PSPTB in Dar es Salaam. With a great honor I take this opportunity to request you to answer the questions listed below

The questions that follow are intended to facilitate a study of assessing outsourcing services and value for money achievement in public institutions. Please take a few minutes of your precious time and answer them. Your responses will be used for academic purposes only and will be treated with utmost confidentiality.

Section A: Demographic characteristics (Please tick where appropriate)

1) Age:

18-25 26-35 36-45 46-55 56+

2) Sex:

Male Female

3) Education level:

Secondary Degree level Masters others/specify

4) Working experiences

Less than three years three years and above

5) Factors influencing Moshi cooperative university to Outsource

Using the scale of (1= Strongly Agree, 2= Agree, 3= Not sure, 4= Disagree, 5= strongly disagree), please tick your answer to indicate the extent to which you agree with the following statements

Statements	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Need to Reduce cost and internal head count					
To increase efficiency					
To take advantage of the specialists' resources, capacity & expertise					
To free up the company's resources so as to focus on its core competencies					
Regulatory, legal or environmental requirement					
To improve the company's competitive Position					
Need for sufficient service performance to meet requirement					

6) Contribution of outsourcing proceedings towards value for money achievement in Moshi cooperative university.

Using the scale of (1= Strongly Agree, 2= Agree, 3= Not sure, 4= Disagree, 5= strongly disagree), please tick your answer to indicate the extent to which you agree with the following statements

Statements	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
There has been a significant reduction of expenditures in the institution as a result of outsourcing. Which has also contributed to value for money achievement.					
Outsourcing has enabled the institution to minimize the operational costs and administrative complexities hence it has contributed to value for money achievement through facilitating efficiency and effectiveness.					
Outsourcing has allowed the institution to focus on its core functions thereby improving the performance of the institution hence lead to value for money achievement.					
Outsourcing has led to improved reliability, responsiveness and assurance of services in minimum cost and maximum efficiency.					

7) Extent to which outsourcing of services has reduced operational costs towards the achievement of value for money and improve the institutional efficiency.

Using the scale of (1= Strongly Agree, 2= Agree, 3= Not sure, 4= Disagree, 5= strongly disagree), please tick your answer to indicate the extent to which you agree with the following statements

Statements	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Outsourcing has reduced costs such as overheads and other fixed costs in the institution					
The cost of outsourcing is lower than the cost of acquiring more resources to do work internally					
Outsourcing has enabled the institution to reduce the overall human resource costs by eliminating costs of developing employees, trainings, recruitment, payroll, and cost of benefits to be paid to the employees.					
Through effective quality programs developed by outsourced companies it helps in reducing quality costs.					
Outsourcing has reduced the risk related to the non core activities which could add more costs to the organization.					
Outsourcing has reduced the Total operational cost in the university.					

8) Extent to which outsourcing of services has improved the institutional efficiency towards the achievement of value for money

To what extent has outsourcing of services improved the institutional efficiency towards the Achievement of value for money in MoCU?

To a very large extent () large extent () Moderate Extent () Low extent () Not at all ()

Using the scale of (1= Strongly Agree, 2= Agree, 3= Not sure, 4= Disagree, 5= strongly disagree), please tick your answer to indicate the extent to which you agree with the following statements

Statements	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Outsourcing services results into efficiency through ensuring service conformance therefore leads to better institutional performance and value for money achievement					
Outsourcing services results into efficiency through ensuring system flexibility therefore better organizational performance					
Outsourcing services results into efficiency through ensuring assurance/empathy of services hence better organizational performance					
Outsourcing services results into efficiency through ensuring better security hence better organizational performance					
Outsourcing services results into efficiency through ensuring responsiveness to clients therefore better organizational performance					
Outsourcing services results into efficiency through reliability of services hence better organizational performance.					
Outsourcing services results into efficiency through ensuring presence of skilled personnel and therefore better organizational performance					

“THANK YOU FOR YOUR COOPERATION”

Appendix II: Interview Checklist

- i. What are the factors that influenced Moshi cooperative University to engage into outsourcing of the services?
- ii. What contribution does outsourcing services has towards value for money achievement in Moshi cooperative university?
- iii. What are the ways in which through outsourcing of services enables the institution to reduce operational costs towards the achievement of value for money and improve the institutional efficiency?
- iv. In what ways has the outsourcing of services improved the institutional efficiency towards the achievement of value for money in Moshi Cooperative University?

APPENDIX III: Proposed Budget

S/N	Activity	Total cost
1	Data Collection –enumerators	2,200,000
	Reviewing documents/Desk work	400,000
	Coordinating Data collecting activities	400,000
	Data coding and entry	500,000
	Data analysis and report writing	1,000,000
	Sub Total	4,500,000
2	Stationeries	
	Printing and photocopy	400,000
	Note book and pen	20,000
	Sub Total	420,000
	Grand total	4,920,000

ACTIVITY SCHEDULE FOR 11 WEEKS

Activity											
	1	2	3	4	5	6	7	8	9	10	11
Proposal preparation											
Getting Familiar with the organization											
Data collection and summarizing											
Interpretation and findings											
Data analysis											
Report writing											
Finalizing the report											
Submission of Research report to PSPTB											