

**ASSESSMENT OF THE EFFECTIVENESS OF SERVICES
OUTSOURCING IN PUBLIC HEALTH INSTITUTIONS**

A CASE OF MBEYA REFERRAL HOSPITAL (MRH)

By

Stephano Mwashuuya

**A Dissertation Submitted in Partial/Fulfillment of the Requirements for the Master
of Science in Procurement and Supply Chain Management (MSC.PSCM) of
Mzumbe University**

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for the acceptance by the Mzumbe University a dissertation entitled Assessment of the Effectiveness of Services Outsourcing in Public Health Institutions. The Case of Mbeya Referral Hospital, in partial / fulfillment of the of the requirements for award of the degree of Master of Science in Procurement and Supply Chain Management of Mzumbe University

Major Supervisor

Internal Examiner

Accepted for the Board of

DEAN/DIRECTOR, FACULTY/ DIRECTORATE/SCHOOL/BOARD

DECLARATION AND COPYRIGHT

I, Stephano Mwashuuya, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature _____

Date _____

(c)

This dissertation is a copyright material protected under the Berne Convention, the Copyright Act 1999 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means in full or in part, except for short extracts in fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement, without the written permission of Mzumbe University, on behalf of the author.

ACKNOWLEDGEMENT

Various institutions and individuals have morally and materially contributed to the completion of this study. I am grateful to all of them.

Firstly, I would like to sincerely thank my supervisor, Mr. David Njovu of Mzumbe University, who has provided excellent assistance, ideas about the research perspective, and guiding me all the way through this journey, without his expertise, patience, suggestion and support, this research dissertation would not have been completed.

Moreover, when I looked back on the past, from where I have started to when I began chasing my dreams, there have always been people who were there for me and gave me enormous courage, inspiration and support. I would like to truly and deeply thank my lovely late father Francis John Mwashuiya, my lovely mother Mwazile Pindison Hankungwe and my father's Brother Fr. Ernest John Mwashuiya, and my older brother Julius Hadson Mwashuiya, the late older brother Frank Francis Mwashuiya and all the Family of Francis Mwashuiya.

Next, I would like to thank all workers of the Mbeya Referral Hospital for allowing me to collect data from their institution and their tireless support, and my brother Jackson Taifa Mbogela for his major contribution towards this study.

Moreover, my thanks go to all of my friends in Mzumbe University especially Mr. Patric Sanga, Daniel Dugilo, Wilfred Ntelya, Hemed Mpili, Pendo Mganga and Elizabeth Luwanda and all staff at Mzumbe University in the school of business for their suggestions and support.

DEDICATION

I sincerely dedicate this entire dissertation to my beloved further Fr. Ernest Mwashuuya and my beloved mother Mwazile P. Hankungwe and my friend Evelyn Abela Ndamugoba for their support and much concern throughout my study.

ABBREVIATION AND ACRONYMS

BDH	Bagamoyo district hospital
BDH	Bunda district hospital
BMA	British Medical Association
ICT	Information Communication Technology
IPC	Infection Prevention Control
MoHSW	Ministry of Health and Social welfare
MRH	Mbeya Referral Hospital
NCS	Non consultancy services
OPD	Out-patient Department
PE	Procuring entity
PMU	Procurement Management Unit
PPA	Public procurement act
PPRA	Public procurement regulatory Authority
RCT	Relational contracting theory
SLA	Service level agreement
TCA	Transaction cost analysis

ABSTRACT

Before the Ministry of Health and Social Welfare (MoHSW) started outsourcing non consultancy services, security service and cleanliness service at Mbeya referral Hospital are totally seems to be below standard to MoHSW and due to that the MoHSW started outsourcing those services researcher. This study aimed at assessing the effectiveness of services outsourcing in public health institutions. The case of Mbeya Referral hospital, the services outsourced at MRH are two which are cleaning and security services, the study based on non consultancy services. The study was carried out by using a case study design, mixed study, cross-sectional and retrospective cohort. The researcher employed the following instruments in collecting data which are interviews, Questionnaires, Observations and documentary sources. The study revealed that outsourcing at MRH is effective through adherence of contract terms and conditions were supported by 83.3% of respondents, cost effectiveness of supplier through cost sharing were supported by 97% of respondents, consistency in quality in delivering of service were supported by 70% of respondents and good performance of service providers were supported by 70% of respondents. Though outsourcing at MRH are effective but there some problems like Low knowledge and skills to services providers which forced the MRH to employ health attendants to performs cleanness also modern equipment are not user friendly by service providers were supported by 55% of respondents and the organization faced with theft incidence were supported by 93% of respondents. These findings are both consistent and inconsistent with the previous research findings. The researcher recommends that for the effectiveness of services outsourcing at MRH, the service provider for cleaning service should be the one who have competent workers who can clean both infectious (IPC) and non infectious products in hospital while for security service there should be competent workers who are well equipped with technological advancement in securing the hospital. The results obtained from the research that was conducted in Mbeya referral hospital cannot be generalized to all services outsourcing as the services providers at MRH may be different to that of Muhimbili National Hospital.

TABLE OF CONTENTS

Certification.....	i
Declaration and Copyright	ii
Acknowledgement.....	iii
Dedication	iv
Table of Contents	vi
Abbreviation and Acronyms	ix
Abstract	vi
List of Tables.....	x
List Figures	xii
CHAPTER ONE	1
GENERAL OVERVIEW	1
1.0 Introduction	1
1.1 Background information of Mbeya Referral Hospital	1
1.2 Background of the problem.....	1
1.3 Statement of the problem	4
1.4 Research Objectives	5
1.4.1 General objective of the study.....	5
1.4.2 Specific Objectives.....	5
1.4.3 Research questions	5
1.5 Significance of the study	6
1.6 Limitations of the study	6
CHAPTER TWO	7
LITERATURE REVIEW.....	7
2.0 Introduction	7
2.1 The definitions of operational terms	7
2.2 Theoretical study.....	7

2.3 Empirical basis of the study	13
2.4 Conceptual framework/model	25
2.5 Variable and their measurements	29
 CHAPTER THREE.....	30
RESEARCH METHODOLOGY	30
3.0. Introduction	30
3.1. Type of the study.....	30
3.2. Study area.....	30
3.3. Study population	30
3.4. Units of analysis	31
3.5. Variables and their measurements	31
3.6. Sample size and sampling techniques	31
3.7 Data collection methods	32
3.8 Reliability and Validity issues	33
3.9 Data Management and Analysis plan.....	34
 CHAPTER FOUR.....	35
PRESENTATION AND DISCUSSION OF FINDINGS	35
4.1 Introduction	35
4.2 Description of the respondents.....	35
4.2 Findings from the field.....	38
4.2.1 Research question 1: How contract terms and conditions leads to effective outsourcing?	38
4.3.2 Research question 2: How effectiveness of the suppliers cost influences effective outsourcing?.....	46
4.3.3 Research question 3.To what extent quality consistency affect effective outsourcing?	51
4.3.4 Research question 4. How vendor's competences influence effective outsourcing?	59

CHAPTER 5	65
SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS.....	65
5.0. Introduction.....	65
5.1. Summary	65
5.2. Conclusion	66
5.3. Policy implications.....	68
5.3.1 Limitations of the study	69
5.3.2. Areas for further research.....	70
REFERENCES.....	71
APPENDICES	76

LIST OF TABLES

Table 2.5. 1: constructed by researcher through literature review	29
Table 3.6.2: Distribution of Sample size.....	32
Table 4.2.1: Description of the respondents.....	35
Table 4.2.2: Years of experience.....	36
Table 4.2.3: Level of Education.....	36
Table 4.2.4: Age of the respondents.....	37
Table 4.2. 5: Departments of the respondents.....	37
Table 4.3.1.1: Adherence to contract terms and conditions.....	39
Table 4.3.1.2: Understanding of the service providers towards terms and conditions ..	39
Table 4.3.1.3: service delivery is well manage	40
Table 4.3.1.4: Contract terms enhances effective outsourcing	41
Table 4.3.1.5: Relationship of the organization and services providers or suppliers.....	42
Table 4.3.1.6: Relationship of the organization and services providers or suppliers....	43
Table 4.3.1.7: MRH knows obligation under the contract.....	43
Table 4.3.1.9: Contract has flexibility.....	45
Table 4.3.1.10: Contract needs assessment	46
Table 4.3.2.1: Outsourcing practice allow cost sharing	47
Table 4.3.2.2: Outsourcing at MRH minimizes operation cost	48
Table 4.3.2.3: MRH purchase material for security and cleanness.....	49
Table 4.3.2.4: MRH employed more staff to help the services providers	49
Table 4.3.2.5: Contract includes value for money mechanism	50
Table 4.3.3.1: suppliers and services providers' availability	52
Table 4.3.3.2: MRH has standard operating procedure	52
Table 4.3.3.4: Reliability of suppliers.....	54
Table 4.3.3.6: services provider's facilities, equipment, tools and technology for the services.....	56
Table 4.3.3.7: complaints regarding cleanliness service by outsourced services	56
Table 4.3.3.8: Theft incident in the past two years	57
Table4.3.3.9: quality consistent in quality provided	58

Table 4.3.4.2: User friendly of technology equipment	60
Table 4.3.4.3: Rates of the sufficiency of services providers	61
Table 4.3.4.4: Special machines for cleaning and security	62
Table 4.3.4.5: Hospital maintain safety department	63

LIST FIGURES

Figure 4.3.1.1: Adherence to contract terms and conditions.....	39
Figure 4.3.1.2: Understanding of the service providers towards terms and conditions.....	400
Figure 4.3.1.3: Service delivery is well managed	411
Figure 4.3.1.4: Contract terms enhances effective outsourcing	422
Figure 4.3.1.7: MRH knows obligation under the contract	44
Figure 4.3.1.9: Contract has flexibility	445
Figure 4.3.2.1: Outsourcing practice allow cost sharing.....	47
Figure 4.3.2.2: Outsourcing at MRH minimizes operation cost	48
Figure 4.3.2.4: MRH employed more staff to help the services providers	500
Figure 4.3.2.5: Contract includes value for money mechanism.....	500
Figure 4.3.3.1: suppliers and services providers' availability.....	52
Figure 4.3.3.2: MRH has standard operating procedure	53
Figure 4.3.3.3: Providers deliver service on time	53
Figure 4.3.3.4: Reliability of suppliers.....	54
Figure 4.3.3.5: Provision for improvements in quality	55
Figure 4.3.3.6: Services provider's facilities, equipment, tools and technology for the service	56
Figure 4.3.3.7: Complaints regarding cleanliness service by outsourced services	57
Figure 4.3.3.8: Theft incident in the past two years.....	57
Figure 4.3.3.9: quality consistent in quality provided.....	58
Figure 4.3.4.1: performance of service providers	60
Figure 4.3.4.2: User friendly of technology equipment.....	61
Figure 4.3.4.3: Rates of the sufficiency of services providers	62
Figure 4.3.4.4: Special machines for cleaning and security.....	63
Figure 4.3.4.5: Hospital maintain safety department	64

CHAPTER ONE

GENERAL OVERVIEW

1.0 Introduction

In this chapter, introduces the background of the organization, statement of the problem, objectives, hypothesis and significance of the study.

1.1 Background information of Mbeya Referral Hospital

Mbeya Consultant Hospital emerged from the site and ashes of previous Regional Hospital in Mbeya. The hospital can justly boast of a well designed & sustainable hospital. Mbeya Consultant Hospital is a tertiary healthcare facility for the southern Highland zone in Tanzania covering the regions of Ruvuma, Rukwa, Iringa and Mbeya. It was built through the support of British Government and was inaugurated in 1985. Mbeya Consultant Hospital has capacity of 477 beds as of 2009. The Hospital is divided into three compounds namely: The Main Hospital, Meta Maternity Wing and Uyole mental Health Rehabilitation Unit.

The functions of Mbeya Consultant Hospital are: provision of tertiary healthcare services to referred patients in the Southern Highlands Zone, teaching and conducting health related researches. MRH has various missions including to run a well-run health tertiary care facility that provides quality healthcare to the satisfaction of both internal and external clients. This is being accompanied by its mission that MRH is committed to the provision of specialized healthcare, medical related research, training and outreach programs through competent human resource and modern equipment (Mbeya referral hospital, 2012).

1.2 Background of the problem

In Hospitals, the services being provided are divided into two parts namely consultancy services and non consultancy services. Consultancy services are treatment, employment and other services which are core function and non consultancy services are security, catering, stationary, and cleaning and other services which are non-core function.

In this research, the researcher selected two services in non consultancy services that are offered in terms of outsourcing, these services include cleaning and security services at Mbeya Referral Hospital (MRH).

Cleaning can be interpreted in different ways, however patients and their relatives expect a clean uncluttered environment in Hospital and they criticize Hospitals when they consider dirty and associate them with a general lack of care. According to Dancer, 2003 there are two types of cleaning. First type is non microbiological that improve or restore appearance, maintain function and prevent deterioration.

Second type of cleaning is microbiological which concern to reduce the numbers of microbes present, together with any substances that support their growth. The microbiological cleaning is performed by employing activities that interfere with surviving of the microorganism by disinfection or sterilization.

Non Biological type of cleaning is the physical removal of foreign materials for example blood and body substances, rust, dust, dirty, debris and spillages. Cleaning physically removes rather than kills microorganisms, it is achieved with water, detergents and mechanical action thus by considering on non microbiological, the indicator for cleanness in hospital are availability of appropriate hospital waste disposal facility as per bio-medical waste management rules, (e.g. autoclave, incinerator etc).

Availability of cleaning materials, detergent germicides, disinfectants insecticides, availability of selection installation and maintenance of sanitary appliances as per specification, existence of design, construction and maintenance of waste water sewer, availability of automated hospital equipment , existence of urinals taps and closets and lastly existence of standing operating procedures for hospital practices (Gupta and Kant, 2001).

Also in the case of security, security in hospitals are important for both quality healthcare and public safety, as it is safe haven for those in physical or emotional need,

and increasingly seen as a place of refuge in the event of a large-scale emergency such as a natural disaster or terrorist attack. For these reasons more people use hospitals as their first source for help. Hence, it is essential that healthcare security staff not only consider facility security and safety, but also take an interest in broader public safety. The key systems of security in hospital are intrusion detection, access control, emergency communications, and video surveillance.

Intrusion alarms occur on one system, access badges are administered in a stand-alone database, and intelligent digital video technology runs on dedicated computer equipment. Each system requires service, maintenance, administration, and training and availability of security guards in hospital gets who are well equipped are qualified with all matters in securing hospital (Erickson et al, 2000).

The two services could be rendered by the in house staff or the outsourced services providers, this study will deal with the two services when are being outsourced.

‘Outsourcing is the transfer of activities that were previously conducted in house, to a third party (Weel, 2005); whereby the third party becomes responsible for the design and implementation of the business process under strict guidelines regarding requirements and specifications from the outsourcing company.

The key to this definition is the aspect of transfer of control. This definition differentiates outsourcing from business relationships in which the buyer retains control of the process. It is the transfer of ownership that defines outsourcing and often makes it such a challenging process. In outsourcing, the buyer does not instruct the supplier how to perform its task but, instead, focuses effective management of contractual relationship and on communicating what results it wants to buy.

Outsourcing is also a relatively new phenomenon in the administration of the government departments in Tanzania hence a lot of challenges are inherent in the application of the phenomenon. To illustrate the case, this study focuses on the

experience from MoHSW. The Ministry of Health and Social Welfare (MoHSW) as a Public Procuring entity around the year 2000 decided to start outsourcing non consultancy services (NCS). Non consultancy service (NCS) means a service of a skilled or non skilled nature, which is not a consultancy service and includes, but is not limited to, cleaning, security, maintenance, and repair services (PPA, 2004).

Non consultancy services” means any object of procurement other than goods, works and consultancy services (PPA, 2011).

1.3 Statement of the problem

The non microbiology cleaning encompasses cleaning of hard wastes, waste water and sewerage (Dancer, 2003). In MRH before the cleaning services being outsourced, the Hospital experienced the problem with ineffective cleaning. This was evidenced by littered hospital premises, waste papers, cloth, food remains, absence of sewer, few terrains for waste water; even those which were available were not maintained thus damaged building walls and windows were dirty and there was no cleaning schedule.

Unavailability of cleaning materials, detergent germicides and disinfectants insecticides, wards are producing bad smell. In office and corridors there were neither dustbin, garbage nor waste basket and the cleaning staff had no proper supervision and cleaning manual. The staff in MRH said that the cleaning was not as per MoHSW standard. Because of that the MoHSW thought of the solution, it was agreed that the cleaning services should be outsourced.

Security system in MRH before security services being outsourced, the hospital experienced the problem with ineffective security. This was evidenced by availability of people in hospital wards which makes disturbance to patients as they need some time to get rest. People enter in sensitive areas like laboratory and operating rooms without following procedures, few numbers of security guards who are not effective allow people to cross randomly in hospital.

No proper inspection to people entering and leaving the Hospital as the results thieves enter and steal Hospital equipments and that of patients. Some patients are leaving into the hospital wards without permission from doctors that make interruption of treatment and reputation of the Hospital.

Therefore, the security, cleanliness and other services are totally seems to be below standard to MoHSW and due to that the researcher assessed the effectiveness of services outsourcing in public Health Institution taking Mbeya Referral Hospital as a case study.

1.4 Research Objectives

1.4.1 General objective of the study

The main objective of the research ware to assess the effectiveness of services outsourced in public health institutions.

1.4.2 Specific Objectives

The research had the following specific objectives

- i. To examine how contract terms and conditions leads to effective outsourcing
- ii. To assess how cost effectiveness of the suppliers influences effective outsourcing
- iii. To assess how quality consistency affect effective outsourcing
- iv. To determine how vendor's competence influence effective outsourcing

1.4.3 Research questions

The research had the following research questions

1. How contract terms and conditions leads to effective outsourcing?
2. How effectiveness of the suppliers cost influences effective outsourcing?
3. To what extent quality consistency affect effective outsourcing?
4. How vendor's competences influence effective outsourcing?

1.5 Scope of the study

- i. The research concentrated only on non consultancy services on the area of cleaning services and security services.
- ii. The study based only to public health institution which is Mbeya referral hospital (MRH).

1.6 Significance of the study

Through this research it helps staff to provide the following benefits for MoHSW and the hospital (MRH) and its patients, staff and visitors because its focus is about how to ensure that things are done properly, and consistently.

- i. It helps the MoHSW to improve its policy and to procurement laws as per PPA 2004.
- ii. It Help hospital to see weakness in supervision, monitoring and forgotten areas in the provision of services in the cleaning and security.
- iii. The opportunity to improve cleanliness standards and security to the area.
- iv. The service provider and those company performing cleaning service and security services improve services.

1.7 Limitations of the study

- i. Some respondents were not interviewed by the researcher because all the time were busy with treatment of patients and few were at journey to the parliament because at that time is when their budget are being conducted at parliament.
- ii. The researcher fail to conduct his research to all environment because some crucial areas like in wards were not outsourced instead cleaning to those areas were performed in house by health attendants.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The aim of this chapter is to review different issues and theories in the area with an objective of adding knowledge and getting to know what other theories and researchers have contributed towards the subject matter relating to the variables developed in this study. The chapter covers both theoretical and empirical part and it is based on the independent variables that have been developed.

2.1 The definitions of operational terms

Outsourcing: Outsourcing is the transfer of key activities that were previously conducted in house, to a third party organization, whereby transferring the accountability for the service.

Services outsourcing: Is the outsourcing of non-consultant services and consultancy services to a third party company.

Guiding rules and procedures: Rules and procedures for procurement as stipulated in the Public Procurement Act 2004 and the Public Procurement Regulations 2005.

2.2 Theoretical study

Adaptation of theories; the following theories have been adopted in regard of the subject matter of this study;

- Transaction Cost analysis
- Core competence theory
- The Relational contracting theory

2.2.1 Transaction cost analysis theory

Transaction cost theory is based on two behavioral assumptions, namely bounded rationality, and the assumption of opportunism.

Transaction Cost Analysis (TCA) which is used in choosing the form of organizational governance that leads to the lowest transaction costs. Outsourcing is more likely when

transaction costs are low. Grossman & Szeidl (2005) analyzed the determinants based on economies of scale, and stated that “it costs a lot for a single manufacturer to produce all the components of a complicated product, so they outsource some parts of the product to outside providers in order to reduce the cost.” Choice of this theory in the study, to analyze the phenomenon of outsourcing is due to the fact that the study itself is based on the relationship between firms and that the extent of outsourcing is anticipated to vary with different governance structures and costs associated of producing internally as against outsourcing.

The term ‘transaction cost’ is mainly related to the transaction itself, it involves all costs associated with the commencement, execution, and the compliance of a transaction (Better and Den, 2009). In the commencement phase is characterized by four stages. First, we have the strategic assessment stage, which entails a preliminary assessment of the strategic feasibility of the services intends to be outsourced. Second, we implemented a needs analysis stage that is concerned with general information of important aspects of the outsourcing process. Third, we have a vendor assessment stage in which a thorough assessment of potential vendors is conducted. And fourth, the assessment of other service providers stage, which provides an overview of the services of other potentially useful third parties.

The execution phase is concerned with forging contracts with third parties and the actual outsourcing process from a logistics perspective. This phase consists of two stages: a contract and negotiation management stage, in which contracts are formulated through a process of negotiation, and a logistics stage, which describes the different steps in the process of effectiveness of services delivery among parties to a contract.

The compliance phase focuses on the relationship management with third parties and continuance, modification, and exit strategies.

Through (TCA), activities are internalized or outsourced depending on the relative transaction and production costs associated with services provided. The theory assumes that as uncertainty, frequency in combination with asset specificity increase so does the

tendency to internalize the activities being conducted to a particular organization like non consultancy services, (Mahnke and Vang , 2005).

The role of (TCA) is to grow substantial result of the best execution obligation among parties to a contract. All reasonable steps need to be taken so that to obtained the best execution of the services among parties. Although TCA as a whole have serious side effects for the effectiveness of outsourcing services like security and cleaning services in hospitals as the consequences of piece of regulation attempts to legislate that may not be factually demonstrated. Thus understanding transaction costs is crucial to properly assessing the quality of implementation decisions and complying with the best execution obligation in the post in an organization (Noel, 2008).

Transaction Costs Analysis theory has been used to find an optimal governance structure or mode that the firms can use to minimize costs accruing directly from their business transactions. Firms are therefore exposed to making their choices under the scenarios of bonded rationality, opportunism, etc from the established relationships. The theory is also included in the paper, due to the fact that TCA aids in explaining how outsourcing decisions are reached in an organization during outsourcing companies in performing services (such as cleaning and security services) and the reasons as to why outsourcing decision differs from one organization to another.

When contracting out non consultancy services (security and cleaning) functions, contracting organizations are generally keen to ensure that a minimum supervisory effort required on their part in ensuring the contractual performance of the work. The competence and organization of the external contract management team is therefore highly significant.

2.2.2 Core Competences Theory

The concept of core competences has been developed on the basis of the resource based theory.

The competence-based view argues that firms possess numerous capabilities, but it

is the capabilities that are unique, inimitable, non-substitutable and rare, which are the bases for competitive advantage ((Barney, 1991, in Mahnke , 2005).

According to this theory firms may only internalize sources of competitive advantage if they have more accurate expectations of their future value than competitors have . security and cleaning services may be outsourced as they are not considered to be core competencies of the hospital.

The application of the theory of core competences in outsourcing is very popular among researchers. The concept has been predominantly used to develop and test various outsourcing decision frameworks arguing that the core activities should remain in house. Learning and communication premises of the concept made it also applicable in the Managing relationship and reconsideration phases under the phenomenon. Vendor's competences are assumed to be one of the most important factors that influence success of an outsourcing arrangement (Levina and Ross, 2003; Feeney et al., 2005).

While the firm outsources its activities to the vendor (service providers), it also helps the firm to connect with the core competency of the vendor and share the information and knowledge with each other. The focus of outsourcing in recent years has been changed, not only for cost economies but also a strategic decision looking for “business partner who can contribute to the strategic efforts of the company by providing it with expertise and competencies that are not found in house,” (Desouza, 2006).

Core competence theory insists the firm to measure the ability and vendor's competences when it intends to outsource it. Skills, knowledge and altitude are crucial criteria in selecting the vendor who can perform those noncore functions to the firm such as cleaning services and security services. In performing the duty of cleaning services and security services especially in hospital the service providers needs to have competence and knowledgeable people who can perform well the area so that they can achieve the goal of this theory together with the reasons to the firm to outsource such a company or service provider to the service.

2.2.3 The Relational Contracting Theory (RCT)

Relational contracting theory was originally developed Macneil (1980), according to Macneil, in a relationship between two actors, a set of norms will be developed, and these norms will to a large degree determine the behaviour of the relationship. These norms may change over time, but are believed to occur as long as 'their continuance are valued'. The purpose of RCT is not to predict the governance mode of a relationship; rather it is to describe the behaviour in the relationship. The theory is normative, in the sense that it describes the behaviour that the exchange parties should have.

Relational Contracting Theory, insist that contracts are legal formalism to a certain extent and is based on the assumption that all the contracts can fall along a relational range from discrete –mere transaction- to highly relational (Michael, 2010). The relational contracting perspective is modeled upon the assumption that contracts are incomplete.

Instead of incurring transaction costs by trying to predict all possible circumstances that may take place, and how they should handle these situations, the parties to contracts may instead settle up for an agreement that defines some terms and conditions of the relationship. Thus having good relationship will at the end of the day increase efficiency between the parties to the contract thus effectiveness of outsourced services.

Also RCT view a contracts as relations rather than as discrete transactions, which, Macneil argued that traditional classical "or" neo-classical contract theory, treats contracts as being. Characteristics of RCT are that "contract" is understood to cover economic exchange in general, not just contracts that would be recognized as legally enforceable agreements by courts in any given jurisdiction, that relations are mostly held together by their own internal values and wider social/economic factors, and, at least in relational theory in the Macneil mould, that exchange relations are governed by a number of norms.

Thus due to nature of environment in hospital compared with other places, its services being outsourced for example security and cleaning services must be associated with regular relationship among parties as hospital environment are crucial part in some areas like ward's, clinics, ex-ray, out-patient department (OPD) and laboratory where proper supervision are needed as even service provider need to sick permission to client before doing anything to the area, so that all logistics arrangement are in accordance.

While the transaction is the unit of analysis in the TCA, the unit of analysis in RCT is the relationship between the parties to a contract, that is, the focus of the theory is on the relationship created by the parties and not on an individual party. Hence the inclusion of RCT in this paper is important for Outsourcing because the phenomenon is based upon creating a “win-win” contractual relationship between the parties.

According to (Anderson, E and Jap, SD, 2005) introduce the concept of the ‘dark side of close relationships’, meaning that “even close relationships that seem the most stable can also be the most vulnerable to decline and destruction” (p 75). They mention three mechanisms that may develop such dark side, even though their intention was to create benefits for the parties:

a) Immediate benefits. It is imperative that the short-run benefits do not outweigh long-run benefits. For instance, a network among small- and medium sized companies can be invaluable for organizing the production of the members and sharing risk. In the long-run, however, the members can be insulated from the pressures of the market, leading to less efficiency and less innovation and progress. In general, if the partners in a relationship are too short-term oriented, both parties will have an incentive to exploit each other as quickly as possible and exit the relationship. On the other hand, if the partners are too long-term oriented and don't periodically experience benefits, their motivation to stay in and support the relationship will wane.

b) Strong interpersonal relationship. Strong interpersonal relationships create flexibility and a responsiveness that benefits the alliance. However, while homely

relationships sound good in theory, such relationships also provide an opportunity for convert activities designed to systematically cheat a partner to develop. If, for instance, a supplier previously has demonstrated trustful behavior, the buyer may relax on the monitoring, assuming that the supplier also will behave trustworthy in the future. When the supplier knows that the buyer has a high degree of trust, the supplier could start acting opportunistically. Such strong interpersonal relationships between individuals have been suggested as an explanation of the growing number of scandals emerging from the financial industry that involve individual fund managers and their exploitation of clients and resources.

c) Unique processes and adaptations. In close relationships it is often impossible for the partners to expand the pie of benefits unless they make specific investments to support the relationship. Such investments can improve the partners' productivity and efficiency and enable both partners to receive greater returns than they could have obtained on their own. The problem, however, is that over the long run, the parties may lose touch with alternatives that represent a better way to do things and thus may fail to innovate. The parties may become inwardly focused, and over time, innovations that develop outside the relationship can turn out to be more efficient than those developed within the relationship, simply because of elimination of elements of competition.

2.3 Empirical basis of the study

There are several reasons why public health institutions may behave differently than private health institutions and therefore may have different outsourcing motivators. For example, (Avery, 2000) argues that "the performance of a service by the public laboratory is not based on market demand or profitability alone". The issues may be more social than economic".

2.3.1 Contract terms and conditions

In having proper outsourcing practice competitive tendering are inevitable which lead to good contract management, Contract management is the management of contract made with customers, vendors, partners, or employees. Contract management includes

negotiating the terms and conditions in contracts and ensuring compliance with the terms and conditions, as well as documenting and agreeing on any changes or amendments that may arise during its implementation or execution. It can be summarized as the process of systematically and efficiently managing contract creation, execution, and analysis for the purpose of maximizing financial and operational performance and minimizing risk. Thus the parties should to adhere on the contract terms and conditions made so that effectiveness in services outsourcing can be achieved (Aberdeen group, in Bhardwaj 2011)

The contracting authority also needs to be in a position to manage the framework – in particular if the framework is for technical, complex or high value goods or services or operates across a number of authorities. In such cases, the needs of the suppliers and the relevant purchasers need to be met, e.g. in regard to customer complaints, supplier complaints, monitoring of the framework is vital (Mamiro., 2010).

Proper contract terms and conditions in outsourcing services yield the following benefits; service delivery management relationship management, contract administration and finally the most important one allocating the risks and responsibilities that may arise in implementing the agreements by various PE's.

Effective contract terms and conditions provide a proper outsourcing management in cleaning and security services, outsourcing management refers to management the contractual relationship between the parties; it involves activities such as relationship management. (The Australian National Audit office, 2001), defines contract management as “The process that enables both parties to a contract to meet their obligations in order to deliver the objectives required in the contract. It covers transition and implementation, ongoing day to day management, evaluation, and succession planning”.

Therefore the contract terms and conditions in outsourcing management is linked directly to service level agreements (SLA) which ensure that obligations of each party are met and the required level of service is known and adhered.

According to (Goles and Chin, 2005), they integrate the concepts of outsourcing and relationship providing the definition of outsourcing relationship as: “[...] an ongoing, long term linkage between an outsourcing vendor and customer arising from a contractual agreement to provide one or more comprehensive IT activities, processes, or services with the understanding that the benefits attained by each firm are at least in part dependent on the other.” Thus in managing well the activities there must be a strong relation among parties to a contract, thus all main activities which need to be performed are well formulated during contractual agreement so that in a long run each part fulfill its obligation, the main arguments of partnership and relationship in services outsourcing is the risk reduction, increase of predictability and consequently decrease of uncertainty which results in attaining effectiveness to services outsourced.

Managing risk is an integral part of good management. It is a process that is best embedded into existing practices or business processes. The management of risks should therefore be an integral part of all aspects of procurement, including the development and management of contracts. This requires the identification of risks and, where appropriate, the implementation of risk treatments at key points in the procurement cycle. This in turn involves identifying the stages or events where risks are likely to be the highest and/or the adverse effect of an event or occurrence is likely to be the greatest. Wherever possible, the approach to managing risks for individual contracts should be consistent with the entity’s broader risk management framework. It should also involve the periodic revision of risk assessments undertaken and the enhancement or modification of risk treatments where required (Ian McPhee and Ian Watt, 2007).

Successful outsourcing strategy needs to be communicated to the vendors: strategic utilization of business process outsourcing can benefit both parties (Mierau, 2007). In making contract the obligation among parties needs to be adhered too, so all necessary things are stipulated and the vendors should know all contracts before agreed with the firm. This will enable the services outsourced cleaning and security services to be well done and this will stimulate both vendor and the firm in making long term contract.

Contracting is rendered more difficult if an activity's environment is uncertain or unpredictable, as it is hard to know what amount of service is required.

The high degree of sales volatility experienced in the hotel sector (Guilding.C, 2009) can be seen to negatively impinge on a hotel's capacity to outsource several functions. Consistent with this view, interviewees cited housekeeping and public area cleaning as activities that can be hard to contract out due to high variability in the amount of cleaning required. One general manager noted: "How can I write a specification when the amount of use of a particular area varies? And you cannot just do it by the number of guests who comes through, because some guests are dirtier than others.... A bunch of accountants are a lot cleaner than the miners. When the miners come in they make a mess". For effectiveness of services outsourced the hospital environment needs to be well stipulated during contract management and the area which need to be secured and cleaned should be well known in both parties to a contract, this will reduce"

A Member in Public Practice who is providing or utilizing an Outsourced Service is encouraged to formally document the Outsourcing arrangement taking into consideration the factors like the duration of the Outsourcing Agreement including commencement date, minimum and maximum terms and provisions for termination; a description of the type and scope of Outsourced Services to be provided; details of how the Outsourced Service will be performed; the required service levels and performance requirements including; contract termination and disengagement triggers; the pricing model including payment terms and how changes that affect the execution of the process during the agreement will affect pricing; contract reward and penalty considerations, business continuity, security and intellectual property break-up and recovery; ongoing management of confidentiality, privacy and security of information the process for managing the ongoing relationship including qualitative and quantitative measures to monitor and review performance and the terms of file retention by the Outsourced Service Provider that are sufficient to meet the needs of the Member or as required by law or regulation (APESB, 2012).

Also in Tanzania its public health institutions are outsourcing its noncore activities like cleaning and security services, as the public health institutions follows its procurement activities through the guidelines of PPA 2004 and its regulation of 2005 together with that of the MOHSW its new National Health Policy in 2007. But among parties it seems contract terms and conditions are not adhered properly in outsourcing as it was reported that the Bunda District Hospital (BDH) were dirty, as the wards are producing bad air condition and the hospital had no urinal tap, no sewer for water and the toilets are dirty which can lead to patients in getting other diseases. Also the hospital were not well secured this was reported in the council meeting in Bunda arguing that why the hospital were dirty while we have given those services to third party but the vendors are breaching the obligation made in by not performing the duty while he is suppose to do so (Makongo, 2012).

2.3.2 Cost effectiveness

Due to budgetary restrictions, small and medium size hospitals encounter difficulties in financing investments to provide these services. Another factor leading hospitals to outsource such services is a matter of economics of scale. Demand for services provided by small and medium sized hospitals is not enough to reach breakeven point where total income is equal to total cost. Therefore outsourcing has recently become the most cost effective option for small and medium sized hospitals. Services outsourced like security and cleaning services its budgets needs to be allocated so that effectiveness of services can attained ineffective manner (Salih, 2010).

Typically, the support and overhead costs of the health care organization, such as those provided by administrators, facilities management personnel, financial staffs, and housekeeping and maintenance personnel, must be allocated to those departments that generate revenues for the health care organization (generally patient services departments) (Gapenski and Louis, 2005). The PES should allocate enough funds for services outsourced so that hospital can have the vendors who well equipped and qualified in performing tasks for cleaning and security services, and all procedure in evaluating the bidders should be adhered to (PPA 2004).

Researchers have acknowledged the crucial role of Transaction costs in the success of the outsourcing of services in organizations Coase, 1937, (Aric Rindfleisch and Heide, 1997), have argued that the cost of outsourcing sometimes may be less than in-sourcing and transaction costs such as ex-ante costs as drafting and negotiating contracts and such ex-post costs as monitoring and enforcing agreements are crucial determinants of either to in or out source successfully.

Once the budget located for outsourcing services are inadequate, it leads to increased costs and declines in service quality, and this may lead to the client sometimes to outsource the companies which are incompetence in providing the service. The results of outsourcing company by considering only the lowest price without considering its competence may lead to low or poor quality of service provided (Horward Reed, , 2011).

The successes of outsourced services have a direct link with funds being located with particular public health institutions as Nerbert, 1996 in Bhardwaj, 2011) give basic five rules for outsourcing; the outsourcer should understand that the cost of internal services will rise at a faster rate than external services overtime, the outsourcer must be interested in improving costs and services, the outsourcer should have desire for supplier reductions, the outsourcer must have an understanding of activity based accounting, the outsourcer should purchase products and services from providers that have those products and services as a core competencies.

Gupta and Zhdanov (2006) describe potential pricing schemes for hypothetical private and non-profit organization. The budget located for outsourcing services like security and cleaning services should be high so that success in outsourcing services will be achieved as both parties are in a win to win profit. If the organization fails to have enough budget the probability of having incompetents service provider is high and it results into poor cooperation among parties once there are poor provisions of services and sometimes increase in tax by the government to the service providers (outsourced company) and the client do not able to settle the matter (Gordon. L, M.W., 2006).

Outsourcing of IT security to an MSSP (firms that provide a wide range of security services) leads to cost savings thus outsourcing helps an organization like MRH in cost saving to those security companies being outsourced together with that of cleaning services. Any services an organization intending to outsource should consider in minimization cost while maximizing profit .Firms spend approximately 5.7% of their IT budgets on IT security. This figure is a little higher than found by other data sources such as the 2006 CSI/FBI Computer Crime and Security Survey results, which was completed by approximately 610 respondents and found IT security spending to be approximately 5.0% of IT spending (Gordon et al, 2006).

Although asset costs are increasing due to the impact of the global financial crisis (Mouhammed . A, 2008) Public health sectors cannot increase their production cost due to the high level of competition in today's markets. It is necessary for organizations therefore to search for strategies which lower asset costs as outsourcing is seen as a cost saving strategy, with organizations outsourcing their non-core competencies whilst still maintaining customer service, and thereby gaining a competitive advantage.

Furthermore in Tanzania BDH outsources cleaning and security services so as to minimize the cost of running in house, and adhere to MoHSW argument that outsourcing leads to cost saving in hospital especially for non consultancy services (Kiama et al, 2010) .

2.3.3 Quality consistency

The situation in these days it is often that in United Kingdom the contractors they do opposite with what they are suppose to do in hospital thus they make trusts for trying to get cleaning on the cheap but after getting it quality of cleaning and security were at below standard . Norman Rose, then of the contractors 'lobby group, the Business Services Association, complained that... in almost all contract renewals over the past two years, Trusts have requested that contractors do not quote on the basis of the 2004 Cleaning Standards as they cannot afford it.... Does quality go out of the window, sacrificed on the altar of cost cutting (Cleanzine, 2007 in Davies 2010, 2010)?

Also a former Conservative Cabinet Minister of United Kingdom, Michael Forsyth, conceded in a House of Lords debate: ‘is it not obvious that competitive tendering for the cleaning of hospital services has been used exclusively to drive down costs and not improve quality?’ (Hansard, House of Lords, 2007, col 781). Nevertheless, cleaning continues to be outsourced in many hospitals –particularly in England, with large amounts of public money spent. The British medical association makes more priorities in ensuring quality of cleaning services in hospital by allocating funds to be used by the third parties together by safeguarding all the hospital premises (BMA, 2005 in Davies 2010, 2010).

Cleaners are ‘invisible workers’ noticed only when things go wrong or when their work is perceived to be below the standard expected. But in a hospital environment they are, or should be, a key part of the health care team (Messing, 1998 in Davies, 2009).

Safety factors; many public service jobs involve danger, either to the employee or the person(s) receiving the service, if the job is not done properly (Kodz et al, 2003 in Davies, S, 2009) For example, there is potential for catastrophic errors in many healthcare job tasks. Long hours working is associated with a greater incidence of accidents and mistakes at work, the company being outsourced its workers needs to have safety equipment which can prevent them from danger so that success in services outsourced will be achieved and workers are safeguarding.

It should be geared towards applying resources in the most effective way, which may mean targeted cleaning of high risk hand touch sites, in hospital the company being outsourced for cleaning service and security they should take precaution to their workers in having safety equipment when they perform their duty as the results the effectiveness of services being outsourced will be achieved.

Report of the institute of medicine (1999) stated that errors cause between 44000 and 98000 deaths every year in American hospitals and over one million injuries. The biggest killers include: hospital associated infections, drugs errors, patients accidents,

communication problems, disorganized work environment. “The hospital industry is a hazardous industry; however, while the hospital industry has many employees of different categories, involved in risky procedures to save patients and with many conflicts, other hazardous industries tend to have fewer employees of fewer categories involved in risky procedures to make a product or provide a service and usually with less conflict”.

Improvement in patient care and patient safety, due to hospital environment complexity, the service provider need to safeguard and clean the environment so that the patients gets better services and the hospital environment at large are well cleaned in all parts and being secured by security guards. The service provider needs to be competent enough in the provision of the services (Quinones, 2011).

In Tanzania the MOHSW has formulated a new National Health Policy in 2007. The vision of the Government is to have a healthy society, with improved social well-being that will contribute effectively to personal development and the nation at large. The mission is to provide basic health services in accordance with geographical conditions, which are of acceptable standards, affordable and sustainable. The health services will focus on those most at risk and will satisfy the needs of the citizens in order to increase the lifespan of all Tanzanians (Gunneweg, 2011).

All hospital in the country are making emphasize in ensuring quality services are being provided to the patients this is associated with ensuring environment are clean and the hospitals are being secured. Some hospital especially those of referral hospitals they have outsourced those service in order to produce quality services and the ministry always are making follow up in ensuring quality consistency in cleaning and security are attained all the time (Gunneweg, 2011).

2.3.4 Vendor’s competence

According to (Reggie, 2012) in his research in healthcare, argued that vendor expertise is key, regardless of the service that is considered for outsourcing. Thus vendor’s

competences are the key determinant for the effectiveness of services outsourced in hospital, thus knowledge, skills and competency of the vendor are crucial factor.

TCA provides an analytical tool for evaluation of the supplier performance, marketplace conditions and whether the decision to outsource was appropriate to the situation (McIvor, 2009). The client makes proper evaluation in analyzing the vendor's competences but during implementation as the supplier might act ex-ante during the contract making concerning its capability for the sack of being given the job but in the long run provide poor cleaning and security services to the firm.

Without proper strategic alignment, services are delivered based on technical rather than business requirements (Geillings 2007). In analyzing the vendor's competences the requirement of the firm needs to given the first priority and the technical part should relate with the requirement of the firm so that the outsourced services cleaning and security are effective. Most of vendors analyses its technical part effectively but in the real situation in performing those services they fail to perform it accordingly.

Organizational capabilities are usually divided into two categories systems capabilities and process capabilities. System capabilities involve technical factors such as infrastructure and IT systems and process capabilities involve people related factors such as routines, procedures and coordination (Whitaker et al, 2008). The outsourced services cleaning and security needs to be capable in safeguarding and cleaning all technical factors and process capabilities so as to ensure effectiveness of delivering of services in hospital are of efficiency and well to all people thus preventing all diseases.

Efficiency is about ensuring that maximum output is obtained from a given amount of resources devoted, or conversely, that a minimum level of resources is devoted to a given level of output .Effectiveness is about ensuring 'that the output from any given activity is achieving the desired results' .Although the economy aspects leads to some facilities to rise its price so that the success of outsourcing in some time be difficult in implementing it which are relatively easy to quantify, assessing policy efficiency and

effectiveness is more difficult. This is primarily because of the difficulties involved in measuring output (to assess efficiency) and outcome (to assess effectiveness) (Glynn, 1985 in Demirag I. , 2004).

In research on call center outsourcing cases by (Borman, 2006) all researched clients told that, they wanted an experienced service provider with a successful track record. The firm before contracting for outsourcing services for cleaning and securing the hospital, the vendor experience in performing a particular job, needs to be analyzed first so that to know its ability in performing a particular job.

As Collins (1988:53 in Steve Davies, 2009) points out, cleaning has a dual role: non-microbiological, to sustain, improve or restore appearance; and microbiological, to assist infection control by reducing the presence of microbes and removing substances which support their growth. In making cleaning effective the service provider should to observe that hospital hygiene services are kept in specifies standards in the areas of environment, waste management, ward kitchens, linen sharps, hand hygiene and the management of patient equipment. When the hospital environment are kept clean the patient will enjoy the service in the hospital as the environment itself motivate him or her when gets treatment as in contaminated areas patient can not enjoy with the service due to bad weather condition which are due to polluted air in the area, and the patient can get other diseases from the hospital as he can be injured by injections in the hospital laboratory even in environment itself. Thus for proper treatment to patient all hospital are kept clean so that people see it as a friendly environment which can leave there patients comfortably.

Technologies bridge physical and electronic information spaces to increase the efficiency and seamless experiences in our personal and professional lives. Moving with technology change the performance of an organization in terms of security and cleaning services automatically increases. Thus the service providers in health institutions needs to have modern facilities in order to increase efficiency in their services as time changes even harmful west product increases thus to safeguard the cleaners with infection when

performing services in some areas like laboratory and other dangerous places they should to have modern equipment in performing in those areas and to be secured electronically (Alto, P, 2002-2012).

According to (Eisele, 1994; Kakabadse and Kakabadse, 2000a; Walsh, 1996) argued that low morale, high absenteeism, lower productivity and workers if they are not willing themselves to work, the quality of the service actually will be low as they will work below standard. For success of outsourced services such as cleaning and security service workers needs to be highly motivated and psychological treated so that they will perform the service as required and the goal for services outsourced will be achieved (Kremic, T, 2006).

Performances of suppliers can also be associated by some risks as we have already seen in TCA above but also there is an initial tendency to service providers to overstate benefits and that the suppliers are likely to perform better in the beginning of a contract to make good first impressions thus the client or organization needs to be keen enough during contract by observing all the rule and procedure so that all stages of outsourcing are followed in accordance thus effectiveness and success of services outsourced can be achieved (Schwyn, 1999).

These findings were parallel to findings of other studies conducted in national and international arena. Research has shown that hospital and other service organizations use outsourcing for the purpose of quality and efficiency improvements. For improvement of services in hospital non core activities are to be outsourced so that services like cleaning and security are well conducted and the hospital concentrates on its core functions of providing treatment to the patients (Ecerkale e t al, 2006).

In Ontario they argued that, there is no evidence to suggest that the source of labor (whether provided in-house or contracted out) is a factor that determines the success of environmental cleaning in a health care setting together with securing the hospital,

vendors competences and employee responsibility in analyzing the vendors in provision of services (Vearncombe et al, 2012).

In Tanzania in Pwani region where Bagamoyo District hospital (BDH) is located generally, the waste management at the hospital was not satisfactory and did not meet the criteria set out in the national guidelines (MoHSW 2006). There are litters in the surrounding environment at BDH thus vendor's competences are at below standard and the security company being outsourced is performing their duty but are not effective enough in securing the hospital (Kiama et al, 2010).

In general in Tanzania to run health facilities resources are needed. This includes financial, human and infrastructure resources. In government health facilities as well as nongovernmental health facilities there are challenges in services outsourced in provision of effective services as there are short supplies of these resources. There is a chronic shortage of government subsidy funds. Unavailability of sufficient health insurance cover to the population compounds the financial resource problem of the health facility, cost recovery through cost sharing is insufficient, and the infrastructure is dilapidated. All these chronic contains lead to deterioration in efficiency and quality of services manifested by poor standards and inefficiency in clients satisfaction (Handa and Sinkkala, 2005).

2.4 Conceptual framework/model

Conceptual framework

According to Miles and Huberman, 1994, P18 in (Maxwell, 2004), defined conceptual framework as a written or visual presentation that: “explains either graphically, or in narrative form, the main things to be studied – the key factors, concepts or variables and the presumed relationship among them”.

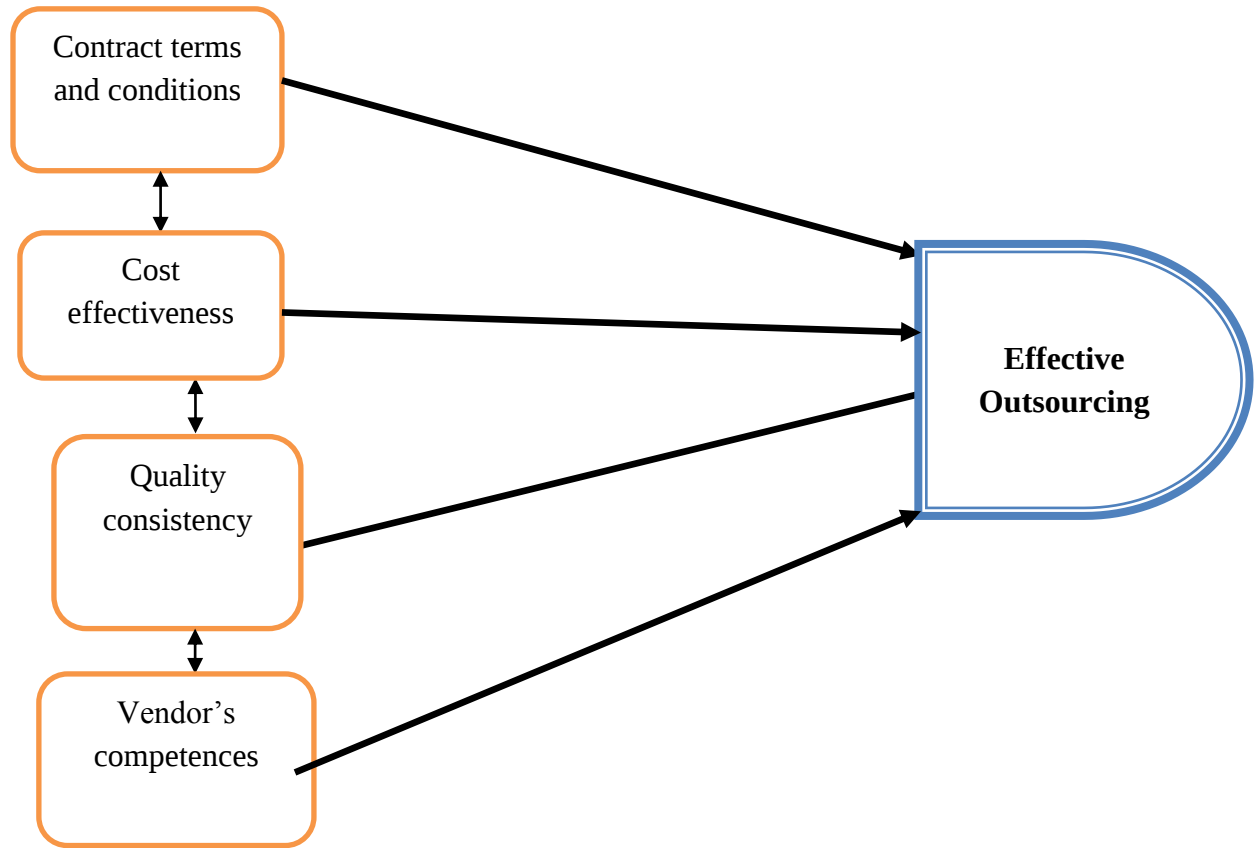
Below is the conceptual framework developed using both independent and dependent variables. The variables have been identified with a cause and effect relationship

(independent and dependent) variables. The dependent variable is 'what' is being studied in relation to effectiveness of services outsourcing.

Generally effectiveness of services outsourcing is measured/determined by organization commitment, efficiency and competency of service providers. In this model the researcher has taken into consideration these key variables but by breaking some of them into four specific variables which are vendor's competences, quality consistency, cost effectiveness and contract terms and conditions.

Therefore the relationship among the variables in the model below shows that, effective outsourcing is a dependent variable which is determined by the four specific variables mentioned above.

Figure 2.4.1: Conceptual framework



Source: Constructed by researcher from literature reviewed

2.4.2 Definition of variables/conceptual/operational definitions

2.4.2.1 Definition of dependent variable

Effective outsourcing is the dependent variable in regard to the effectiveness of services outsourced. The public health institutions outsource services for the intention of increasing its competences in its core functions in MoHSW, for providing treatment to people and providing training in health sectors so that to develop their career. MRH expects to provide quality service as the non core activities are outsourced, but the successes of those outsourced services depend with the effectiveness implementation of independent variables.

2.4.2.2 Definition of independent variables

Contract terms and conditions

Contract terms and conditions are Within Contract Management which is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract. It also involves building a good working relationship among parties to a contract. This means that MRH ensures that all terms and conditions set with the services providers are properly managed by both parties to a contract thus effective in outsourcing occurred. Therefore following guiding rules and procedure in all non consultancies as stipulated by PPA (2004), MRH in management of contract is mandatory for firm in achieving effective in outsourcing services.

Cost effectiveness

Cost effectiveness of the supplier in outsourcing influence effective outsourcing as some organization fear to outsource some company due to high cost they have if you need to work with them, some companies are well competent but there price are high.

Quality consistency

Quality consistency in the delivery of services leads to effectiveness outsourcing of those services as the services providers maintaining its quality of services all the period in the organization which facilitate core function because once the noncore function if are not well accomplished then even the main function of MRH cannot work accordingly. Thus quality consistency in services outsourcing through following guiding rules and procedure as PPA 2004 in NCS if its procedures are obeyed it leads into effective in outsourcing in security and cleaning services.

Vendor's competences

Effectiveness in those services are determined by the performance of service provider so that to accomplish the goal of the organization in provision of better services which leads to effective in services outsourced. Efficient of service providers enable procuring entities in obtaining success in outsourcing services which allows MRH in concentrating to its core activities. Better services give PEs in MRH the ability to

undertake procurement of other non consultancy services as they observe that services outsourced are consuming low cost than performing it in house.

2.5 Variable and their measurements

Table 2.5. 1: constructed by researcher through literature review

Variables	Measurement	Source
Contract terms and conditions	• Awareness • Clarity • Adherence	Mamiro., 2010 Goles and Chin, 2005
Cost effectiveness	• Cost reduction • Cost sharing • Minimization of operation cost	Salih, 2010 Nerbert, 1996 in Bhardwaj, 2011
Quality consistency	• Commitment of supplier • Performance track record	Cleanzine, 2007 in Davies 2010, 2010
Vendor's competences	• Efficiency • Knowledge and skills • Need for frequent reminders	Reggie, 2012

Source: from literature review

CHAPTER THREE

RESEARCH METHODOLOGY

3.0. Introduction

This chapter is devoted to give a description on how the study was carried out in order to accomplish the desired goals. According to (Bryman, A and Bell, 2007), a research design provides a framework for the collection and analysis of data plan. Specifically the chapter consists of research paradigms, research design, types of measurement, data collection methods, types of data, sampling techniques, reliability and validity of data, data management and analysis techniques.

3.1. Type of the study

The study was carried out by using a case study design, mixed study, cross-sectional and retrospective cohort. The design was particularly used to the study in describing the problem in more detail, to look at it as a whole and conclusions were made through it. Also, it was flexible in the data collection and it brings deeper insight in understanding better the problem. Mixed study uses both qualitative and quantitative methods in data collection, retrospective cohort study, also called a historic cohort study; (look back) generally means to take a look back at events that already have taken place and cross-sectional this is the method that takes place at one specific point in time.

3.2. Study area

The study was conducted at MRH. The place is one among the public health institutions that outsources cleaning and security services under the guideline of the PPA 2004 and its Regulations of 2005. The area was rich in information in investigating the study.

3.3. Study population

The targeted populations in this study were all the staff of MRH and workers being outsourced in cleaning and security services, which included members in administration, PMU staff, ICT members, Laboratory staff, Accounts, companies outsources, Radiology and user department. The total population who has got vital input

as far as outsourcing is concerned is almost one hundred and eighty (180) employees. In fact there are a good number of employees at MRH but the researcher targeted those who are involved in one way or another in outsourcing phenomenon and who work with those companies outsourced.

3.4. Units of analysis

The unit of analysis of this study were different services being outsourcing by the procuring entity since the establishment of this system at MRH so as to check whether if those services are effective or not.

3.5. Variables and their measurements

For the purpose of data collection, analysis and interpretation the researcher uses the rating scale because several responses required. This involves the use of likert so as to examine how strongly the subject agree or disagree with statements. Therefore the researcher also uses the ranking scale so as to tap preferences between two services being outsourced.

3.6. Sample size and sampling techniques

According to Kothari (2004), the sample size refers to the number of items to be selected from a universe to constitute a sample. The sample were taken so as to present the population of study

The samples were drawn by using purposive or judgmental sampling technique and random sampling technique. Under purposive/judgmental sampling technique, the researcher selected those elements which he believes are knowledgeable and deliver the required data.

The researcher deliberately chooses ones with necessary, reliable and relevant information that suits the purpose of the study. These include PMU staff, Laboratory, ICT, user department, accounts and Administration.

Random sampling technique used to select members of user departments and heads of departments (i.e. those who are not members of tender board) whereby respondents are selected randomly and each element had equal chance of being selected to constitute the sample. In case of sample size the researcher uses the sample of about sixty (60) respondents representing users, procurement professionals and administration as shown below:

Table 3.6.2: Distribution of Sample size

S/ No	Department/ Unit	Population	Sample
1	Directorate of Human Resources and Administration	21	7
2	Laboratory technicians	30	10
3	PMU Staffs	25	22
4	ICT members	15	5
4	Staffs in various departments	80	12
5	Accounts	9	4
	Total	180	60

3.7 Data collection methods

Types of data

The researcher uses both primary and secondary data in order to come out with relevant and enough data that facilitated good results.

3.7.1 Primary data

These are the data which were collected afresh directly from the respondents. These data were gathered through observations, interviews, questionnaires and documentation that the researcher administers.

Observation - The researcher uses this technique of data because it is a very simple and direct way of data collection where by eyes and ears are involved with what is taking place. It is the accurate way to watch and note what is happening to a particular arena. This method is very cheap and easy to apply because it is just a mere observation it does not require many procedures like interview or questionnaires.

Interviews - The researcher used a face-to-face dialogue in various section of the department according to the sample taken from the population. The researcher used this method depending on the information required by the researcher. It has significant cost savings, it provides faster survey feedback and it offers complete control of the study.

Questionnaires - The researcher used questionnaires as well. The respondents were required to fill in the blanks or tick the appropriate answers. This method allows users to have good time of filling their questionnaire and at the same time give them freedom in answering the questions. Questionnaires are designed to be fast and responsive even during high traffic, easily handles large numbers of respondents to any number of studies.

Documentation- is collected from literature review together with the document which was given in MRH to those outsourced companies.

3.7.2 Secondary data

The researcher collected secondary data through a review of relevant literature including books, journals, reports, periodical files, and report available in the organizations relating to the subject matter of the study, those documents are strategic management and quality improvement using 5s principles and a pocket guide for healthcare providers.

3.8 Reliability and Validity issues

Reliability is defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials. If a study and its results are reliable, it means that the same results would be obtained if the study were to be replicated by other researchers using the same method. On the other hand validity refers to the extent to which the instrument measures what it purports to measure to the degree to which an instrument measures what is supposed to be measuring (Richardson et al, 1937).

3.9 Data Management and Analysis plan

(Kothari, C.R, 2004), explains that, after the data have been collected, the researcher then analyzes them. The analysis of data requires a number of closely related operations such as establishment of categories in a manner that the application of these categories and raw data were drawn through coding, tabulation and then drawing statistical inferences.

3.9.1 Data management

The data were arranged in a systematic way which allows the researcher to conduct much better analysis. After data collection the researcher examined the data to detect errors and omissions if any and unreliable information which may be collected and edited the data to ensure that they are accurate. The main purpose is to get clean and clear information.

3.9.2 Data analysis plan

The data collected were analyzed by using both qualitative and quantitative methods. A qualitative technique involves describing, summarizing and interpreting the data through logical reasoning. This was done to ensure reliability, accuracy, clarity and meaningfulness. The use of quantitative techniques involves utilization of Statistical Package for Social Studies (SPSS) program as a tool for data analysis that assisted the researcher to run mathematical analysis models/tests and draw tables or charts where it was useful to illustrate the facts. Also pen paper method was adhered in writing those data being stipulated.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

As indicated in the previous Chapter, this research used questionnaire, observation and interviews research as tools for gathering data from different departments in analyzing of effectiveness for different services outsourced. This research was carried out in MRH, where 60 questionnaires were administered and 10 people from the administration department were interviewed together with PMU staffs, laboratory technicians, accounts, and ICT and Department users. In this chapter the results obtained from the field are presented. The first part of the results presentation is of sample description and the second part presents results that respond to the research questions.

4.2 Description of the respondents

The respondents were a mixed of the MRH employees and the outsourced service providers. Many respondents were in the PMU and there were equal representation between the departmental users and others as shown in the Figure 4.2.1 and table 4.2.1. The people who are responsible in outsourcing phenomenon in organization are PMU, and its effectiveness occur as the results of good work to that group thus why there many compared to others.

Table 4.2.1: Description of the respondents

	Frequency	Percent
PMU Staff	22	36
Department Users	19	32
Others	19	32
Total	60	100

Source: Field data, 2013

4.2.2 Years of experience

The respondents that have responded to this research had various years of experience. The table 4.2.2 and figure 4.2.2 show time of saving the MRH to different workers at particular filled at MRH, many respondents 24(40%) was in the group of 6-10 years few respondents (8.3%) belonged in the group of 16-20 years experience, less than 5 years were 15(25%), 11-15 were 9(15%) and more than 20 years were 7(11.67%). Time savings more than 5 years which are of 75% we expect to give better results than those below 5 years (25%) as they have large experience in particular organization in how things are before outsourcing and after outsourcing.

Table 4.2.2: Years of experience

Time (Years)	Frequency	Percent
Less than 5 Yrs	15	25.00
6-10	24	40.00
11-15	9	15.00
16-20	5	8.33
More than 20 Yrs	7	11.67
Total	60	100

Source: Field data, 2013

4.2.3 Level of education

The level of education for many respondents were certificate/diploma to bachelor/advanced diploma thus the researcher expect to have more contribution because they have knowledge and are familiar with organization especially on the work conducted by the third parties on cleaning and security as in table 4.2.3;

Table 4.2.3: Level of Education

	Frequency	Percent
Primary School	1	1.67
Secondary/High School	4	6.67
Certificate/Diploma	30	50.00
Bachelor Degree/Advanced Diploma	23	38.33
Masters	2	3.33
Total	60	100.00

Source: Field data, 2013

4.2.4 Age of the respondents

The age of the respondent was between 25 and the highest age was 65 years old. The tables 4.2.4 and figure 4.2.5 showed the age of respondents, many respondents are of age of 21-40 years (60%), and 41-60 (38.33%) and one respond of age above 60 years (1.67%) as shown in table 5. Thus many respondents were at the age of working class about 98% thus we expect his or her contribution to be likely as they are familiar with the day to day activities of organization.

Table 4.2.4: Age of the respondents

	Frequency	Percent
21-40	36	60
41-60	23	38.33
Above 60	1	1.67
Total	60	100

Source: Field data, 2013

4.2.5 Departments of the respondents

Many respondents were from the PMU department as in table 4.2.5 which shows the number of respondents to each department.

Table 4.2.5: Departments of the respondents

Department	Frequency	Percent
Laboratory	10	16.67
Administration	7	11.67
ICT	5	8.33
PMU	22	36.67
Accounts	4	6.67
Others	12	20.00
Total	60	100

Source: Field data, 2013

4.2 Findings from the field

This sub section presents the findings from the field as provided by the respondents according to four research questions.

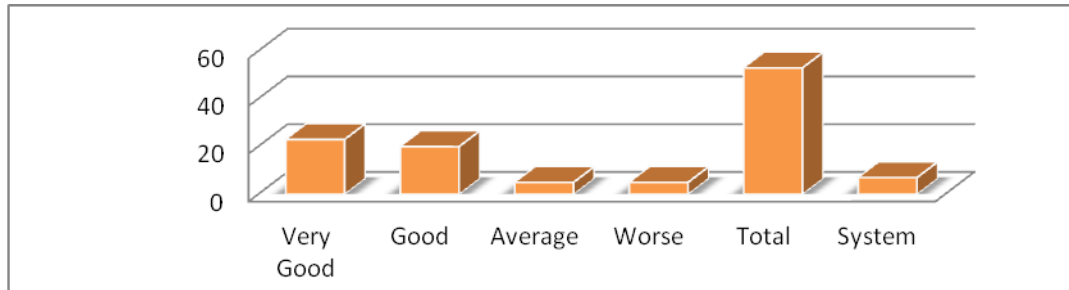
4.2.1 Research question 1: How contract terms and conditions leads to effective outsourcing?

Under this research question, the researcher sought to explore how contract terms and conditions leads to effective outsourcing. The items used to find out the facts included whether organization adherence to contract terms and conditions or not, understanding of service providers towards contract terms and conditions or contract are effectively executed and managed, service delivery is well managed, contract terms enhances effective outsourcing and to whether contract are open to all member or not. Another aspect under this category was whether MRH knows obligations under the contract or not, contract has flexibility or not and if there are good relationship of the organization and service providers. The findings from the field are presented below.

4.3.1.1 Adherence to contract terms and conditions

The results for question asking the respondent how she or he would adhere on the contract terms and conditions showed that the contract terms and conditions were clear. The results obtained indicates that 46 (83.3%) said organization adhere the services providers towards contract terms and conditions and conditions while 9 (16.36%) respondents said the services providers do not adhere to contract terms and conditions as indicated in table 4.3.1.1 and figure 4.3.1.1. Thus the organization adheres to contract terms and conditions there for outsourcing are effective at MRH. According to (Aberdeen group, in Bhardwaj 2011) argued that parties should to adhere on the contract terms and conditions made so that effectiveness in services outsourcing can be achieved. The researcher studied on how organization rates the adherence of service provider to the contract terms and conditions.

Figure 4.3.1.1: Adherence to contract terms and conditions



Source: Field data, 2013

Table 4.3.1.1: Adherence to contract terms and conditions

	Frequency	Percent
Yes	46	83.64
No	9	16.36
Total	55	100.00

Source: Field data, 2013

4.3.1.2 Understanding of the service providers towards terms and conditions

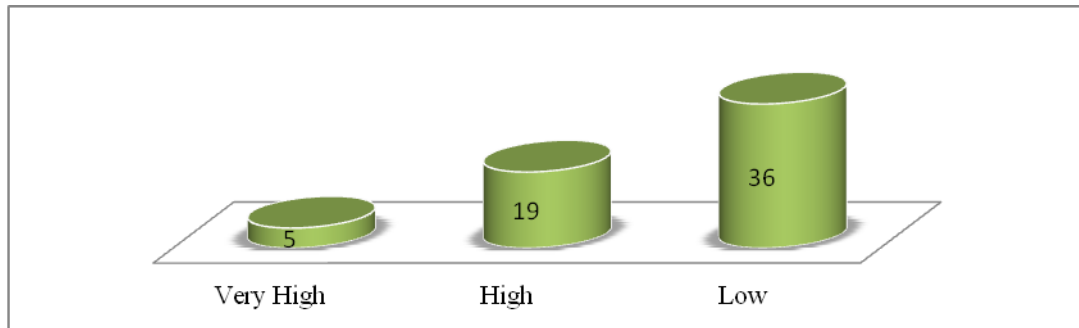
Understanding of service providers towards contract terms and conditions are crucial factor in outsourcing. The study indicates that the services providers, understanding to contract terms and conditions are low this was evidenced by 36 (60%) respondents, also 19(32%) respondents said understanding is high and 5 (8%) respondents said understanding is very high as shown in figure 4.3.1.2 and table 4.3.1.2. Thus in terms of understanding of the service providers towards terms and conditions the organization are not effective in outsourcing.

Table 4.3.1.2: Understanding of the service providers towards terms and conditions

	Frequency	Percent
Very High	5	8
High	19	32
Low	36	60
Total	60	100

Source: field data, 2013

Figure 4.3.1.2: Understanding of the service providers towards terms and conditions



Source: field data, 2013

4.3.1.3 Service delivery is well manage

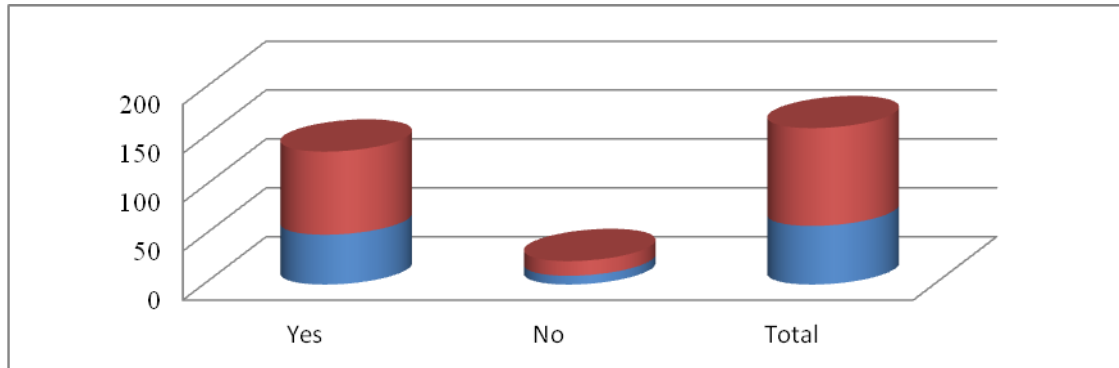
In analyzing the results indicated that 51 (85%) of respondents said service delivery are well managed and 9 (15%) of respondents said service delivery are not well managed. Thus the service delivery is well managed which indicate that outsourcing were effective as indicated in table 4.3.1.3 and figure 4.3.1.3. The researcher find out that the service delivery are well managed as there are needs of the suppliers and the relevant purchasers needs to be met, for example in regard to customer complaints, supplier complaints, monitoring of the framework is vital.

Table 4.3.1.3: service delivery is well manage

	Frequency	Percent
Yes	51	85
No	9	15
Total	60	100

Source: Field data, 2013

Figure 4.3.1.3: Service delivery is well managed



Source: Field data, 2013

4.3.1.4 Contract terms enhances effective outsourcing

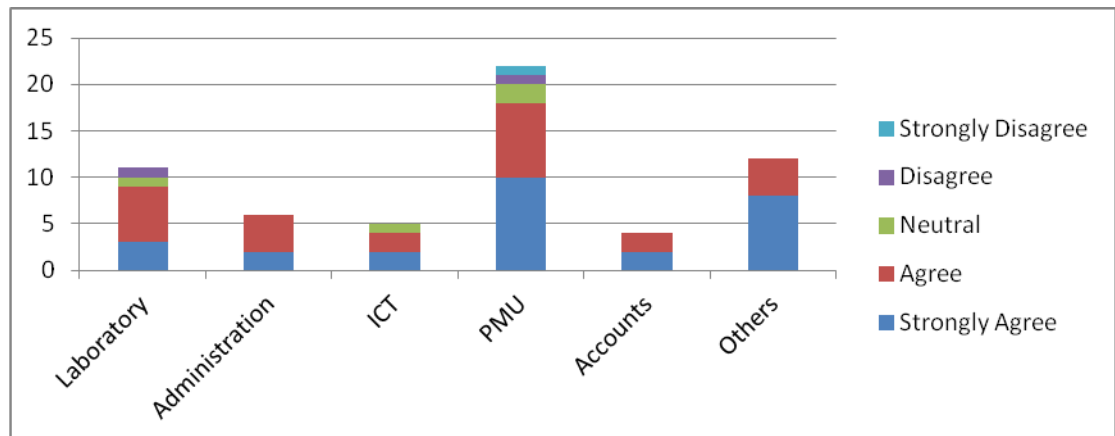
The researcher studied out to whether contract terms and conditions enhance effective outsourcing. From the study the results were 53 respondents who said contract terms and conditions enhances effective outsourcing, 4 respondents were neutral and 3 respondents said contract terms and conditions do not enhances effective outsourcing. Therefore involvement of those departments in outsourcing influence effective outsourcing at MRH as in table 4.3.1.4 and figure 4.3.1.4.

Table 4.3.1.4: Contract terms enhances effective outsourcing

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Laboratory	3	6	1	1	0
Administration	2	4	0	0	0
ICT	2	2	1	0	0
PMU	10	8	2	1	1
Accounts	2	2	0	0	0
Others	8	4	0	0	0
Total	27	26	4	2	1

Source: Field data, 2013

Figure 4.3.1.4: Contract terms enhances effective outsourcing



Source: Field data, 2013

4.3.1.5 Relationship of the organization and services providers or suppliers

The relationships between the organization and supplier are of paramount. In this study it was found that many 54 (90%) respondents feels that the relationship between the organization and the supplier is good as shown in the table 4.3.1.5 and figure 4.3.1.5. Thus good relationship facilitates effective outsourcing at organization.

Table 4.3.1.5: Relationship of the organization and services providers or suppliers

	Frequency	Percent
No	6	10
Yes	54	90
Total	60	100

Source: Field data, 2013

4.3.1.6 Contracts effectively executed and managed

Best execution of the contract gives better performance in organization in its effectiveness to the services outsourced. The researcher studied to whether the contract at MRH is effectively executed. The figure 4.3.1.6 and table 4.3.1.6 indicates that many 43(72%) respondents said contract are effectively executed and managed and 17 (28%) of the respondents said contract are not effectively executed and managed as per

contract terms and conditions. Also 7 interviewer out of 10 people said contract are effectively executed. Thus we conclude that contract at MRH are effective.

Table 4.3.1.6: Contracts effectively executed and managed

	Frequency	Percent
No	17	28
Yes	43	72
Total	60	100

Source: Field data, 2013

4.3.1.7 MRH knows obligation under the contract

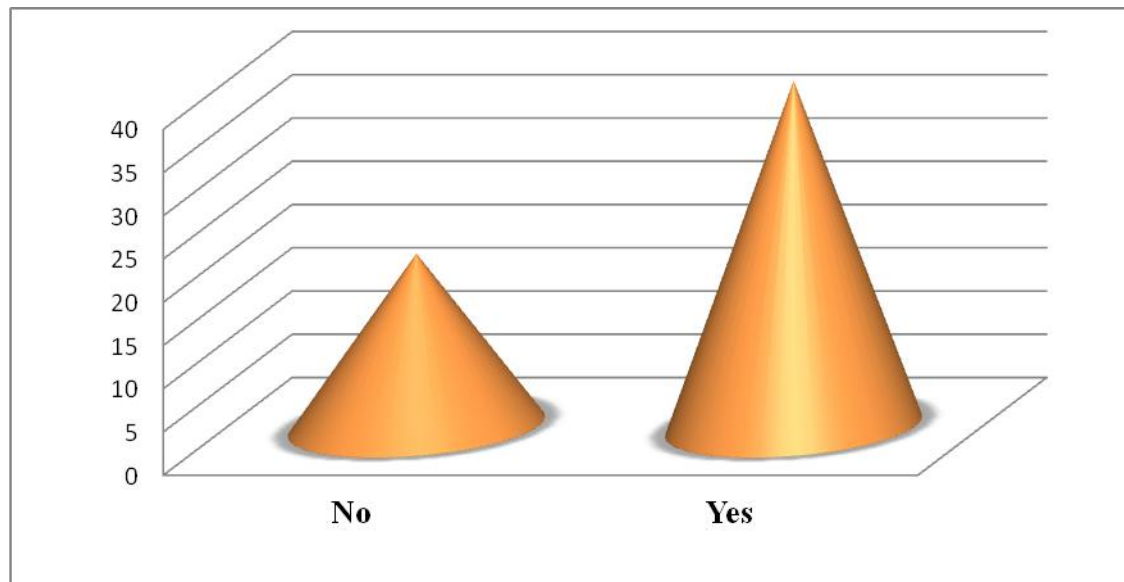
When there is a contract between an organization and the service provider, there will be obligations for each side; in this study the respondents' feels that MRH knows its obligation under the contract. The results from the study indicated that 40 (67%) of respondents said MRH knows obligation under the contract and 20 (33%) of respondents said MRH do not know obligation under the contract as in table 4.3.1.7 and figure 4.3.17. Thus MRH knows obligation under the contract thus outsourcing are effective.

Table 4.3.1.7: MRH knows obligation under the contract

	Frequency	Percent
No	20	33
Yes	40	67
Total	60	100

Source: Field data, 2013

Figure 4.3.1.7: MRH knows obligation under the contract



Source: Field data, 2013

4.3.1.8 Contracts are open to all members

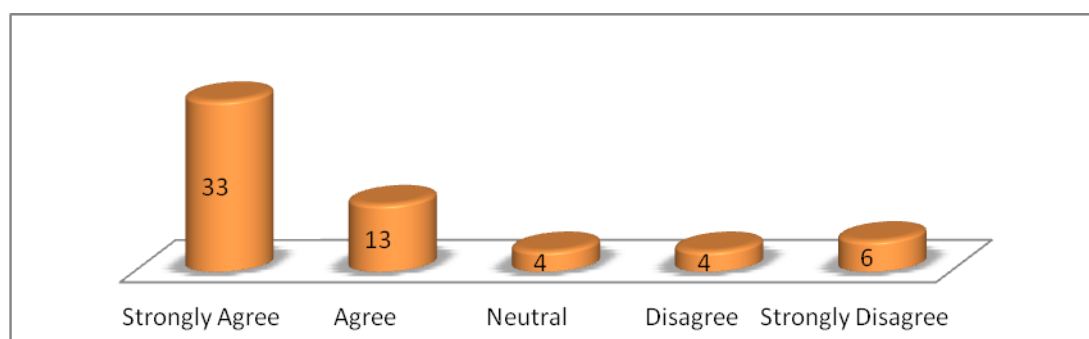
In some organization contract are open and known to few individual depending on the position of the individual and department. In this study the researcher studied the transparency and openness regarding with the contract. From this study it was shown that the contract was not open to the public and members of the staff as all 60 (100%) respondents said the contract is not open to all members. This indicates that outsourcings are not effective because the contract are not transparency to members and staffs at MRH even the administration and the user department cannot assist PMU as contract are not open at all members in MRH. This is supported by (PPA, 2004) which say the user department of a procuring entity shall perform the following function liaises with and assists the Procurement Management Unit throughout the procurement or disposal by tender process to the point of contract placement.

4.3.1.9 Contract has flexibility

The researcher studied the response from the question which asked to whether if Contract has some flexibility that is; the contract could be changed during execution. The results are shown in table 4.3.1.9 and figure 4.3.1.9, which indicates 49 respondents

said contract, has flexibility, 4 respondents are neutral and 10 respondents said contract has no flexibility.

Figure 4.3.1.9: Contract has flexibility



Source: Field data, 2013

Table 4.3.1.9: Contract has flexibility

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Laboratory	4	1	2	2	1
Administration	4	1	1	0	0
ICT	5	0	0	0	0
PMU	12	4	1	2	3
Accounts	2	2	0	0	1
Others	6	5	0	0	1
Total	33	13	4	4	6

Source: Field data, 2013

4.3.1.10 Contract needs assessment

MRH contracts needs assessment to create a clear output – based specification to ensure that the contract is awarded to the right provider. The finding from this study indicates that 39 respondents said contract needs assessment while 16 respondents said contract does not need assessment. There are needs for contracts assessments at MRH because the user department and the organization are not involved in tendering process all are done by MoHSW. Therefore outsourcings are not effective as in table 4.3.1.10 and figure 4.3.1.10.

Table 4.3.1.10: Contract needs assessment

	Frequency	Percent
No	20	33
Yes	40	67
Total	60	100

Source: Field data, 2013

Under this objective the researcher wanted to find out how contract terms and conditions leads to effective outsourcing. The overall findings from the field have shown that, the contract are well followed and managed through the adherence to contract terms and condition where 84% supported it, contract terms enhances effective outsourcing was supported by 51%, 72% said that the contract is effectively executed and managed, 67% said that the contract has flexibility and MRH knows obligation under the contract respectively while very few respondents said that the contract and conditions are not well followed since they are not open to all members where all respondents (100%) said that the contract is not open to them and the understanding of the contract is low where 60% of the respondents do not understand it.

The study is also supported by Bhardwaj 2011) who argued that parties should to adhere on the contract terms and conditions made so that effectiveness in services outsourcing can be achieved.

4.3.2 Research question 2: How effectiveness of the suppliers cost influences effective outsourcing?

Under this research question, the researcher sought to explore how effectiveness of the suppliers cost influences effective outsourcing. The items used to find out the facts included whether outsourcing allow cost sharing or not, outsourcing at MRH minimizes operation cost or purchases materials for security and cleanliness. Another aspect under this category was whether contract includes value for money mechanism and to see if

the MRH employ more staffs to help the services providers or not. The findings from the field are presented below.

4.3.2.1 Outsourcing practice allow cost sharing

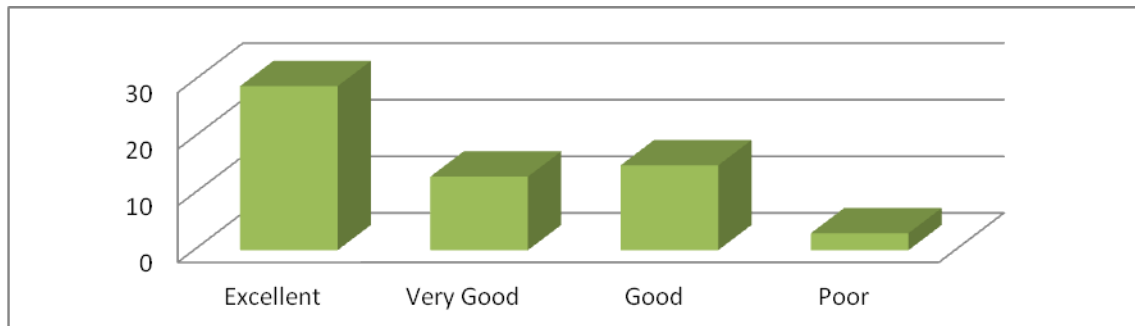
The researcher studied the cost sharing practices. From this study as shown in the figure 4.3.2.1 and table 4.3.2.1 indicates that 57 (97%) respondents said outsourcing allows cost sharing while 3 (3%) respondents said outsourcing does not allow cost sharing; Thus the suppliers cost influences effective outsourcing.

Table 4.3.2.1: Outsourcing practice allow cost sharing

	Frequency	Percent
Excellent	29	48
Very Good	13	22
Good	15	25
Poor	3	5
Total	60	100

Source: Field data, 2013

Figure 4.3.2.1: Outsourcing practice allow cost sharing



Source: Field data, 2013

4.3.2.2 Outsourcing at MRH minimizes operation cost

One of the advantage of outsourcing is minimization of operation cost in an organization, the researcher analyzed the case and proved by the results in table 4.3.2.2 and figure 4.3.2.2 which indicates 73.34% respondents said outsourcing minimize

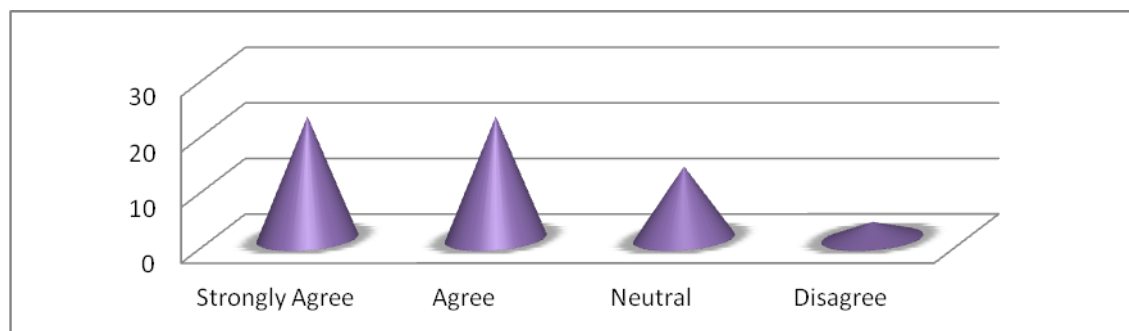
operations cost, 21.67% of respondents were neutral and 5% said outsourcing does not minimize operation cost.

Table 4.3.2.2: Outsourcing at MRH minimizes operation cost

	Frequency	Percent
Strongly Agree	22	36.67
Agree	22	36.67
Neutral	13	21.67
Disagree	3	5.00
Total	60	100.00

Source: Field data, 2013

Figure 4.3.2.2: Outsourcing at MRH minimizes operation cost



Source: Field data, 2013

4.3.2.3 MRH purchase material for security and cleanness

Also the researcher needed to find out to whether MRH purchase material for security and cleanness and the results indicated that 19 (31.67%) respondents said that MRH purchases material for security and cleanness and 41(68.33%) respondents said MRH does not purchase material for security and cleanness as shown in table 4.3.2.3 and figure 4.3.2.3. The findings through interview of all 10 respondents said MRH purchases material for cleaning as sometimes those outsourced providers they lack material for cleaning due to good relationship they give them as MRH have which uses in cleaning there wards and other areas which are not outsourced, the same case to security where the organization bought security cameras which inserted around every corridors in hospital and all important areas. Thus the outsourcer are helped by the

administration once they lack some facilities as those interviewees are administrator who said sometimes they need to do so because in some areas they performs themselves thus due to good relationship with the services providers they help them.

Table 4.3.2.3: MRH purchase material for security and cleanness

	Frequency	Percent
No	41	68.33
Yes	19	31.67
Total	60	100.00

Source: Field data, 2013

4.3.2.4 MRH employed more staff to help the services providers

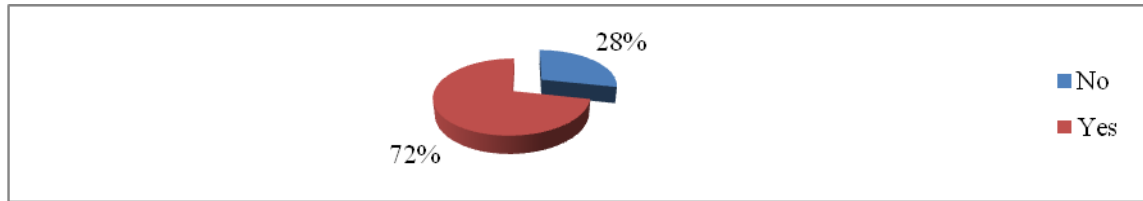
The researcher found that MRH has employed more staff to help the outsourced service providers with security and cleanliness. As due low knowledge and skills of outsourced services providers have thus the hospital employed health attendants who clean the entire infectious product in the organization and ICT people for securing the organization with cameras. This was evidenced by the table 4.3.2.4 and figure 4.3.2.4 which indicates that 43(72) % of respondents said MRH employed more staff to help the services providers and 17(28%) of respondents said MRH do not employ more staff to help the services providers.

Table 4.3.2.4: MRH employed more staff to help the services providers

	Frequency	Percent
No	17	28
Yes	43	72
Total	60	100.00

Source: Field data, 2013

Figure 4.3.2.4: MRH employed more staff to help the services providers



Source: Field data, 2013

4.3.2.5 Contract includes value for money mechanism

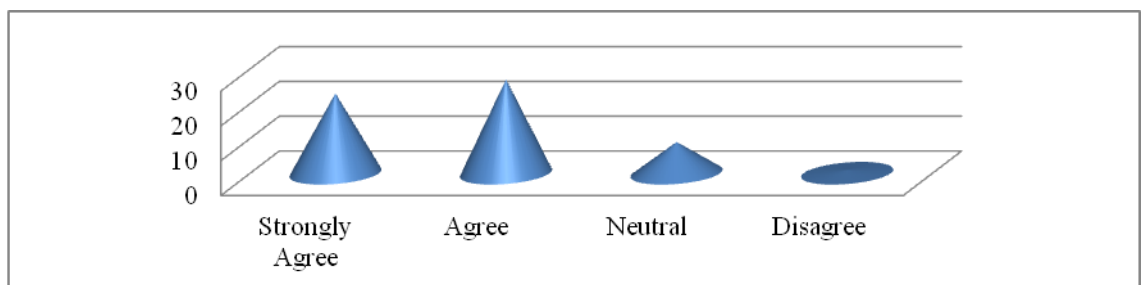
The researcher needed to find out to whether if the contract signed with the outsourced service provider includes value for money mechanism. And the results indicates that 50 (83.33%) respondents said contract signed includes value for money mechanism, 1 (1.67%) respondent said contract do not include value for money mechanism and 9 (15%) respondents were neutral as indicated in the table 4.3.2.5 and figure 4.3.2.5. There the contracts at organization include value for money.

Table 4.3.2.5: Contract includes value for money mechanism

	Frequency	Percent
Strongly Agree	23	38.33
Agree	27	45.00
Neutral	9	15.00
Disagree	1	1.67
Total	60	100.00

Source: Field data, 2013

Figure 4.3.2.5: Contract includes value for money mechanism



Source: Field data, 2013

Therefore under this objective the researcher wanted to find out how effectiveness of the suppliers cost influences effective outsourcing. The overall findings from the field have shown that, the suppliers cost influences effective outsourcing through cost sharing, minimizing operation cost, value for money and the organization do not purchase materials for security and cleanness while very few said suppliers cost do not influence effective outsourcing because MRH employ more staff to help services provider.

This finding is supported by Grossman & Szeidl (2005) who analyzed the determinants based on economies of scale, and stated that “it costs a lot for a single manufacturer to produce all the components of a complicated product, so they outsource some parts of the product to outside providers in order to reduce the cost.”

4.3.3 Research question 3.To what extent quality consistency affect effective outsourcing?

Under this research question, the researcher sought to explore to what extent quality consistency affect effective outsourcing. The items used to find out the facts included whether MRH has standard operating procedure or not, suppliers and services providers availability or not, reliability of suppliers, providers deliver service on time, provision for improvement in quality and services provider’s facilities, equipment, tools and technology for the services . Another aspect under this category was whether there quality consistent in quality provided, complains regarding cleanness service by outsourced services and if there are theft incident in the past two years at organization or not. The findings from the field are presented below.

4.3.3.1 Suppliers and services providers’ availability

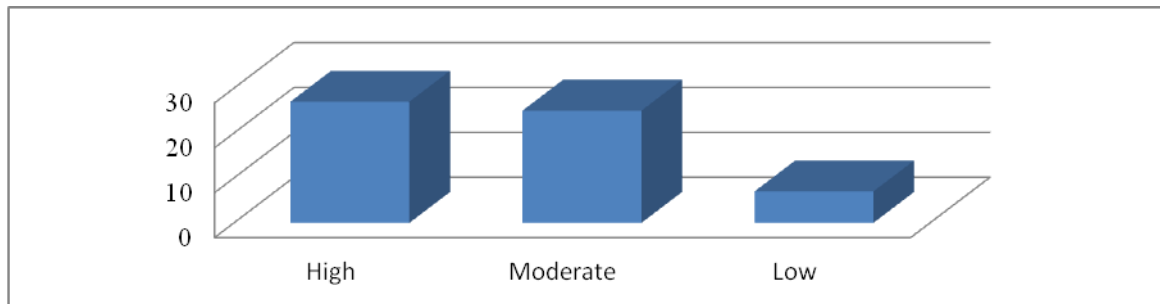
One of the motives in relation to the outsourced services is how you rate suppliers and services providers’ availability at your organization. This study indicates that suppliers and services provider’s availability are rated high as 27 (46%) respondents said and 25 (42%) respondents said are rated moderate while 7 (12%) respondents said suppliers and services providers are rated low as in table 4.3.3.1 and figure 4.3.3.1. Thus quality consistency are rated high which enhances effective outsourcing;

Table 4.3.3.1: suppliers and services providers' availability

	Frequency	Percent
High	27	46
Moderate	25	42
Low	7	12
Total	59	100.00

Source: Field data, 2013

Figure 4.3.3.1: suppliers and services providers' availability



Source: Field data, 2013

4.3.3.2 MRH has standard operating procedure

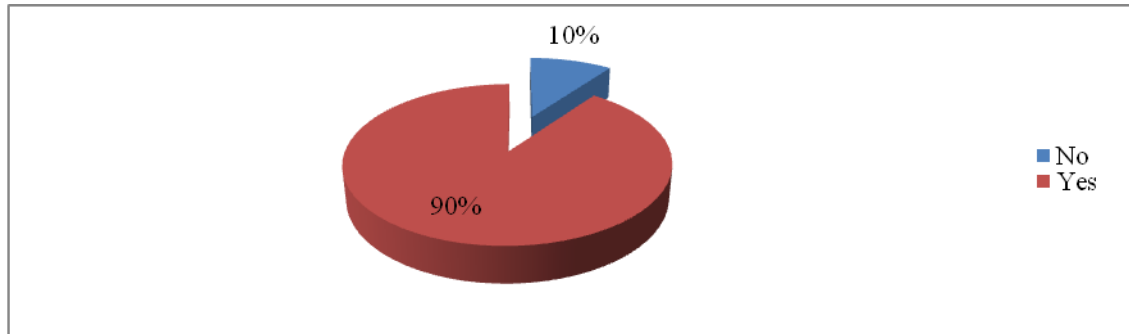
The study needed to find out if MRH has standard operating (SOP) for its outsourced service providers, 10 interviewed said it has SOP and they showed the researcher one of documents which indicates that. This also where evidenced by 54 (90%) of respondents who said it has SOP and 6 (10%) said the organization do not have as indicates in table 4.3.3.2 and figure 4.3.3.2. Therefore at MRH quality consistency affect effective outsourcing.

Table 4.3.3.2: MRH has standard operating procedure

	Frequency	Percent
No	6	10
Yes	54	90
Total	60	100

Source: Field data, 2013

Figure 4.3.3.2: MRH has standard operating procedure

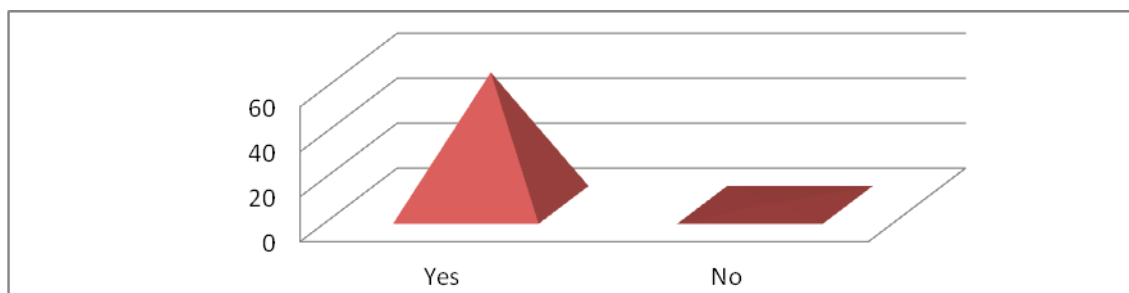


Source: Field data, 2013

4.3.3.3 Providers deliver service on time

Moreover the study intends to find out if the services providers for cleaning and security deliver service on time. The researcher studied and the results are indicated in figure 4.3.3.3 and table 4.3.3.3 where 98% of respondents said the services are delivery on time while 2% of respondents said services are not delivery on time. As (Mangan et al, 2010) said late delivery is one of the causes of failure in outsourcing relationships and this turn leads to outsourcers not being able to meet their own customer expectations. Thus at MRH services are well delivery on time by services providers.

Figure 4.3.3.3: Providers deliver service on time



Source: Field data, 2013

4.3.3.4 Reliability of suppliers

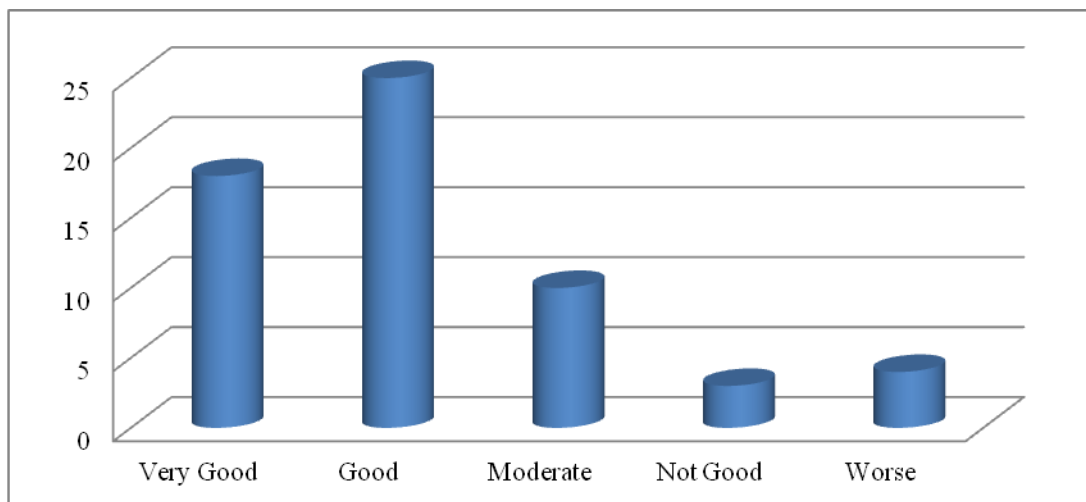
Among of the drivers of outsourcing is how does the organization rate the reliability of Suppliers who have been awarded contracts, the researcher studied and come up with the results shown in figure 4.3.3.4 and table 4.3.3.4 which indicates 18 (30%) respondents who said reliability of suppliers who have awarded a contract was very good, 25(41%) respondents said was good, 10 (17%) of respondents said was moderate while 3 (5.%) respondents said it is not good and 4 (7%) respondents said it is worse. Therefore the suppliers at MRH are reliable.

Table 4.3.3.4: Reliability of suppliers

	Frequency	Percent
Very Good	18	30
Good	25	41
Moderate	10	17
Not Good	3	5
Worse	4	7
Total	60	100

Source: Field data, 2013

Figure 4.3.3.4: Reliability of suppliers

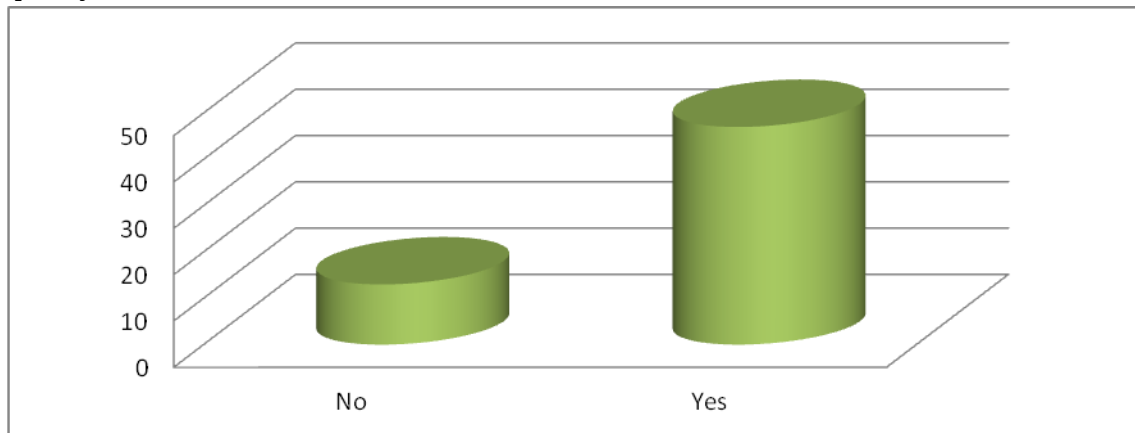


Source: Field data, 2013

4.3.3.5 Provision for improvements in quality

The study wanted to know to whether if the contract includes a provision for improvements in quality or services and the results were indicated in figure 4.3.3.5 and figure 4.3.3.5 which indicate 47 (78%) respondents contract includes provision for quality improvements while 13 (22%) respondents said the contract do not assets for quality improvement . Thus contract at MRH includes a provision for improvements in quality consistency of services.

Figure 4.3.3.5: Provision for improvements in quality



Source: Field data, 2013

4.3.3.6: services provider's facilities, equipment, tools and technology for the services

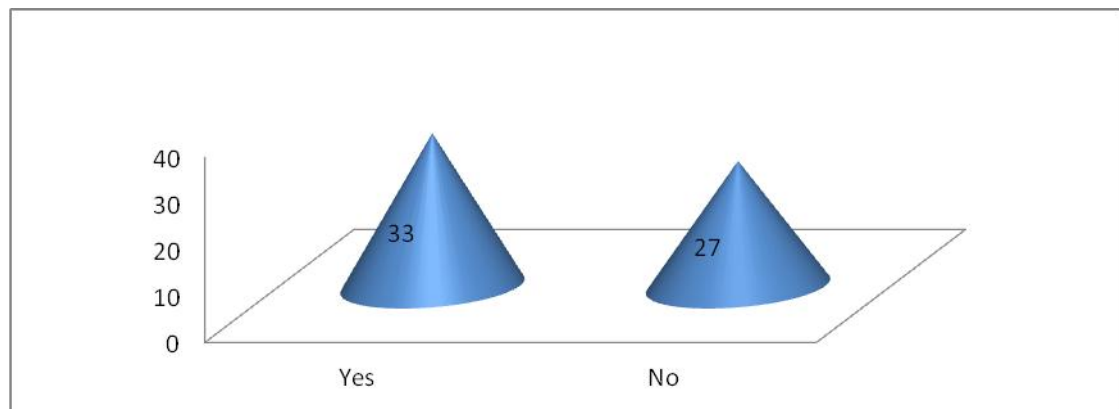
The researches asked a question to whether the outsourced service providers provided more facilities, equipment, tools and technology for the services. The results were indicated by 33 (55%) respondents who said the outsourced service providers have more facilities , equipment, tools and technology for services while 27 (45%) respondents said the outsourced service providers do not have more facilities, equipment, tools and technology for services as indicated in table 4.3.3.6 and figure 4.3.3.6. Therefore the service providers at MRH have more facilities, equipment, tools and technology for the services.

Table 4.3.3.6: services provider's facilities, equipment, tools and technology for the services

	Frequency	Percent
Yes	33	55
No	27	45
Total	60	100

Source: Field data, 2013

Figure 4.3.3.6: Services provider's facilities, equipment, tools and technology for the service



Source: Field data, 2013

4.3.3.7 Complaints regarding cleanliness service by outsourced services

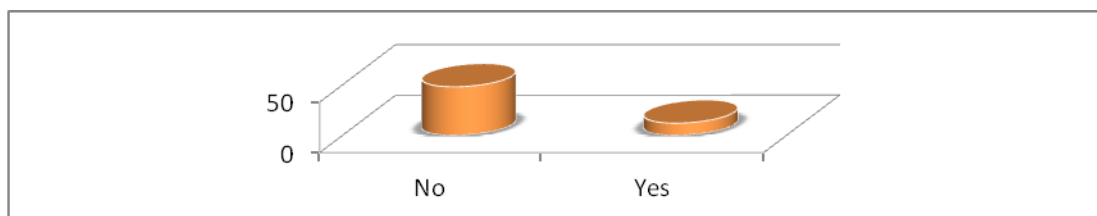
The study intended to find out if there are any complaints regarding cleanliness services provided by outsourced services from customers and staff in the past two years, and the results are 48 (80%) respondents said no complaints and 12 (20%) respondents said there are complaints as indicated in table 4.3.3.7 and figure 4.3.3.7; Therefore no complaints; regarding service providers at an organization.

Table 4.3.3.7: complaints regarding cleanliness service by outsourced services

	Frequency	Percent
No	48	80
Yes	12	20
Total	60	100

Source: Field data, 2013

Figure 4.3.3.7: Complaints regarding cleanliness service by outsourced services



Source: Field data, 2013

4.3.3.8 Theft incident in the past two years

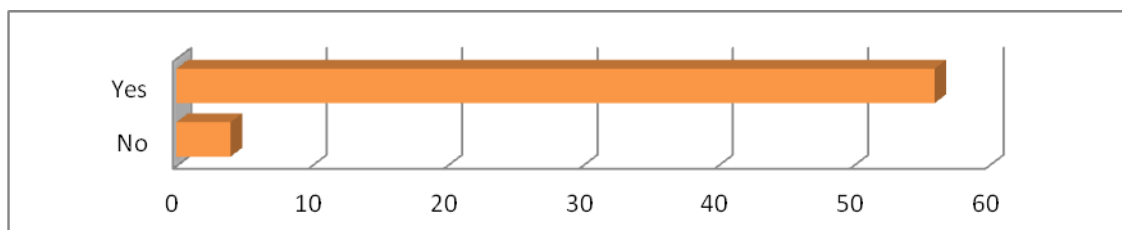
The researcher asked question asked if there have been theft incident in the past two years with the MRH premises. The response from 10 interviewed all said there are theft incident which are car of Water reed, medicine at stores and wards, Radios in cars and mobile phones of patients. Also 55 (93%) respondents said there are theft incident and mentioned the same as that of interviewer and 4 (7%) said there are no theft incidents as shown in figure 4.3.3.8 below and table 4.3.3.8; Therefore at organization theft incidents occurred.

Table 4.3.3.8: Theft incident in the past two years

	Frequency	Percent
No	4	7
Yes	56	93
Total	60	100

Source: Field data, 2013

Figure 4.3.3.8: Theft incident in the past two years



Source: Field data, 2013

4.3.3.9 Quality consistent in quality provided

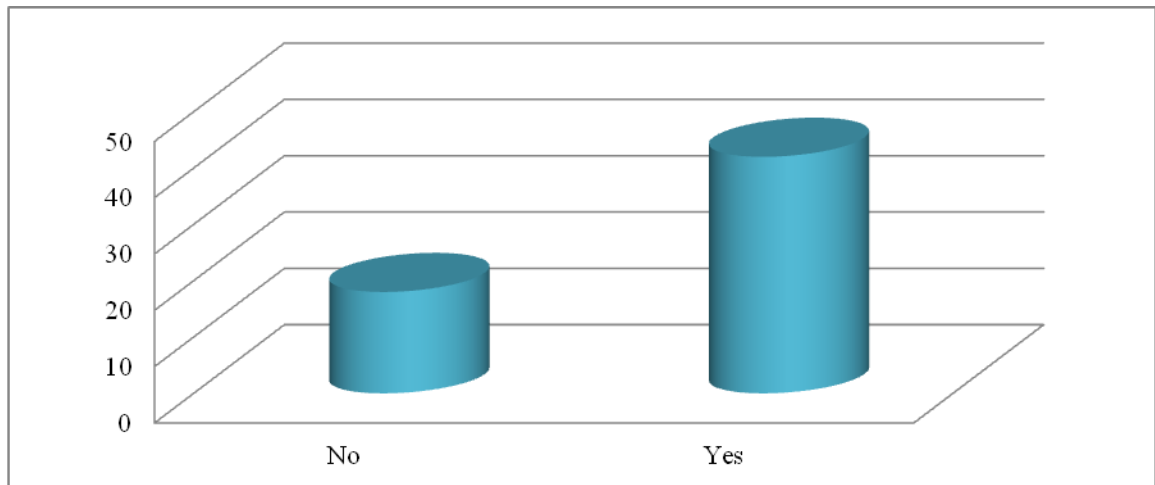
The study needed to find out if the services provided by outsourcing are consistent in quality, the results were 42 (70%) respondents said the services are consistent in quality and 18 (30%) said services are not consistent in quality as indicated in table 4.3.3.9 and figure 4.3.3.9. This contradicts with Mangan et al (2008) who said consistency of quality of services delivery by the outsourcee is one of the problems frequently faced by outsourcers as the outsourcee delivers high quality at the start of the operation but not maintaining it over time.

Table 4.3.3.9: quality consistent in quality provided

	Frequency	Percent
No	18	30
Yes	42	70
Total	60	100

Source: Field data, 2013

Figure 4.3.3.9: quality consistent in quality provided



Source: Field data, 2013

Therefore under this objective the researcher wanted to find out to what extent quality consistency affects effective outsourcing. The overall findings from the field have shown that, quality consistency affects effective outsourcing through suppliers and

services providers availability supported by 46% respondents , 98% respondents said providers deliver service on time, reliability of suppliers supported by 71% of respondents, 78% respondents said provision for improvement in quality, 55% respondents said services providers facilities, equipment tools and technology for the services, 90% respondents said organization has standard operating procedure, quality consistent in quality provided supported by 70% and 80% respondents said no complaints regarding cleanliness services by outsourced services while 93% said there are theft incident in the past two years at the organization.

This finding contradict with Mangan et al (2008) who said consistency of quality of services delivery by the outsourcee is one of the problems frequently faced by outsourcers as the outsourcee delivers high quality at the start of the operation but not maintaining it over time.

4.3.4 Research question 4. How vendor's competences influence effective outsourcing?

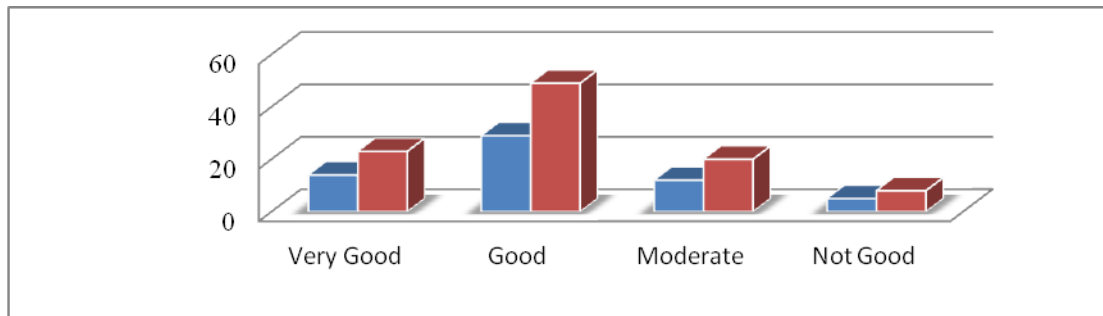
Under this research question, the researcher required to find out how vendor's competences influences effective outsourcing as Vendor's competences are assumed to be one of the most important factors that influence success of an outsourcing arrangement. The items used to find out the facts included are to whether there are frequent, open and numerous communications between parties, there is budget for outsourcing, hospital maintain safety department, if there is special machines for cleaning and security, if technology equipment are user friendly by services providers or not. Another aspect under this category was whether there performance of PMU is good, if the performance of service providers are good and the rates of the sufficiency of services providers by the organization. The findings from the field are presented below.

4.3.4.1 Performance of service providers

The researcher asked the question on the performance of service providers in the provision of services (cleaning and security services) at MRH and the results were 42 (70%) of respondents said performance of services providers were good, 12 (20%) of

respondents said the performance of services providers were moderate while 6 (10%) of respondents said the performance of services providers were not good. Those 10 interviewed said the performance of providers were good. As shown in figure 4.3.4.1

Figure 4.3.4.1: performance of service providers



Source: Field data, 2013

4.3.4.2 User friendly of technology equipment

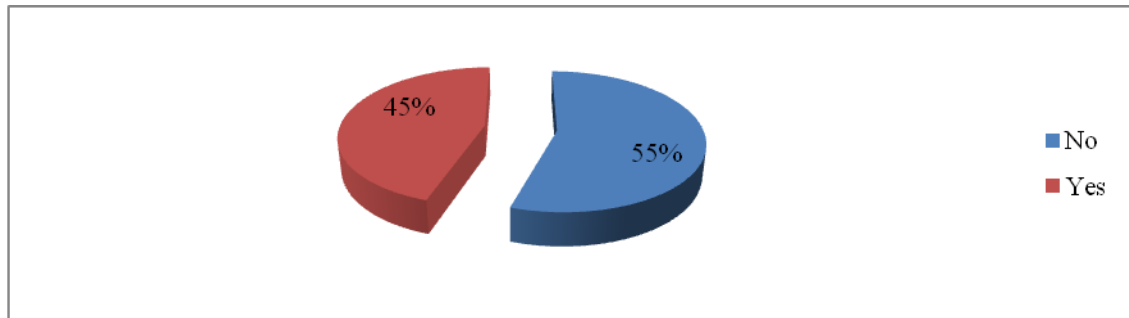
Proper handling of equipment used by vendors increases the efficient of work in organizations. The researcher needs to know to whether if the technological equipment for securing the hospital is user friendly by the service providers, the response were 33 (55%) said the equipment for securing the hospital are not user friendly as they said from those 10 interviewed as those security have low knowledge and skills thus why advanced way of securing hospital through cameras are performed in house and 27 (45%) of respondents said equipment are user friendly as shown in table 4.3.4.2 and figure 4.3.4.2; thus vendors competency are not effective at the organization.

Table 4.3.4.2: User friendly of technology equipment

	Frequency	Percent
No	33	55
Yes	27	45
Total	60	100

Source: Field data, 2013

Figure 4.3.4.2: User friendly of technology equipment



Source: Field data, 2013

4.3.4.3 Rates of the sufficiency of services providers

From the study, the majority of participants (60%) said rating the efficiency of services providers for cleaning and security at MRH are moderate while 20% of participants said rating their efficiency are high while 20% of participants said they rate low as shown in table 4.3.4.3 and figure 4.3.4.3. Thus good efficiency to services providers makes the organization to see outsourcing makes the organization in performing better core activities. The interviewees said Knowledge, skill, and technology in the business world change rapidly, outsourcing allows organizations to stay abreast of these changes without the significant capital investment as some participants noted below:

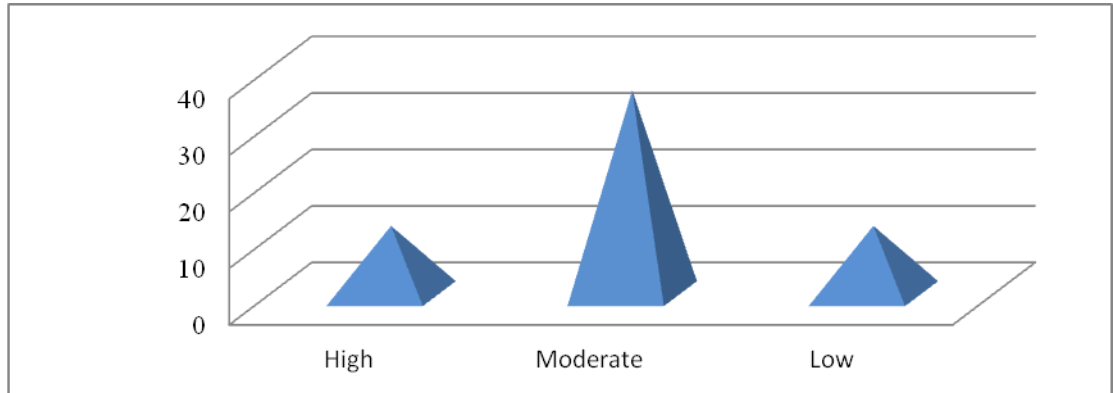
“... as I can see, the organization will also get more benefits from these people
Being outsourced, as all the time environment are well cleaned ”

Table 4.3.4.3: Rates of the sufficiency of services providers

	Frequency	Percent
High	12	20
Moderate	36	60
Low	12	20
Total	60	100

Source: Field data, 2013

Figure 4.3.4.3: Rates of the sufficiency of services providers



Source: Field data, 2013

4.3.4.4 Special machines for cleaning and security

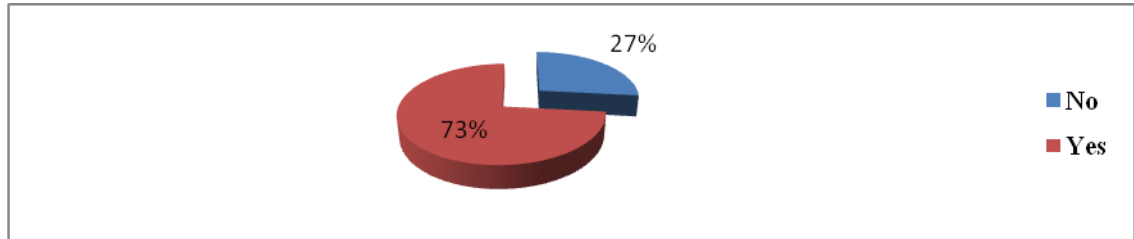
In hospital some areas are difficult to be cleaned in normal way they need some machines and the hospital for proper securing it needs some technology thus the researcher asked question to know if the hospital environment are cleaned with special machines in some areas and secured with technology and responses were 44(73%) respondents said some areas are cleaned with special machines and secured with technology while 16 (27%) respondents said areas are not cleaned with special machines and not secured with technology as shown in figure 4.3.4.4 and table 4.3.4.4;

Table 4.3.4.4: Special machines for cleaning and security

	Frequency	Percent
No	16	27
Yes	44	73
Total	60	100

Source: Field data, 2013

Figure 4.3.4.4: Special machines for cleaning and security



Source: Field data, 2013

4.3.4.5 Hospital maintain safety department

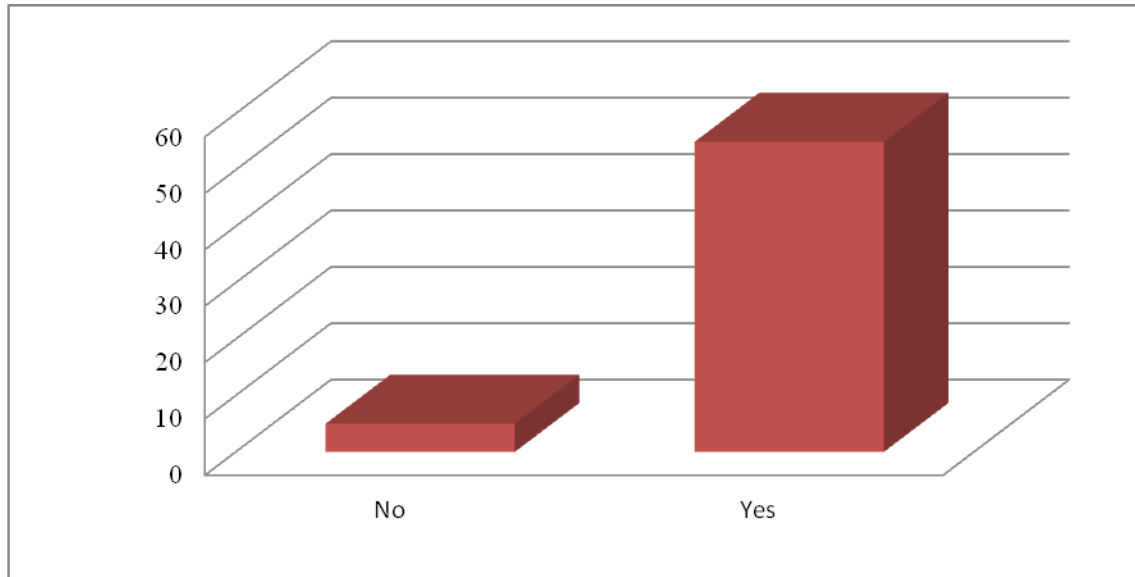
The researcher needed to know if the hospital maintain safety department, the responses from 10 people interviewed said the hospital maintain safety department and thus why it is the first well cleaned hospital in the country for almost all 5 years. And the responses from questionnaire was 55(92%) of respondents said hospital maintain safety department while 5(8%) of respondents said hospital do not maintain safety department as shown in table 4.3.4.5 and figure 4.3.4.5; therefore the organization maintain safety department.

Table 4.3.4.5: Hospital maintain safety department

	Frequency	Percent
No	5	8
Yes	55	92
Total	60	100

Source: Field data, 2013

Figure 4.3.4.5: Hospital maintain safety department



Source: Field data, 2013

Therefore under this objective the researcher wanted to find out how vendor's competences influence effective outsourcing. The overall findings from the field have shown that, 70% Of respondents said performance of service providers is good, there are special machines for cleaning and security supported by 73% of respondents, and 92% respondents said the hospital maintain safety department 80% said the rates of the sufficiency of services providers is moderate, while technology equipment are not user friendly by service providers supported by 55% respondents and 61% respondents said budget for outsourcing is low.

This finding are supported by (Leavitt, Pondy & Boje, 1989; in (Kleiner et al, 1999) who said efficiency is a term continuously brought up during the interviews. Greater efficiency is the goal of any management team, with the main objective being to achieve maximum output from minimum input. In other words, many organizations expect to get a maximum outcome by only using limited resources.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

5.0. Introduction

This chapter presents the summary, conclusions and Policy implications that have been established from the results of this study.

5.1. Summary

The purpose of this study was to assess the effectiveness of services outsourcing in public health institutions.

The target population sample in which the study was conducted comprises various workers at MRH. The sampling involved 10 laboratory technicians, 7 administrators, 5 ICT members, 22 PMU staffs, 4 Accountants and 12 people from user departments. The research instruments employed in collecting data were interviews, Questionnaires, Observations and documentary sources.

Four research questions were investigated from this study.

The first research question was about how contract terms and conditions leads to effective outsourcing? Second, how does the suppliers cost influences effective outsourcing? Third, to what extent quality consistency affect effective outsourcing? And lastly how vendor's competences influence effective outsourcing?

Those research questions investigated provided a general picture on how effectiveness of services outsourced at MRH, the services investigated are the service in cleaning and security, the study indicates the services are effective and are performing better though there are some challenges which exist like low knowledge and skills of outsourced services providers. These challenges caused the hospital to employ health attendants who clean the entire infectious products in the organization and ICT people for securing

the organization with cameras. Also contract are not open to members of staff even to the hospital administration as all contract are performed by the MoHSW.

The data collected were analyzed by using both qualitative and quantitative methods. A qualitative technique involves describing, summarizing and interpreting the data through logical reasoning. This was done to ensure reliability, accuracy, clarity and meaningfulness. The use of quantitative techniques involves utilization of Statistical Package for Social Studies (SPSS) program as a tool for data analysis as well as Microsoft Office Excel. SPSS and MS Excel assisted the researcher to run mathematical analysis models/tests and draw tables or charts to illustrate the facts. Also pen and paper method was adhered in writing those data being stipulated.

5.2. Conclusions

Generally, the researcher has found that the effectiveness of services outsourcing in public health institutions are associated with many factors, as;

When offering a contract to outsourced service providers contract clarity is observed and parties adhere on the contract terms and conditions made. Which leads to better execution and management of the contract as each part knows its obligations. However this study has found that the understanding of terms and condition for the contracts was low to the service providers. The Terms and condition are important to be well understood by both sides because they enhance effectiveness to services outsourcing. And therefore it is concluded that the service delivered at MRH by the outsourced service providers is well managed.

The MRH have good relationship with suppliers and service providers. Meetings are held between the MRH and the outsourced service providers to settle disputes and some of the issues that are necessary for proper implementation of the service. The contracts between MRH and outsourced service providers are effectively executed and managed as per contract terms and conditions. The contractor MRH knows her obligation in the implementation of the contract this might be because MRH are the needy side. Therefore it is necessary to know and understand well their obligation so as to be able to

provide a proper supervision and guidance to the service provider. However the contract was not open to all the involved parties that are the outsourced service provider and the MRH management. Copies of contract for both parties are kept in Dar es Salaam. For the side of the service providers the copy is kept by the office of the director at their head office, while the copy for MRH is kept at the Ministry of Health.

Also the contract has some flexibility which accelerates effectiveness when services providers have not fulfilled the obligation they are being asked. The parties have good relationship that enables them to solve any complains among them. When it happened that the disputes are not settled, MRH might change the providers and this has happened to two company of security the same to cleaning in past two years. The current service providers companies are have a satisfactorily performance according to the needs of the hospital. However the MRH contracts needs assessment to create a clear output based specification to ensure that the contract is awarded to the right provider as there are no openness of contract thus there are need for assessing it so as all parties including workers should know what contract is about for.

Moreover the suppliers cost influences effective outsourcing through minimization of operational cost as it cost a lot for MRH to produce all the components due to more core activities it has thus through outsourcing they minimization operational cost of buying all the equipment and materials for cleaning and security services as some of them they share with the providers through cost sharing while value for money are obtained and patients are get treated in conducive and safe environment which are secured with security guards. However MRH employ more staff to help services providers which increases costs to the organizations and to the ministry itself as those contaminated areas of IPC cleanliness are performed by health attendants and the organization bought security cameras to secure the hospital and employed technical people who operate it.

In connection to that quality consistency affect effective outsourcing through availability of suppliers and services providers together with reliability of suppliers in delivering services on time. Moreover quality consistency goes together with provider's

facilities, equipment tools and technology for the services in the provision for improvement in quality, having standard operating procedure and provision of service in peacefully environment. However the organization faced with the problem of theft incidence in the past two years, though the organization has tried to solve the problem by buying security cameras which leads to monitors the entire incidence in organization.

Not only that but also vendor's competences influence effective outsourcing through good performance of service providers, frequent, open and numerous communications between parties and good performance of PMU in outsourcing the services providers in cleaning and security which results to MRH to maintain safety department as rates of the sufficiency of services providers are good also MRH it is the leading hospital in the country which were almost clean to all five years now. However the organization faces with challenges of low competency of services providers in using technology equipment as it is not user friendly to them.

5.3. Policy implications

The policy of the ministry of health and social well fear are not effective as they centralize all matters concerning outsourcing as tendering procedure up to the award of contract, are conducted by the ministry itself while the service providers who awarded the contract are sent to particular organization. The organizations are not given even the copy of contract between parties, which lead the organization to be not effective in supervising the services providers. Therefore the ministry should decentralize all matters concerning outsourcing to particular organization so that it will be easy for a particular organization to supervise effective the services providers and there should be law which force both parties to have open contract to their workers.

Also for the effectiveness of services outsourcing at MRH, the service provider for cleaning service should be the one who have competent workers who can clean both infectious (IPC) and non infectious products in hospital as the quality of cleaning in hospital are different from that of hotels. As to the time being the services providers at

MRH are cleaning only non infectious products in hospital and those infectious products (IPC) or contaminated product are performed by health attendants.

Moreover the services providers for security service should have competent workers who are well equipped with technological advancement in securing the hospital. The one who are present have local weapons which lead to the hospital to decide to perform in house in securing the hospital with security cameras as the results of theft incidents to be persisting problem at MRH.

5.3.1 Limitations of the study

Though the respondents said contract are effectively executed but the researcher thought they assumed the answers through experiences they have but the MRH do not have any document concerning contract made between the MoHSW and the providers as all things are centralizes through the ministry thus the answer given were just on the assumptions even when asked the administrators together with PMU staffs concerning tenders on to the services outsourcing they said all the things are conducted through the ministry thus even the copy of the contract they don't have. Therefore this study recommends that the copies of contract should be provided to the service providers and MRH management.

Also not all areas are cleaned by the services providers as the outsourced cleaning services are performing those duties of cleaning around the hospital environment, in offices and in all areas in laboratory which are not contaminated. Those contaminated areas are cleaned by health attendants, who also perform the duty of cleaning hospital wards, washing clothes of patients, giving food to patients and caring the patients. As the researcher was anticipated that cleaning services are done by services providers in the whole hospital thus the researcher decided to change his notion then looked those areas only which are performed by providers. They said the services providers cannot clean the contaminated areas and wards as they have low knowledge and skills on (Infection prevention control) IPC. Therefore the study recommends that cleaning and

security services should be outsourced in the entire organization including IPC areas and modern securing systems.

In addition that due shortage of time the researcher selected only a targeted population of 180 in MRH though the hospital comprises with many workers about 666 people, if there are more time the researcher selects a larger sample. Also some people were not interviewed as they are busy with different core activities and others were out of offices.

5.3.2. Areas for further research

The following actions are necessary to develop effectiveness of services outsourcing in public health institutions.

The research was conducted in Mbeya referral hospital the results obtain cannot be generalized to all services outsourcing as the services providers at MRH may be different to that of Muhimbili National Hospital thus more research need to be done even at Muhimbili National Hospital so that to come with proper conclusion to services outsourced in public health institutions especially Public referral hospital in Tanzania.

Also the type of cleanliness in hospital are different with that of hotel thus more study is needed on the assessment of services outsourcing in hotels in Tanzania. Also the research should be conducted on to why the ministry of health and social weal fear have centralize system of tendering procedure while the PPA (2004) insists on decentralization to services outsourcing to particular organizations.

REFERENCES

- Alto, P. (2002-2012, January 22). Use of ethnographic method in technology. Retrieved October 27, 2012, from parc website: www.parc.co/work/competencies.html
- APESB. (2012). APES GN 30 outsourced services. Accounting professional and ethical standard board limited.
- Anderson, E and Jap, SD. (2005). The dark side of close Relationships. MIT sloan management Review (spring) , 75-82.
- Aric Rindfleisch and Heide. (1997). Transaction cost analysis : past, present and future applications. The journal of marketing , vol.61, No.4, 30-54.
- Avery. (2000). Outsourcing public health laboratories. Public administration Review , pp.330-7.
- Better and Den. (2009). A transaction cost analysis production to China. Nederland bijeen: L.J.Jongerus and R.J.C.Sie.
- Bhardwaj. (2011). Procurement and Contracts Management. Durban: Excel Learning Pty.Ltd.
- BMA, 2005 in Davies 2010. (2010). Davies -MRSA. Fragmented management, hospital contract cleaning and infection control , 2.
- Borman, M. (2006). Applying multiple perspectives to the BpO decision, a case study of call centres. Journal of Information technology , 21 (2), 99.
- Bryman, A and Bell. (2007). Business Research Methods, 2nd ed. Oxford University press.
- Davies (2010). Davies -MRSA Quality. Fragmented Management, hospital contract cleaning and infection control .
- Corbett. (2002). A report from a survey among 71 financial directors in the FTSE 1000 in the IT, Finance, Engineering, Logistics/ distribution and business consultancies. London: gartner Inc.
- Dancer. (2003). How do we assess hospital cleaning? A proposal for microbiological standards for surface hygiene in hospitals , 11.

- Davies, S. (2009). Making the the connections contract cleaning and infection control. Uk: European :Unison.
- Davies, S. (2009). making the connections contract cleaning and infection control. UK, European: UNISON.
- Demirag, I. (2004). Framework for examining Accountability and value for mpney. Ireland: Queen's University.
- Demirag, I. (2004). Framework for examining Accountability and Value forMoney. Ireland: Queen's University.
- Desouza, B. (2006). The outsourcing Hand book . The outsourcing Hand Book , 9.
- Douma, S and Schreuder, H. (2002). Economic Approaches to organizatios. London: Prentice-Hall.
- Douma, S. and Schreuder, H. (2002). Economic Approaches to Organizations. London: Prentice-Hall.
- Ecerkale e t al. (2006). Outsourcing in the Health sector. Journal of Istanbul kultur University , (3), 31-41.
- Erickson. (2000). White paper Healthcare. Hospitals meet security challenges with integrated solutions , 3.
- Feeney et al. (2005). Measuring the true benefit of human resources Outsourcing. Workforce management , 84(7), 76-78.
- Gapenski and Louis. (2005). Health carefinance: An Introduction to Accountancy and Financial management. chicago: Health Administration press p.159.
- Goles and Chin. (2005). Information systems outsourcing Relationship Factors. Detailed conceptualization and initial Evidence. The Data Base for Advances in Information systems , 36 (4) 47-57.
- Gordon. (2006). 2006CSI/ FBI Cmputer Crime and security. Computer Security institute , 1-25.
- Gordon. L, M.W. (2006). Strategic risk and operational Risks of firms outsource no IT security services. Retrieved October 23, 2012, from Brent R.Rowe: weis2007.econinfosec.org/papers/47.pdf

- Guilding.C. (2009). Accounting Essentials for Hospitality Managers. Butterworth-heinemann, Oxford.
- Gunneweg. (2011). Hospital management information Benchmark Project in Tanzania. Mwanza: imprint.
- Gupta and Kant. (2001). Quality of cleaning. Quality and Hospital Housekeeping; emerging issues and future Dimensions , 98.
- Handa and Sinkkala. (2005). Strategic Management and Continuous Quality improvement using 5s principle. Dar es salaam-Tanzania: Ministry of Health and Social welfare; .
- Horward R. (2011). Why the rush to outsource threatens. Northern Ireland: The Shrinking State:.
- McPhee, I and Watt, I. (2007). Developing and Managing Contracts. Developing and Managing Contracts Better Practice Guide , 5.
- Kiama. (2010). Non- incineration, medical waste treatment pilot project at Bagamoyo district hospital. Dar es salaam: Web version.
- Kothari, C.R. (2004). Research Methodology. NewDelhi: New Age International (P) Ltd.
- Kleiner . (1999). Reading in managerial psychology 5 th ed. Chicago: Chicago university press.
- Kremic, T. (2006). Outsourcing decision support. A survey of benefits, risks and decision factors , 469.
- Kremic, T. (2006). Outsourcing decision support:. a survey of benefits, risks and decision factors , 469.
- Krishnaswami. (2002). Methodology of Research in social science. Himalaya.
- Mahnke and Vang . (2005). Can IT outsourcing innovate. Strategic Outsourcing of IT services; Theoretical stocktaking and empirical challenges, Industrial and innovation , vol.12, No.2, pg 205.
- Makongo. (2012). Dirtinesss of Bunda district hospital. Dar es salaam: Tanzania Daima.
- Mamiro, R. (2010). Value for Money - The Tanzania Experience. Dar es Salaam: PPRA.

- Maxwell. (2004). Conceptual framework. What conceptual framework , p.33.
- Mouhammed . A. (2008). Mitchell's general theory of the business cycle and the recent crisis in the U.S economy. The Journal of Applied Business and Economics ,8 (2), 30-49.
- McIvor, R. (2009). How the transaction cost and resource based theories of the firm inform outsourcing evaluation. Journal of operation management , 27(1), 45-63.
- Mangan . (2010). Global logistics and supply chain management. Great Britain: John Wiley & Sons, Ltd.
- Michael. (2010). Relational Contracting Theory. Theory selected works , 3-5.
- Michael. (2010). Relational Contracting Theory. Selected Works , 3-5.
- Mierau. (2007). Toward a model of strategic outsourcing . Journal of operations management , 25 (2), 464-481.
- Mbeya referral hospital. (2012). *madaktari*. Retrieved 10 31, 2013, from madaktari.org:www.mbeyareferralhospital.org/about_management
- Noel, A. (2008). Transaction cost analysis A-Z. Belgium: Edhec risk and asset management research center.
- PPA. (2004). Public Procurement Act. Dar es salaam: Government printers, p.85.
- PPA. (2004). Arrangement of sections, Acceptance of tender and procurement contract. Retrieved 08 04, 2013, from Agidata.org/Tanzania: www.agidata.org
- PPA. (2011). public procurement act. PPRA Journal .
- Quinones. (2011). A case for outsourcing Non-core Hospital services. Newyork: IDN SUMMIT AND EXPO.
- Reggie. (2012). Healthcare outsourcing. Waller: Morden Healthcare Insight.
- Feeney (2005). Measuring the true benefit of human resources Outsourcing. Workforce management , 84(7), 76-78.
- Kleiner . (1999). Reading in managerial psychology 5 th ed. Chicago: Chicago university press.

- Mangan . (2010). Global logistics and supply chain management. Great Britain: John Wiley & Sons, Ltd.
- Mouhammed . A. (2008). Mitchell's general theory of the business cycle and the recent crisis in the U.S economy. The Journal of Applied Business and Economics , 8 (2), 30-49.
- Richardson et al. (1937). The theory of estimation of test reliability. Psychometrika , 2, 151-160.
- Salih. (2010). Outsourcing practices in the Turkish Health care system. Ankara: Ministry of Health, Refik Saydam Hygiene Center Presidency,.
- Davies, S. (2009). Making the connections contract cleaning and Infection control. London: UNISON.
- The Australian National Audit office. (2001). Contract management. Australia: National Audit Office.
- United states agency (USAID). (2007). A pocket guide for Healthcare providers. maryland; USA: JHPIEGO.
- Vearncombe. (2012). Best practices for environmental cleaning for prevention and control infections. Ontario: Queen's printer for Ontario.
- Weel, V. (2005). Purchasing and supply chains . Newyork: John Wiley and Sons Inc.
- Whitaker. (2008). The role of organizational learning and organizational capabilities in onshore and offshore bussiness process outsourcing. Ann arbor, 1001, 48109 .

APPENDIX A
MZUMBE UNIVERSITY

**INTERVIEW GUIDELINE FOR MBEYA REFFERAL HOSPITAL
EMPLOYEES**

1. What are the names of company outsourced in security services and cleaning services at MRH and its main tasks?
2. How do you view performance of vendor's competences at MRH?
3. What are the challenges associated with provision of quality service?
4. Do you think nature of the environment affect on the provision of quality service?
5. How contract management affect on the provision of quality service at MRH?
6. Do you manage to pay salaries to the service provider at agreed time?
7. What measure do you take when the contract are not well managed or violated?
8. What was your response towards shifting in house to the third party service provider?
9. What precautions do take so as the workers cannot get injured when performing the duty?
10. What about supplier's that have been awarded contracts by MHSWF are they competent?
11. Is there any effort made to ensure the budget for performing the service can meet standard?
12. Why some areas are kept dirty in MRH?
13. What factors hinder the provision of quality service?
14. Why many service providers does not like to perform cleaning and security services in hospital compared with other area.

APPENDIX B

Questionnaire No _____

ASSESSMENT OF THE EFFECTIVENESS OF SERVICES OUTSOURCING IN PUBLIC HEALTH INSTITUTIONS

The data provided in this survey is confidential and will be used only for
Scientific purposes by the researcher

The case of Mbeya referral hospital

Start time _____

End time _____

Date _____

Dear respondent, the purpose of this questionnaire is to enable the researcher to collect data to the services being outsourced by MRH, the services selected in this study are security services and cleaning services. The questions asked in this section will be used for classification purpose only. The information gathered will not be used in any other way and will be kept strictly confidential. Please tick the most appropriate alternative/s.

PART I: GENERAL BACKGROUND INFORMATION (100)

101. What is your current position in your organization in relation to Procurement?

- ☐ Tender Board Member/Director/Assistant Director
- ☐ PMU Member affect
- ☐ User Department (User)
- ☐ Other (Specify)_____

102. How long have you been in this position?

- ☐ Less than 5 years
- ☐ 6 – 10 years
- ☐ 11 – 15 years
- ☐ 16 – 20 years
- ☐ More than 20 years

103. What is your highest education level?

- ☐ Primary school
- ☐ Secondary/High school
- ☐ Certificate/Diploma
- ☐ Other level (specify) _____
- ☐ Bachelor degree/Advanced Diploma
- ☐ Masters degree

104. Which of the following category best describe your age?

- ☐ Below 20 years
- ☐ 21 – 40 years
- ☐ 41 – 60 years
- ☐ Above 60 years

105 .Which departments are you working with?

- ☐ Laboratory
- ☐ Administration
- ☐ ICT
- ☐ Other (Specify) _____
- ☐ PMU
- ☐ Accounts

Part II: How do contract terms and conditions affect effective outsourcing? (200)

201. How do you rate the clarity of contract terms and conditions?

- ☐ Very Good ☐ Worse
- ☐ Good
- ☐ Average

202. Do you rate the adherence of service provider to the contract terms and conditions?

- ☐ Yes
- ☐ No (Please explain) _____

203. How do you find the understanding of service providers towards contract terms and conditions?

- ☐ Very high
- ☐ High
- ☐ Low

204. Is the service delivery well managed?

- ☐ Yes
- ☐ No

205. Do contract terms and conditions enhance effective outsourcing?

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree

206. Does the organization have good relationship with suppliers/service providers?

- ☐ No
- ☐ Yes

207. Are contracts effectively executed and managed as per contract terms and conditions?

- ☐ No
- ☐ Yes

Basing on your answer above, please explain the

reasons.....

208. The MRH knows its obligation under the contract

- ☐ No
- ☐ Yes

209. The contracts are open to all the members of the MRH

- ☐ No
- ☐ Yes

210. Contract has some flexibility that is the contract could be changed during execution

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree

211. MRH contract a needs assessment to create a clear output – based specification to ensure that the contract is awarded to the right provider

- ☐ No
- ☐ Yes

Part III: HOW COST EFFECTIVENESS OF THE SUPPLIER INFLUENCES EFFECTIVE OUTSOURCING? (300)

301. In your overall assessment how outsourcing practice allow cost sharing? (Please tick the answer)

- ☐ Excellent
- ☐ Very Good
- ☐ Good
- ☐ Poor

302. Does outsourcing services at MRH minimize operation cost?

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree

303. MRH purchase material for security and cleanness

- ☐ No
- ☐ Yes

304. MRH has employed more staff to help the outsourced service providers with security and cleanliness

- ☐ No
- ☐ Yes

305 .Contract signed with the outsourced service provider include value for money mechanism

- ☐ Strongly agree

- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree

Part IV: TO WHAT EXTENT QUALITY CONSISTENCY AFFECT EFFECTIVE
OUTSOURCING (400)

401. In relation to the outsourced services how do you rate suppliers and services providers' availability?

- ☐ High ☐ Low
- ☐ Moderate

402. MRH has standard operating (SOP) for its outsourced service providers

- ☐ No
- ☐ Yes

403. Do the services providers for cleaning and security deliver service on time?

☐ Yes

☐ No (Please explain) _____

404. How do you rate the reliability of Suppliers who have been awarded contracts by MRH?

☐ Very good

☐ Good

☐ Moderate

☐ Not good

☐ Worse

405. The contract includes a provision for improvements in quality or services

☐ No

☐ Yes

406. Has outsourced service providers provided more facilities, equipment, tools and technology for the services?

☐ Yes

☐ No

407. Are there any complaints regarding cleanness services provided by outsourced services from customers and staff in the past two years?

☐ No

☐ Yes (Please mention) _____

408. There have been theft incident in the past two years with the MRH premises?

☐ No

☐ Yes (Please mention them) _____

409. In outsourcing services is the quality of service provided consistent?

- ☐ No
- ☐ YES

Part V: HOW VENDOR'S COMPETENCE AFFECT EFFECTIVE OUTSOURCING?
(500)

501. How do you find the performance of service providers in the provision of services (cleaning and security services) at MRH? Very good

- ☐ Good
- ☐ Moderate
- ☐ Not good

502. The measurement and evaluation procedure the organization requires is defined and included in the negotiations?

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree

503. The technological equipment for securing the hospital is user friendly by the service providers?

- ☐ No
- ☐ Yes

504. The services providers have enough knowledge and skills in the provision of services

- ☐ Strongly agree
- ☐ Agree

- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree

505. How do you rate the efficiency of service providers on the provision of security and cleaning services at MRH?

- ☐ High
- ☐ Moderate
- ☐ Low

506. How do you rate the performance of PMU in outsourcing cleaning and security services at your organization?

- ☐ Very good
- ☐ Good
- ☐ Not good

507. The hospital environment are cleaned with special machines in some areas and secured with technology

- ☐ No
- ☐ Yes

508. The hospital maintain safety department?

- ☐ No
- ☐ Yes

APPENDIX C

Duration and Schedule of Activities

		Milestone per month				
S/N O	ACTIVITY	October 2012	February 2013	March 2013	May 2013	July 2013 2013
1.	Proposal design					
2.	Tools designing and pilot study					
3.	Data collection and analysis					
4.	Draft report writing and submission					
5.	Final report presentation and submission					

Source: Author's Own construct, 2012

APPENDIX D

Estimated Budget

SN	Activity	Unit	Quantity	Unit Cost	Total cost
1	Stationary				30,000
2	Computer laptop	Pc	1	700,000	700,000
3	Meals	TZS	4	50000	200000
	Collection of Data				
4	Transport	Km	200	1000	200000
5	Payment for enumerators	TZS	5	30000	150,000
	Data Analysis				
6	Coding and entering	TZS	100	1000	100,000
7	Data Analysis	TZS	110	5000	550,000
	Report				
8	Typing, printing and binding	TZS	100	1000	100,000
	Report presentation				
9	Binding	TZS	1	300,000	300,000
Grand total					2,330,000

Source: Author's Own construct, 2012

