# Evaluating the Feasibility of Outsourcing Public Services as a Strategy to Improve Service Delivery in Local Authorities in a Developing Country

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**Abstract:** The purpose of this study was to evaluate the feasibility of outsourcing public services as a strategy to improve the quality of service delivery by local authorities. The aim was to find out the causes for the poor service delivery by local authorities. A quantitative research approach was used and questionnaires were used to collect data from the respondents of the study. A chi-squared tests was used to determine the relationship between outsourcing and services quality. The key findings were that the causes for poor service delivery by local authorities were corruption, lack of citizen participation, lack of funds and political interference. Outsourcing was seen to bring quality and affordable services for the public while costs savings and emergence of hidden costs were the financial implications unveiled for the local authorities. Social costs, accountability for public service delivery and quality shading were cited to be the outsourcing challenges. A strong positive relationship between outsourcing and quality of services was determined. Outsourcing was seen as a feasible strategy to use so as to improve service delivery by local authorities.

Keywords: service delivery; outsourcing; local authorities; accountability; development

JEL Classification: E4; Q55

### **1. Introduction**

Different authors have researched on outsourcing public services by local authorities and its effects on the quality of service delivery. (Zhang & Sun, 2012; Jang, 2005)

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in (Feiock & Jang, 2012; Lamothe & Lamothe, 2015; Poutvaara, 2014; Zaharioaie, 2012) investigated into the outsourcing of public services and concluded that this strategy in some states, in particular the USA, improved the quality of services. Accordingly, governments that suffer financial strains due to softening revenue may be feeling pressure to especially cut back non-core functions so they outsource them. (Zaharioaie, 2012) However, (Dollery 2014; Benson, 2015; Girth et al., 2012) argue that a few duties must rest with the state, including certifications of flexibility, social equity and accountability. This research sought to assess whether the outsourcing of public services can be adopted by local authorities in a developing country so as to make better the provision of public services.

# 2. Will Outsourcing Public Services Benefit The Public?

# 2.1. Quality Public Services

Benson (2015) indicated in his study that outsourcing has benefits of improvements in services, price stability and customer satisfaction. According to Benson's study, consideration of quality services to be rendered in vendor selection yielded some benefits of improved service delivery efficiency and effectiveness in local government operation. With these benefits, the local government outsourcing achieved value for money concept for consumers of the public services.

Tynkkynen et al. (2012) assert that contracting out is considered to provide services of superior quality that are specific for every customer and to provide a wide range of services for citizens to choose from. Citizens get what they want. Benson (2016) further argues that outsourcing is done for decreasing operational expenses, enabling associations to give careful consideration to their centre value functions and to enhance the provision of services in addition to other things. The change in service delivery has earned the regard as a stronger measure or instrument or technique for effective competition, organisational development, extension and sustenance through the fulfilment of clients' needs and requests. The public sector utilizes the outsourcing function to increase the value that they give to their consumers.

Poulfelt, et al. (2014) argue that the utilisation of companies in the private sector to supply public services may result in quality of services that are unsatisfactory. While the suppliers do not agree to change in accordance to the changing consumer needs and may raise prices for the services when they have the opportunity to do so inconveniencing the public as they may not be able to afford the services. Fernandez

(2009) in Grant and Ohemeng (2014) assert that outsourcing reduces the participation of citizens and this has an undesirable impact on transparency and accountability. The authors maintain that responsibility, transparency and national participation are fundamental to the process of service provision and the outsourcing function cannot provide direct links to public participation throughout the process. Private suppliers are not held at indistinguishable exclusive expectations of responsibility and straightforwardness as the local authorities. Hefetz et al. (2012) also postulate that contracting the provision of services does not emphasise on the need for public and government participation in democratic processes. Provision of services that are effective has the ability to be improved by public participation which is missing in the outsourcing of public services initiatives.

Girth (2012) researched on the effects of outsourcing public services on the rural community and found that the private firms would not want to provide services to the rural arears because the rural areas are sparse and small in size. This is also supported by Dollery (2014) who posits that the country and local authorities (LAs) in the Australian local government portrayed long distances, low populace densities and the fact there are no contending providers of services will be unsatisfactory to outsourcing.

Hodgkinson (2017) postulate that ownership – public, private, non-profit – confers no direct benefits for citizens' satisfaction suggesting that citizens just want satisfactory services no matter who provides them or how they are provided.

# 2.2. Affordable Public Services

Poutvaara (2014) argues that outsourcing of some public services has seen a huge benefit for the local people. Low income citizens who could not get clean and safe water would have the power to buy it because private firms experience advantages when they sell water to consumers who have the power to buy it. Blondal (2012) asserts that the entity that presents the cost that is lower than others gets the contract. Private suppliers of the public services may submit unrealistic low bids and then engage in negotiations after the contract has been drawn and throughout the duration of the contract agreement so that they can make increments to the private for the services they provide. This undermines each project for outsourcing and the private providers of services that are trusted may withdraw from the market created by the government and the unanticipated increase in the prices for public services and this inconveniences the consumers.

Eyaa (2006) in Mgweno (2014) writes that private firms are having high costs and these are being forced on them since trends for contracting out are increasing in number and the demand for private firms is very high. The nationals are offered the part of dynamic shoppers who will buy services additionally out of their own pockets. This improvement can possibly jeopardize the moderateness of the prices of the public services and prompt undermining a portion of the customary standards of the community.

According to Benson (2015), loss of control can occur due to outsourcing services especially, when local authorities outsource services to large firms that are able to negotiate and dictate the terms of future contracts in ways that favour them. This will reduce the market competition and even provide the service provider with the advantage of becoming a monopoly. The absence of competition may result in higher prices for the services.

Tynkkyen et al. (2015) posits that quality of work to be offered by the vendors is given outmost consideration than price quoted by the vendors. The respondents in a study conducted Tynkkyen at al. indicated that quality of service offered by the vendor was referred above the cost quoted by the vendor. This means that the local authorities, when choosing the private vendor to provide the public services, look at the quality of the services first rather than the price for it, for them, quality is more important than the price the consumers will have to pay for the services. The services may not be affordable but if they are of good quality then this is a good thing.

# 3. Research Methodology

The researchers used a quantitative research methodology. Correlational research design is a method for testing relationships between or among variables of interest in the research being undertaken. (Punch, 2015) This design was used in this study to determine whether there is a relationship between outsourcing and quality of services. The researchers used a sample of 350 citizens. Random sampling method was adopted. The researcher used 2 sources of data that is, primary data and secondary data to achieve the objectives of the study. Questionnaires were used to collect data. The researcher utilised a Likert Scale since it utilizes a progression of inquiries and every inquiry will contain 5 choices from which the participants can pick any of the choices relying upon their extent of assertion.

### 4. Statement of the Problem

Beitbridge town Council, like other local authorities in Zimbabwe, is failing to provide satisfactory public services due to low funding, political interference, lack of accountability etc. There is need therefore for the LAs to find better ways in which to provide public services that cater for the local communities' needs. This research looked into outsourcing of public services as a means to improve public services, whether this strategy can be undertaken in Zimbabwe.

#### 5. Data Presentation and Analysis

The research used bar graphs, tables, pie charts and descriptions in the presentation of the data collected. Data collected was analysed using a chi-square test. Chi square was used for testing the degree of the relationship between two variables. The null hypothesis of the test is that no relationship exists on the variables in the research: they are independent. The research used Chi square test to determine the relation, if any, between outsourcing of public services and the quality of services.

The model below was used to calculate the Chi-square test statistic.

$$x^2 = \Sigma \frac{(f0-f1)^2}{f1}$$

Where x<sup>2</sup> is the chi-square statistic

F0 is the observed frequency (the number of people who answered YES or NO to the question of whether outsourcing will help in the attainment of quality services)

F1 is the expected frequency

This chi-square statistic was run in the SPSS.

#### Hypothesis:

Ho: states that there is no relationship between outsourcing public services and quality of services. (null hypothesis)

H1: there is a relationship between outsourcing services and quality of services.

# 6. Results

The data that was obtained was presented and analysed using the methods specified in the methodology section.

# 6.1. Causes of Poor Service Delivery in Local Authorities

# **6.1.1.** Political Interference

The question was meant to determine if participants view political interference in the business of the local authorities as a cause for the poor provision public service being provided by the local authorities. Table 1 shows the response rate for this question.

Table 1. Political interference as a cause for poor service delivery

	SA	А	Ν	D	SD	Total
Responses	145	76	18	47	11	300

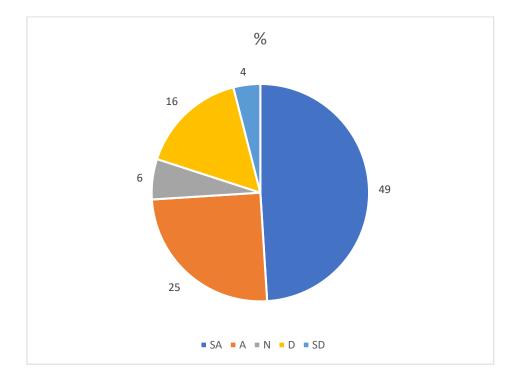


Figure 1. Political interference as a cause for poor service delivery

Figure 1 shows that 148/300 (49%) of the respondents strongly agreed that political interference is the cause for poor service delivery, 76/300 (25%) agreed with the question, 18/300 (6%) were neutral or uncertain, 47/300(16%) disagree with the notion that political interference is a cause for poor service delivery and 11/300(4%) strongly disagree. Overall, 224/300 (74%) of the respondents agreed that political interference is the cause for poor service delivery. This is supported by Benson (2015) who assert that there are many cases where lawmakers utilize benefit conveyance as support instruments and exploit their positions to pick up help. They may be differences between the national and LG systems and approach structures and these will be a constraint to service delivery.

They were also supported by Grossi and Mussari (2012) who said that the impedance by lawmakers in the organization circle of local authorities is a huge issue for the working of the local authorities. Chosen delegates do not have the vital skill to do capacities in a successful and effective way and in this way, may take after criteria of a political nature than a consistent and administrative thinking plan compromising service delivery quality. 58 out of the 300 participants (20%) were in total disagreement with the notion that political interference is a cause for poor service delivery by local authorities. They did not view political interference as a cause for service delivery. They are supported by Abe (2014) who argue that lack of absence of political interest obstructs the powerful provision of services and may also give an opportunity for the absence of straightforwardness and responsibility that is fundamental for productive utilization of accessible funds for the advantages of the general population in the community. Grossi and Mussari (2012) went on to say that the influence that politicians have on the operations of local authorities is rather a positive one than a negative one.

### 6.1.2. Lack of Funds

The question was meant to determine whether the respondents view lack of funds as the cause for poor service delivery in local authorities. Table 2 below shows the responses.

	SA	А	Ν	D	SD	Tota1
Responses	157	66	10	48	19	300

 Table 2. Lack of funds as a cause for poor service delivery

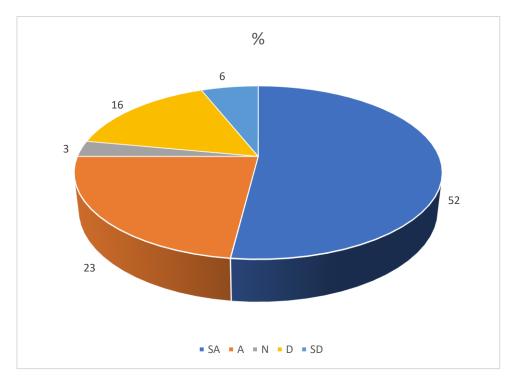


Figure 2. Lack of funds as a cause for poor service delivery

Figure 2 above shows that 157/300 (52%) strongly agreed with the notion that lack of funds is a cause for poor service delivery, 66/300 (23%) agreed, 10/300 (3%) were neutral, 48/300 (16%) disagreed and 19/300 (6%) strongly disagreed with the same notion. From the results, a total number of 223 out of the 300 participants (75%) agreed that lack of funds is a cause for poor service delivery. They are supported by Ame et al. (2013) who assert that under financing is caused by fraud, delay in reporting and intensely relying upon benefactors and the underfinancing has caused many undesired results citing as examples: the powerlessness to give ideal social and economic services. Also Tafirei (2012), concluded that lack of funds is the biggest reason for the disappointing delivery of services in local authorities.

A total of 67 respondents out of the 300 (22%) disagreed with the statement that lack of funds is a cause for poor service delivery in local authorities. They did not view lack of funds as a cause for poor service delivery. They are supported by Ame (2013) who say that the public service provision challenges hold on in spite of government diverting expanding financial assistance to the LAs circle. The expanded funds going into the LA's circle have not converted into comparable service delivery enhancements in the larger part of municipalities, in this manner infusing more funds is not improving the service delivery. This is also supported by Hassan et al. (2013) who points that LA's execution by all means does not legitimize the monetary assets it has gotten from the federal account. The reasons behind the underperformance were said to extend from corruption to moderate and wasteful managerial procedures yet most critical is that individuals' input is forgotten in the designing of the policies.10 respondents out of the 300 were neutral. In their view, with or without funds, local authorities should provide satisfactory services and therefore the lack of funds should not affect service delivery. They are supported by Macanda (2014) who argue that rural local municipalities have not been generating much revenue compared to the cities because of the nature of their surroundings, and the municipalities experience this but it does not mean that the pace of rural development should not improve.

It can therefore be concluded that lack of funds is a cause for poor service delivery in local authorities.

# 6.1.3. Corruption

The question was asked to determine whether corruption is also a reason for the unsatisfactory levels of service provision in local authorities. Table 3 below shows the responses for the question:

	SA	А	Ν	D	SD	Total
Responses	189	48	7	33	23	300

 Table 3. Corruption as a cause for poor service delivery



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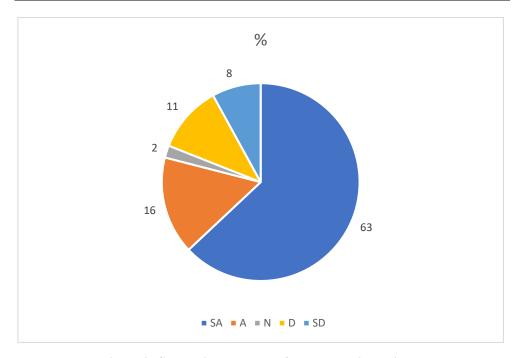


Figure 3. Corruption as a cause for poor service delivery

Figure 3 shows that 189/300 (63%) of the participants strongly agreed that corruption is the reason for the unsatisfactory provision of services in local authorities, 48/300 (16%) agreed, 7/300 (2%) were neutral, 33/300 (11%) disagreed and 23/300 (8%) strongly disagreed. A total of 237 respondents out of the 300 were in agreement with the notion that corruption is the cause for poor service delivery. They are supported by Sunday et al (2013) who assert that the implications of corruption in the local authorities of Nigeria is that it robs local authorities of their financial strength to foster development and transformation in rural communities. Abe (2014) also added on saying that lack of straightforwardness and responsibility prompts corruption which may likewise be an explanation behind wasteful conveyance public services for the general population in the communities.

Overall, 56/275 (19%) of the respondents disagreed that corruption is the reason for the disappointing levels of service provision in LAs. Literature to support this was not found as all the authors agreed on the fact corruption is a cause for poor service delivery in local authorities. It can be concluded then that corruption is a cause for poor service delivery in local authorities as 227 out of the 275 respondents agreed with this. The 227 respondents are the mean.

The mode for this question was 237 out of 300 and these were in agreement that corruption is cause for poor service delivery by local authorities. It can therefore, be concluded that corruption is a cause for poor service delivery in local authorities.

# 6.1.4. Lack of Citizen Participation

This question was asked to determine whether lack of citizen participation is a cause for the poor service delivery by local authorities. Table 4 shows the responses for the question.

	SA	А	Ν	D	SD	Total
Responses	58	72	94	63	13	300

Table 4. Lack of citizen participation as a cause of poor service delivery

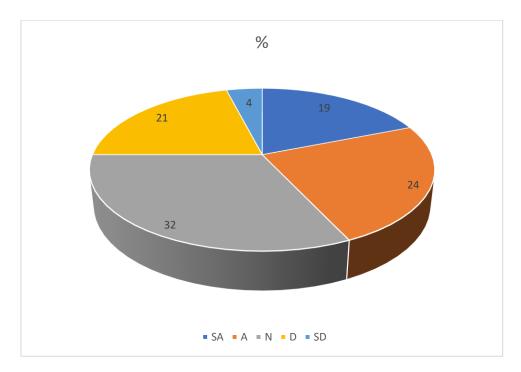


Figure 4. Lack of citizen participation as a cause for poor service delivery

The figure 4 above shows that 58/300 (19%) strongly agreed with the notion that lack of citizen participation is a cause for poor service delivery, 72/300 (24%) agree, 94/300 (32%) were neutral, 63/300 (21%) disagreed and 13/300 (4%) strongly disagreed. In total, 43% of the respondents agreed that lack of citizen participation

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is a cause for poor service delivery. This is supported by Benson (2015) who postulates that lack of citizen participation is one of the causes of poor service delivery. Local authorities perform below par because they are not answerable to the citizens since citizens do not participate in the plans of the local authorities. This is also supported by Hassan et al. (2013) who agreed that factors responsible for LA's poor performance is the lack of transparency and accountability owing to the fact that there is lack of citizen participation in the local authorities.

The participants who disagreed that lack of citizen participation and lack of accountability and transparency is a cause for poor service delivery constituted 25% of the respondents and they are supported by Kwena (2013) whose study found that citizen involvement is considered to be a way of helping along societal enhancement and service provision but despite the participation of the citizens not much has been achieved with it.

Another 32% of the respondents were neutral on this issue, they felt that local authorities would continue to provide poor services with or without citizen participation. Their views are supported by Benson (2015) who explains that when citizens participate in local authority matters, what the councillors want is what gets done in the end. This means that even with or without citizen participation, there will be poor service delivery. For this study, it can be concluded that lack of citizen participation is a cause for poor service delivery by local authorities since the majority of the respondents agreed with this notion, that is, 43% of the respondents with a mode of 130.

# 6.2. Benefits of Outsourcing to the Public

### 6.2.1. Quality Public Services can be archived through Outsourcing

The question was asked to determine if outsourcing will benefit the public through providing quality public services and customer satisfaction. Table 5 shows the responses for the question below.

	SA	А	Ν	D	SD	Total
Responses	110	93	28	44	25	300

Table 5	5. Q	Quality	public	services
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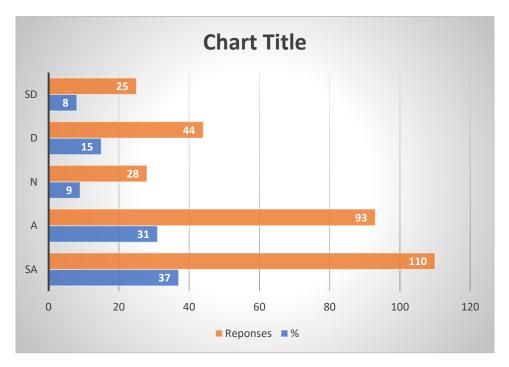


Figure 5. Quality services to be achieved from outsourcing

The bar graph above shows that 110/300 (37%) of the respondents strongly agreed with the notion that quality public services and customer satisfaction can be achieved from outsourcing, 93/300 (31%) agreed, 28/300 (9%) were neutral, 44/300 (15%) disagreed and 25/300 (8%) strongly disagreed. In total, 203 (68%) agreed that quality services are a benefit of outsourcing. These respondents are supported by Benson (2015) whose study revealed that outsourcing had benefits of improvements in services, price stability and customer satisfaction. Hassan et al. (2013) concur that contracting out has a positive hold on quality and the effectiveness of service delivery of affected government activities. 69/275 (23%) of the participants disagreed with the notion that outsourcing provides for quality services and customer satisfaction, they are supported by Poutfelt et al (2014) who argued that the utilisation of companies in the private sector for the supply of public services may cause a decrease service quality, while suppliers refuse to adapt to the changing consumer needs. Fernandez (2009) in Grant and Ohemeng (2014) posit that contracting decreases public involvement and that has a negative effect responsibility as well as transparency.

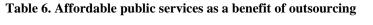
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In conclusion, it is evident that quality services can be achieved from outsourcing as the majority of respondents agreed with this. The majority being 68% of the respondents with a mode of 203.

# 6.2.2. Outsourcing Results in Affordable Public Services

This question was asked to determine whether outsourcing results in affordable public services for the public. Table 6 below shows the responses.

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Ī		SA	А	Ν	D	SD	Total
	Responses	122	67	22	55	34	300



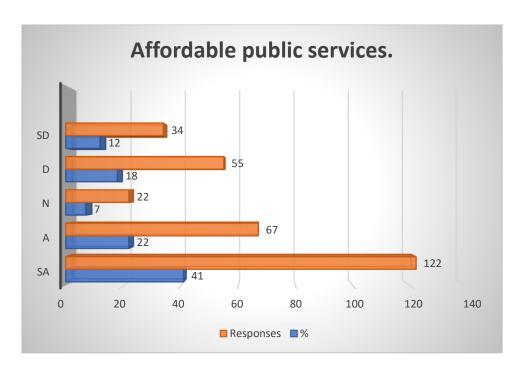


Figure 6. Affordable public services as an outsourcing benefit

Figure 6 shows that 122/300 (41%) of the respondents strongly agreed that outsourcing results in affordable public services for the public, 67/300 (22%) agreed, 22/300 (7%) were neutral, 55/300 (18%) disagreed and 34/300 (12%) strongly disagreed. A total of 189 out of the 300 participants agreed that outsourcing results in affordable public services as a benefit to the citizens. Their views are supported

by Benson (2015) who explains that outsourcing of some public services has seen a huge benefit for the local people, low income citizens who could not get clean and safe water would have the power to buy it because private firms experience advantages when they sell water to consumers who have the power to buy it.

Those who disagreed with this notion were 89/300 (30%) who were supported by Girth (2012) in Mgweno (2014) who argued that high costs are being forced on them since trends for outsourcing are increasing in number, the demand for private firms is very high and has pushed the rates to be charged by providers to be very high. Benson (2015) articulates that loss of control can occur due to outsourcing services as local authorities can give contracts to large firms that have the power to negotiate and dictate the terms of the contract in ways that favour then. At the end of the day the negotiations can lead to the private firm being a monopoly and that results in the absence of competition which in turn results in higher prices for the services.

7% of the respondents, that is, 22/300 were neutral as their views are supported by Tynkkyen et al. (2012) who posit that local authorities' justifications to outsource are in line with the advantages to LAs and not what is beneficial to the public. Meaning that whether there is outsourcing or not, the benefits that are expected to be deprived are those that concern the local authorities and not the people.

To conclude, it is evident that outsourcing will result in affordable services for the public as the majority of the respondents agreed to it, that is 189 out of the 300 participants (63%)

# 6.3. The Financial Impacts of Outsourcing on Local Authorities

# 6.3.1. Outsourcing Results in Savings on Costs

This question was asked to determine whether contracting out will produce savings on cost for local authorities. Table 7 shows the responses for the question.

	SA	А	Ν	D	SD	Total
Responses	64	59	102	35	40	300

Table 7. Outsourcing resulting in cost savings



Figure 7. Outsourcing resulting in cost savings

Figure 7 shows that 64 out of the 300 respondents (21%) strongly agreed with the notion that outsourcing has the impact of cost savings on local authorities, 59/300 (20%) agreed, 102/300 (34%) were neutral, 35/300 (12%) disagreed and 40/300 (13%) strongly disagreed. From the findings, 41% of the participants agreed with the notion and their views are supported by Kinyua (2015) who identified cost saving as a benefit of outsourcing explaining that it is the bringing down of the general cost of the support of the business, it includes the score characterizing quality levels, negotiations, cost rebuilding, access to bring down cost economies through demonstrating work arbitrage.

25% of the respondents disagreed with the notion that outsourcing results in cost savings for local authorities as it was researched by Gaventa and Barret (2012) who advance that at first outsourcing may paint a picture that it brings about cost savings but later ends up being fanciful and as soon as a function has been contracted out it proves to be troublesome and costly to procure the skills that had been let go and put them back in house. Benson (2015) further highlights that outsourcing has failed to meet the government's expectation of achieving financial savings due to hidden or unforeseen costs.

It can be concluded that there are cost savings that are to be enjoyed from outsourcing as 41% of the respondents agreed with the notion that there are cost savings to be enjoyed. The mode for this question was 123 out of the 300 respondents.

# 6.4. Relationship between Outsourcing and Service Quality

		Cases					
	Valid		Missing		Total		
	Ν	Percent	Ν	Percent	Ν	Percent	
Quality Services * Outsourcing	300	100.0%	0	0.0%	300	100.0%	

# **Case Processing Summary**

The case summary process shows the sample size and missing responses that were found after collecting the data. All the respondents were able to answer all the questionnaires. There was no missing information that is non-responses were found.

Quality Services \* Outsourcing Crosstabulation

Count

			urcing	
		no	yes	Total
Quality Services	Very low	23	4	27
	Low	49	6	55
	Neutral	43	37	80
	High	3	76	79
	Very high	1	58	59
Total		119	181	300

The cross tabulation table above shows a multivariate analysis of two variables that are quality service and outsourcing. It shows that 119/300 respondents answered NO to the question "will outsourcing help in the attainment of quality services" and that 181/300 answered YES to the same question.

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		Quality Services	Outsourcing
Quality Services	Pearson Correlation	1	.693**
	Sig. (2-tailed)		.000
	Ν	300	300
Outsourcing	Pearson Correlation	.693**	1
	Sig. (2-tailed)	.000	
	Ν	300	300

#### Correlations

\*\*. Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation of 0.693 indicates a positive correlation between outsourcing and quality of services since 0.693 is between 0 and 1.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	164.160 <sup>a</sup>	4	.000
Likelihood Ratio	196.322	4	.000
Linear-by-Linear Association	143.688	1	.000
N of Valid Cases	300		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 10.71.

The chi-square tests showed that there is a relationship between outsourcing and quality service, as shown by statistically significant values or p-value of less than 0.05 (asymp. Sig = 0.000). A p-value that is less than 0.05 makes it possible to reject the null hypothesis. In this research the null hypothesis stated that there is no relationship between outsourcing and quality of services. All the three chi square tests that are Pearson chi square, likelihood ratio, linear by linear association showed that a relationship exist between the two variables. A two-sided significance test was used because of the number of variables in analysis. The data from the chi-square test shows that there is positive relation which is significant between outsourcing and quality of services. Quality of services was measured using the expected level of customer satisfaction from outsourced services making the use of a Likert scale with ranges from 1 to 5.

This relationship shows that if services are outsourced then the quality of these services is expected to increase. 60% of the respondents from the questionnaire were in agreement with the notion that if services are outsourced then the quality of the services will improve. Through this research then it has been concluded a relation exists between outsourcing and service quality. This is supported by Benson et al (2015) whose study found that a relationship exists between outsourcing and quality of services. They found that there was a significant improvement in the quality of services as a result of outsourcing. Through their research, respondents agreed that outsourcing is more efficient in providing quality services through more experience, better qualification and more hard work that comes from the private firms providing the services.

For this study the null hypothesis that stated that there is no relationship between outsourcing and service quality was rejected.

# 7. Conclusion

A chi-square test was used to determine the relationship that exists between outsourcing and service quality. It was determined that there is a positive relation that exists between outsourcing and quality of services. Taking into account the information that was accumulated and examined, the researchers came to the conclusion that the current services being offered by local authorities are very poor and there are many causes for these poor services. It was also concluded that outsourcing is a feasible option to use to improve service delivery by local authorities. Outsourcing has the benefits on increasing service quality and provide affordable services for the public. The study also revealed that outsourcing may provide cost savings as anticipated.

# 8. Recommendations

Local authorities should strive to be independent of politicians and their influence on the affairs and policies that concern local authorities by employing elected delegates that are skilled to work in the local authorities as they will be able to act in a manner that is best for the local authority and not for political agendas. Local authorities should start engaging in revenue generating activities and projects so as to not depend on the financial assistance from the central government as if is not enough to help the local authorities.

Citizens should be given the opportunity to engage in the affairs of the local authorities, they should be taught on how to interpret the information produced by the local authorities.

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