The Efficiency of Contracting-Out Local Government Service Delivery: Implications on Kabwe Municipal Council’s Garbage Collection

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Abstract: Local government has been part of Zambia’s government structure since independence in 1964. The rationale for its creation is for service provision in areas within its jurisdiction. Several attempts have been made to enhance local government service delivery. For instance, the fourth objective of the 1993 Public Service Reform Programme was aimed at enhancing service delivery through decentralization. Thus, this paper focuses on the efficiency of delivering local government services through the private sector by contracting-out, garbage collection services of Kabwe Municipal Council in the Central Province of Zambia from 2014 to 2018. The study employed a mixed methods approach with a case study research design. A sample of 314 respondents was arrived at using stratified and purposive sampling. Questionnaires were used to collect data from 308 respondents while interview guides were used for the 6 key informants. The data was analyzed through version 23 SPSS for the questionnaires and thematic analysis for the interview guides. The study revealed that contracting-out improved service delivery, quickened service provision, increased customer satisfaction, reduced cost of service delivery and increased use of garbage collection services. The study also revealed some of the challenges in contracting service delivery which include; delay in payment of tipping fees to the council, frequent breakdown of contractor equipment vehicles, lack of compliance by customers to pay for the services. Recommendations were made to KMC which include; enhanced contractor monitoring, provision to contractor incentives, increase community sensitization, and enforcement of existing by-laws.

Keywords: Local Government, Service Delivery, Contracting-out

1. INTRODUCTION

The shift from public service provision from the government to private sector through contracting out has increasingly taken center stage in public sector governance, especially in the 21st century (Levin, and Tadelis, 2010). Government’s world over contract out varying public service areas, these differ with others considered by most economists as simple and ripe for contracting, while others are regarded as complex and requiring higher levels of attention from both the government and the contractor (Brudney, et al., 2005).

The choice between government involvement and the lack of it is based on a certain rationale. Government involvement in the provision of goods and services is, among other things justified by the realization that the competitive market is subject to market failure (Weimer, and Vining, 1992) and also that government should distribute welfare to its citizens.

The shift towards market delivery of public services, particularly contracting out, was conceived as a means to promote efficiency, better align managerial objectives with citizen concerns, and to promote local economic development. Market delivery as a preferred mechanism of service provision was based on public choice assumptions that increased choice would increase competition hence promoting efficiency. (Osborne, 2000, and Savas, 1982). However, the need to acknowledge the value of transaction costs on contracting has led to empirical analysis focusing on the nature of the service and the contracting processes (Bel and Fageda 2007; Brown et al. 2008; Hafetz and Warner 2007, Levin and Tadelis 2010). Another consideration is the differential nature of public sector by
geography (Bel, G. Fageda, X. and Costa, D, 2010) (Bel and Costa 2010, Bel, and Fageda, 2009); Dijgraaf and Gradus 2008; and Warner 2008).

Due to the efficiency assumption, governments have continued to increase the involvement of the private sector in the delivery of public services. The provision of services in varying complexity is conventionally regarded as a preserve of government from the building of large-scale infrastructure networks such as roads to the collection of refuse are now being contracted out (Sindane, 2000).

In light of the foregoing, the thrust of the study was aimed at evaluating the efficiency of contracting out in delivering local government services particularly garbage collection.

2. THEORETICAL FRAMEWORK

Originally developed for the private sector, the economic theory of the principal and agent has also been applied to the public sector, especially concerning its accountability. The principal-Agent theory attempts to find incentive schemes for agents to act in the interest of the principals. The activities of agents (managers) need to be monitored by shareholders, by the possibility of takeovers or bankruptcy while the presence of a non-executive board may help in attenuating the discretion of management. (Vickers, 2010)

In the public sector context, the theory brings comparisons in accountability when compared to the private sector. Here the principals, the owners, of the public service are the entire public, but its interests are diffuse that effective control of the agents who are public managers is unlikely to be effective. Agency relationships, therefore occur whenever one party in a transaction in case of the principal delegate's authority to another who is the agent. This gives rise to a complex and perhaps one-sided skewed situation where the welfare of the principal is affected by the choices of the agent (Arrow, 1985).

The complexity and power differentials in the relationship between the two parties give rise to an agency problem. This is prevalent in both the public and private sectors but likely to be worse in the former. According to Barney and Hesterly (2005), the advance rationale for the agency problem can be attributed to; the divergence of interest between the principal and agent, the inability of the principal to perfectly and costlessly monitor the actions of the agent, and finally the inability of the principal to perfectly and costlessly monitor and acquire the information available to or possessed by the agent.

In light of the foregoing, the theory is premised on the basis that the existence of a divergent goal between the principal and the agent necessitates the imposition of monitoring and control measures. The theory is guided by three key behavioural assumptions which aid how the relationship between both parties can be harmonized to achieve efficiency in the delivery of services. The assumptions include; that both parties are rational, and self-interested, and the agent is both risk and effort averse (Bloom & Milkovich, 1988). For (Dixit, 2002) three potential issues can arise from principal-agent relationships; moral hazard situation where the principal's payoff depends on an agent's action that is unobservable to the principal, second is adverse selection, in this case, the agent possesses characteristics known to him or her but unknown to the principal at contract initiation and finally, asymmetric performance evaluation, these are instances where the agent can observe the outcome better than the principal. The complexity of the principal-agent relationship can be deduced from the three cases advanced by Dixit (2002). To handle the complexity with more ease, the need to formulate appropriate sets of incentives and other agent controls.

The need for incentives and agency controls in the public sector has been received with a high level of optimism. Burgess and Ratto, (2003:286) identified conditions that can undermine the established incentives noting that “incentives are less sharp the noisier is the output measure, the higher is the agent's risk aversion, and the higher is the marginal cost of effort.

The theory provided a formidable basis for guiding the study as it provides ways through which the agency problem in the public sector could be reduced. Also, the theory gives some backing to those arguing for contracting out as much of the public sector as possible which is critical to enhancing accountability in the public sector by enabling the specification of the agents based on those who are served directly by the services of contracted principals. Accountability is clearly between the direct beneficiaries and the contracted agent instead of the public sector and the ‘entire public’. Further, the
theory’s emphasis on contracting out and its linkage to a reduction of costs and improved service delivery fitted well into the study whose main thrust was to establish the extent to which contracted services translated to efficiency gains in the delivery of local government services.

3. REVIEW OF LITERATURE

3.1. Global Experiences

Government’s world over particularly those in the developed world embraced the use of private sector styles in the delivery of public services particularly local government services. Studies in various such jurisdictions are key in bringing context and perspective to this study. Studies by (Hirsch, 2010 & Segal, 2005) provide a rationale for the increase in the preference for contracting out to in-house provision. According to them, the increase can among other things be attributed to the need by local governments to lower costs. The need for reducing operating costs and finding better ways to spend taxpayer money in more efficient ways by local governments abound. Among them include; the increase in the cost of government production, with the Organization for Economic Cooperation and Development (OECD) countries in the last decade recording up to 23% of their GDP. Outsourcing has been an alluring option to keep public expenditures in check (OEDC, 2018). In addition, privatization advocates hold the view that contracting out is an effective mechanism for the government to reduce costs, increase efficiency, improve services and encourage innovations (Gore, 1993; Kettle, 2009, Osborne and Gaebler 1992; Salamon, 2002; and Savas, 1987).

The study by (Segal, 2005) confirms that contracting out produces more cost savings when compared to in-house delivery. Similarly, a meta-analysis of contracting studies conducted by (Hodge, 2000) revealed that contracting out yielded between 6% to 12% of savings for local governments. Other studies found cost savings ranging from 5 to 50%, depending on the scope and type of service. Despite the seemingly positive cost-saving findings of the studies noted above, it is worth noting with caution that evidence of efficiency and saving gains in contracting out are quite complex to measure and deduce. As noted by Greene, (2002) although benefits may be realized and cost savings recorded, the actual cost savings may in some cases be less than reported and greater efficiency can be as a result of other variables and not from the private service delivery.

For Benton and Menzel (1992) the extent to which cost reduction and efficiency would be achieved in service delivery depended on the availability of vendors that can provide the service. They argued that a greater number of private firms to compete for contracts would spur competition which would ultimately lead to greater cost savings. This is supported by Ferris, (1986) who held similar view and argued that from the availability of much empirical research. It could be concluded that the introduction of competition into the production of services leads to cost savings.

While worthwhile, the contributions of the studies by Benton and Menzel (1992) as well as Ferris (1986) attribute the achievement of efficiency to the availability of vendor or private firms to spur competition which in turn led to efficiency. The studies however, are devoid of the possibility of lack of interest by vendors to provide services to certain jurisdictions due to business and other reasons.

An important perspective to understanding the efficiency of contracting out service delivery is the time it takes to note the difference in service delivery. Manez et al (2016) in a Garbage collection study found that it took 2 years for municipalities that contracted out to become more efficient. Although the assertion that greater competition leads to cost savings has been accepted as a matter of course, empirical studies reveal substantially varying findings. Sevas (1977,1981), Eggers & O’Leary, (1995), and Savas, (2000) found cost inefficiencies while McDavid, (1985) found that exclusive public collection was more expensive by 50.9% compared to a private collection in a sample of 205 Canadian cities. For Savas (2000: 147) whose report was based on studies conducted in various countries, the findings showed that savings averaged about 25% for the same quality of services, after taking into account the cost of administering and monitoring the contract.

The divergence of views on the cost-saving of contracting out continues to make the subject area worth pursuing. A study by Domberger et al. (1986) provides one of the most cited pieces of evidence on the reduction of costs through contracting out. Their study revealed among other things that authorities that have contracted out refuse collection services to private operators enjoyed costs about
22 percent lower than those authorities that had not held competitive bidding. This research also indicated that authorities that called for bids and then awarded the contract to existing “in-house” operators also appeared to have lower costs (17 percent) than the non-tendering providers. Thus, they concluded that differences in cost were a result of competitive tendering.

Another study by Szymanski and Wilkins, (1993) also noted a relationship between bidding and cost lowering. The study findings revealed lower costs of up to 20% were competitive bidding was used compared to those that did not hold competitive bidding. This was similar to the findings by Domberger et al. (Chaundy and Uttley (1993:38) that compulsory competitive tendering (CCT) in refuse collection services leads to nominal gross cost-savings of 22%.

Although these studies had similar findings, they cannot be regarded as conclusive and generalizable, they are dependent on the prevailing situation in the area under study. Therefore, it was necessary to undertake this study due to its unique context, focus, and methodology. The findings obtained will contribute to the body of knowledge on the relationship between contracting out and lower service costs in the provision of services particularly for local governments.

The preceding discussion has provided a succinct analysis of whether contracting out leads to cost reduction. Another aspect critical to determining the efficiency of contracting-out service delivery is the extent to which these cost reductions affect the quality of services provided. Several studies indicated a reduction in costs and public expenditure. Despite a consensus on cost-saving due to contracting out, the magnitude of the savings remains a subject of debate. Domberger and Jensen, (1997) concluded that contracting out may produce savings of up to 20% without sacrificing service quality. Grout and Stevens, (2003) reaffirmed this assertion by highlighting how competitive tendering reduced the costs of several services, notably garbage collection and laundry services.

While the studies are critical in confirming the reduction in service costs without compromising quality (Domberger and Jensen, 1997) emphasizes the need for competitive tendering to reducing the costs of services (Grout and Stevens, 2003) both studies are unclear regarding the side on which this cost reduction is, that is, whether this cost reduction and maintenance of quality are on both the consumer and provider of services or either side. Other studies on contracting out focused on how it affects service quality. This is properly explained using the Hart, and Vishny, (1997) model. According to this model, the quality of services may either be higher or lower under contracting compared with in-house production by the public sector. Most studies find that the quality is either unaffected or improved when a public service is contracted out.

The deciding factor or neutrality or changes in the services also depends on the type of service being contracted. Bayer and Pozen, (2005) studied the quality differences in juvenile correctional facilities and found that the publicly managed facilities outperformed the 12 private facilities in the quality of services provided. In a similar study conducted by Lindqvist, (2008) private facilities were found to have lower baseline quality than public facilities, although public facilities were also found to shun particularly troublesome teenagers. For prisons, both the study by Pozen, (2003) and Lindqvist, (2008), concluded that quality is at least high in private prisons.

The studies on contracting of prison services provide an essential basis on which to compare the effect of contracting on service quality. Though the study by Bayer and Pozen, (2005) indicated a better-quality outcome from publicly managed facilities and the findings by Lindqvist, (2008) indicated better private sector outcomes, both studies provided an insufficient explanation of whether both the public and private sectors have indifferent preferences on which service to provide and the kind of people to serve.

3.2. African Experience

Despite similarities with the global experiences, the African context has unique aspects that distinguish the operationalization of contracting service delivery. Unlike the universality of cost-saving from studies done in the developed world, research conducted in Africa by scholars such as Praeger, (1994) and Sclar, (2000) finds cost overruns, corruption, and a decline in citizen voices. These findings are consistent with Awortwi’s, (2003) observations in his study on contracting out in three cities of Ghana. The highlighted challenges did not lead to cost savings for the local
governments. Instead, the analysis revealed that local governments were paying more for the contracted services than before. For example, the cost was US$ 7.55 per ton before contracting out and was now paying a higher price of up to three times more than US$ 22.17 per ton.

The studies conducted in Ghana by Praeger, (1994) and Sclar, (2000) are very significant to this study, especially considering that they unearthed unique findings as opposed to the similarities which characterized the studies in the afore-discussed global experience. Similarly, the study by Awortwi, (2012) also had different findings, which shows that studies conducted in different environments can yield varying results. In light of the foregoing, the researchers are given impetus to conduct this study in a bid to contribute both similar and divergent results as will be obtained from the findings.

Studies conducted in other parts of Africa also have varying findings on the relationship between contracting-out and municipal and/or local government service delivery. A study conducted in Uganda by Mugweri and Oonyu (2018) revealed several challenges faced by both government and the private sector in the collection and disposal of solid waste in Kampala city. The study revealed that solid waste management is negatively affected by a lack of awareness by the citizenry. As advanced by Mbalisi et al (2012) some benefits accrue from education and awareness. These have been noted as a leading factor in the development of knowledge about solid waste and its associated problems when managed improperly, also the role played by knowledge in inculcating positive values and concerns towards the environment in all the citizens and authorities responsible for managing waste.

The role played by knowledge or the lack of it in shaping people’s attitudes and behaviors was also noted by Babaei et al. (2015) who recommended that the success of solid waste management was dependent not only on the infrastructure of local governments but also on understanding public concerns, knowledge and behavior. The study by Babaei et al. (2015) also indicated that an increase in knowledge on a topic may change attitudes. However, the step leading to more positive attitudes involves a complex set of social and psychological factors.

Motivation was another factor that negatively affected solid waste management in the city. The study indicated that people had low motivation. According to Curzon (2003), behaviors, opinions, and attitudes can either be encouraged through reinforcement or, discouraged through punishment. The use of rewards for reinforcement is likely to lead to repetition of desirable behavior thus incentivizing everyone to adopt a similar attitude.

Despite the studies in Uganda revealing challenges in the cities, solid waste management is caused by various issues as advanced by the authors. For Mugweri and Oonyu (2018) these were due to a lack of awareness. Mbalisi et al (2012) attributed it to knowledge or the lack of it on the subject and a divergent perspective was advanced by Babaei et al (2015) who indicated that solid waste management needed not only infrastructure but also an understanding of public concerns.

These studies are devoid of the public satisfaction with the services provided by both the public and private sectors which might go a long way in explaining how these have affected the public disposition to waste management in cities which this researcher feels are critical in establishing the rationale for contracting out of such services by local government and/or municipalities.

Despite the benefits associated with contracting out is clear, its implementation in Africa as noted by Pirie, (1991: 255) was quite slow compared to jurisdictions such as the United Kingdom, Japan, and the United States of America. This case was not different in South Africa. In this regard, a study on contracting out in South Africa by Slot (1998) noted the critical role played by the Department of Constitutional Development which tasked the National Bank of Southern Africa Ltd to develop a guide for Local Government on alternative methods of service delivery. This study revealed both similar and unique challenges concerning the challenges affecting the take-off of alternative service delivery mechanisms.

Firstly, it was noted that the local authorities did not experience the same cost pressures as in other countries. Secondly, the existing legislation in local government linked legislation remuneration and pensions within Local Authorities o the grade or size of the Local Authority. This condition acted as a disincentive to local authorities, as they could not welcome contracting out which had the potential to reduce the sizes of Local Authorities and consequently the basis of remuneration. Finally, the labour unions in South Africa have been opposed to any form of privatization. These reasons have greatly contributed to the absence of a political will to contract out Local Government services.
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The study also noted various advantages that can be attributed to contracting out. Probably the most important is that contracting out allows Local Authorities to maintain responsibility for the service while not performing the service themselves. This, therefore, creates a principal-agent situation where, the income and funding of service delivery remain with the local government and acts as the principal on behalf of the public while the payment to the contractor who is the agent to provide the service will normally be a fixed fee.

For Pirie (1991:141) the use of contractors recognizes that government can still be responsible for guaranteeing a supply, even when it does not produce the supply itself. This has immediate benefits for both government and taxpayers whose savings are normally in the 20-40 percent range. Also, it creates clarity in the principal-agent relationship. Instead of the entire public being the principal the Local Authorities assume the role thus easing the monitoring of quality service provision. The principal-agent relationship is critical as studies in the United Kingdom revealed that the governing agency often exercises more control over private contractors than it could ever manage over its workforce. This was the case in a wide range of successful contracting out operations from the testing of trucks and public vehicles and design and construction of prisons to wheel clamping of illegally parked cars, previously done by governing agencies.

Guardiano (1992: 1) holds the same view and indicates that Local Authorities can take advantage of private-sector resources and the profit motive. Here, the implication is that city and state officials can ensure that public services such as garbage collection, street sweeping, and building maintenance services are provided at a high price while being in a position to have new waste water treatment plants, prisons and toll-roads built and operated cost-effectively. Contracting out is arguably the best method of controlling costs without sacrificing quality.

Marlin (1984:6) noted that the advantages of contracting out can be divided between personnel and cost-related areas. The former relates to lower costs, without reducing or retrenching staff, and also, includes the ability to handle personnel tasks, the ability to handle other specialized tasks, greater managerial expertise, and greater technical expertise. Other contracting out advantages are concerned with, an improved decision-making environment greater flexibility, newer equipment, greater responsiveness to citizen's needs, and improved incentives.

3.3. Zambian Experience

Lifuka (2004) carried out a survey in which an argument was advanced that proper waste management in Zambia could only be attained through government awarding incentives to the private sector. Among the notable findings in the survey was the private sectors limit to mere collection instead of a holistic investment in solid waste management to include a vibrant recycling industry for paper, glass and plastic.

A separate study by Kyambalesa (2006) revealed that solid waste, like air and water pollution, was a form of environmental pollution mainly caused by human activities. This therefore meant that it was an inescapable problem in every society. Further, findings were that solid waste management was a problem at all levels that is; in the collection, sorting, transportation and disposal of garbage. The research, attributed the accumulation of solid waste in Lusaka to lack of enforcement of by-laws relating to littering and other forms of contamination in public surroundings and lack of financial and material resources due to irregular support in form of grants from central government. The lack of predictability in financial resources availability provides a rationale for contracting out garbage collection services to the private sector who operate on a self-financing and sustaining model hence making them more reliable in provision of local government services.

The effect of reducing central government grants on solid waste was evaluated in a study by Mando (2014) which revealed that reduction in grants to local authorities disabled them economically, leaving them with no means to manage the waste in their townships. Thus, this reduction in available resources has given rise to contracting out which enables councils to provide this service despite the fiscal limitation. The extent to which this mechanism has worked formed the thrust of this paper.

While local councils await long-term interventions by the central government to facilitate mechanisms that will enhance service delivery. Local councils have been empowered through the decentralization policy to determine how they can effectively and efficiently deliver services to the communities.
within their jurisdictions. Decentralization has enabled local authorities to explore various methods of service delivery including contracting-out. A study by (Chishimba et al, 2020) on the effects of equalization fund on service delivery revealed that local authorities employed a mix of service delivery methods among them, local government enterprise, contracting out, franchise, volunteers, self-help groups, and in-house provision. The effectiveness of these methods varied across the selected local authorities, they were effective in Chisamba and Luangwa, perhaps due to the small population. Similar methods seemed not to be effective in Lusaka and Luanshya where population growth seems to have outpaced local authorities’ capacity of service delivery in areas such as decent housing, clean water, sanitation, refuse collection, and roads.

The mechanisms adopted for service delivery by local councils is to contract some services to the private sector. The extent to which these have been efficient is the thrust of this study.

Lolojih (2014) argued that decentralization is one of the solutions to the inadequacies and incapability of local authorities to improve service delivery. There are several progressive provisions in the National Decentralization policy which have the capability of turning around the fortunes in the operation of local councils. Among the notable provisions include; firstly, the devising of an appropriate formula for sharing national taxes collected within the jurisdiction of local councils to expand the revenue base of local councils; secondly, government support for the development of valuation rolls; thirdly, the election of Mayor/ Council chairperson by universal adult suffrage; fourth, promotion of Public-Private Partnerships (PPP); and finally, the establishment of sub-district, Ward Development Committees. These provisions will help among other things, increase the revenue base of local authorities, consolidate democratic governance at the local level, professionalize service delivery, and enhance the mobilization of local communities for effective participation in local activities.

Consequently, he is of the view that if well implemented, these provisions will result in a well-funded local government system, enhance the capacity of local councils to collect more revenue from local sources, ahead of the council (mayor) who will be accountable to the people living in within the council jurisdiction, improved service delivery resulting from partnerships with the private sector, and an increased avenue for local participation in local council activities.

Despite the existence of legislative provisions for the establishment of decentralized governance, the extent to which they are implemented also depends on a political elite or leadership that has a very high commitment to and belief in the value and benefits of decentralized governance. This political commitment, or political will, should be strong, pervasive, and enduring Katorobo, (2007).

The assertion by Katorobo (2007) can be confirmed by the differences in progress made towards the implementation of decentralization by successive governments since it became a major policy goal in the early 2000s. Implementation of the decentralization policy particularly through devolution was in both the Fifth (2006-2010) and Sixth National Development Plans (2011-2015) (GRZ, 2006; GRZ, 2011). This is also reflected in the current Seventh National Development Plan (2017-2021), which cites insufficient decentralization as a contributing factor to the country’s large economic and social inequalities.

A study conducted by (Resnick, et al., 2019) on deepening decentralization in Zambia revealed three reasons for the failure of its full implementation. The first was attributed to organizational settings in which councils operate which was said to undermine the continuity of service provision. Particularly, the transfers effected by the Local Government Service Commission (LGSC) necessitated by the growth and increase in the number of councils in recent years saw an unprecedented number of transfers during the 2017-2018 period. This has increased the pressure on the wage bill of local authorities. The unpredictability of these transfers has affected service delivery as it creates a sense of uncertainty, especially for the affected bureaucratic cadre who are otherwise well-educated and committed to improving local government. Secondly, the researchers cited the unwillingness to cede actual autonomy to local councils by the Ministry of Local Government (MLG). The finding unearthed a perception of low levels of consultation with council bureaucrats and elected councilors, especially when statutory instruments are issued. This appears to make accountability upwards to the MLG.
Thirdly, the study revealed a mismatch between the incentives of the bureaucrats and politicians that can undermine policy implementation; while the bureaucrats respect authority and pay attention to procedures, the politicians are more focused on constituting priorities and may ignore formal procedures to deliver their voters. This relation affects service delivery, providers of services such as waste collectors, utility corporations, and construction companies have a critical role in this dynamic because directly through their actions determine the quality and quantity of goods and services available to the citizens. The mismatch represents itself in the manner the two parties express their priorities. While the primary interest may be in recovering costs and potentially even making a profit, politicians will be concerned about whether the availability and quality of such services will be attributable by citizens to them and be rewarded at the voting booth (Batley and Mcloughlin 2015).

The noted constraints have effects on various aspects of service delivery, particularly to services such as market/street trade management and waste collection which according to (Lolojih, 2014) are held dear to the hearts of local communities. This perhaps explains why the two services are legally exclusive mandates of the local authorities as contained in the 2016 Constitution and the Markets and Bus Station Act of 2007. Also, these areas remain critical in improving the livelihoods of the poor. Who often depend heavily on markets for employment and who often lack sufficient household waste collection. There is somewhat a cause-effect relationship between these two services; inadequate waste collection often increases food safety and public health hazards, particularly cholera which can emerge in informal markets.

The need for proper service delivery particularly in garbage collection through contracting out to the private sector becomes a worthwhile option for local councils, especially considering the inherent efficiency attributed to the sector. However, the need to appreciate the varying dynamics between the public and private sector also become key in understanding the extent to which this will yield intended results. The willingness of the private sector to serve the poor in informal settings is worth understanding considering as these are in informal settings with a possibility of not being able to afford the user fees required by the private sector whose motive is profit as opposed to service motive by the public sector.

4. Research Methodology

The study employed a case study research design focusing on the co-relationship between contracting-out and efficient local government service delivery in the collection of garbage by Kabwe Municipal Council. The study employed both quantitative and qualitative approaches. Questionnaires were used to collect data from 308 respondents arrived at using proportional stratified sampling from four (4) strata. Interview guides were used to collect data from key informants purposively selected from Kabwe Municipal. Quantitative data was analyzed using version 23 of the Statistical Package for Social Sciences (SPSS) by generating descriptive statistics while Microsoft Excel was used to conduct thematic analysis for the interviews.

The data collected through interviews and open-ended questions in the questionnaire was analyzed through content and thematic analysis. The semi-structured interviews carried out with the respondents were transcribed and closely studied to identify the main themes in line with the research objectives and questions.

5. Contracting-Out and Service Quality

This research question was answered by looking at three aspects Firstly, the performance of garbage collection before and after contracting out, secondly, the frequency of garbage collection before and after contracting out and finally, the faster service provider between the council, before contracting out and the private company after contracting out.
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The quality-of-service delivery is either unaffected or improved when a public service is contracted out, the deciding factor is the type of service being contracted Bayer and Pozen, (2005). With regards to this study, the question of whether contracting out improve the quality-of-service delivery or left it constant can be noted from the figure above. The general picture according to statistics is that there was an improvement in service delivery after contracting out.

This was demonstrated by findings indicating differences in responses to the quality-of-service delivery both before and after contracting out, in the former case, 53% of respondents indicated the quality as having being ‘poor’, followed by 36% indicating ‘very poor’, only a 7% indicated ‘very good’ and 4% indicated ‘good’. In the latter case, which is after contracting out, the responses to service quality change almost completely with the majority of respondents at 65% indicating ‘good’, followed by a 17% indicating ‘poor’, a 24% reduction to 12 % in the number of respondents who indicated ‘very poor’ and the remaining 6% indicated service quality as being ‘good’. The study, therefore, revealed that contracting out improved service delivery.

**Faster Service Provider**

According to statistics, majority of the respondents, (88%) indicated that the private companies were faster than the council and only 12% of respondents indicated that the council was faster. Another aspect taken into account by the study was in line with quality-of-service delivery before and after contracting out has led to an improvement in the quality-of-service delivery.

**5.1. Contracting-Out and Public Satisfaction**

The research question concerning the public satisfaction with contracted out service delivery was answered using two aspects cross analysed from three parameters. First, a general picture of public satisfaction with contracted out service delivery is shown. Subsequently, both public satisfaction with contracted out service delivery and the rate of satisfaction with contracted out service will be cross analysed with a duration of occupancy, occupation, and type of client.

Studies conducted by Mugweri and Oonyu, (2018) and Mbalisi et. al (2012) revealed critical aspects of contracting out local government services such as garbage including that solid waste management needed not only infrastructure but also understanding of public concerns. Despite this, these studies were devoid of public satisfaction with the services provided either in-house or through the private
sector by contracting. Therefore, the researcher sought to fill this void by investigating the public satisfaction with contracted out service delivery, the responses obtained were as follows. With regards to public satisfaction, 85% indicated ‘Yes’ with only 15% indicating ‘No’. Another related question was aimed at finding the rate of satisfaction and the responses were as follows; 57% indicated they were ‘satisfied’, this was followed by 18% who indicated ‘very satisfied’, another 15% indicated they were ‘quite satisfied’ and only the minority at 10% indicated ‘not satisfied’. From the above data, it can be deduced that contracted service delivery has led to public satisfaction with the majority of the public with 85% indicating ‘yes’ to satisfaction with contracted services and 57% being ‘satisfied’ with the rate of contracted service delivery.

The findings from this general perspective were considered in relation to the three parameters as discussed in the ongoing discussion.

The high levels of satisfaction can be attributed to the improvement in the quality of services as a result of contracting out as noted in the preceding discussion on the improvement in the quality of services offered due to the improved rate of collection as well as frequency of collection. As can be noted a 10% of respondents changed from being ‘satisfied’ to ‘not satisfied’ this as demonstrated in the foregoing discussion is due to certain challenges encountered in the delivery of contracted services.

The local authority also noted that contracting out garbage collection services has a positively affected public satisfaction. This was recorded in the cleansing manager's response to the council’s description of public satisfaction with contracted out garbage collection services where he said;

“The public generally seem satisfied with the way the companies are working, during our spot checks most community members express satisfaction with the private contractors are collecting the garbage except in a few cases when their equipment breaks down. Also, there is a notable reduction in the rate of complaints received from members of the public in areas being serviced by private contractors...”

5.2. Contracting-Out and the Cost-of-Service Delivery

The study had among its research questions one whose aim was to determine whether contracting out resulted in a reduction of costs in service delivery. To respond to this complex aspect, the researchers interviewed key informants from the council who responded with regards to whether cost reduction was part of the rationale for contracting out garbage collection services and the extent to which this contracting has led to a reduction in the cost-of-service delivery.

Studies by Segal, (2005) and Hirsch, (2010) both provided a rationale for the preference of contracting out to in-house provision. The most pertinent is the need to lower local government operating costs and find better ways to spend taxpayer money in more efficient ways. The OECD, (2018) also noted that outsourcing has been an alluring option to keep public expenditure in check.

With regards to this study, the rationale for contracting out was based on reducing the role of local government in service delivery that was done to reduce the scope of the work done by local government which Savas, (1982) refers to government steering and not rowing. In response to the rationale for contracting out the cleansing manager recounted as follows;

“The council was unable to meet the demand for garbage collection in all areas because the rate of garbage generation had increased due to population growth. The frequency required to meet the demand led to frequent breakdown of the equipment which hindered the council’s ability to provide good service hence garbage began piling up. Therefore, in a bid to increase collection scope private collectors were engaged....”

The study had similar findings to one carried out by Hodge, (2000) which revealed that contracting yields cost savings for local government. With peculiarity to this study, the savings by the local authority were rated at about 50%. In response to a question regarding the extent of cost reduction as a result of contracting out. The Public Health Director said;
“There has been a notable difference of as much as 50% reduction in the cost-of-service delivery as a result of using private collectors. The scope of work done by the council has reduced leading to a reduction in costs like fuel and maintenance of equipment...”

Despite the complexity in measuring and deducing evidence of efficiency and savings gains attributed to contracting out. The findings of this study reveal the realization of several benefits including cost reduction, savings and keeping public expenditure in check. Therefore, it can be deduced that contracting out leads to a reduction in costs of service delivery and savings thereby leading to better and more efficient ways of spending tax payer’s money. The findings of this study are similar to that of Domberger and Jensen (1997) that contracting led to cost saving without compromising quality. However, the study established that the cost reduction and savings were on the service provision side and not use as members of the public as indicated by 52% of the respondents found this service more expensive after contracting.

5.3. Contracting Out and Use of Garbage Collection Services

The study also looked at the extent to which contracting out has affected the use of garbage collection services by analyzing how much garbage collection services were used before and after contracting. This will be done by presenting a general picture as indicated below on whether or not the community use of garbage collection services changed before and after contraction. Secondly the use of garbage collection services was investigated by cross analysing three variables namely; age, level of education, and duration of occupancy respectively.

5.4. Challenges in Contracted Service Delivery

According to the study, Kabwe Municipal Council faced an array of challenges in the delivery of contracted garbage collection services. The first was the delay in payment of tipping fees for use of the dump site by contracted companies. Second is the frequent breakdown of contractor vehicles. Thirdly, there is lack of compliance in submission of monthly garbage collection reports to show which area has been serviced and how much garbage was collected. Finally, lack of area zoning in Kabwe leads to up hazard collection of waste which pauses accountability challenges.

The Contractors also face unique challenges from those advanced by the Local Authority. Firstly, the private companies expressed displeasure with the manner of tipping fees are billed. They indicated that the fees are charged according to vehicle tonnage whether it is filled to capacity or not. Secondly, the companies cited as a challenge the unstable fuel prices which affects their ability to serve clients especially those in distant locations especially that they cannot easily revise collection charges as pricing is regulated by the local authority. Thirdly, the private companies face a challenge with client’s unwillingness to pay which has in some cases taken involvement by the local authority.

6. CONCLUSION

The study provided answers to the research objectives and questions. It unearthed various findings. Firstly, the study revealed that contracting out has improved the quality-of-service delivery as can be noted from the performance of garbage collection before and after contracting, the frequency of garbage collection and the reduced time in service delivery. Secondly, the study revealed that contracting out has translated to improved public satisfaction. Thirdly, the study also established that contracting out has reduced the cost-of-service delivery. Finally, the study revealed that contracting out has increased the use of garbage collection services.

7. RECOMMENDATIONS

The study made the following recommendations;

- Kabwe Municipal Council should enhance contractor monitoring mechanisms
- The Council should provide contractor incentives
- The Council should increase community sensitization
- There is need to categorize garbage collection
- Kabwe Municipal Council should enforce existing by-laws
The Efficiency of Contracting-Out Local Government Service Delivery: Implications on Kabwe Municipal Council’s Garbage Collection

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