

The study was objectively assessing the effect of outsourcing on organization performance in Local Government Authorities (LGA's) in Tanzania a case of Mbarali District Council (MDC). A total of 55 of respondents were interviewed. Non probabilistic procedures were used. Both primary and secondary data were used in data analysis. Questionnaire was employed as a major instrument in collection of primary data while procurement contract and performance reports, audit reports and other annual companies reports was used for secondary data. Regression analysis and Chi square test were used in analysis of data. The type of study was explorative using multi-case analysis. The study revealed that major effects of outsourcing on LGA's are performance quality compromise, late delivery of services, lack of consistent on quality management and risk sharing being higher to the outsourced companies and staff being reluctance to their responsibilities, this implies that there are more problems when outsourcing if the LGA is not itself aligned to the outsourcing strategies. The other part of the study was to identify strategies on achieving value for money (VFM) on outsourced services, the findings from the field indicates that the institution correspondingly established several strategies that will monitor supplier's deliverance of quality outsourced services. These strategies were Performance appraisal and evaluation, proper supervision, using the right supplier, proper planning before outsourcing, and payment after quality inspection and satisfaction strategy. These are strategies that may be employed by many organizations involved in outsourcing including MDC and other LGA's. On the aspect of examining the challenges associated with management of outsourced services in LGA's in Tanzania study found out that, interference on core functions, lack of uniformity in objectives each one i.e. Client and service provider has its own objectives, increased bureaucracy and lack of quality control mechanisms in most LGA's. This implies that managing outsourced services is faced with challenges which need to be addressed and embarked on the outsourcing strategies. Additionally, on determining the contribution of outsourced services qualities on cost reduction the study revealed out that quality of the outsourced services contributes on cost reduction to the institution. These costs are administration costs example salaries and operational costs example repair and maintenance. Lastly the study revealed that quality of outsourced services contributes on achieving organizational goals, promote inter organizational relationship and smoothen employees' working environment which altogether bring about and

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