

Service Outsourcing Trend in the Government Sector of Bangladesh: A Performance-based Service Quality Assessment on Public Works Department

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ABSTRACT

Outsourcing is the traditionally publicly provided services and recruitment of temporary or contractual employees. This process has become quite common in most industrialised nations. As Bangladesh is on its journey towards becoming a developed nation, a similar outsourcing initiative is visible in different government offices. Its importance has recently increased as outsourcing has moved from straightforward tasks to more complex and diversified tasks. Some academics of outsourcing claim that the promised high-quality service at a low cost consistently is yet to deliver. This paper aims to assess the quality and reliability aspects of services obtained from outsourcing staff and the effectiveness of the process in the context of the government sector of Bangladesh. Public Works Department (PWD) has been taken as a test case to conduct a survey and obtain experience-based views and feedback from the supervisory and managerial officers to assess service quality. This feedback, combined with the tender information from the e-GP portal, has been accumulated to get a brief account of outsourcing initiatives in the Government sector of Bangladesh and to perform an assessment of service quality from outsourcing staff.

KEYWORDS: Outsourcing, Service quality, Bangladesh Government Sector, Procurement, Public Works Department

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INTRODUCTION

Outsourcing is the strategic use of outside human resources to perform activities usually handled by internal staff and resources. It has become an integral business approach with the advancement of globalisation and the government's downsizing policy intervention. The old British Colonial legacy has shaped the Government sector of Bangladesh. The name of the posts, job responsibilities and the recruitment process has been relatively conventional. Generally, the recruitment of employees in the government sector is permanent, followed by a lengthy procedure. As the public sector of a new era is currently heading towards dynamism, the requirement of employees in specific service sectors has also changed drastically. Sometimes, the requirements must be fulfilled quickly, apart from the institutional paper-work-based recruitment process. This is where the process of "Outsourcing" comes as a solution. Currently, service procurement through outsourcing procedures is being widely used by various government departments and organisations. In order to provide a regulatory framework for this process, the Government of Bangladesh formulated the first "Service Procurement Regulations in Outsourcing Process" in 2008. Afterwards, it was revised and furnished to give a robust shape to formulate "Service Procurement Regulations in Outsourcing Process, 2018". This legal framework is currently controlling the outsourcing process in the government sector. The main aim of Government service outsourcing is to ensure optimal use of resources and procure quality service in less time and with minimum cost. Whether outsourcing initiatives can ensure quality service is an issue of significant concern. This research work tried to examine the effectiveness of the outsourcing process and provided services.

In this research, data related to Tender advertisements in the electronic Government Procurement (e-GP) website was analysed to get an overview of the volume and nature of services being outsourced in different government sectors of Bangladesh. Moreover, this research paper focuses on outsourcing initiatives' performance from ownership, reliability and dependability aspects, reflecting the overall organisational performance. Public Works Department (PWD) is an old and prestigious department termed the 'Pioneers in Construction'. This department procures different services and temporary personnel for different purposes following the Outsourcing procedures. The following table

gives an overview of the number of sanctioned, existing and vacant posts of civil officers and staff of PWD.

Table 1.1: Sanctioned, Existing and Vacant posts of Civil officers and staff of PWD by classification.

Class-I			Class-II			Class-III			Class-IV			Total		
Sanc.	Exist.	Vac.	Sanc.	Exist.	Vac.	Sanc.	Exist.	Vac.	Sanc.	Exist.	Vac.	Sanc.	Exist.	Vac.
942	810	132	1370	1108	262	3494	2388	1106	2120	1871	249	7926	6177	1749

(Source: Statistics of Civil Officers and Staffs, 2021. Ministry of Public Administration)

This research work employed a survey among the Public Works Department officials. They were in a supervisory role to extract their views, experiences and understandings of the service quality and reliability of the outsourcing employees working under their direct supervision. Based on the mentioned background, this paper aims to assess the service procurement process through outsourcing in the government sector of Bangladesh with a focus on Public Works Department (PWD).

The key objectives are:

- a) To find out the nature of services being procured through the outsourcing process in the government sector of Bangladesh by analysing Tender related data obtained from the e-GP website.
- b) To assess the volume of outsourcing services procured by different government entities and get an idea about which government sectors are leading in the procurement process.
- c) To analyse the perception of government officials of the Public Works Department towards Outsourcing employees and the quality of their service to envisage both the prospect and challenges of Outsourcing initiatives in the government sector.

LITERATURE REVIEW

Outsourcing in the public sector is a widely used method of recruiting people and services for delivering better services by the government. Although governments at all levels have much real-world experience, much debate still prevails regarding the benefits of outsourcing such services (Pollitt and Bouckaert, 2000).

Several researchers argue that any savings achieved by outsourcing are transitory, that outsourcing adversely affects workers' terms and conditions of employment (Quiggin 2002) and that outsourcing may result in degradation in service quality (Hart et al., 1997). Outsourcing proponents assert that it is a potential policy tool for lowering public spending and enhancing the performance of government business operations (Osborne & Gaebler, 1992).

Numerous studies examined whether outsourcing results in lower government spending. Most of these studies adopted a cross-sectional approach to analysing contracts led to both public- and private-sector service providers in a particular industry (Edwards & Stevens, 1978). Overall, most empirical research supports the conclusion that outsourcing reduces government expenditure. The Australian Industry Commission (1996) reviewed 203 international studies of government outsourcing and observed that the extent of savings varied widely and that, in some instances, there was evidence of cost increase because of following the outsourcing process. It was found that both improvements and reductions in service performance levels were demonstrated for outsourcing. Workers are used as a substitute measure for the efficacy of outsourcing since it is thought to be a solid cost-oriented, cost-minimisation technique in terms of human resources. This measure has been beneficial in addition to being quite simple to measure comparative performance (Kakabadse & Kakabadse, 2002).

There have been several studies that have found some evidence of quality degradation (Cope, 1995). Reductions in the quality of service were caused by poor specifications and inadequate performance monitoring, which suggests that quality shading may be a problem of contract design or implementation and is, therefore, preventable (Domberger & Jensen, 1997). However, most of the criticisms of outsourcing have focused on changing employment arrangements and agreements, outsourcing the critical labour force, and its impact on businesses and people (Elmutiet al. 2010).

METHODOLOGY

This study is descriptive in nature. Both quantitative and qualitative methods were used in the process. The tender advertisements from the e-GP portal were used to analyse the nature of services being procured

through the outsourcing process by different Government entities. These secondary sources of information were accumulated in MS excel to obtain well-structured data. The quantitative outcome was aimed at giving a clear picture of the outsourcing scenario in the government sector of Bangladesh. It is noted that this research work has considered the electronic Tenders (e-Tenders) posted by different Government entities in the e-GP portal only. Manual or local tenders by those entities were not used in this study.

In addition, a survey was conducted with a semi-structured questionnaire among Civil Service Officers and Sub-Assistant Engineers of the Public Works Department (PWD). The respondents were selected randomly and with a target to include different levels of officers. The number of respondents was 30. Due to time constraints, the author could not collect data from a large sample. These primary feedbacks were analysed to apprehend the respondents' understanding regarding outsourcing initiatives in PWD and assess the satisfaction level regarding the services obtained from outsourced employees. The individual preferences were explored through the questionnaire to get a comparative view between regular and outsourcing employees to get a qualitative outcome.

RESULTS

In order to achieve the objectives of the study, the results were categorised into some sub-themes;

Tender Advertisement related Data obtained from the e-GP website

The researcher has accumulated raw data from outsourcing-related Tender Advertisements posted by different procuring entities (Government Ministries/ Departments) from the e-GP website. The relevant data were taken from the very outset (2015) of the e-GP portal to 27 June 2022. The total number of relevant tender advertisements obtained within this time frame is 457. These 457 tenders are being considered in the subsequent analysis. The discrete data sets were then arranged based on some specific criteria.

Ministry-wise analysis:

To start with, the ministry-wise procurement trend is reflected in the following table:

Table 4.1: Ministry-wise Outsourcing Procurement Trend

Name of Ministry	Number of Tenders	Percentage
Ministry of Housing and Public Works	155	33.9
Ministry of Water Resources	139	30.4
Ministry of Energy, Power and Mineral Resources	127	27.8
Ministry of Agriculture	6	1.3
Ministry of Finance	5	1.1
Ministry of Information	4	0.9
Ministry of Local Government, Rural Development and Co-operatives	4	0.9
Ministry of Education	6	1.3
Ministry of Health and Family Welfare	3	0.7
Ministry of Post, Telecommunications & Information Technology	3	0.7
Ministry of Women and Children Affairs	2	0.4
Ministry of Chittagong Hill Tracts Affairs	1	0.2
Ministry of Commerce	1	0.2
Ministry of Science and Technology	1	0.2
Total	457	100

Table 4.1 shows that; the Ministry of Housing and Public Works is the entity to post the highest number of tenders in e-GP related to outsourcing services of different natures. The Ministry of Water Resources and the Ministry of Energy, Power and Mineral Resources are the next two in the ranking. These three ministries are vital procuring organisations through e-GP, as they do more than 90% of tenders. It is also noted that some departments have a major contribution (table 4.2).

Table 4.2: Major Departments/Divisions in Outsourcing Procurement

Name of Ministry	Name of Concerned Department	Percentage of Contribution
Ministry of Housing and Public Works	Public Works Department	100%
Ministry of Water Resources	Bangladesh Water Development Board	100%
Ministry of Energy, Power and Mineral Resources	Bangladesh Power Development Board	97.6%

Year-based analysis

The main aim of this part was to observe the yearly increase/decrease of outsourcing-related tenders called by different entities. The outcome is given in the following graph:

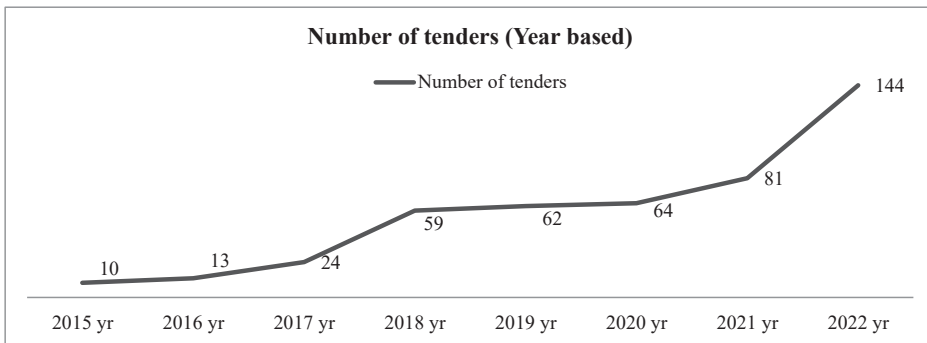


Figure 4.1: Yearly Progression of Outsourcing-Related Tenders

The graphs 4.1 indicates that starting from the year 2015, the number of tenders called for procuring outsourcing services has increased gradually up to 2022; the last 05 years (2018-2022) have observed a notable increase in the number of tenders, and year 2021 has experienced a sharp rise compared to the previous year. Nevertheless, this rise has become steeper in 2022 as there is a 77.78% rise in the number of tenders compared to 2021.

Analysis Based on the Nature of Services

The purpose of data analysis is to find the primary type of services that Government agencies are procuring through the outsourcing process.

Table 4.3: Main posts of Recruiting Outsourcing Staff

Name of Post	Found in Number of Tenders
Driver	228
Cleaner	96
Security Guard	60
Pump operator	40
Khalasi	40

Name of Post	Found in Number of Tenders
Gate Operator	37
Office Assistant	36
MLSS	33
Sweeper	28
Cook	27
Gardener	25
Helper	21
Photocopy Operator	15
Bearer	14
Plumber	12
Messenger	12
Muazzin	6
Electrician	5

It is seen that most of the outsourcing staffing has been procured against the post of Driver, which counts to 228 tenders, while some posts like Cleaner, Security Guard, Pump Operator and Khalashi are the following notables in the sequence. It is noted that the posts against which the outsourcing workforce has been procured are not the core posts of the respective Government entities. These posts do not have supervisory/managerial roles in the organisation.

Tendering Method

As per PPA 2006 and PPR 2008, there are several prescribed ways of tendering in the Government procurement process. In this section, an analysis has been done to determine which tendering methods are followed by Government agencies to procure Outsourcing services.

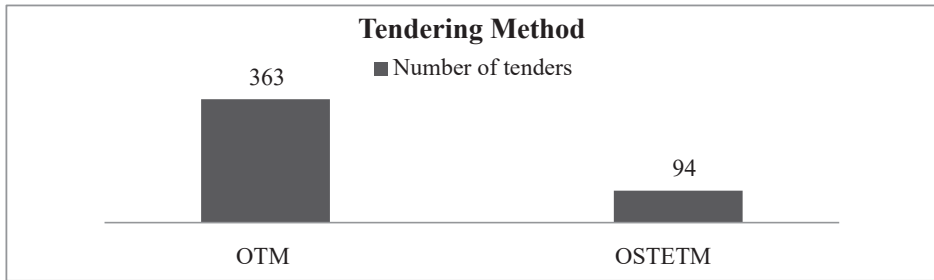


Figure 4.4: *Tendering Method Being Followed*

The study shows that out of the 457 tenders under consideration, 363 tenders (79.4%) have been done following Open Tendering Method (OTM), the most encouraged method in Government Procurement. The rest of the 94 tenders were done following the One Stage Two Envelope Tendering Method (OSTETM), where the technical and financial competencies of the bidders are evaluated in a single stage. However, offers are received in two separate envelopes.

Analysis of Questionnaire

The author has listed major findings by analysing the questionnaire, which was prepared to reckon the performance of the outsourcing employees of the Public Works Department and to explore the views of Supervising Officers regarding the outsourcing initiatives. The questionnaire contained both close-ended and open-ended questions. It was targeted to receive feedback from Civil Service Officers and Sub-Assistant Engineers working in different divisions of the Public Works Department (PWD). Responses were received through online and offline media. Thirty (30) respondents have submitted fully filled-up questionnaires.

Table 4.4: *Working Designation of Respondents*

Name of the post	Number of Respondents	Percentage
Superintending Engineer	2	6.67
Executive Engineer	3	10.00
Sub-Divisional Engineer	5	16.67
Assistant Engineer	15	50.00
Sub-Assistant Engineer	5	16.67
Total	30	100

Table 4.5: *Number of Outsourcing Employees working under the supervision of the Respondents*

Number of Outsourcing Employees (Range)	Frequency (Number of Respondents)
0-3	14
4-7	11
8-11	3
12-15	2

The above table-4.5 provides an idea about the number of Outsourcing employees working under the supervision of the respondents. The maximum number of respondents (14) had 0 to 3 outsourcing staff working under them.

Level of satisfaction, dedication, ownership

From the above table-4.6, it is evident that most of the respondents (63.33%) are satisfied with the quality of service provided by the outsourcing employees working under them. 23.33% are highly satisfied with the service. A few respondents (13.33%) are not satisfied with the service quality obtained from outsourcing staff.

Table 4.6: *Level of satisfaction regarding the quality of services obtained from the Outsourcing Staff*

Response	Number of Respondents	Percentage
Not Satisfied	4	13.33
Satisfied	19	63.33
Highly Satisfied	7	23.33

A substantial portion of the respondents (56.67%) replied that Outsourcing staffs were more dedicated to performing their tasks compared to regular government employees. 30% believed both groups had the same level of dedication. Only 13.33% replied that Outsourcing staffs have a lower level of dedication than regular employees.

Table 4.7: “Level of Dedication” of the Outsourcing Staffs compared to regular Govt. employees

Response	Number of Respondents	Percentage
Less than Regular Govt. Employees	4	13.33
Same as Regular Govt. Employees	9	30.00
More than Regular Govt. Employees	17	56.67

While comparing the Level of ownership, it was found that 53.33% of respondents believed both groups of employees have the same level of ownership and responsibilities. 40% replied that outsourcing staff showed a lower level of ownership, and only 6.67% believed outsourcing employees have a higher ownership level than regular employees.

Table 4.8: “Level of Ownership” of the Outsourcing Staffs compared to regular Govt. employees

Response	Number of Respondents	Percentage
Less than Regular Govt. Employees	12	40.00
Same as Regular Govt. Employees	16	53.33
More than Regular Govt. Employees	2	6.67

As the table-4.9 suggests, a significant portion of the respondents believed there were trust issues between the Outsourcing staff and regular staff. A minor portion (26.67%) opposed this notion, whereas 20% of respondents were not sure about this fact.

Table 4.9: "Trust issues" between Outsourcing Staff and the regular Govt. Employees

Response	Number of Respondents	Percentage
Yes	16	53.33
No	8	26.67
May be	6	20.00

The leakage of sensitive and valuable government information is an issue of major concern. As per obtained feedback, half of the respondents

thought there was the possibility of information leakage from the outsourcing staff. 26.67% believed there was no such possibility, and 23.33% were unsure about it.

Table 4.10: Possibilities of "Information Leakage" from the Outsourcing Staff

Response	Number of Respondents	Percentage
Yes	15	50.00
No	8	26.67
May be	7	23.33

Most respondents are satisfied with the procurement process and fund availability for procuring outsourcing services. But a significant number of respondents (43.33%) face such difficulties.

Table 4.11: Difficulties in the procurement process or fund disbursement while recruiting outsourcing staff

Response	Number of Respondents	Percentage
Yes	13	43.33
No	17	56.67

As per the above table, the majority of the respondents were optimistic about the future of Outsourcing initiatives in the government sector. A few of them (16.67%) believed outsourcing approach might hamper government service in future.

Table 4.12: Opinion on whether the Outsourcing approach will hamper the quality of the Government Service Delivery process in future

Response	Number of Respondents	Percentage
Yes	5	16.67
No	18	60.00
May be	7	23.33

Benefits and demerits of outsourcing

The prepared questionnaire contained three open-ended questions to get a concrete and personalised view of the respondents regarding outsourcing service procurement. The first two open-ended questions were about are significant advantages (s) and disadvantages (s) of outsourcing from the respondents' point of view. At last, there was a portion to provide their final comment and express their preference between Outsourcing recruitment and direct government recruitment against the permanent post.

Table 4.13: *Important benefit/advantage of "Service Procurement through Outsourcing"*

Advantage/Benefit	Number of Respondents	Percentage
Need-based service easily terminates service when the need is exhausted	10	29.41
More obliged and dedicated to taking work pressure	7	20.59
More Active as they are concerned about job security	6	17.65
Qualified people can be recruited based on the specific requirement	3	8.82
Time and cost Saving	3	8.82
Follow orders more precisely	1	2.94
No illicit pressure on authority as there is no trade union	1	2.94
Easy disciplinary action if any misconduct observed	1	2.94
Better service quality	1	2.94
The increased performance level of Regular Staff	1	2.94

Table 4.14: *Major disadvantage of "Service Procurement through Outsourcing"*

Disadvantage	Number of Respondents	Percentage
Lack of ownership	11	30.56
Lack of exact quality, competency and experience	8	22.22
Trust issue/ not trustworthy	7	19.44
Untrained workforce	3	8.33
Lack of dedication	2	5.56
Less accountability	2	5.56
Scope of Unfair Recruitment	1	2.78
Insecurity and discontinuity of service	1	2.78
Demoralised workforce due to lack of job security	1	2.78

Table 4.15: Preference between Outsourcing recruitment and direct government recruitment against a permanent post

Preference	Number of Respondents	Percentage
Outsourcing procedure following proper guidelines and quality	16	53.33
Direct Govt. recruitment against a permanent post	10	33.33
Either Permanent or outsourcing based on specific needs and the nature of the job	4	13.33

Comments of Respondents

Several respondents refrained from directly expressing their preferences between outsourcing and permanent recruitment; instead, they provided some insightful comments based on their experience and understanding. Some of the comments are worth mentioning separately due to their in-depth nature.

Emphasising the capacity-building initiatives of regular employees, one of the respondents stated:

The capacity building initiatives such as training, monitoring and ICT-based workplace can minimise the need for outsourcing workers. We need regular employees who can do their job efficiently in the department. We are not in a position to remove outsourcing altogether but can minimise their number gradually.

(An Assistant Engineer working in Sylhet)

Another respondent stating the long-term convenience of permanent recruitment stated:

The job pressure and volume of work are the determiners, and the volume of work over a particular time should determine the approach. If the volume of work is high for a more extended period, then recruitment for the permanent post is more convenient.

(An Assistant Engineer working in Dhaka)

Expressing opinion regarding the improvement of outsourcing service and thinking from the outsourcing employee's point of view, one of the respondents stated:

Outsourcing is a potential means of service, but some economic benefits like annual increment and termination

benefits for the outsourcing staff will make it viable in the long term.

(A Superintending Engineer working in Dhaka)

DISCUSSION

Drawing on the findings from the analysis of tender-related data obtained from the e-GP website, it is clear that the recruitment of outsourcing staff is gradually getting popular in government offices of different sectors of Bangladesh. However, the recruitment volume varies in different sectors because of the structural strengths and weaknesses. The government entities directly related to providing physical services to the government or the people, like the Ministry of Housing and Public Works, Ministry of Water Resources, Ministry of Energy, Power and Mineral Resources, and Ministry of Agriculture, are the influential recruiters of outsourcing staff.

More in-depth analysis of the e-GP data depicts that the posts against which outsourcing staff are being recruited are primarily non-technical and non-intellectual. Post-wise analysis has pictured that posts like Driver, Cleaner, Security Guard, Pump Operator, Office Assistant etc., are the top recruited posts in the outsourcing process.

From the analysis and the findings of the responses to the questionnaire, it is evident that a considerable portion of the respondents has a positive vibe about the quality of service obtained from the outsourcing staff working under them. Also, in the context of the level of dedication, most of them think that outsourcing staff have more or the same level of dedication compared to regular permanent staff. However, the scenario is different in the case of the level of ownership. A notable portion of the respondents believes that the outsourcing staff lack ownership compared to the regular staff. Also, in the case of trust issues between the two groups of employees, most respondents are convinced about the prevalence of trust issues among outsourcing and regular staff.

Regarding the sensitive issue of official information leakage, half of the respondents believe there is a possibility of information leakage due to outsourcing services. Although one-fourth of the respondents opposed this notion, information leakage can be considered a clear disadvantage. In the case of the procurement of process and disbursing of funds, almost half of the respondents face various difficulties. While expressing an opinion regarding the significant advantages of outsourcing, the respondents mainly focused on need-based service and easy termination of contract, more obedient, active, obliged and dedicated workforce and

saving time and cost. The notable disadvantages are the outsourcing staff's lack of ownership, quality, competency, training and experience. Another critical issue mentioned by several respondents is trust.

While expressing personal preferences between the outsourcing process and regular government recruitment, more than half of the respondents preferred the outsourcing process, and one-third supported direct government recruitment against the permanent post. Both the recruitment processes and staff have notable pros and cons. The preferred solution is the co-existence of both outsourcing processes and exploring the opportunities for skill and capacity development of both groups.

CONCLUSION AND RECOMMENDATION

Despite the importance of outsourcing as a public policy issue and the amount of research devoted to it, the determinants of successful public-sector outsourcing still need to be discovered. Traditional analyses of the issue have focused on cost saving, competition and ownership as the key determinants of success. This research work mainly focused on the quality-of-service aspect in the context of the government sector of Bangladesh, along with the real-life perceptions of the supervising officers who deal with outsourcing staff on a daily basis. The analysis of tender-related data from e-GP has been used to find the significant sectors of outsourcing recruitment and to point out the primary services that are being outsourced in the government arena. These developments reflect an underlying shift in the services being procured by the government. Although previously simple services such as cleaning, cooking, plumbing, etc., were outsourced, more complex services might be transferred into outsourcing in the coming days. This widely used concept of outsourcing has its pros and cons, which are inevitable. Therefore, proper government monitoring based on prevailing rules and regulations will play a vital role in ensuring the successful implementation of outsourcing initiatives in the government sector of Bangladesh. The conventional way of management might need to be reformed to achieve the goals of service outsourcing. Also, the Government of Bangladesh should devise strategic policy options for human capital development critical for adjustment to the structural changes, economic dynamics and realities of employment demands and trends associated with the gradual expansion of outsourcing in the Government sector.

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CONFLICT OF INTEREST

There is no conflict of interest.

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