



# OUTSOURCING OF EMPLOYEES

## *IN HOTEL INDUSTRY*

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**Abstract:** Outsourcing is an important phenomenon in hotel sector. It is changing from a tactical to a strategic perspective, with greater scope and relevance to improving individual competitiveness. To survive economically today, organizations must transform themselves and their markets in an ever-daunting challenge to redefine the business world before it redefines them. To the end, outsourcing has emerged as the single most powerful tool available to executives seeking this level of business change.

Highly significant changes are currently taking place in tourism, with a notable increase in competition between hotel companies and especially between emerging and consolidated tourist destinations. The outsourcing of non-core activities allows the hotel to increase managerial attention and resource allocation to those tasks that it does best and to rely on management teams in other firms to oversee tasks at which the outsourcing firm is at a relative disadvantage.

In Vancouver, the tourism industry has not been spared by the current turbulence in the business environment. The Vancouver hotels, especially at the Coastal strip, have been hard hit recording, declining tourist arrivals. Hence the need to embrace outsourcing as a strategy, that can be used to improve the management of the hotels to level out the environmental turbulence. The study employed a descriptive survey design to establish the extent of outsourcing among the hotels in the County. The yielded results ascertained that outsourcing as a strategy is being employed, though partly. Hence, it is not possible to reap the full advantages of outsourcing, if not fully implemented. There is need to look beyond the poor performance when a strategy fails to yield the desired results and find out the root causes other than disbanding it all together.

**Index Terms - Outsourcing, Hospitality Industry, Employees' Perception, Impact of Outsourcing.**

### INTRODUCTION

Outsourcing is a widespread in the Hospitality Trends. Currently many non-core competencies like laundry, security services, IT, Maintenance services are being contracted out by the hotels to the external service providers, who are capable of providing these services efficiently in line with the hotel's objectives and the guests satisfaction. Hotels are focusing more on their core activities such as food and beverage operations, food production; revenue management etc. through outsourcing hotels receives expertise, latest technologies, latest trends and practices from its outsourcing partners and an increase in the guest satisfaction by saving a lot of cost through outsourcing. But outsourcing also comes with many challenges, since many employees perceive outsourcing as negative and a threat to their jobs and career progress. Outsourcing also impacts an employee's morale. The study aims to analyse the effects of outsourcing in the hotel and lodging sector and assess workers' attitudes about outsourcing. The research will emphasize the best approaches that may be implemented to efficiently handle outsourcing.

Outsourcing is particularly important in the tourism sector, where hotels are increasingly opting to outsource different non-core services and even some services that are more relevant to competitive advantage. The services offered by suppliers nowadays cover almost all the necessary activities for the production of the hotel service. The decision to outsource can allow the firm to free up the necessary resources to focus on the most important aspects and invest in new or increased return processes or new opportunities. At the end of 2014, it was estimated that 30% of employees working in hotels in Spain were outsourced, and forecasts predicted that 60% would be outsourced by 2020. However, given the new circumstances the tourism sector has been going through due to COVID-19, we do not yet know how the levels of outsourcing have been affected, although their effects could be predicted based on different theories of management. Indeed, COVID-19 will change the way companies are managed, especially tourism companies hit hard by the pandemic. In addition, the threat of wars in Europe and the world will create even more uncertainty in the tourism landscape and in the management of tourism businesses. In one scenario, tourism would be affected and recovery would be slower, and tourism spending would be affected due to highly inflated prices for raw materials.

### NEED OF THE STUDY.

The primary aim of a paper is to analyze the views of hotel industry personnel about outsourcing and how it impacts on their job duties and responsibilities.

- To explore the viewpoints of staff members on the outsourcing of various tasks within the hospitality business.
- To ascertain the variables which affect staff attitudes about outsourcing in the hospitality sector, including characteristics such as job stability, work satisfaction, and a sense of justice.
- To evaluate the possible consequences and disadvantages of outsourcing from the standpoint of the hotel industry personnel.

To offer useful knowledge and guidance to hotel owners regarding the effective administration of the outsourcing partnership, while minimizing any adverse effects on employee motivation and work satisfaction.

- To examine the various aspects of outsourcing within the hotel industry.
- To analyse the benefits and challenges associated with outsourcing.
- To provide recommendations to employees' perception.
- To understand the impact of outsourcing on the hotel industry.
- To identify various services that hotels typically outsourced.
- To explore future trends in outsourcing.

#### **DETAILS OF EXPECT MORE PVT LTD.**

##### Company overview

Expect More is a global technocratic organization, endeavoring to provide transformational services in BPO Solutions. Trying to make way to breaking propels in Business Process Services, we are growing quickly over the areas of Customer services, Lead Generation Services, Sales and Support, Backend Support, Process Outsourcing Service, Insurance Renewals, Collection and Recoveries, Cross Selling and Digital Marketing. Our scope of research explores the depths of technology to create real-time analytical solutions. Our information the board approach hold the answer to all your information base requirements.

We have acquired scaled up graphs for our clients across geography. We navigate across the clientele ocean by researching the client's problem as deeply as possible and hence provide the best solutions in BPO services. We even peep into Digital Marketing to advance brands so they grab the top notch. We consider business a trust-building exercise and put resources into client relations to acquire positive social capital.

##### Founding and Background

As a Finance Graduate, the owner Daljeet Singh truly loved to work on turning companies High-Cost In-house operations to meaningful cost-effective solutions, He was blessed to work with American Express in the Initial days of my Career and that gave me an edge to my Education, the purpose of this Venture is to bring closer both the principal company and the Outsourcing company at a platform which is win-win for both.

Being an entrepreneur and worked with Big Corporate gave me a Perspective of Both sides, Expect More will provide one-stop solutions to Banks, Insurance companies, Telecom operators, to outsource their operations and focus on their core business.

##### Corporate Structure

Expect More started its journey in the year 1999 with a small group of 10 employees having a strong vision of transforming service delivery in the BPO sector. The founders knew that the ethics and the delivery of the work has to be star shining and hence the customer satisfaction has to be a prime goal. We are proud to say that we achieved this and by 2020 we grew to a number of 300 and we continue to march towards global pastures.

##### Core Services

Lead Generation Services  
Customer Services  
Sales & Support  
Backend Support  
Process Outsourcing Services  
Insurance Renewals  
Collections & Recoveries  
Cross Selling

## RESEARCH METHODOLOGY

### RESEARCH FOCUS

The central goal of this research is to explore the relationship between the employees outsourced with their perception to the hotel outsourced, specifically in the context of **Expect more solutions Pvt. Ltd.** The key objectives include:

- To analyse the selection of outsourcing partners and benefits of best channel partners.
- To understand how age, income, education, gender, and occupation influence the employees outsourcing.

Outsourcing is a strategic decision that entails the external contracting of determined nonstrategic activities or business processes necessary for the manufacture of goods or the provision of services by means of agreements or contracts with higher capability firms to undertake those activities or business processes, with the aim of improving competitive advantage.

### RESEARCH DESIGN

This study was a survey. It aimed to establish to what extent outsourcing strategy was being employed in the hotel industry and the factors influencing the outsourcing within the industry. In a survey, the researcher explores the existing status of two or more variables at a given point in time.

### DATA COLLECTION METHODS

The study utilized primary data which is more reliable and up-to date and hence the method of choice. The main instrument for data collection was through semi structured questionnaires, which were self-administered. They were given to at least two senior managers in each hotel, who have ample information on the strategic alignment and management of the hotel. The questionnaires were dropped at the hotel and collected later after they have been completed.

The questionnaire used for collection of the primary data was divided into two sections: Section A and section B. Section A collected personal introductory information and the other part sort to collect information on how outsourcing strategy is employed and the factors that influence the adoption of the strategy.

### DATA ANALYSIS

Analysis of data was guided by the research objectives. Descriptive statistics were used to analyse the data as the data collected were qualitative in nature. Qualitative in that it seeks to find out if outsourcing was being practiced in hotels. This was in regard to the different activities that the hotels undertake and so, among these activities which were being outsourced. The extent of the outsourcing was being gauged in terms of percentages as per the respondents.

## RESULTS AND DISCUSSION

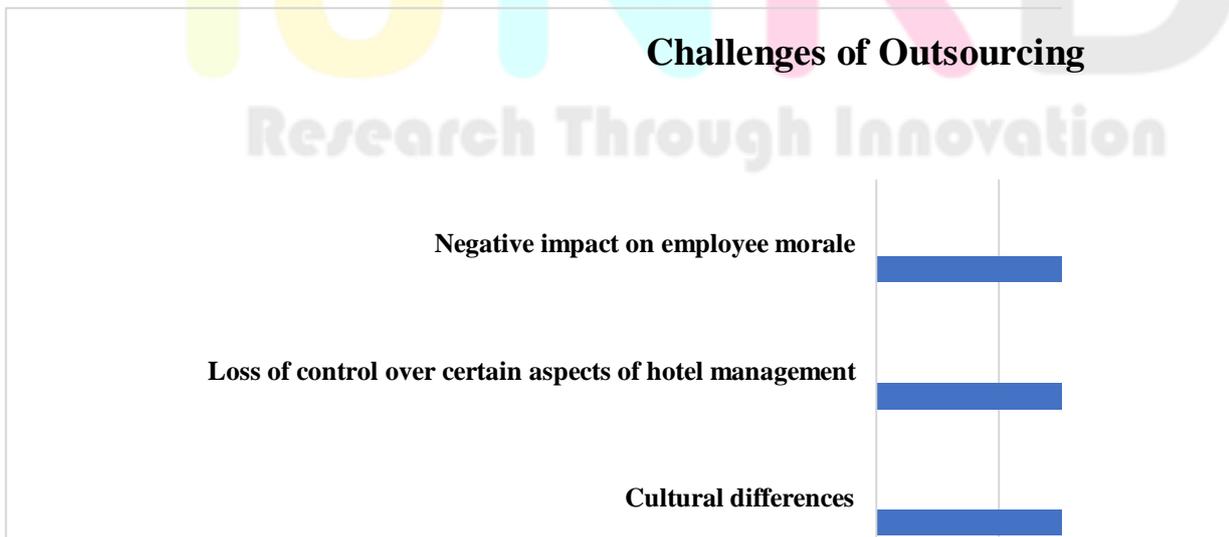
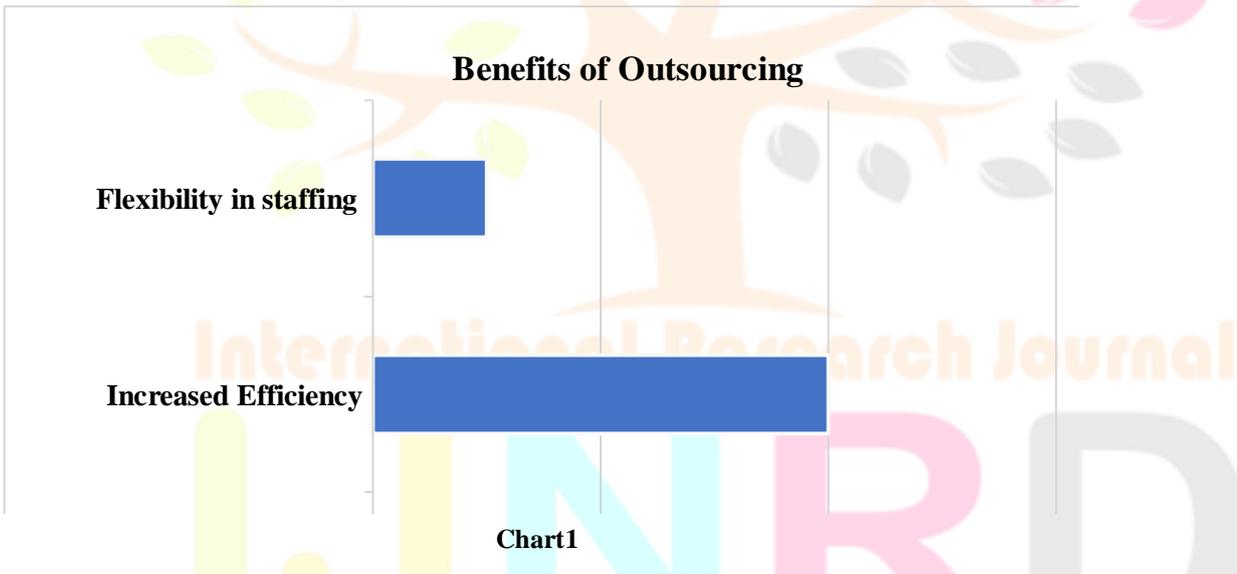
### Factors influencing outsourcing

Factors Influencing Outsourcing	Number of times mentioned	
	Frequency	Percentage
Restrict own activities; to focus on core activities	5	4.24
increase profitability;	9	7.63
Solve capacity problems by shifting to an outside supplier	4	3.39
Make cost transparent;(cost efficiencies)	3	2.54
Reduce cost;	13	11.02
Gain access to knowledge	7	5.93
Use competence which has been developed by supplier;	6	5.08
Restrict own investments in staff/or capital goods.	3	2.54
An institutions policy to increase competition;	4	3.39
Insufficiency in own resources;	5	4.24

Retirement of own personnel;	1	0.85
Belief in mixing direct labour with external contractors;	2	1.69
Belief in cost reduction and quality services;	10	8.47
Lack of special know-how;	5	4.24

Playing along with fashion trend of privatisation;	1	0.85
Requirements for special skills;	9	7.63
To have better adjustments for work fluctuations;	6	5.08
Need for specialist equipment;	10	8.47
To improve customer satisfaction.	15	12.71
<b>TOTAL</b>	<b>118</b>	<b>100</b>

The above tables enlist the factors considered to influence outsourcing decisions by respondents in their respective organizations. Hence the percentage given is an indicator of the frequency of respondents who mentioned the particular activity. The data is normally distributed.



The results presented in this study provide support for the claims of outsourcing proponents that outsourcing allows companies to lower costs and make costs transparent (cost efficiencies), improve service quality, enhance expertise, reduce staff, streamline processes, and thus increase profitability. The study reveals that irrespective of the benefits accrued due to outsourcing, the future plans for outsourcing are quite restrictive. This could still be the fear of losing control over the management of these activities and lack of competent partners to outsource the activities to. In this context, the creation and consolidation of relational capabilities take on special importance because firms operating in a network achieve competitive advantage not only through strengthening their internal capabilities, but also through the idiosyncratic relationships with services companies that lead to an associative competitive advantage. Thus getting the right partners have a substantial influence on the success of outsourcing.

Based on the questionnaire results it appears that a majority of employees are familiar with outsourcing in the hotel industry, and believe that outsourcing has a positive impact on the industry and that the hotels are experiencing high increase in efficiency.

#### INCREASE IN EFFICIENCY

Statement	V. High		High		Average		Low		V. Low		Totals		Mean	STD
	F	%	F	%	F	%	F	%	F	%	F	%		
Increase profitability;	5	2	7	3	5	2	0	0	3	1	2	10	3.7	1.3
		5		5		5				5	0	0	3	7
An institutions policy to increase competition;	0	0	3	1	6	3	6	3	5	2	2	10	2.3	1.5
				5		0		0		5	0	0	5	3
Need to improve customer satisfaction.	15	7	5	2	0	0	0	0	0	0	2	10	4.7	3.3
		5		5							0	0	5	7
<b>Grand Mean</b>													<b>3.6 1</b>	<b>2.0 9</b>

#### CONCLUSIONS

The study suggests that the effectiveness and the success of the outsourcing much depend upon how it is perceived by the hotel employees. The study reveals the perceptions of employees towards outsourcing are both positive and negative, there are employees who perceive outsourcing as threat to their jobs and career growth while there are employees who view outsourcing as a positive decision and perceive it as chance for their personal advancement and progress. The study advises to the hotel managers and its outsourcing partners to take up the issues and suggestions of the staff proactively in order to foster support and acceptance from the employees.

It is imperative for the hotels to ensure that outsourcing initiatives are lined up with the hotel's strategic objectives. It is also important for the hotel to address the issues and concerns of the employees and address them with proper communication, consistent feedback and clear objectives. Likewise, providing funds towards staff training and development may promote the acquisition of important competencies and abilities required to ensure the prosperous implementation of outsourcing endeavours. Hotels might effectively utilize outsourcing to save expenses, boost productivity, and boost guest contentment through resolving staff problems while nurturing acceptance.

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