

OUTSOURCING IN HOTEL INDUSTRY: AN ANALYSIS OF EMPLOYEE ATTITUDES AND PERCEPTIONS IN TRI-CITY CHANDIGARH

Mr. Manoj Semwal*
Dr. Ashish Raina**
Dr. Jaswinder Kumar***

ABSTRACT

Outsourcing is a widespread trend in the Indian Hotels. 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 hotels 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 analyze 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.

KEYWORDS: Outsourcing, Hospitality Industry, Employees' Perception, Impact of Outsourcing.

Introduction

The exercise of outsourcing is popular across the Indian hotel sector, in which hotels appoint outside vendors or contractors to perform certain tasks and services. The practice of outsourcing non-core activities like cleaning, laundry, and security, is quite popular within the Indian hotel sector. The major motivations behind the adoption of outsourcing practices within the Indian hotel business are the quest for cost reduction, better flexibility, and the attainment of specialized knowledge. The exercise of outsourcing allows hotels to focus on their core areas of expertise while at the same time decreasing labour expenses through the engagement of external service providers to carry out few activities. Moreover, the practice of contracting out may provide hotels enhanced operational flexibility, helping them to adjust their outsourcing arrangements according to their precise requirements, whether it involves expanding or reducing their outsourcing activities.

The Indian Hotel industry is encountering many issues with respect to the outsourcing of activities. Maintaining the quality standards is the major problem faced by the hotel industry. The issue is encountered due to importance for the outside vendor to adhere to the given benchmarks with respect to quality and service and also the necessity to maintain the effective coordination and communication with the vendor to ensure seamless services to the customers.

For that reason, the practice of outsourcing in the Indian hotel industry presents a multidimensional problem covering several benefits and obstacles. Hotels must thoroughly evaluate the prospective advantages and downsides of contracting out before to reaching a conclusion, and they must skillfully manage their outsourcing partnerships to guarantee the realization of their planned objectives.

* Ph.D Research Scholar, Hotel Management, CT University Ludhiana, Punjab, India.

** Associate Professor (HOS), Hotel Management, CT University Ludhiana, Punjab, India.

*** Assistant Professor, UIHTM, Panjab University, Chandigarh, Punjab, India.

Review of literature: Following are the literature review related to the employee attitudes towards outsourcing in the Hotel Industry.

Nupur Rastogi and Shilpi Sehgal (2018) in their study explored the impact of outsourcing on employee job satisfaction in the hotel industry. It was established that outsourcing may have a negative influence on the employee's job satisfaction owing to job security, lack of control over work procedures, and reduction in the prospects related to training and development.

Aseem Kumar Sharma and Rahul Kumar Sharma (2017) in their study investigated the impact of outsourcing in retaining the staff in the hotel business. The study highlighted the impact of outsourcing on the increased employee turnover due to poor work satisfaction, less opportunities for career enhancement, and reduced job security.

Nikhilendra Singh Yadav and Rajendra Prasad Gautam (2017) examined in their study the perception of hotel staff on outsourcing the activities to external supplier and the study found that generally the hotel staff has negative perception about the outsourcing due to their concern of the various factors like job stability, equity, and the level of interaction between management and employees.

Karthikeyan Ramanathan and Chandrasekaran Velayutham (2017) observed the influence of outsourcing on the level of quality of service within the hotel sector. The study revealed that outsourcing can adversely affect service quality as a result of challenges in upholding quality standards, inadequate coordination between outsourced and in-house personnel, and reduced employee motivation.

S. Sridharan and P. S. Aithal (2017) assessed the effect of outsourcing on the financial efficiency of hotels. The study discovered that outsourcing may reduce expenses result in cost reductions and enhanced financial outcomes. However, it is crucial to consider the possible disadvantages, such as reduced quality of service and staff morale, in order to maintain a equilibrium. A study by Caprioglio and Migliaccio (2018) Investigated the effect of the outsourcing upon staff behaviours and mindsets within the hotel business. The research showed that the process of outsourcing may adversely impact staff perceptions towards their jobs, which causes reduced work satisfaction, lower levels of dedication, and a higher rate of staff turnover.

Ayman Bahgat et al (2019) explored in their study the issue of job security among the staff in hotel industry. The study revealed that staff perceives the outsourcing as the reason for job security, which further result in poor satisfaction towards their job and may also result in quitting of their jobs by the hotel staff.

Pandey and Singh (2019) studied the influence of outsourcing on employee's opinions on equity within the hotel sector. The study showed that the utilization of outsourcing may result in employees experiencing unjust treatment, which in turn result in reduced satisfaction with work and greater intentions to move on from the organization.

A study by Sanjay Singh and Poonam Singh (2017) investigated the perception of hotel employees towards the factor of motivation among hotel staff due to outsourcing of activities to outside supplier and it is revealed that outsourcing poorly impact the levels of motivation among staff due to feeling of estrangement, less prospects for professional growth and with no control over the working of the external supplier.

Shivani Khatri and Manish Kumar (2018) studied the influence of outsourcing on the job performance of the hotel employee. The study reveals the negative impact of outsourcing on the performance of an employee, due to reduced motivation, work satisfaction and low levels of chances for training and advancement.

Objectives of the Paper

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.

Data Sources and Research Methodology

The research incorporates a study based upon the primary data collected through a structured surveys collected from the employees of hotel industry in Chandigarh tri-city. A stratified random sampling method was employed on a sample of 100 respondents. The questionnaire carried closed ended questions and they were asked from the representative sample of employees from the various departments in the hotels, with different job positions having varied choice of standpoints and skills. The research paper explored various literatures available on the area of outsourcing in hotel industry. Various industry reports, magazines, academic article and case studies were explored to understand the outsourcing in hotel industry and its impact on different stakeholders in the hotel industry. The quantitative statistical tools such as descriptive statistics, pie charts and diagrams were employed to analyze the data

Outsourcing by Indian Hotel Industry

Hotels in India are not very far when it comes to outsourcing the non-core activities to external supplier in order to focus on core competencies. Many big Indian Hotel chains have been using outsourcing for a very long time to gain various advantages it provides. The Oberoi group of Hotels in India has been outsourcing its Housekeeping services to a specialized service provider, having expertise in providing and maintaining great cleaning standards. The landscaping and horticulture is also contracted out for better maintenance and well maintained property. Taj Group of Hotels is also outsourcing some of its activities to outside vendor such as laundry service and security services for ensuring safe stay for its guests.

Facility management services such as hotel maintenance is delegated to outside vendor having specialization in similar service by the ITC hotels so that they can focus on providing the more important Guest experience. The security is also outsourced for making the Guest stay safe and comfortable. Marriott International has also contracted out its IT services to the service providers those are adept at handling the intricate IT systems, helping Marriott to leave its non- core activity to an expert service provider ensuring safe and up to date service ,while focusing on the core activities.

As per the study conducted and published by a prominent hospitality consulting business, the hotel industry in India is all set to grow at a CAGR of 5 % in the period between 2019-2023. The report showed that outsourcing is beneficial for hotels as it improve the efficiency of hotels as well as helps in reducing the operational costs of the hotel. It was stated that the external service providers provides the hotel with much required expertise in bringing new technology and specialized skills. The outsourcing has been noticed to provide the business opportunity for many service providers in hotel industry. Despite outsourcing having its own pros and cons, still the outsourcing has become a most important trend in the Indian hospitality industry as it gives the industry the much needed edge in the operational efficiency.

Impact of Outsourcing in Hotel Industry on Employees

Outsourcing in the hotel sector can yield both favourable and unfavourable consequences for staff. Some Possible impacts include:

- Job insecurity: the hotel employees perceive outsourcing as something which make them insecure about their jobs and fear it can take away their jobs.
- Decreased job satisfaction: the hotels employees fears being marginalized due to outsourcing and also perceive their work may not be appreciated due to outsourcing.
- Decreased motivation: the outsourcing results in lower employee morale as they believe the outsourcing can reduce their job significance and also less control over the work process.
- Limited career advancement opportunities: Contracting can restrict workers' opportunities for advancement by introducing outside vendors to do greater activities that used to be performed by workers.
- Loss of organizational knowledge: outsourcing of internal activities to outside service provider may reduce the expertise and organizational knowledge; because it is perceived that the external vendor may not have the same degree of awareness about the organizational culture and practices as internal employees.

- Nevertheless, it is important to acknowledge that outsourced services may also provide certain beneficial outcomes for staff members, such as:
- Improved job security: outsourcing may also help in cost saving for the hotels due to which the business remains competitive with no layoffs resulting in providing job security to hotel employees.
- More specialized work: Outsourcing helps professionals to concentrate on core competencies that align with their expertise and abilities, resulting in improved satisfaction with work and motivation.
- Increased training opportunities: when hotels outsource some of their activities the external service provider brings their skills, latest technology and processes to hotels which create opportunities for the internal staff to learn them resulting in new learning and skills.
- More flexible work arrangements: outsourcing is seen to provide flexibility in work for the hotel employees.

Employees Perception of Outsourcing

Outsourcing is a practice which is being adopted by many hotels these days for achieving many benefits but the employees have different perception about the outsourcing some employees perceive it as something which negatively impacts them as they believe outsourcing can take away their jobs, and they fear for their jobs. While many employees have positive perception about the outsourcing as they believe it can open many world of opportunities for them.

The negative perception of employees towards outsourcing is due to fear of losing their jobs because hotels are outsourcing their many activities to outsiders which instill the concerns about the jobs among the employees, they see it as potential threat as they believe hotels wants to replace them with the cheaper workforce.

At the same time many employees have a very positive perception about outsourcing as they believe it opens the door for them towards new opportunities, they get better learning and development choices, because of the introduction of latest technologies and trends by the external suppliers who are better adept at handling those specific jobs, and it can significantly reduce burden from the internal employees as they can focus on the core activities and result in increased work satisfaction.



Figure 1: Factors affecting employees perception of outsourcing in hotel industry

- **Job Security:** the perception of employees about outsourcing depends on how they identify outsourcing in their hotels if they notice outsourcing leads to job losses they may view it as negative. (Fitzgerald & Boyle, 2006).
- **Employee Loyalty:** contracting out the activities to external service providers may be viewed negatively by the employee, because employees may view it as the company doesn't trust them and their loyalty towards the organization is not valued. (Al Ariss & Sidani, 2011)
- **Communication:** it is important for an organization to keep its employees communicated about outsourcing decision if it doesn't inform its employee; they may view it as breach of trust and may also develop negative perception about it. (Kaufman & Teicholz, 2011).
- **Organizational Culture:** the organizational culture is very important and if the employee feels valued and appreciated by the organization, the employee perception about outsourcing is very positive. At the same time if employee perceive the organization culture as more inclined to cost cutting, the employee may again develop negative perception about it. (Chen, 2013).
- **Training and Development:** the employees must be well trained to adopt changes in the working environment and if the organization doesn't provide or value the importance of training to its employees, employees may develop negative perception. (Weerawardena & O'Cass, 2004).
- **Management Support:** Staff are likely to have an increasingly favourable perception of outsourcing when they believe that leadership is appreciative of the decision to outsource. (Javalgi & White, 2002)

It is very important for the success of the company to clearly inform any decision taken by the company, proper communication must be made with the staff regarding any decision taken to outsource the activities and promptly address any issues which an employee puts forward as it is must require building a very cooperative and positive working environment.

Table 1: Employees Perception of Outsourcing in Hotels

Sr. No.	Question	Responses	Frequencies
1	How familiar are you with outsourcing in the hotel industry?	Very familiar Somewhat familiar Not familiar	55 30 25
2	Do you believe outsourcing has a positive impact on the hotel industry?	Strongly agree Agree Neutral Disagree Strongly disagree	20 45 20 10 5
3	What do you think are the benefits of outsourcing in hotels? (Select all that apply)	Cost savings Access to specialized skills and expertise Increased efficiency Flexibility in staffing	60 25 20 5
4	What do you think are the challenges of outsourcing in hotels? (Select all that apply)	Quality control issue Communication difficulties Cultural differences Loss of control over certain aspects of the hotels Negative impact on employee morale	30 25 20 10 15
5	How do you think outsourcing affects job security in the hotel industry?	Increases job security Has no impact on job security Has decreased job security	5 20 75
6	In your opinion, what is the overall impact of outsourcing on the hotel industry?	Very positive Somewhat positive Neutral Negative	5 30 20 45

Data Analysis and Interpretation

Based on the questionnaire results, it appears that a majority of employees (55%) are familiar with outsourcing in the hotel industry, and believe (65% respondents) that outsourcing has a positive impact on the industry.

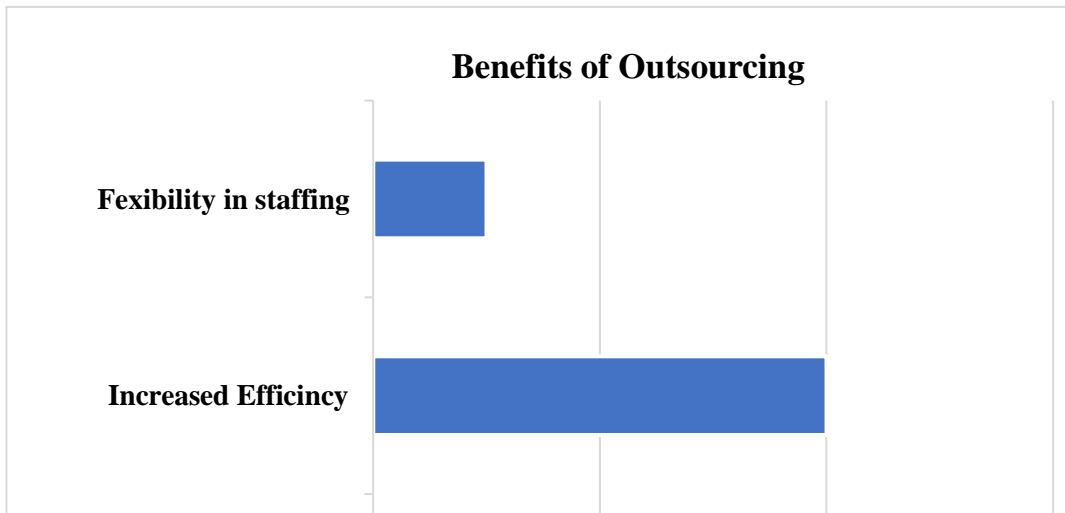


Chart 1

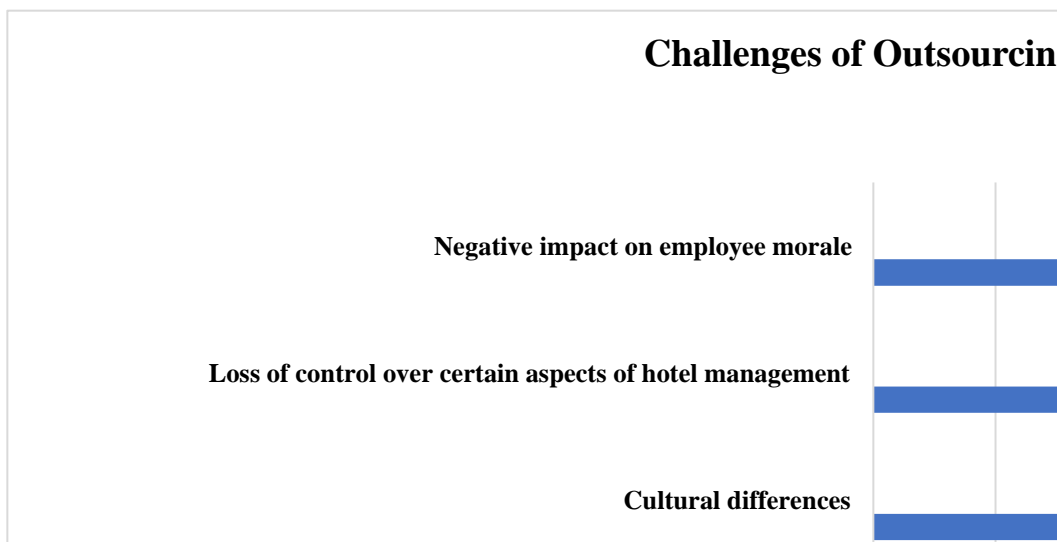


Chart 2

However, there's still ambiguity about the advantages and difficulties linked to outsourcing, illustrated in the above graphs numbered 1 and 2, correspondingly although an overwhelming majority of employees (60%) view cost reductions as a significant advantage of outsourcing, a significant portion of respondents (30%) also voice apprehensions over control of quality problems. Additionally, a smaller percentage of respondents (15%) express worries about the potential negative effects on staff morale. Moreover, a significant majority of employees (75%) hold the belief that outsourcing leads to a reduction in job security within the hotel business.

The results align with the prior studies on the practice of outsourcing within the hotel business. Choi and Colleagues (2011) took a study and revealed how outsourcing might generate economic savings. However, it is noticed that it can also give rise to challenges in quality control, communication, and managing cultural differences. In a further investigation conducted by Bakker and Colleagues 2017, revealed that outsourcing may negatively influence the employee confidence, work satisfaction, and job security, especially when employees view the outsourcing as a straight danger to their occupations. The results of the study suggests the ways to reduce the negative impacts of the outsourcing of activities by

the hotels, the staff must be trained and provided ample opportunities for growth and career advancement, the communication with the outsourced employees, the staff must be provided good remunerations and incentives. A research by Tansley and Watson (2008) and many other prior studies revealed training and development opportunities provided to the employees helped them cope in a better way with the changes that come with the outsourcing decision. A study by Hinkin and Tracey (2000) highlighted that the staff feels more engaged and committed if the proper communication with respect to outsourcing is made with them. Therefore, the results of the data analysis of the above study specify that hotels must meticulously evaluate the possible advantages and difficulties of outsourcing, and adopt ways to minimize any adverse effects on their staff.

Recommendations

Following recommendation have been suggested based on the data analysis conducted from the current study as well as the from the past researches and studies on the hotel industry:

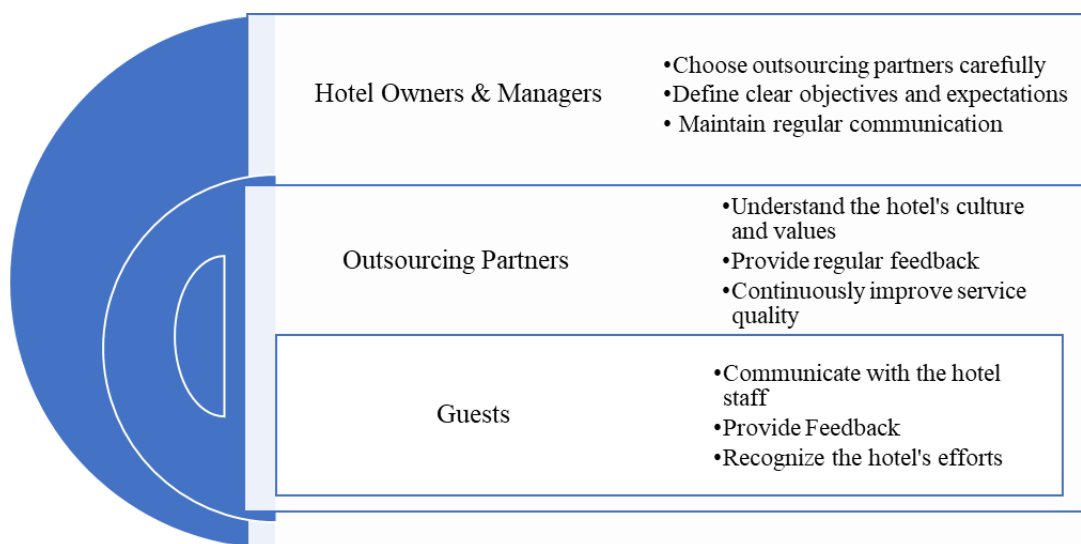


Figure 2: Best Practices to manage Outsourcing effectively

- **Hotel Owners and Managers**
 - **Choose Outsourcing Partners Carefully:** it is suggested to the hoteliers to carefully choose the external service providers. The reviews from the other hotels be taken, their reputation in market and experience in handling the operation be carefully reviewed before finalizing the contract. (Molavi, 2019)
 - **Define Clear Objectives and Expectations:** the aims and expectations from the service partners must be established and conveyed to the partner to synchronize the strategic goals of the hotel to that with the efforts which are required from the service partner. service level agreements (SLAs) must be laid out to summarize the standards of quality, scope of work and criteria for measuring performance. (Molavi, 2019)
 - **Maintain Regular Communication:** it is advised to the hotels to make continuous and clear communication with the outsourcing partner so that any issues that arises with time are regularly addressed, the expectations are met and both hotel and outsourcing partner are on the same page in order to achieve the goals. (Sekaran & Bougie, 2016).
- **Outsourcing Partners**
 - **Understand the Hotel's Culture and Values:** for the outsourcing partners to get introduced to the hotels operating procedures, values and culture is very important in order to synchronize them with the brand and goodwill of the hotel. This way the service providers can serve the hotel guest in efficient way and avoid confusions from being created. (Molavi, 2019)

- **Provide Regular Feedback:** to understand whether the guest expectations are being met by the service provider as desired by the hotel, it is important for the hotel to take continuous feedback from the guest regarding the service provided by the outsourcing partners. (Sekaran & Bougie, 2016)
- **Continuously Improve Service Quality:** it is expected from the service partner to keep investing in the training and development, latest technologies and trends in order to satisfy the needs of the hotels guest and enhance the competitive advantage of the hotel. (Molavi, 2019).
- **Guests**
 - **Communicate with the hotel staff:** Guests are expected to clearly convey their requirements and anticipations to the hotel employees, and then hotel staff must then collaborate with the external service provider to make sure the fulfillment of the guest's requirements. (Sekaran & Bougie, 2016)
 - **Provide Feedback:** guest must clearly inform about any problems and the areas which need improvement to the hotel staff and provide feedback on their requirements and their experiences to the hotels so that hotels can incorporate those feedback and improve their services. (Molavi, 2019)
 - **Recognize the Hotel's Efforts:** Guests should acknowledge and applaud the hotel's endeavors to offer top-notch outside assistance, since this could act as a source of motivation for the hotel personnel and outsourcing partners to regularly provide superior customer service. (Sekaran & Bougie, 2016)

Conclusion

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 hotels 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 endeavors. Hotels might effectively utilize outsourcing to save expenses, boost productivity, and boost guest contentment through resolving staff problems while nurturing acceptance.

References

1. Rastogi, N., & Sehgal, S. (2018). Outsourcing and its impact on employee job satisfaction in the hotel industry. *Journal of Tourism and Hospitality Management*, 6(1), 18-28.
2. Sharma, A. K., & Sharma, R. K. (2017). Impact of outsourcing on employee retention in hotel industry. *International Journal of Management and Applied Research*, 4(3), 171-178.
3. Yadav, N. S., & Gautam, R. P. (2017). Employee perception towards outsourcing in hospitality industry. *Journal of Hospitality and Tourism Management*, 31, 134-143.
4. Ramanathan, K., & Velayutham, C. (2017). Outsourcing and its impact on service quality: a study of the hotel industry. *Journal of Tourism and Hospitality Management*, 5(1), 1-11.
5. Sridharan, S., & Aithal, P. S. (2017). Outsourcing in hotels and its impact on financial performance. *International Journal of Research in Tourism and Hospitality*, 2(2), 1-9.
6. Caprioglio, H., & Migliaccio, M. (2018). The impact of outsourcing on employee attitudes and behavior: Evidence from the hotel industry. *International Journal of Hospitality Management*, 76, 117-127.
7. Bahgat, A., Abdel Fattah, A., & Fikry, A. (2019). The impact of outsourcing on employee job security in the hotel industry. *Journal of Hospitality and Tourism Technology*, 10(2), 277-292.

8. Pandey, A. K., & Singh, P. K. (2019). Outsourcing and perceived fairness in the hotel industry: An empirical study. *Journal of Hospitality and Tourism Management*, 40, 100-108.
9. Singh, S., & Singh, P. (2017). The impact of outsourcing on employee motivation: Evidence from the hotel industry. *Journal of Tourism and Hospitality Management*, 5(1), 28-36.
10. Khatri, S., & Kumar, M. (2018). Impact of outsourcing on employee performance in hotel industry: A study of hotels in Delhi-NCR region. *Journal of Tourism and Hospitality Management*, 6(2), 54-64.
11. Aramburu, N., & Legazpe, N. (2017). The impact of outsourcing on job satisfaction: Evidence from the hotel industry. *Journal of Business Research*, 75, 114-123.
12. Blanke, J., & Chiesa, T. (2018). Employee perceptions of outsourcing in the hotel industry. *Journal of Human Resources in Hospitality & Tourism*, 17(3), 293-313.
13. Deery, M., & Jago, L. (2015). Revisiting talent management, work-life balance and retention strategies. *International Journal of Contemporary Hospitality Management*, 27(3), 453-472.
14. Kim, M. J., & Yoon, H. H. (2015). The effects of outsourcing on job satisfaction and turnover intention of hotel employees. *Journal of Hospitality & Tourism Research*, 39(2), 234-258.
15. O'Neill, J. W., & Xiao, Q. (2016). Outsourcing, insourcing, and employee satisfaction: Evidence from hotel housekeeping departments. *Cornell Hospitality Quarterly*, 57(1), 79-90.
16. Amlan, A., & Hemanta, S. (2016). Outsourcing in hotels: A review of literature. *Journal of Tourism Research*, 12(1), 38-47.
17. Blanke, J., & Chiesa, T. (2018). Employee perceptions of outsourcing in the hotel industry. *Journal of Human Resources in Hospitality & Tourism*, 17(3), 293-313.
18. Deery, M., & Jago, L. (2015). Revisiting talent management, work-life balance and retention strategies. *International Journal of Contemporary Hospitality Management*, 27(3), 453-472.
19. Kim, M. J., & Yoon, H. H. (2015). The effects of outsourcing on job satisfaction and turnover intention of hotel employees. *Journal of Hospitality & Tourism Research*, 39(2), 234-258.
20. O'Neill, J. W., & Xiao, Q. (2016). Outsourcing, insourcing, and employee satisfaction: Evidence from hotel housekeeping departments. *Cornell Hospitality Quarterly*, 57(1), 79-90.
21. Pant, A., & Ravishankar, M. N. (2016). A review of outsourcing in the hospitality industry: Challenges and opportunities. *International Journal of Contemporary Hospitality Management*, 28(4), 713-731.
22. Sundaram, D. S., & Krishnan, R. (2016). Employee perception towards outsourcing in hotels. *International Journal of Hospitality and Tourism Systems*, 9(3), 35-40
23. Molavi, R. (2019). Outsourcing in the Hospitality Industry: Opportunities and Challenges. In D. K. Sharma & D. R. Singh (Eds.), *Strategic Management in Hospitality and Tourism* (pp. 139-160). Springer.
24. Sekaran, U., & Bougie, R. (2016). *Research Methods for Business: A Skill Building Approach*. John Wiley & Sons.
25. Fitzgerald, L., & Boyle, M. (2006). The impact of outsourcing on the employment relationship: Evidence from the Australian hotel industry. *Asia Pacific Journal of Human Resources*, 44(2), 225-237.
26. Javalgi, R. G., & White, D. S. (2002). The impact of outsourcing on employee attitudes: A longitudinal study in the hotel industry. *Journal of Human Resources in Hospitality & Tourism*, 1(4), 37-53.
27. Kaufman, J. B., & Teicholz, P. (2011). Outsourcing and its effects on employees' trust in management: Lessons from the hotel industry. *Journal of Human Resources in Hospitality & Tourism*, 10(3), 238-256.
28. Al Ariss, A., & Sidani, Y. (2011). Reactions of hotel employees to outsourcing: The case of Lebanon. *Journal of Human Resources in Hospitality & Tourism*, 10(4), 337-355.
29. Chen, L. C. (2013). An empirical investigation of the effects of outsourcing on hotel service quality. *Journal of Quality Assurance in Hospitality & Tourism*, 14
30. HVS ANAROCK. (2019). *Hospitality Industry Overview - India*. Retrieved from <https://www.hvs.com/article/8496-hospitality-industry-overview-india>.