EXAMINING THE ATTITUDES OF HOTEL MANAGEMENTS TOWARDS OUTSOURCING UTILIZATION

ALANYA’DAKİ OTEL İŞLETMELERİNİN DIŞ KAYNAK KULLANIMINA YÖNELİK TUTUMLARININ İNCELENMESİ

Yusuf Emre KARAKAŞ’† Berat ÇİÇEK**

Abstract

In this study, it has been aimed to put forward the conditions of outsourcing usage, which is applied in many sectors, in hotel managements in Alanya (Turkey). The scientific survey model has been employed in the present study. In this way, an attempt has been made to define hotel managements’ usage of outsourcing, their attitudes towards using it, and the effects of it on the firms. The questionnaire form used as a data collection tool has three parts. The first part contains questions for evaluating the situation. In the second part, the managers’ opinions about the usage of outsourcing to provide services are taken. The third part is aimed at getting information about demographic features and the characteristics of the hotel. The aim has been to collect data from participants without changing any idea or information. It is expected to help the firms and sectors in the area make strategic decisions on outsourcing application.

Key Words: Outsourcing, Hotel Managements, Alanya Area

Özet


† Business Development Specialist, y.emrekarakas@gmail.com
** Rsch. Asst., Mus Alparslan University, Department of Business Administration, bcicek@alparslan.edu.tr
toplantısısı ve mevcut durum hakkında deneklerin görüşlerinin alınması hedeflenmiştir. Araştırma, bölgedeki ve sektördeki işletmeler için stratejik karar alında, dış kaynak kullanımının daha etkin uygulanması hususunda katkı sağlanması beklenmektedir.

Anahtar Kelimeler: Dış Kaynak Kullanımı, Otel İşletmeleri, Alanya Bölgesi.

1. Introduction

The rules of the third millennium’s business’ world dwell on the basic concepts of information, change, and future focusing. This fact of change, revealing itself especially in every field of business life, refers to the single static fact. One of the preconditions to survive in today's business world is to be able to have a variable organizational structure. To achieve that, firms resort to benefiting from outsourcing, which is one of the tendencies of management. Benefiting from outsourcing has increased especially in recent years. Depending on its increasing importance, enterprises whose real area of activity is consultancy for benefiting from outsources have aroused.

In dealing with outsourcing decisions, it should be pointed out that research has been based on the transactional costs theory receiving much empirical support in explaining outsourcing decisions (Monteverde & Teece, 1982; Walker & Weber, 1984, 1987; Murray, Kotabe & Wildt, 1995; Lyons, 1995).

In today's market, because of the rising competition and intense competitive conditions, it is an obligation for firms to follow the improvements in the management perception for which they have to be favored in the market. The firms which do not follow the new improvements weaken in competing, and cannot cope with their rivals in terms of the quality of product and service, and price. Outsourcing is regarded as a technique providing important advantages from the point of both utilization of specialty’s yields and putting the outcomes on the market in a quality and appropriate manner.

Many studies on outsourcing have revealed that this method provides many advantages with a right application whereas it can subject firms to disadvantages if it is applied in the wrong way. That's the reason; it has been searched by the firms about the satisfaction of the customer in a competitive environment which is related to the outsourcing, being an important method in view of its advantages.

As is known, hotel managements are suitable for using outsourcing based on their framework. In hotel managements, different departments resort to using outsourcing. However, as the hotels in tourism industry are seen risky as an area of using outsourcing in national and international and there is rare research in this matter, it is necessary to search this matter. The aim of this study has been to specify outsourcing in hotel managements. It is aimed for the results to serve as a model for other managements in the market through
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the determination of needed factors and the results for a successful outsourcing utilization.

2. Definition Of Outsourcing Utilization

Outsourcing utilization is the action of an establishment to transfer its repeated activities and the rights of decision-making to another establishment from outside by defining the frame with a contract. In other words, outsourcing utilization can be defined as creating value by focusing on one’s basic abilities and providing other activities from different firms that are specialized in those matters.

Ecerkale and Kovancı (2005: 36) have defined outsourcing as follows: a management does not produce a service within its own scope, but leaves the matter to another firm specialized in that matter.

Although there is no definite date in the literature about the starting date of the outsourcing utilization, it is known that outsourcing has been used since old times (Corbett, 2004: 14). The documents proving outsourcing utilization date back to the Roman period. Accordingly, outsourcing usage is thought to be going back because tax collection was given to non-management units on the purpose of performing in a productive and systematic way in the Roman period.

Outsourcing usage started to be used in many production areas as a result of industrialization movement. In the 18th and 19th centuries, an example was to give work of producing metal stuff for firearms to other firms.

Modern usage of outsourcing started in the 1980s because of the global stagnation experienced by firms in their core businesses. Thus, they became smaller by using outsourcing to decrease their costs. In the 1990s, seeing its benefits and opportunities other than cost reduction, firms started to apply outsourcing utilization strategically.

We can basically divide outsourcing usage into four categories, which are as follows:

**Peripheral Serves:** Most firms implement all the activities within their own scopes apart from the peripheral serves like refectory, cleaning and cafeteria by giving them to a supplier from outside. Thus, firms do not employ staff for peripheral serves, and have a flexible structure by focusing on their works.

**Helper Network:** It refers to management going far from centralization and having a flexible, active, and reforming structure. Thus, as a result of decrease in bureaucracy, firms obtain stepping for changing conditions and competitive advantage.

**Strategic Cooperation with Suppliers:** The managements may leave other functions to vendors by running to core activities in outsourcing utilization to have the superiority
in competition. This application causes firms both to get smaller and to improve effective work periods. Moreover, agreeing with vendors provides firm cost advantage from a strategic perspective. In fact, this model is that outsourcing utilization is emphasized as the peripheral serves in view of working with vendors.

3. Methodology

3.1. Area of Research and Sample

The research area chosen is Alanya (Turkey), one of the main European tourist summer vacation venues. A single location is chosen because most of the relationships established by businesses are confined to single locations strategically and organizationally (Rodrigues, 2004: 711). The area research had been decided, the number of 4-5 star category hotels in the area.

In this regard, the managers working in 64 4-5 star hotels in Alanya were chosen through the random sampling method. The questionnaire form was delivered to 300 people. However, only 226 of 300 questionnaire forms returned. Returning per cent is %75.3.

At the stage of forming the questions, literature and previous studies about the subject were utilized. To detect the research reliability, the Cronbach's alpha parameter was taken into consideration. According to the research results, general alpha value was found to be 0.94. Measurements of validity were divided into three groups: logical or content; inner or criteria; and construct validity. In this study, each question was regarded to be interrogative for the subject and research. Also, we discussed with four upper stage managers and eight academicians from different branches and degrees to determine the suitability of the questionnaire for the research purpose. It was regarded if the possible results reflected the facts or not by examining the questionnaire content critically.

The survey form used as data collection tool consisted of three parts. In the first part, it was aimed to get information about outsourcing usage in hotel managements. Within this scope, the first nine questions employed nominal scale while the tenth question employed likert type interval scale. In the second part, the managers' thoughts were determined about the outsourcing utilization for procuring services. 7 likert type scales were used for determining their thoughts. In the third part, nine categorical questions were asked for getting information about demographic features of the managers and the characteristics of hotel management.

3.2. Hypothesis

The hypotheses formed to find answers for the research problem are as follows:
H1: There is a relationship between the situations in which hotel management benefits from outsourcing and viewing this as a strategic decision for the firm.

H2: There is a relationship between the situations in which hotel management benefits from outsourcing and the numbers of rooms.

H3: There is a relationship between a firm's kind of ownership and the states of benefiting from outsourcing.

H4: There is a relationship between the firm's activity year and the states of benefiting from outsourcing.

H5: There is a relationship between the term in which the firm is open and the states of benefiting from outsourcing.

H6: There is a relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance.

H6a: There is a relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of animation services.

H6b: There is a relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of housekeeping services.

H6c: There is a relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of catering services.

H6d: There is a relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of security services.

H6e: There is a relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of sale spaces services.

H6f: There is a relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of education services.

3.3. Data Analysis

Needed data were gathered via questionnaires administered to participants, and raw data were transferred to computer environment. In line with the research purpose, the SPSS 16.0 (Statistical Package for The Social Science) software was used. In the sample, frequency distribution was analyzed to define demographic and hotel related features of hotel managers. For testing research hypotheses, x-square analysis was employed. An x-square test is aimed at testing the relationships and differences between variables. It
is a non-metric method used in social science research in particular. This method used for testing categorical featured variables can be employed within three scopes: x-square coherence, x-square independence, and x-square homogeneity tests. X-square coherence tests if there is a significant difference between observed values and expected values for each category. X-square dependence test is used for defining if there is any relationship or difference between two or more variables. X-square homogeneity is for testing if two or more independent samples come from the same mass or not (Kalaycı et al. 2005: 90-94).

In the research hypotheses, x-square test was used to see if there was any relationship or not between the state of benefiting from outsourcing and the different features of hotel managements.

The analysis was conducted based on the significance levels of 0.01 and 0.05.

### 3.3.1. Supplementary statistics

In this section, personal information of involved managers and general information of their hotels are specified along with frequency distributions.

According to gender distribution of samples, 35.4% are female and 64.6% are male. In view of their age, 29.6% of them are 30 or younger, 34.5% are between 31 and 35, 18.1% are between 36 and 40, 11.5% are between 41 and 45, and 6.2% are 46 or older.

According to their education level, 0.4% are primary school graduates, 4.4% are secondary school graduates, 35.8% are high school graduates, 23.9% have associate degrees, 34.5% have bachelor’s degrees, 0.9% have post-graduate degrees. The examination of the education received by participants shows that the education of 29.2% is related to tourism, and the education of 70.8% is not related to tourism education. 5.8 of the participants are business owners, 13.3% are managers, 2.2% are assistant managers, 10.2% are finance managers, 43.4% are managers in other departments, and 25.2 are the staff.

In 28.3% of the hotels included in the present study, there are 100 to 150 rooms while 26.1% have 151 to 200 rooms, 12.8% have 201 to 250 rooms, 7.1% have 251 to 300 rooms, and 25.7% have 301 or more rooms. 80.1% are family businesses, 6.6% are national independent businesses, 9.3% are national series businesses, 1.3% are foreign series businesses, and 2.7% are with management contracts. 4.0 of the business firms have been operating for 3 or fewer years, 11.5% are 3 to 5 years, 28.8% are 5-7 years, 15.5% are 7-9 years, and 40.3% are 9 and more years. While 39.4% of the firms operate throughout the year, 60.6% are open only seasonally.

### 3.3.2. Hypothesis Analysis

For the first research hypothesis, 'There is a relationship between the situations
in which hotel management benefits from outsourcing and viewing this as a strategic decision for the firm.' x-square test statistic was used. Whereas 87.4% of the managers, using outsourcing, see outsourcing as a strategic decision, 12.6% of them do not. Whereas 70.5% of managers who cannot benefit from outsourcing see outsourcing as a strategic decision, 29.5% of them do not. The x-square statistic value aimed at determining the relationship between the situations in which hotel management benefits from outsourcing and viewing this as a strategic decision for the firm was found to be 7.564, statistically significant at 0.01 significance level. In short, the firms using outsourcing see it as a strategic decision more in comparison to those which do not benefit from outsourcing. Thus, the H1 alternative hypothesis was accepted.

For the second research hypothesis, 'There is a relationship between the situations in which hotel management benefits from outsourcing and the numbers of rooms', the x-square test statistic was. According to that, 89.1% of those who have 100 to 150 rooms benefit from outsourcing whereas 10.9% do not use outsourcing. 61.0% of the firms with 150 to 200 rooms benefit from outsourcing whereas 39.0% do not. 86.2% of the firms with 250 rooms benefit from outsourcing whereas 13.8% do not. 87.5% of the firms with 251 to 300 rooms benefit from outsourcing whereas 12.5% do not. 86.2% of the firms with more than 301 rooms benefit from outsourcing whereas 13.8% do not. The x-square statistic value aimed at determining the relationship between the situations in which hotel management benefits from outsourcing and the numbers of rooms was found to be 19.584, statistically significant at the 0.01 significance level. In short, there is a relationship between the situations in which hotel management benefits from outsourcing and the numbers of rooms. Thus, the H2 alternative hypothesis was accepted.

For the third hypothesis of the research 'There is a relationship between the firm's kind of ownership and the states of benefiting from outsourcing.' the x-square test statistic was used. According to that, whereas 81.8% of the family firms benefit from outsourcing, 18.2% do not. 100.0% of the national independent firms benefit from outsourcing. Whereas 71.4% of national series businesses benefit from outsourcing, 28.6 do not use it. 100.0% of the foreign series firms do not benefit from outsourcing. Whereas 66.7% of management contracted firms benefit from outsourcing, 33.3% do not use it. The x-square statistical value aimed at determining the relationship between the firm's kind of ownership and the states of benefiting from outsourcing was found to be 18.057, statistically significant at the 0.01 significance level. In short, there is a relationship between the firm's kind of ownership and the states of benefiting from outsourcing. Thus, the H3 alternative hypothesis was accepted.

For the fourth hypothesis of the research 'There is a relationship between the firm's activity year and the states of benefiting from outsourcing.' the x-square test statistic was
used. According to the findings, 100.0 of the firms operating for 3 or less years benefit from outsourcing. Whereas 84.6% of the firms operating for 3-5 years use outsourcing, 15.4% do not use it. Whereas 87.7% of the firms operating for 5-7 years use outsourcing, 12.3% do not use it. Whereas 42.9% of the firms operating for 7-9 years use outsourcing, 57.1 do not use it. 84.6% of the firms operating for 3-5 years use outsourcing whereas 15.4% do not use it. 86.8% of the firms operating for 9 and more years use outsourcing whereas 13.2% do not use it. The x-square statistic value aimed at determining the relationship between the firm's activity year and the states of benefiting from outsourcing was found to be 38.553, statistically significant at the 0.01 significance level. In short, there is a relationship between the firm's activity year and the states of benefiting from outsourcing. Thus, the H4 alternative hypothesis was accepted.

For the fifth hypothesis of the research 'There is a relationship between the term in which the firm is open and the states of benefiting from outsourcing.' the x-square test statistic was used. According to the findings, whereas 75.3% of the firms operating throughout the year benefit from outsourcing, 24.7% do not. Whereas 83.9 of the firms operating only seasonally benefit from outsourcing, 16.1% do not. The x-square statistic value aimed at determining the relationship between the term in which the firm is open and the states of benefiting from outsourcing was found to be 2,581, statistically insignificant at the 0.05 significance level. In short, there is not a relationship between the term in which the firm is open and the states of benefiting from outsourcing. Thus, the H5 alternative hypothesis was rejected.

For the sixth hypothesis of the research 'There is a relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance.' the x-square test statistic was used. Whereas 1.6% of the firms using outsourcing state that outsourcing has not any effect on financial performance in animation activities, 8.2% state that it has few effects, 6.6% state that they do not have any idea, 53.3% state that outsourcing is effective, and 30.2% state that it is very effective. 100.0% of the firms which do not benefit from outsourcing state that it is effective on financial performance. The x-square statistic value aimed at determining the relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of animation services was found to be 7.574, statistically insignificant at the 0.05 significance level. Thus, the H6a alternative hypothesis was rejected.

Whereas 12.1% of the firms using outsourcing state that outsourcing has not any effect on financial performance in housekeeping services, 19.8% state that it has few effects, 4.4% state that they do not have any idea, 47.8% state that outsourcing is effective, and 15.9% state that it is very effective. 11.1% of the firms which do not benefit from outsourcing state that outsourcing is not effective on financial performance of
housekeeping services whereas 88.9% state that it has effects. The x-square statistic value aimed at determining the relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of housekeeping services was found to be 6.161, statistically insignificant at the 0.05 significance level. Thus, the H6b alternative hypothesis was rejected.

Whereas 11.1% of the firms using outsourcing state that outsourcing has not any effect on financial performance in catering services, 26.4% state that it has few effects, 2.7% state that they do not have any idea, 42.3% state that outsourcing is effective, and 17.6% state that it is very effective. 44.4% of the firms which do not benefit from outsourcing state that outsourcing has few effects on financial performance of catering services whereas 33.3% state that they do not have any idea and 22.2% state that it is effective. The x-square statistic value aimed at determining the relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of catering services was found to be 23.591, statistically significant at the 0.01 significance level. Thus, the H6c alternative hypothesis was accepted.

Whereas 7.1% of the firms using outsourcing state that outsourcing has not any effect on financial performance in security services, 23.6% state that it has few effects, 4.4% state that they do not have any idea, 50.5% state that outsourcing is effective, and 14.3% state that it is very effective. 11.1% of the firms which do not benefit from outsourcing state that outsourcing has few effects on financial performance of security services whereas 33.3% state that they do not have any idea and 55.6% state that it is effective. The x-square statistic value aimed at determining the relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of security services was found to be 16.108, statistically significant at the 0.01 significance level. Thus, the H6d alternative hypothesis was accepted.

Whereas 6.0% of the firms using outsourcing state that outsourcing has not any effect on financial performance in sale places services, 19.8% state that it has few effects, 9.9% state that they do not have any idea, 42.3% state that outsourcing is effective, and 22.0% state that it is very effective. 100.0% of the firms which do not benefit from outsourcing state that outsourcing has effects on financial performance of sale places services. The x-square statistic value aimed at determining the relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of sale places services was found to be 11.532, statistically significant at the 0.05 significance level. Thus, the H6e alternative hypothesis was accepted.

Whereas 4.4% of the firms using outsourcing state that outsourcing has not any effect on financial performance in education services, 8.2% state that it has few effects, 8.2%
state that they do not have any idea, 43.4% state that outsourcing is effective, and 35.7% state that it is very effective. 33.3% of the firms which do not benefit from outsourcing state that outsourcing has few effects on financial performance of education services whereas 66.7% state that it is effective. The x-square statistic value aimed at determining the relationship between the states of benefiting from outsourcing and the effects of outsourcing on financial performance of educational services was found to be 11.123, statistically significant at the 0.01 significance level. Thus, the H6f alternative hypothesis was accepted.

4. Discussion And Conclusions

Managers find outsourcing important for their firms. In most of the businesses, outsourcing is employed. The firms which do not benefit from outsourcing state their reason for non-use as follows: The suppliers in the market do not serve in enough quality, and thus they do not plan to benefit from outsourcing. Hotel managements give importance to core competences related to purchase, personnel selection, staff kitchen, sales & marketing and core kitchen within their own scopes. They can implement these activities without turning to outsourcing. They prefer to benefit from outer suppliers for the group 2 activities especially like animation, hotel inside sale, water sports and advertisement which do not form the hotel's core competences.

Group 2 activities are closer to the core competences and must be outsourced almost within the limits of the organization by means of strategic alliances. Therefore, in the process of complementary outsourcing activities, a type of hybrid is formed between the firm and the market in order to manage them (Bello, Dant, Dant & Lohtia, 1997; Barney, 1999). This does not mean that a firm can neglect the outsourcing of non-core activities, since if they function poorly, it will have a negative impact on the customers' perception of quality (Rodriguez, 2004: 718). According to the findings, one of the reasons for the hotel managements to prefer outsourcing is to raise quality and fertileness.

When the effect of outsourcing on the financial performance is observed, animation services is the first to be preferred, second is security services, housekeeping is the third, sale places is the fourth, education services is the fifth, and catering services is the sixth.

In hotel managements, it is widely argued that outsourcing cannot be used in front office, catering departments, and the room cleaning part of the housekeeping department. The reason is that these departments form the core competence of the hotel, and they are thought to be under the control of hotel management. In addition, it is suggested that outsourcing should not be used in executive and personnel selection fields. However, it is thought that outsourcing can be used in technical service, square cleaning and laundry parts of the housekeeping department as well as in the services excepting the core
activities like animation service, education, advertisement, sale activities, security and following services, information system services.

The theoretical proposals of Loh and Venkatraman (1992), who state that the activities which can be outsourced are mainly those with poor performance and in which the firm does not possess the best abilities, have been confirmed. In this respect, when hotels have a greater capability for performing activities than outside suppliers, they do not need to outsource them. Therefore, they will outsource those activities that they cannot perform and retain-house those pertaining to their core competences (Argyres, 1996)

The firms using outsourcing think outsourcing as a strategic decision more than those who do not benefit from it. There is a relationship between benefiting from outsourcing and the numbers of room in firms, the ownership kind of firms, and the year of action of the firms. There is not any relationship between the term in which the firms are open and their usages of outsourcing.

There is not any relationship between the states of benefiting from outsourcing and its effects on financial performance in animation and housekeeping services. On the other hand, there is a relationship between the states of benefiting from outsourcing and its effects on financial performance in catering, security, sale places and education services.

The usage of outsourcing, as a management strategy in hotels, has proliferated in recent years. In hotel managements in Alanya, the services in which outsourcing is used are housekeeping, square cleaning, laundry, animation and security services. In this study, an attempt has been made to analyze and explain the conditions of outsourcing utilization.

The firms that prefer outsourcing need to understand that outsourcing has a strategic importance and benefiting from outsourcing does not mean a deficiency of the management. It is important to follow the outsourcing process in departments for the sake of hotel quality, service and costs. If outsourcing is applied for the first time, it should not be applied in all departments. Instead, it is necessary to choose a pilot department in order to decide whether to use it or not. This is because; outsourcing can be either harmful or useful for the hotel managements.

References


