

# Outsourcing: A study on Benefits to Housekeeping Department in Hotels

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## Abstract

Major hotels and corporate companies are relying more and more on outsourced professional housekeeping service providers to cater to their needs. This study focuses on the reasons of outsourced services in Housekeeping department and its impact on Housekeeping operations. In an effort to do so, a survey in the form of a questionnaire was conducted from the sample comprising employees of 27 star category hotels of Mumbai & Pune cities. The respondents were employees from the Executive Housekeepers to the associates' categories of the Housekeeping department. It has been observed that outsourcing is practiced in most of the Hotels to sustain cost effectiveness, improves performance of existing employee, saves time, improves service quality and improves efficiency of department.

## 1. Introduction

The term outsourcing was introduced in the mid-1980s. However, the idea of hiring someone else to do specific jobs or of dividing labour has existed for hundreds of years. In business, outsourcing can be found everywhere; whether big or small, simple or complex. During the pre-1900s, the outsourcing was primarily focused on labour intensive production tasks and business activities outside the company's core competitiveness, such as outsourcing printing press, food preparation and janitorial work, hiring the seasonal migrant farm workers and so on.

Hotels are increasingly opting for outsourcing and contract services to sustain cost effective housekeeping operations and to ensure that the resources and assets of the property are utilized to

the maximum. Major hotels and corporate companies are depending mostly on outsourced professional housekeeping service providers to cater to their needs. Rapid changes in the business environment require senior management to adopt strategies that focus on both current success and to invest in those activities that will promote a competitive advantage for future success. Many managers view outsourcing as the only way to keep a business competitive into the twenty-first century.

Hotels in India are increasingly looking at outsourcing as a means of curtailing operational costs, increasing efficiency and saving space. Outsourcing has grown from being limited to laundry operations to areas such as housekeeping, horticulture, F&B, security, spa and IT.

**2. Objectives**

- i.) 2.1. To study the outsourced services in Housekeeping department.
- ii.) 2.2. To identify reasons for outsourcing Housekeeping Services.
- iii.) 2.3. To study the impact of outsourcing Housekeeping services on operations.

**3. Literature Review**

- I. Commons (1931), Coase (1937) and Williamson (1975) stated Outsourcing is a widely excepted business tool for achieving business goals. “It is commonly being preferred to use as when in house activities are higher than buying products or services from the market”.
- II. Kliem, (1999); Quinn (1999) stated conditions Outsourcing not only serves the advantage to the existing staff to concentrate on core organizational activities but also focuses on achieving key considered objectives, followed by lowering costs or stabilizing overheads costs, and ultimately gaining cost advantage over the competition, providing flexibility with respect to changing market, and most importantly reducing investment in high technology.
- III. Teece, (1992) mentioned that the increasing importance of this field of research has led to the need of more studies to deeply analyse its causes and consequences. Outsourcing is a kind of organizational relationship with very specific terms and relationships regarding a lapse of time for which determined activities directly related to core competences of one firm are transferred to another specialized firm. It refers to the type of ‘agreements where two or more businesses participate in trying to achieve the same objective by sharing resources and activities’
- IV. Ehie (2001) and Kremic et al. (2006) stated the different items measuring outsourcing benefits.

<b>Organizational benefits</b>	<b>Business benefits</b>
1. Shortens activities development cycles	1. Allows focusing on core activities
2. Improves technologically operations	2. Produce cost savings
3. Allows access to latest technologies	3. Reduce capital expenditures
4. Reduces training costs	4. Transfer fixed cost to variable
5. Improves management processes	5. Allows to focus on internal business improvement
6. Increases innovations trends	6. Improves strategic positioning
7. Reduces organizational risks	7. Get rid of problem functions
8. Builds entry barriers for competitors	8. Legal compliance
9. Permit access to skills and talent	9. Legal compliance

- V. Momme (2001) indicates different sourcing strategies: make or buy, outsourcing, in-sourcing, and strategic sourcing. The most common types of outsourcing are traditional and transformational or strategic outsourcing. In general, there exist three main clusters of reasons

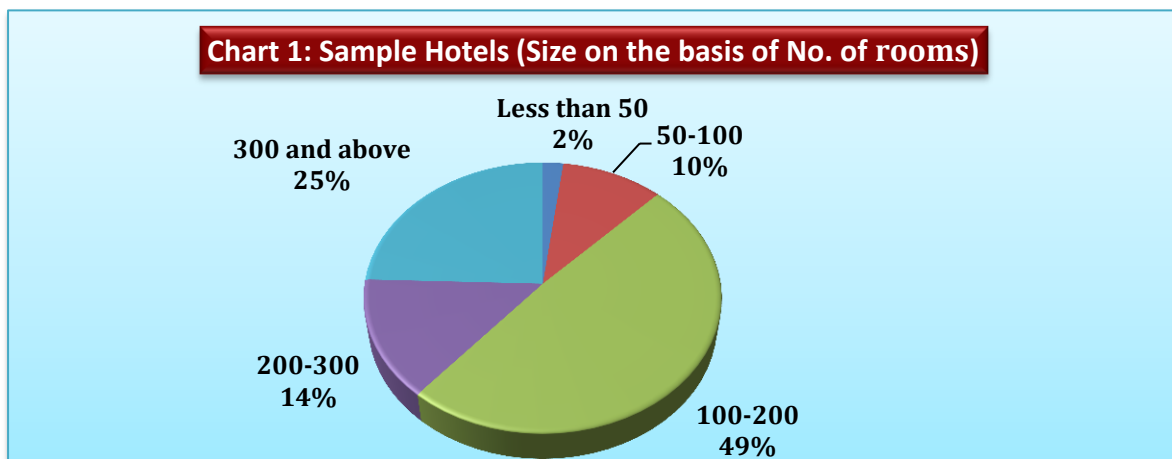
driving the outsourcing decision – reducing cost, improving operational performance and developing competencies. The range of outsourcing arrangements has evolved to match these needs. The value added by outsourcing is significantly different in each case and the relationship and governance issues are substantially different. Traditional outsourcing is tactical, focused on operational level, its main reason is to cutting costs, and it is focused on non-core activities.

- VI. Espino-Rodriguez and Gil-Padilla, (2005); Ford & Farmer, 1986; Johnson, 1997; Saunders, Gelbet, & Qing, 1997 stated Ten advantages of hotel outsourcing were identified from a review of theoretical and empirical literature on the main strategic advantages of outsourcing Outsourcing allows hotels to:
- i. Acquire capabilities and skills that are difficult to provide with internal resources;
  - ii. Increase flexibility in performing hotel operations;
  - iii. Focus on the hotel’s core activities;
  - iv. Reduce investment;
  - v. Complement hotel resources and capabilities;
  - vi. Access more qualified and experienced personnel;
  - vii. Acquire the service more cheaply than if it were performed by the hotel;
  - viii. Receive good service from suppliers;
  - ix. Facilitate the performance of in-house hotel operations;
  - x. Reduce hotel costs.

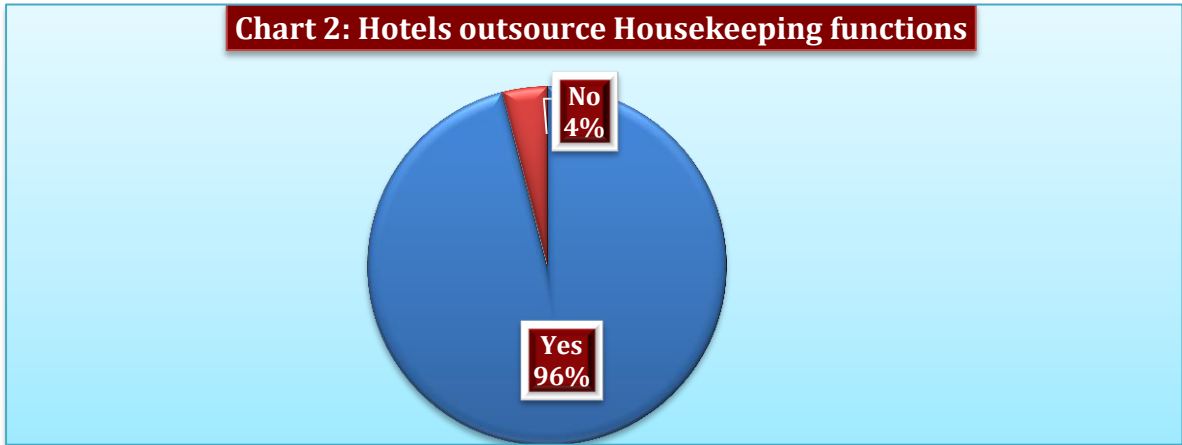
#### 4. Research Methodology

- **Collection of Data:**  
The data required for the research was collected using the following techniques:
- **Questionnaire:** A questionnaire was drafted constituting straight forward and relevant questions and circulated over to the sample to obtain their responses.
- **Sampling:** The sample comprised of employees of Housekeeping department of 27 star category Hotels of Mumbai and Pune cities.
- The required secondary data was collected from journals, books & internet.

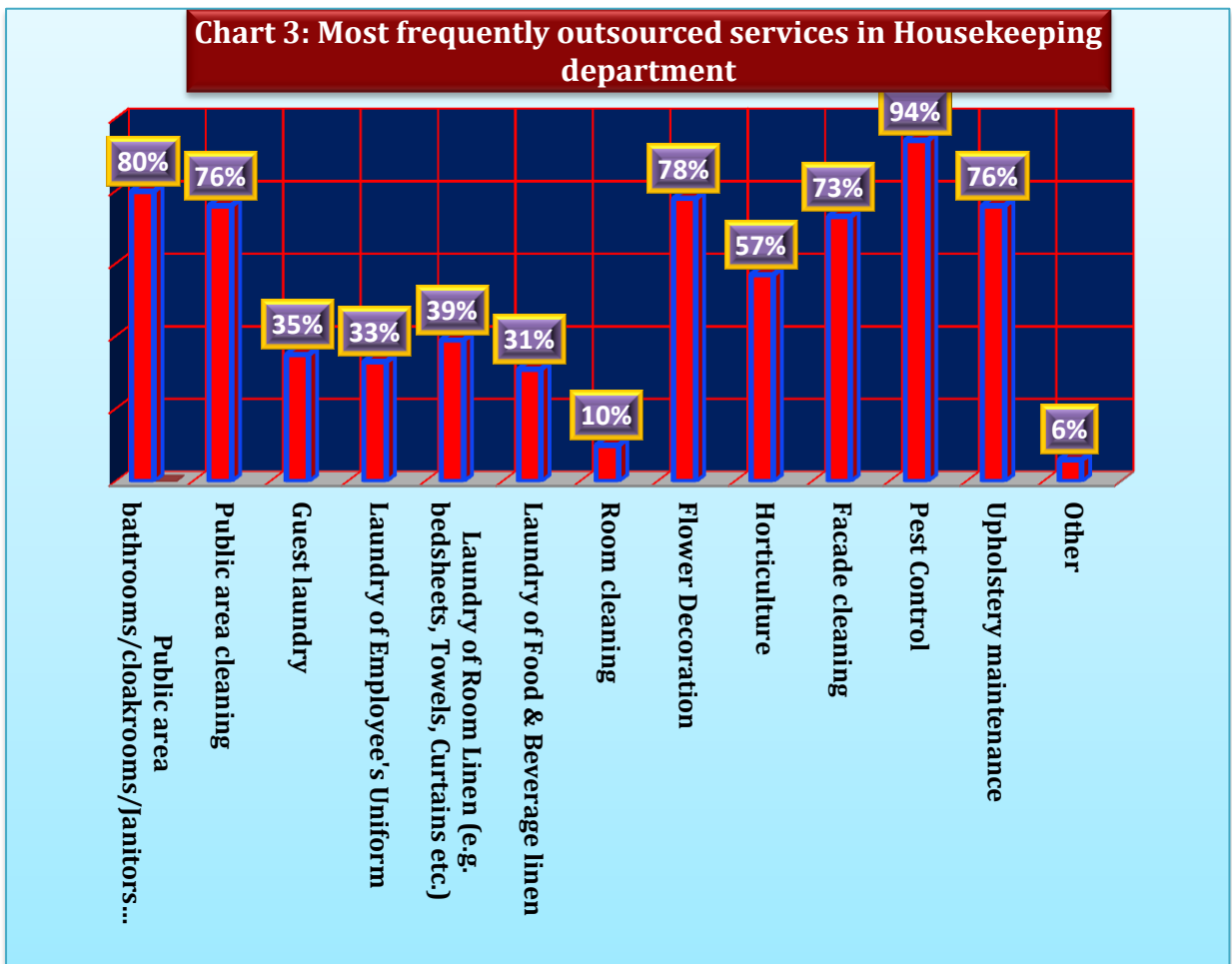
#### 5. Data Analysis



This study considered 27 hotels of various sizes. Maximum respondents are from Hotels with 100-200 rooms.

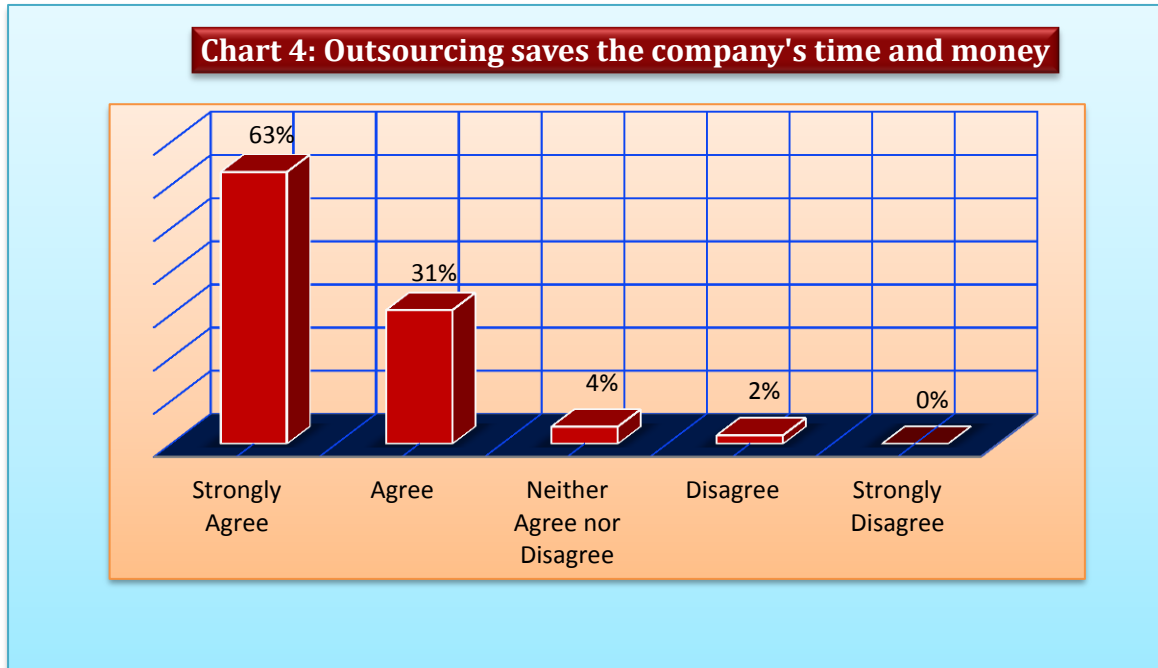


It was observed majority of star category hotels outsource Housekeeping functions.



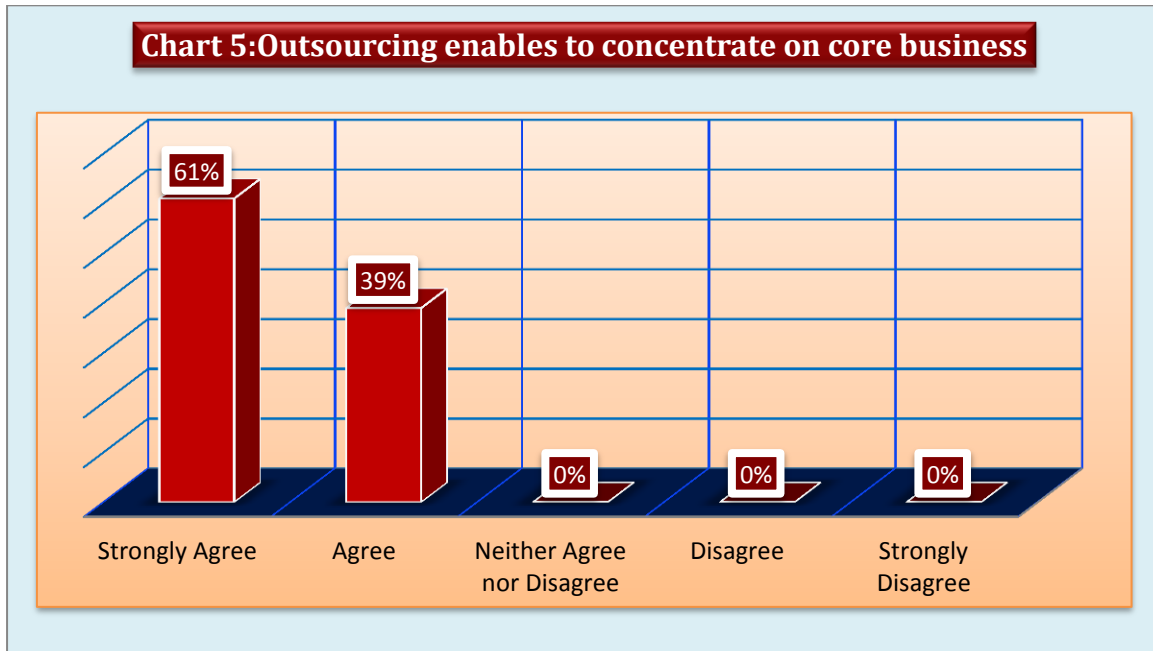
**Interpretation:** This research study signifies the above facilities are outsourced. However, Pest Control services are outsourced by maximum Hotels.

**Reasons of Outsourcing Housekeeping Services**



**Interpretation**

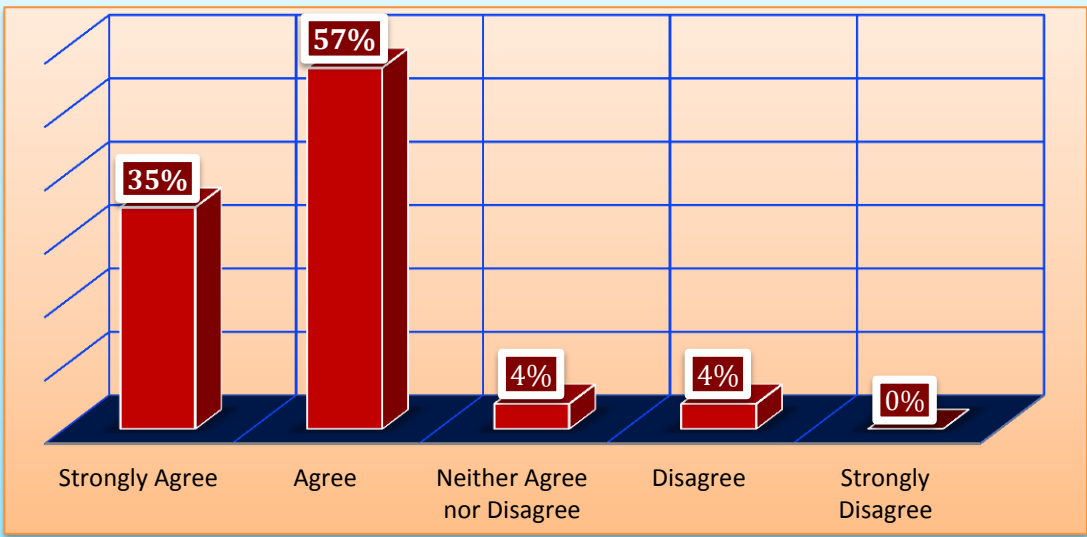
The industry agrees that outsourcing saves the time and money for the company.



**Interpretation**

The industry completely agrees to the fact that Outsourcing enables to concentrate on core business activities.

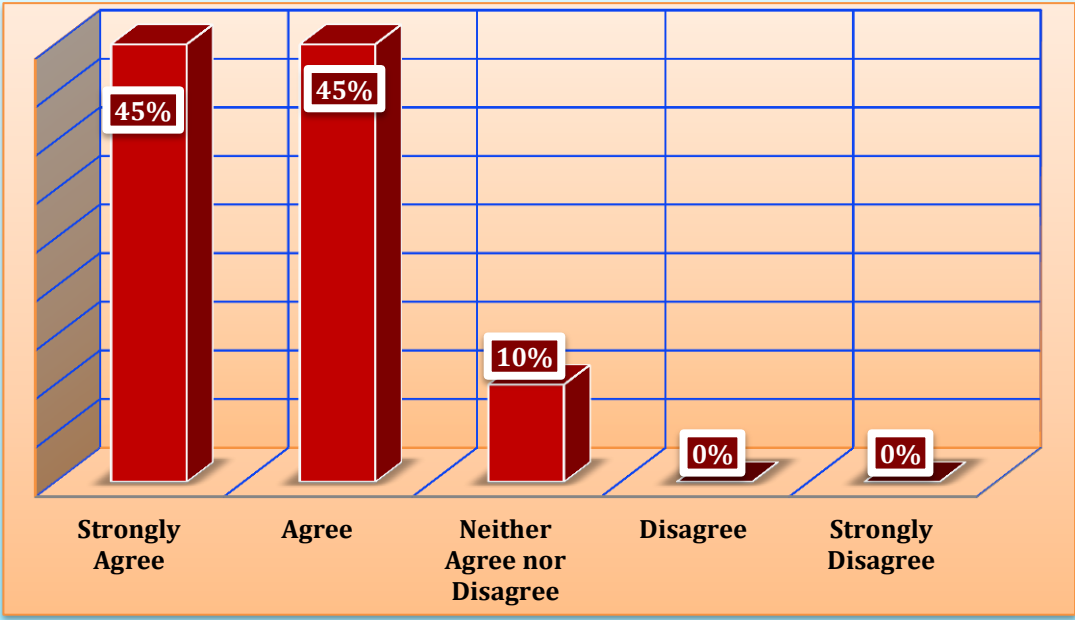
**Chart 6: Outsourcing increases the quality of service**



**Interpretation**

The majority of Hotel employees agree that outsourcing increases the quality of service.

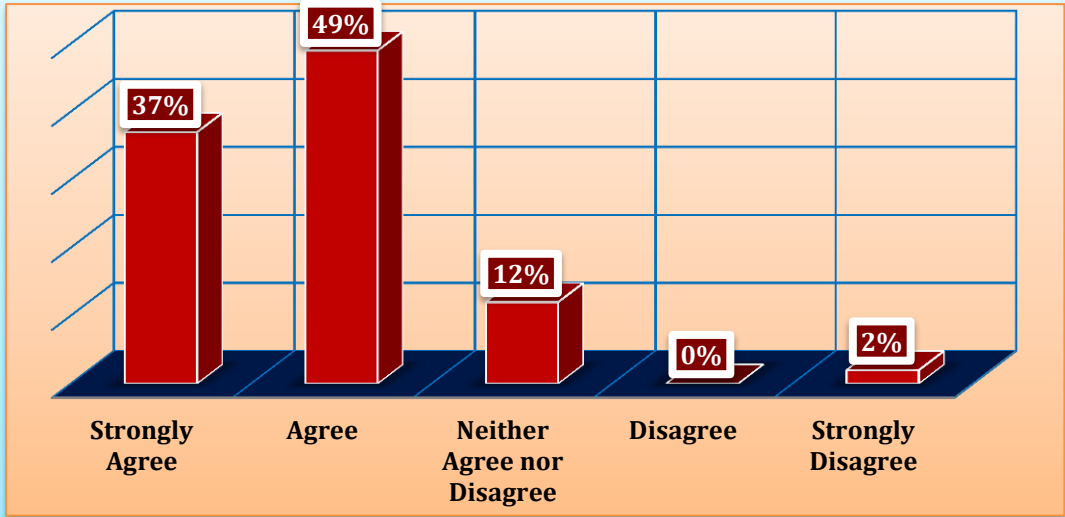
**Chart 7: Outsourcing increases productivity**



**Interpretation**

The above data shows that 90% hotel employees agree that outsourcing increases productivity.

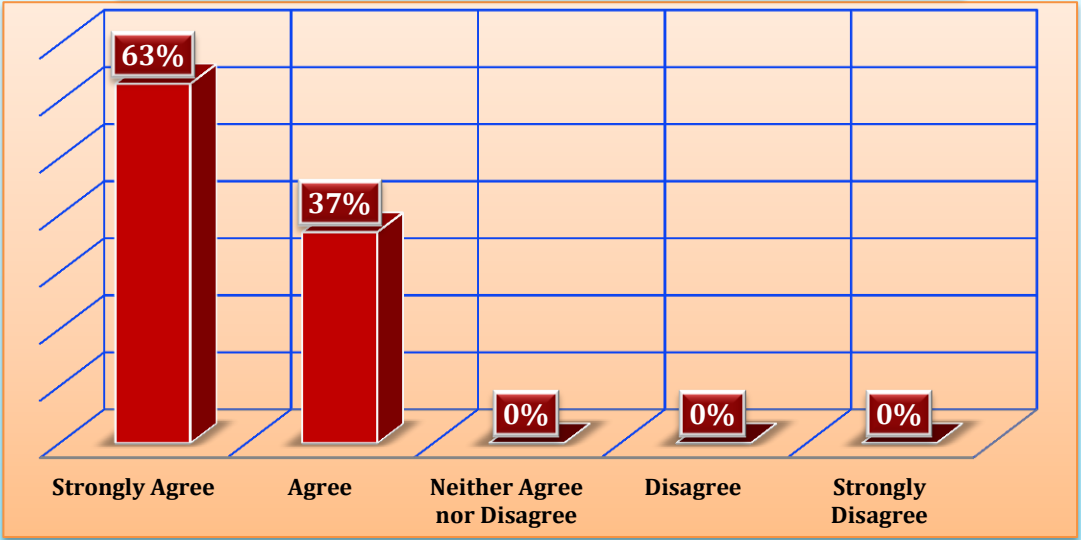
**Chart 8: Outsourced areas have become more efficient**



**Interpretation**

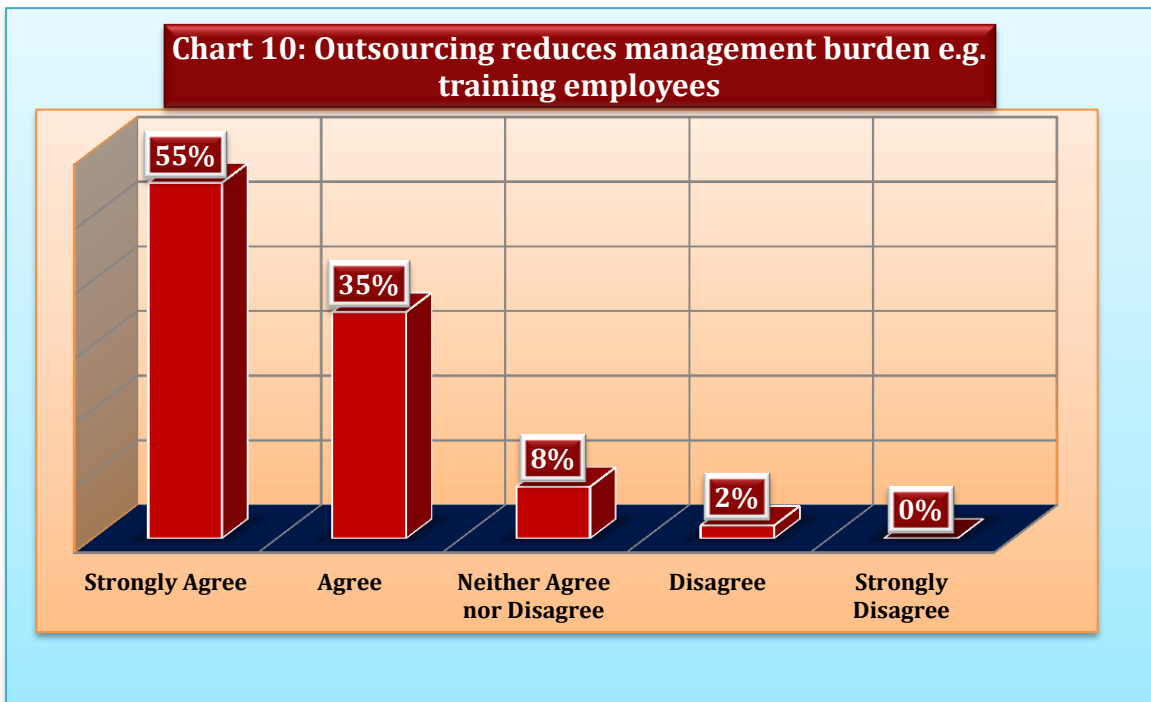
The above result signifies that maximum respondent agree that outsourced areas have become more efficient.

**Chart 9: Outsourcing overcome skill shortage / specialist equipment shortage**



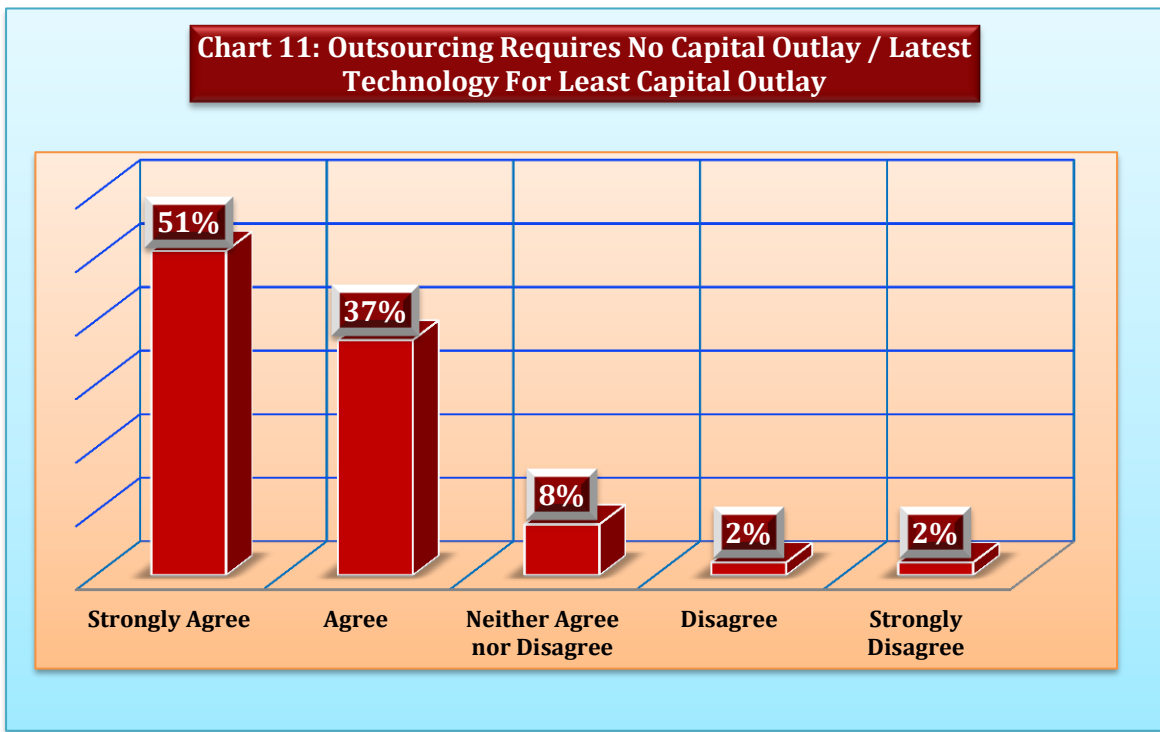
**Interpretation**

It is evident that Outsourcing overcomes skill shortage / specialist equipment shortage as Industry completely agrees for the same.



**Interpretation**

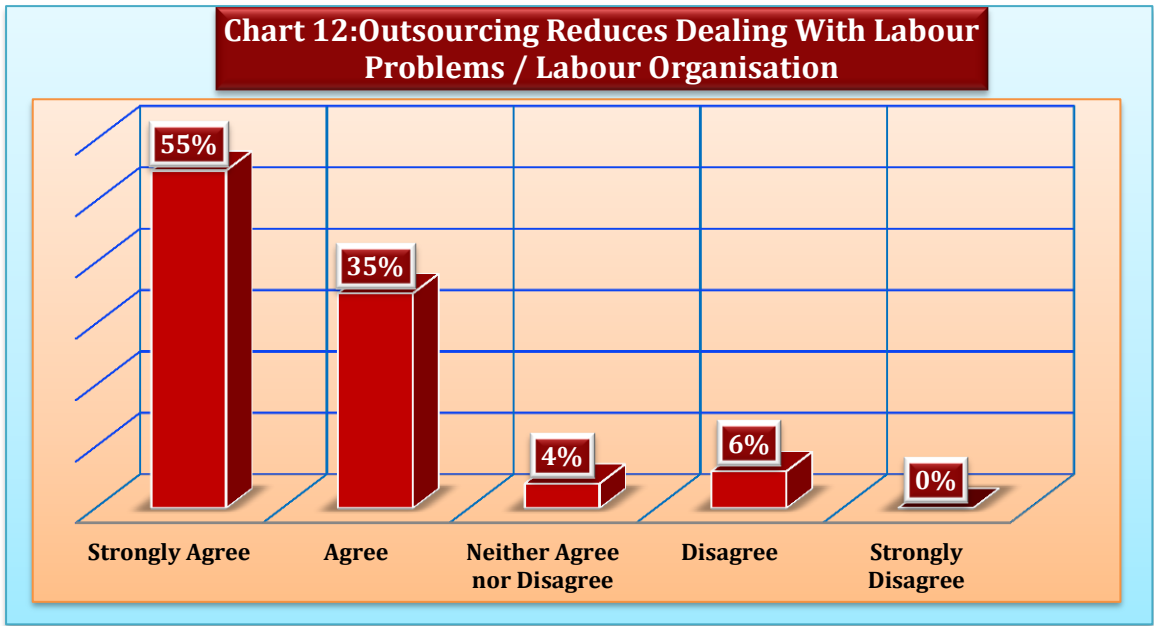
The majority of industry agrees that Outsourcing reduces management burden in terms of training, retaining permanent manpower to reduce their fixed costs.



**Interpretation**

The industry agrees that outsourcing requires no capital outlay / latest technology for least capital outlay.

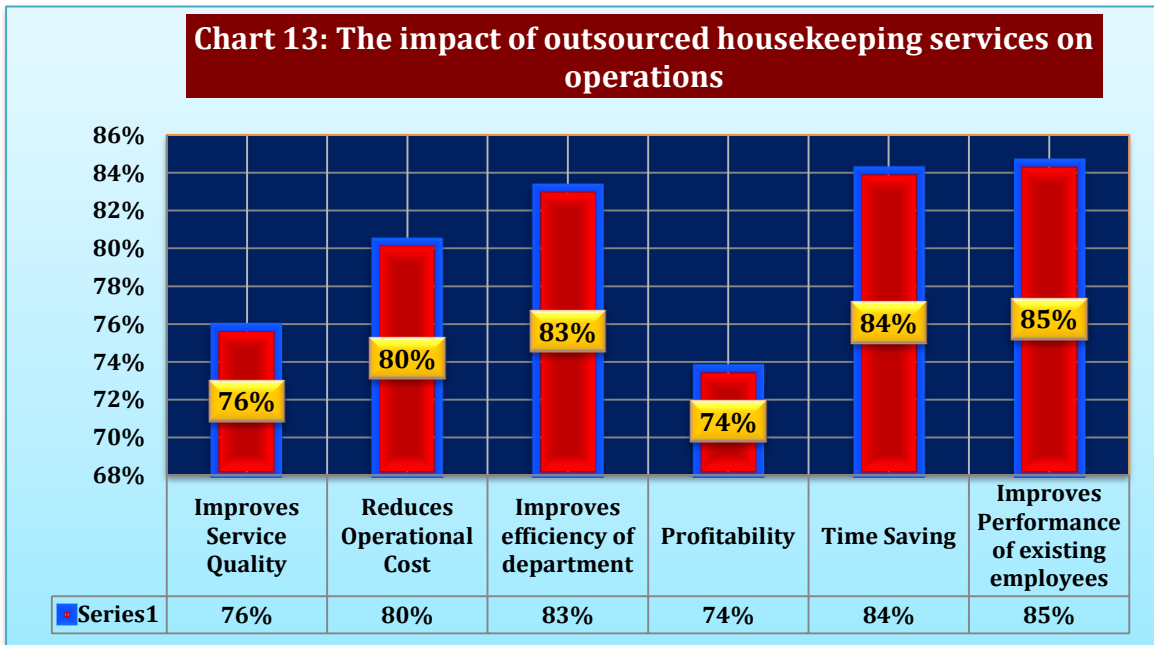




**Interpretation**

It is observed that majority of respondents are positive and signifies that Outsourcing reduces direct dealing with labour cum labour related problems / labour organization.

**Impact of outsourced housekeeping services on operations.**



**Interpretation**

The above chart indicates that selected parameters for impact of outsourcing housekeeping services are found variably positive on operations. Employees performance, Time saving and efficiency parameters were found most significant.

## 6. Recommendation & Suggestions

After this research, I recommend confidently that outsourcing is a good tool for Hotels. It provides various benefits to the management and department.

## 7. Conclusions

The findings of the research can be concluded as under:

- 7.1 There are many services are outsourced in the housekeeping department. This study covered maximum all outsourced services in Housekeeping department. All housekeeping services in this study are very much evident. However, services like Pest Control, Public area bathroom cleaning, Flower decoration, Upholstery maintenance, Public area cleaning; Façade cleaning are the most preferred outsourced services of the Housekeeping department.
- 7.2 The reasons of Outsourcing Housekeeping services have positive findings. Outsourcing saves the company's time and money; enables to concentrate on core business and overcome skill shortage are strongly preferred reasons.
- 7.3 There is an impact on operations of the outsourced housekeeping services. The impacts are positive in all selected parameters. The maximum positive impacts observed on Employees performance, Time saving and efficiency parameters.

## 8. Limitations

First of all, the sample does not cover entire strata of population from Mumbai and Pune. However, the sample chosen has a combination of various categories of Hotels.

- i.) This study is purely based on the information provided by the Housekeeping employees of sample hotels.
- ii.) The study is conducted in the current scenario and the opinions, perception and expectations of the respondents may differ with time.

## 9. Scope for Further Study

Further study can be done on the following:

- i.) The cost implication of outsourced housekeeping services.
- ii.) Comparison of outsourcing adopted in budget and star category Hotels.
- iii.) Other cities or state, how they adopt outsourcing and performing on same variables used in this study.

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### About Author



Mrs Tyagi started her career as a Front Office Assistant with the renowned Spa in the world, Ananda in The Himalayas-Destination Spa, Uttaranchal where she was also awarded as Best performer of the Year. Later on she moved to Taj Blue Diamond, Pune as Guest Relations Executive and simultaneously she efficiently performed the duties & responsibilities of Duty Manager. Mrs. Tyagi contributed 8 years of her experience in hospitality industry and academics. Her teaching career as a Faculty started with International Hospitality School, Kohinoor-IMI in 2005. She has also contributed in the field of Research. She has achieved training certificate by NITTR Chennai for Teaching and training technology. Since 2007 she is working with AISSMS CHMCT as a Lecturer Accommodation.