

Thoughts of City Hotels as regards Outsourcing Strategies

Abstract

Depending on the speed of increasing competition, the desire of covering costumers' demands and expectations, hence providing pleasure, has led businesses to use some management strategies in their activities. Competition advantage with foreign procurement has inclined businesses to use outsourcing. Precise description of basic abilities and decisions to use foreign procurement with a right supplier firm is going to be a crucial factor in success of hotels. A research in 3&4 and 5 star hotels in Ankara has been done. The main problem of the research was in which activities outsourcing must be used in city hotels and which activities must be covered with basic abilities of the business itself. The aim of the present study is to determine which outsourcing strategy is used in city hotel departments. According to the result of the research, hotel businesses apply to outsourcing strategies largely with financial reasons. Sometimes, businesses do not satisfy with services and goods that supplier firms have provided. Businesses call for outsourcing in activities which they consider as beyond their abilities like security, laundry, animation, general ground cleaning etc... Sometimes, there might be a legal disaccord stemmed from contracts between main business and supplier firm.

The main reason for hotels to practice outsourcing strategies is to minimize the costs. That means to make use of employers at ultimate level by focusing on basic abilities which businesses have. Again, errors in outsourcing decisions can increase the problems instead of lowering. For examples, miscommunication with related firms, insufficient motivation, and woes related to service quality may affect brand equity of the business negatively.

Keywords: Outsourcing, hotels, tourism, management and organization.

1. Introduction

In today's economic conditions, acceleration of communication, increasing importance of information, improvements in informatics, increasing awareness of consumers etc...have led international competition and increasing of competition. That situation has revealed a necessity for businesses to compete in both national and international fields and using different management strategies. Fast changing and improving economic situations with globalization decrease the chance of success of businesses. While businesses which improve their abilities & high quality services and which are different from others develop steadily, the others fail. Today, specializing in a certain field, and improving basic skills of businesses are possible by using contemporary management methods. In this sense, outsourcing is a management method which can be a guide for improving basic skills and professional service procurement. Strategically, business administration has been functioning as a lever to adapt outsourcing, accenting basic skills of the business, improving of skills, and using the sources efficiently. Outsourcing strategy, which affects business administration at a high level, will contribute to consolidate the place of businesses in international markets and bring some financial assets. Besides, in an industry that includes intense international relations, for instance tourism, outsourcing strategy will contribute businesses to be managed by using contemporary administration method. In that study, firstly, there will be literature scanning on outsourcing, later, field research done in 3&4&5 star hotels and findings.

2. Literature review

2.1. Outsourcing conceptual framework

The thought of outsourcing, in history, begins with urbanization and labor based mass agriculture production. Primary examples of them are; hiring workers to employ in agriculture, subcontractors which have different expertise for different functions in construction works, transferring military equipment production to private or public producers (Ateş, 2005: 25). Strategically, outsourcing in business premises is rather new. Eastman Kodak's partnership with 3 partners in field of information technology in 1989 is regarded as starting of outsourcing (Sinha ve Subhatra, 2005:2).

Outsourcing term was first used in English in 1982. That term has been used for the purpose of supplying goods or service for a business by another business (Gökdere, 2000:19). According to another description; outsourcing is a management strategy focusing on activities which will bring competition advantages, and is a management strategy that provides legally the activities and services which are beyond businesses' professions by a subcontractor (Arslantaş, 2005:40). As understood from the various descriptions above, outsourcing is different from selling off a department, or production or service because; outsourcing is related to the activities which are compulsory to be done and kept for organization. In that mean, the main difference between outsourcing and other procurement activities is to transfer an activity which the organization performed before to another organization outside. From this aspect, outsourcing must be thought as a managerial method which has more different and strategic dimension than procurement.

2.1.1. The reasons of outsourcing for a business

There are miscellaneous reasons which propel businesses to outsourcing. They can be separated into 2; internal environmental factors, external environmental factors.

It is possible to separate internal environmental factors into 3 (Coşkun, 2002: 204). They are:

- **Costs:** Outsourcing will be necessary if the cost of input which the organization need is much lower outside.
- **Flexibility:** If outsourcing does not cover expectations, in that case, the organization has a chance to settle with another firm. That provides flexibility for the business to cover expectations.
- **Vision:** The vision of the management is one of the stimulations leading businesses to outsourcing. According to common view of administration, outsourcing reflects promising inclination and firms have already started to reap positive results of it.

There are various environmental factors compelling firm to outsourcing. In the studies carried out, it is possible to sort them into mainly 4 groups (Coşkun, 2002: 205).

- **Not to drop behind of rivals:** Although the changes in environmental situations are not fast, the firm has fallen behind of rivals. In such cases, the firm should develop new skills not to drop behind of rivals.
- **Changing value chain:** The firm, in a competitive medium, should meet changing customer expectations. With the changes in customer expectations, the qualities of activities which add value to firm, and rate of value to firm i.e. value chain have changed. In the absence of value chain, early core competencies of

the firm get minor importance. In that case, the firm focuses on new duties and transfers its early core competencies to outsourcing. Hence, the firm decreases the cost and takes the advantages of more flexible partnership structure.

- **Technological springing:** The type of performing self-work of the firm is old due to new technology. In that case, old core competency starts to become insignificant and the firm faces a vital contradiction; adaptation or vanishing. Here, the firm should develop new skills or outsource them to able to exist in competition. If there are activities which cannot be covered by core competencies, they must be transferred to outsourcing and the firm must focus its energy and sources on new fields which will provide competition advantages.
- **New markets:** New market areas come about for firms related to fast changes in customer and technology demands. However, firms have neither technology nor customer ground to be able to go through these markets efficiently. All of the firms are at the similar situation at such kind of competition, and it seems wise to apply to modern methods to able to improve core competencies of the business.

2.1.2 Possible effects of outsourcing to businesses

Businesses should take into account some inconveniences as well as numerous avails when preferred outsourcing due to environmental factors.

Possible benefits of outsourcing for businesses:

Outsourcing has a great many advantages that affect the business indirectly besides direct effects like gaining market discipline, lowering firm costs, specialization in basic fields of firm, and increasing the flexibility. They can be garnered under main titles as below;

Fall of costs: The foremost reason of outsourcing is the considerable falling of costs thanks to it. Many businesses have increased their capacities and qualities by decreasing the costs considerably thanks to outsourcing. (Lynn, et al., 2003: 8). Outsourcing, in activities beyond basic skills of the business, saves the firms from unnecessary costs. Businesses which have market discipline and which are specialized in certain fields are naturally going to drop the costs. Besides, it has been seen that the firms outsourcing have cost advantages when compared to the firms using horizontal integration (Coşkun, 2002:199).

Flexibility: Outsourcing holds flexibility for businesses. Through that flexibility, businesses may have short-termed agreements with different suppliers. Also, firms will have advantages in areas like employee number, financial and functional diversities (Seddon et al., 2002:3). Especially at service-based firms, outsourcing agreements that can be done with different supplier firms are going to be helper in providing good quality services to customers.

Bringing market discipline: Outsourcing makes businesses function in a certain discipline. Businesses that have market discipline prefer to focus on output than input, go forefront in rivalry, and hence, an opportunity for realization innovative functions arises (Lamminmaki, 2003:50). To able to save their positions and improve

their businesses, businesses need to supply better services with lower costs. So, in procurement of goods and service, it will be beneficial for businesses to make outsourcing agreements with supplier firms which are specialized in their fields and which supply good quality services.

Specialization: Businesses should hold service and product processes in their structures because of increases in product processes and compounds in parallel with product variations. That may bring about businesses to compel their limited sources to answer these processes. Businesses, through adapting outsourcing, may supply better specification in their core competencies by deploying specialized businesses in occupations which are out of their core competencies (Özdoğan, 2006: 15).

In addition to advantages above, outsourcing has many direct and indirect benefits for businesses. These are (Genç, 2005; Coşkun, 2002; Borg, 2003);

- Decrease at costs and new revenue areas,
- Increase in liquidity and cash,
- Increase in fertility, productivity, morale and career opportunity of employees,
- Improving collective firm vision,
- Facilitating change,
- Increasing financing sources of the firm,
- Decrease in stable investments,
- Higher quality and efficiency,
- Getting more advantages of functional experts,
- Competition priority by focusing on core competencies,
- Opportunity of testing new demands on markets with outsourcing,
- Opportunity for exchange engineering,
- Increase in prolificacy,
- Recovery in quality stemmed from rivalry between suppliers,
- Adapting to technological improvements.

Possible drawbacks of outsourcing for businesses

There may be woes emanated from supplier firm or recipient firm although outsourcing has many benefits to businesses. They can be sorted as below;

The risk of insufficient cost falling: The saving which businesses foresight thanks to outsourcing may not be as much as they have expected. Besides, the need of controlling of the actions of the supplier firm may emerge and that causes extra financing burden to the business (Coşkun, 2002; Özgener, 2004). Wrong supplier firm selection, over expectation of saving in short term, and wrong or inexplicit agreements may bring about fails in expectations on cost.

The risk of sharing the market with supplier firms on future dates: The recipient and supplier firms share a great deal of info with one another in outsourcing applications. The supplier firm that improves its own capacity thanks to data-sharing may not want to sustain its interrelation with recipient firm. It can prefer entering to the market by taking advantage of that data. In such a case, the recipient firm can face the risk of losing its core data and competencies. So, the supplier firm that acquires core

data of the recipient firm will have a crucial advantage against the recipient firm on the market (Varshney ve Gupta, 2002; Coşkun, 2002).

Wrong supplier firm selection: Laying stress on firms that give low bids prevent us to see opportunities which other firms offer while assessing the proposals at the course of supplier firm selection. Laying stress on price in selection of supplier firm can conclude in selection of an incompetence supplier firm. Not to face such a situation, the recipient firm should specify the wanted qualifications at the course of supplier firm selection and do cost-benefit analysis (Arslantaş, 2005:47).

The risk of inflexible agreement in long term: The length period of the outsourcing agreement is another issue which must be focused on by business. The supplier may want to have a stable income with a long agreement. However, agreements ought to be prepared flexible by taking into account market situations and costs (Özgener, 2005:203).

Apron strings to supplier firms: Apron string to supplier firms in outsourcing is an important problem. The recipient firm which has apron strings with supplier firm can be addicted to it. As a result of that, the recipient firm can lose its flexibility and control in relations, and be obliged to accept the rules like price, procurement etc. of the supplier firm. Hence, while considering a competition advantage, the business can find itself in a disadvantage condition (Koçel, 1998:256).

Misdescription the core competencies: A business should specify its core competencies and in the light of that information, it should determine in which step outsourcing is needed. Because recipient firm and supplier firm will unite their skills around a common work with outsourcing, the recipient firm should determine its core competencies and outsource in the areas beyond their skills. More, while a success with price and product variation is short term, success realized by learning its core competencies and realization of them will be long term and lasting (Rodriquez, 2005:3).

Trust and harmony between recipient and supplier firms: There must be a stark harmony between recipient and supplier firms especially in service based businesses. A guest will not miss any change in service standards. Any trouble emanated from the supplier will affect the business directly and distort the guest's positive view. The trust between recipient and supplier firms is inevitable in outsourcing. Therefore, supplier firm should have a feature that can protect the sense of trust, the reliability that will protect the data against third persons, the decisiveness& capacity that can carry authority and responsibility, and cultivate an open mind that can share experience and data (Arslantaş, 2005:45).

It is possible to line up the most 10 important reasons that affect the selection of outsourcing of city hotels.

Table 1: The most 10 important reasons for outsourcing

1. To develop the targets of the business.
2. To develop the core competencies of the business.
3. To accelerate the benefits that reengineering has provided to the business.
4. To share the risks.
5. To obtain sources of funds at no charge.
6. To make sources of funds usable.
7. To lessen the operational costs of the business.

8. To provide cash flow for the business.
9. To provide sources that cannot be obtained by the business.
10. To eliminate the functions that cannot be managed by the business.

Source: Lamminmaki (2003:40)

2.2. The importance and requirement of outsourcing from the angle of hotel businesses

Today's economy, through globalization and competition, forces businesses to implement various strategies. That directs hotels to outsourcing. Outsourcing at hotels means to supply some actions from specialized suppliers. New technologies propel to focus on increasing and changing cultural demands, free competition medium, permanent changing circumstances, decreasing vertical integration levels and main actions or skills (Kesgin; 2005: 37).

Outsourcing strategy has been using widespread as a management strategy in tourism sector especially in hotels. Outsourcing started by transferring some actions of hotels to specialized firms roughly 20 years ago. That firstly used in 1997 at Atlantis resort hotel in Seferihisar by giving some part of the hotel to specialized persons to run nightly in return for a fixed fee for spending night (Zengin ve Şen; 2008: 13).

Tourism businesses, together with outsourcing, have been working with specialized supplier firms to maximize their performances. Instant changes especially in tourism, cultural diversities of guests, the demand for high quality service of guests and new technology have emerged the necessity to work with supplier firms in the areas out of their core competencies (Rodriquez; 2001:1). Many tourism businesses especially in European countries tend to outsourcing. They have adapted outsourcing in the fields out of their core competencies for both minimizing costs and other reasons. In addition, many small sized hotel businesses in Europe, with especially IT (Internet Tecnology) have a common access to other businesses in the same market by using reservation networks and global distribution channels. Distribution channels established for that aim can be gathered in 3 diverse groups (Paraskevas ve Buhalis; 2000: 4);

- Hotel organizations (WorldRes, Utell ve Lexington Services),
- Computerized reservation systems (Galileo ve Fidelio),
- Destination management systems (Gulliver in Ireland).

Outsourcing for hotels is a rather strategically decisive decision. It can expose business to fiscal and administrative disadvantages. For example, wrong supplier selection, outsourcing at core competency of the business, and some drawbacks due to lack agreement articles. In hotels where a stark coordination needed between all departments, the quality of service to guests willingly or unwillingly affects all departments positive or negative. For example, a hotel which has laundry service from a specialized supplier firm will be affected directly with the simplest hitch or error caused from laundry services. So, hotel businesses which should take healthy decisions in coordination must be watchful in supplier firm selection.

2.3. Academic studies sustained in hotel businesses related to outsourcing

There have been a great many of theses, articles and manifestos related to outsourcing in literature. Some of the theses, articles and manifestos related to accommodation businesses are shown below;

Table 2: Academic studies concerned to outsourcing in hotel managements.

Publication Year	Type of Publication	Writer	Name of the Publication	Country
2002	Article	Adnan Türksoy	Outsourcing in hotel managements	Turkey
2002	Article	Alexandros Paraskevas Dimitrios Buhalis	Outsourcing IT for Small Hotels: The Opportunities and Challenges of Using Application Service Providers	England
2002	Article	Andrew Kakabadse Nada Kakabadse	Trends in Outsourcing: Contrast in USA and Europe	England
2002	Article	Alexandros Paraskevas Dimitrios Buhalis	Hosted application procurement for small and medium sized tourism businesses: Are we ready for his?	Austria
2003	Article	Espino Rodríguez Padrón Robaina Carlos C. Suárez	The Management Perception Of The Strategy Of Outsourcing. An Empirical Evidence	Spain
2003	Doctorate thesis	Dawne Lamminmaki	Outsourcing in the Hotel Industry a Management Accounting Perspective	Australia
2004	Article	Nilüfer Tetik V.Erdinç Ören	Outsourcing: A research in 5 star hotels in Antalya	Turkey
2004	Article	D. Lynn Hoffman, Keiko Kranhke	Outsourcing: The Impact on Small Business and Their Role	America
2005	Master degree thesis	Muhammet Kesgin	Outsourcing in hotel managements: A research in 4 and 5 star hotels in Antalya	Turkey
2006	Master degree thesis	Erdem Korkmaz	Outsourcing of hotel managements catering services (Outsourcing): Assessment of perceptions of managers and customers towards quality of service with example of the one in Antalya	Turkey
2006	Doctorate thesis	Osman Nuri Özdoğan	Outsourcing in hotel managements in terms of activity-area (Outsourcing) and its impact on financial performance	Turkey
2006	Article	Elbeyi Pelit	Outsourcing and its effectiveness in managements: A conceptual analyzing in terms of hotel managements	Turkey
2007	Article	Joseph Marlowe Paul Sullivan	Medical Tourism: The Ultimate Outsourcing	America
2007	Article	Nicolas P. Terry	Under-Regulated Health Care Phenomena In A Flat World: Medical Tourism And Outsourcing	England
2007	Article	Orhan Akova, Erkan Taşkiran	Employee Motivation In Organizations Using Outsourcing: An Investigation In 5 Star Hotels In Istanbul	Turkey
2007	Article	Erdinç Ören, Nilüfer Tetik	Outsourcing: A Research in Five Star Hotels İn Antalya.	Turkey
2008	Manifesto	Burhanettin Zengin, Mustafa Lütfi Şen	Core competence and outsourcing in managements (Problems encountered and advises for solutions)	Turkey

In the doctorate thesis of Özdoğan (2006) which prepared at social science institute-tourism management department- in the University of Dokuz Eylül, outsourcing level of hotels in Muğla and the effect of outsourcing on financial performance have been reviewed. 195 hotels have been accessed through questionnaire method and necessary analyses have been done in the light of gained data. According to the findings, it has been seen that hotel administrators participated to the research did not outsource in the areas they were skillful like sale-marketing, buying, staff selection for kitchen, room

cleaning, bars, restaurants, technical maintenance, general cleaning, and staff cuisine. However, outsourcing has been used in activities like information systems, pool maintenance, training activities, security, laundry, staff lodging buildings, entertainment and animation, gardening, sale places in hotel, water sports and advertisement. It has been determined that 119 (63.3%) of 195 hotels outsourced while 69 (36.7%) of 195 did not have any outsourcing. According to the hotels in the research, laundry, entertainment and animation, and security are the most wanted activities in outsourcing. 63 of 119 hotels have applied for laundry, 40 for entertainment and animation, and 24 for security. In the analysis of effect of outsourcing on financial performance, the most financial benefit to the business was supplied by sale places in the hotel. Other activities following are respectively laundry, advertisement, health center, entertainment& animation, data processing, technical maintenance, water sports, gardening, and pool maintenance. According to the latest findings of the research, it is not proposed to outsource the activities in business's core competencies like office services, room cleaning, kitchen and buying. Restaurants and bars can outsource partly the activities like sale-marketing, staff selection, technical maintenance, general cleaning, and data processing. Outsourcing can be needed in activities like pool maintenance, training activities, security, laundry, staff dig, entertainment and animation, gardening, sale places in hotel, water sports, and advertisement (Özdoğan; 2006:190).

Outsourcing level and tendency of 4&5 star hotels in Kundu, Memerağzı, Lara, centrum and Konyaaltı are tried to be measured by Kesgin (2005), the University of Antalya, in his master thesis. More, the findings have been compared with Rodriquez's (2005) which done in Canary Islands. According to that study, when two findings from Antalya and Canary islands compared, the outsourcing tendency of two has shown some similarities. According to results carried out by questionnaire method, outsourcing strategy is not used in activities like reception, reservation and bar services. 90 % of room cleaning, general cleaning, services related to food and beverage and business management are supplied with domestic funding, not with outsourcing. Security, animation, gardening and landscaping, laundry services are activities which outsourcing strategy is used over average. When outsourcing tendency is searched, 23 of 24 businesses have tendency to data processing, 16 to laundry and security services, 15 to animation activities, and 12 to general cleaning. Participants in the research have not got a positive view to outsourcing in other activities. Besides, according to the research, when outsourcing level and tendency in Antalya and Canary islands compared, the results have shown similarity. Laundry, security services, gardening and landscaping activities are seen as the most probable outsourcing activities in both countries. Animation, data processing and pool maintenance are activities that can be supplied at highest level from outsourcing. Room cleaning, general cleaning, technical service, training, staff selection, promotion and advertisement services are seen as likely outsourcing activities in both countries. Again, reception, reservation, buying, bars, restaurants, and kitchen operations which are related to food and beverage are preferred to be covered with domestic funding.

In master thesis of Korkmaz (2006), the University of Anatolia, S.S.I, Tourism and Hotel management, it has been tried to determine whether there is any perception differences between customers and hotel administrators in terms of outsourcing in food and beverage services. In the consequence of the research, it has been determined that there are not important differences in perception of the quality of food and beverage services between hotel administrators and customers. Even if customers' perception is not as much positive as administrators' in some occasions, when the service is

considered as a whole, it has been determined as positive. In that meaning, it can be said that outsourcing in food and beverage services can inspire positive results in service quality.

In manifesto of Zengin and Şen (2008), troubles of hotels with outsourcing and solution to these troubles have been put forth. In that meaning, troubles of hotels with outsourcing have been tried to fix by using half formal interview method. 7 administrators out of 53 who work at businesses in East Marmara and West Black sea regions are selected through sampling method.

According to the findings of the research, it is possible to summarize the problems occurred related to outsourcing in businesses as below;

- Discordances that can occur between staff of the business and staff of the supplier firm,
- Insufficient wages and bad-working conditions of the staff of supplier firm, as a result of that, increasing inefficiency of supplied staff,
- Mutual rule breaking,
- The hardness of following work quality and control of supplier firm by hotel administration,
- The staff provided by supplier firm may not be suitable to work in tourism and the possibility of low education level of the staff,
- The staff of supplier firm may not be specialized in hotel management subject and not follow flexible work-hours.

3. Method and field research

The aim of the present study is to determine which outsourcing strategy is used in city hotel departments. The research samples include tourism operation licensed 3, 4 or 5 star hotels in Ankara. The main limitations of this study stem from inadequate knowledge of hotel managements on outsourcing, and unwillingness of data sharing. Questionnaire was employed as a data collection method. ANOVA, t-test, and Chi-square test were utilized in the study to able to decide whether there was a statistically significant difference between the groups.

Questionnaire technique preferred as data collection. The questionnaire that is composed of 2 parts includes 43 questions. Questions in the first parts comprised of 28 questions with 5 point likert scales. The second part comprised of 15 closed tipped questions to determine the demographic feature of the business. Likert typed questions represent for like following; 1 - "totally agree", 2 - "agree", 3 - "undecided", 4 - "disagree", 5 - "totally disagree". While preparing the survey questions, it was taken advantaged of publicized doctorate study that search for outsourcing level of businesses in and around Antalya, -Özdoğan (2005), "Outsourcing in the Hotel Industry: A Management Perspective" doctorate thesis of Lamminmanki (2003), and doctorate thesis of Gökdere (2000) titled "Bilgi Sistemlerinde Dış Kaynaklardan Yararlanmanın Başarısını Etkileyen Faktörler (a research in banking)"- . Survey questions are prepared by designing the data obtained from that study with a different point of view. Empirical study in 10 businesses carried out related to survey questions and some questions added or pulled out as regard specialized academician views.

The population of the research comprised of 3, 4 and five star hotels with tourism operation certificated that run in Ankara. According to the ministry of culture and tourism, there are 97 3, 4 and 5 star hotels as from January 2009. Prepared questionnaire were transmitted to these 97 hotels via e-mail or by hand. 88 hotel businesses which accept answering the questionnaire build up the sampling of the research.

4. Findings

Findings have been gathered under 2 main titles; demographic findings and findings related to outsourcing.

4.1. Demographic findings

The majority of the hotels in the research has been running over 10 years and are family oriented as can be seen in table 3. Half of the hotels are 3 star and comprised of 30-100 rooms.

Table 3: Hotel managements which participated in a survey and their characteristics

Category of the Business	Number of Business n	Percentage (%)
5 Stars	13	14.8
4 Stars	30	34.1
3 Stars	45	51.1
Total	88	100.0
Number of rooms	n	(%)
31-100	64	72.7
101-150	16	18.2
151-250	5	5.7
251 and over	3	3.4
Total	88	100.0
Duration of service	n	(%)
1 or less	5	5.7
2-5 years	9	10.1
5-7 years	10	11.4
7-9 years	7	8.0
10 years and over	57	64.8
Total	88	100.0
Type of possession	n	(%)
Family business	57	64.8
National independent business	21	23.9
National chain business	2	2.3
Foreign chain business	8	9
Total	88	100.0

As can be seen in table 4, hotel administrators in the research are largely graduated from higher education and half of them got tourism education. That is seen positively. Besides, it has been found out that some administrators were graduated from departments which are not related to tourism. For example, an administrator was graduated from language science, one another was graduated from pharmacy

Table 4: Demographic characteristics concerned to managers

Educational Background	Number of Person (n)	Percentage (%)
Secondary school	11	12.5
Associate degree	24	27.3

Bachelor degree	51	58.0
Master degree	2	2.3
Total	88	100.0
Field of training	n	(%)
Related to tourism	42	47.7
Other	46	52.3
Total	88	100.0
Experience in sector	n	(%)
1-4 years	10	11.4
5-9 years	22	25.0
10-14 years	25	28.4
15 years and over	31	35.2
Total	88	100.0
Experience of administration	n	(%)
1 year or less	8	9
1-4 years	21	23.9
5-9 years	18	20.5
10-14 years	23	26.1
15 years or over	18	20.5
Total	88	100.0
Duty in management	n	(%)
Director-general	9	10.2
Owner of the Business	6	6.8
Vice general director	7	8.0
Accountancy-finance manager	15	17.0
Front office manager	29	33.0
Other	22	25.0
Total	88	100.0

It is seen that majority of the administrators included in the research are department administrators and experienced over 10 years.

4.2. Findings related to outsourcing

Through mutual interviews with administrators, that chapter will encompass review of current outsourcing situations in hotels, determination of at what areas they outsource, at what areas they use their own core competencies and whether they are pleased with services of supplier firms. The question “Do you outsource in your activities” was asked to hotel administrators to determine whether they outsourced or not in their activities. 62 (70.5 %) of the answers were yea, and 26 (29.5%) were nay.

Table 5: Proportions of outsourcing in activities of managements

Do you outsource in your activities?	Number of Business (n)	Percentage (%)
Yes	62	70.5
No	26	29.5
Total	88	100.0

As seen in table 5, majority of the hotels in research have outsourced at least for one activity. However, they are not satisfied with the result although they outsource on the ground that financial reasons and better quality services. For example, many hotel administrators in research indicated their displeasure with the service and that the supplier firm did not employ qualified staff with myriad excuses.

4.2.1. Outsourcing according to area-activity

Another question asked to the participants was “at what activities do they outsource”. In that chapter, it will be mentioned respectively at what activities hotels outsource.

Table 6: Outsourcing according to area-activity

Area-activities relevant to outsourcing in hotel managements	Yes	Percentage (%)	No	Percentage (%)	Total
Laundry	39	44	49	56	88
Meeting and banquet	22	25	66	75	88
Room cleaning	21	24	67	76	88
Security	19	21	69	79	88
Technical maintenance	16	18	72	82	88
Animation	12	14	76	86	88
Garden maintenance	12	14	76	86	88
General area cleaning	10	11	78	89	88
Accountancy finance	8	9	80	91	88
Sauna and fitness	3	3	85	97	88
Sales marketing	1	1	87	99	88
Human resources	1	1	87	99	88
Restaurants and bars	0	-	88	100	88
Reception and reservation	0	-	88	100	88
Purchasing	0	-	88	100	88

As seen in table 6, laundry is the most chosen activity in outsourcing. The others are meeting and banquet, security, room cleaning, technical maintenance and animation. Sale-marketing, human resources, restaurants and bars, reception, reservations and purchasing activities have not been outsourced, but covered with domestic funding.

4.2.2. The effects of outsourcing on costs

The question “Which reasons can explain the effects of outsourcing on costs” was asked to determine why businesses adapted or did not adapt outsourcing and at what level outsourcing was effective on costs. Half of the answers were in point of view that it would decrease the costs.

Table 7: Impact of outsourcing on expenses of managements

Which reasons can explain the effects of outsourcing on costs?	Number of Business n	Percentage (%)
There is no impact on costs.	8	9.1
It decreases the costs.	43	48.9
It increases the costs.	14	15.9
It makes the constant costs variable.	23	26.1
Total	88	100.0

In table 7, almost half of the participants indicated that costs would decrease and so they adopted the strategy when “what the effects of outsourcing on costs are” asked. Furthermore, we learn from the interview held with administrators that the costs decrease and service quality increases when worked with a veteran supplier. But “when

worked with an inexperienced supplier, the costs in the long run increase and service quality is affected negatively”, said interviewed administrators.

4.2.3. Relationship between outsourcing and strategic decision

Businesses go outsourcing for a number of reasons. They do that sometimes for financial reasons, sometimes with the thought of focusing better on their core competencies by taking help from specialized firms. The decision of outsourcing, by analyzing pros and cons profoundly, undoubtedly will be beneficial for businesses. Otherwise, a wrong decision will confront businesses with fiscal and supervisory difficulties. The question “in your opinion, is outsourcing a strategic decision?” was asked to businesses to determine whether they regard outsourcing as a strategic decision or not. In table 8, answers of the businesses and analyses related to the question will be given.

Table 8: Outsourcing/Strategic decision

In your opinion, is outsourcing a strategic decision?	Number of Business (n)	Percentage (%)
Yes	72	81.8
No	16	18.2
Total	88	100.0

As seen in table 8, 72 (81.8%) businesses indicated that outsourcing is a strategic decision. According to the data, it can be said that majority of businesses regard outsourcing as a strategic decision.

4.3. Tests for measuring relationship between features of hotels and proposals belong to outsourcing

Assessments belong to 28 propositions for the purpose of getting administrators’ views related to outsourcing is shown in table 9. Propositions lined up from 1 to 5 and assessed with likert scale. The numbers represent; 1 - “totally agree”, 2 – “agree”, 3 – “undecided”, 4 – “disagree”, 5 – “totally disagree”.

Table 9: Defining statistics of proposition related to outsourcing

Proposals	N	Highest	Lowest	Average	Standard deviation
Outsourcing provides financial flexibility for the businesses	88	1,00	5,00	2,1364	,84665
Supplier firms give very good services as they are experts in their fields.	88	1,00	5,00	3,8409	,69293
Administrators prefer outsourcing to disperse the risk.	88	1,00	4,00	2,5341	,84349
Outsourcing decreases the number of workers.	88	1,00	5,00	1,9659	,71838
Outsourcing provides conveniences to the administrators administratively.	88	1,00	5,00	2,4659	,97023
Outsourcing aggravates the control of the operations.	88	1,00	5,00	3,6591	,89554
Outsourcing provides the hotel focus on its core competencies.	88	1,00	5,00	2,7500	,98553

Outsourcing provides a service of better quality.	88	1,00	5,00	3,3523	,87151
Outsourcing provides usage of qualified labor.	88	1,00	5,00	2,7159	1,06078
By means of outsourcing, businesses provide decrease in simplification of organizational structures and constant costs without reducing production capacity.	88	1,00	4,00	2,1591	,70932
Outsourcing provides the hotel focus on its core competencies.	88	1,00	5,00	2,7500	,98553
Outsourcing provides a cheaper service.	88	1,00	5,00	2,2386	,78776
Outsourcing elasticizes the structure of the organization.	88	1,00	5,00	2,8182	,94133
Outsourcing causes the loss of source and competency of the hotel.	88	1,00	5,00	3,5909	1,00157
Outsourcing enables the businesses to accommodate to the variable environment conditions.	88	1,00	5,00	3,0114	1,04490
Quality of the service of the hotel can decrease with outsourcing.	88	1,00	5,00	3,0341	1,01085
It is rather difficult to find suppliers that can accord with organizational culture of our company.	88	1,00	5,00	2,5341	1,28608
It is rather difficult to dope the performance of the suppliers that outsource.	88	1,00	5,00	2,1023	,81706
Outsourcing can lead to inaccurate description of the core competencies for businesses.	88	1,00	5,00	2,7841	1,22661
Outsourcing remove mediator costs	88	1,00	5,00	2,6591	1,10262
It benefits from technological experience and knowledge of the supplier firms that are experts in their fields.	88	1,00	5,00	2,1364	,77581
Outsourcing provides decrease in staff costs.	88	1,00	5,00	2,6591	1,02706
Outsourcing restricts the effectiveness of the administrators.	88	1,00	5,00	3,0341	1,16903
Outsourcing leads to loss of freedom of decision making itself.	88	1,00	5,00	3,3977	1,03435
Supplier company may take care of its own business rather than the profit-loss statement.	88	1,00	5,00	2,2045	,92425
Outsourcing increases the efficiency of the businesses.	88	1,00	5,00	3,0909	1,00157
Outsourcing provides opportunity of rivalry for the businesses.	88	1,00	5,00	2,3409	,92085
Outsourcing increases the profitability of the businesses.	88	1,00	5,00	2,8409	1,06011

1=I agree totally, 5=I don't agree totally

The highest, the lowest, average, and standard deviations of the answers to propositions related to outsourcing have been given in table 9.

Table 10: Analysis of variance (ANOVA) concerning given proposals and hotel star

Hotel star	3*	4*	5*	Average	ANOVA
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	\bar{X}	S.s.	\bar{X}	S.s.	\bar{X}	S.s.	\bar{X}	S.s.	F	Sig.
Administrators prefer outsourcing for spreading the risk.	2,49	0,73	2,23	0,57	3,38	1,19	2,53	0,84	10,44	0,00*
Outsourcing elasticizes the organizational structure of the businesses.	2,51	0,84	2,93	0,94	3,62	0,77	2,82	0,94	8,54	0,00*
Outsourcing can lead to inaccurate description of the core competencies for businesses.	2,71	1,12	2,10	0,80	1,85	0,55	2,38	1,01	6,02	0,00*
Outsourcing eliminates the expenses of intermediaries	2,56	1,01	2,47	1,11	3,46	1,13	2,66	1,10	4,42	0,01*
It benefits from technological experience and knowledge of the supplier firms that are experts in their fields.	2,02	0,81	2,03	0,56	2,77	0,83	2,14	0,78	5,62	0,01*

* % 95 there is a significant difference according to the significance level.

In table 10, when *analysis of variance* are applied to answers that given to propositions and hotel star type, we can see a meaningful difference in star types related to propositions offered above ($p < 0,05$). Four star hotels have a higher attendance average in the proposition “administrators prefer outsourcing to disperse the risk”. Five star hotels form the highest undecided proportion in the proposition “outsourcing elasticizes the structure of the organization”. Five star hotels have a higher attendance proportion in the proposition “Outsourcing can lead to inaccurate description of the core competencies for businesses.” Four star hotels have a higher attendance proportion in the proposition “outsourcing remove mediator costs”. Three star hotels have the highest attendance proportion in the proposition “It benefits from technological experience and knowledge of the supplier firms that are experts in their fields.”

Table 11: Analysis of variance (ANOVA) concerning answers given to the proposals and number of rooms of the hotels.

Number of rooms in hotel	31 – 100	101 – 150	151 – 250	251 and over	Average	ANOVA
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	\bar{X}	S.s.	F	Sig.								
Outsourcing increases the profitability of the business	3,11	1,1	2,19	0,4	1,80	0,50	2,3	0,58	2,85	1,10	6,16	0,01*

* %95 there is a significant difference according to the significance level.

In table 11, when *analysis* of variance are applied to answers that given to propositions and room number, we can see a meaningful difference in terms of room number related to propositions offered above ($p < 0,05$). So, the proposition “outsourcing increased the profitability of the business” has a higher attendance proportion in hotels that have room number among 151-250.

Table 12: Analysis of variance (ANOVA) concerning answers given to the proposals and type of possession of the hotel

Type of possession of the hotel	Family business		National independent		National chain		Foreign chain		Average		ANOVA	
	\bar{X}	S.s.	\bar{X}	S.s.	\bar{X}	S.s.	\bar{X}	S.s.	\bar{X}	S.s.	F	Sig.
Outsourcing decreases the number of worker.	2,49	0,65	2,0	0,77	4,0	0,00	1,88	0,35	2,0	0,72	6,686	0,00*
outsourcing enables offering service with cheaper prices	2,50	0,61	2,29	0,90	4,50	0,70	2,25	0,89	2,24	0,79	7,023	0,00*
Outsourcing increases the profitability of the business.	3,12	1,03	2,42	0,97	2,50	0,7	2,0	0,75	2,84	1,06	4,675	0,05*

* %95 there is a significant difference according to the significance level.

In table 12, when *analysis* of variance are applied to answers that given to propositions and type of ownership of hotel , we can see a meaningful difference in terms of room number related to propositions offered ($p < 0,05$). According to this, national chain businesses have not been taken into the proposition “outsourcing decreases the number of employees”. National chain businesses have not participated totally to the proposition “outsourcing enables offering service with cheaper prices”. Foreign chain businesses, when compared to other businesses, have a higher attendance proportion to the proposition “outsourcing increases the profitability of the business”.

4. Result and suggestions

The main reason for outsourcing of hotels is financial reasons like in other types of businesses. Hotels that want to minimize the operating costs comply with the strategy of outsourcing. Plus, hotels adapt that strategy for the purpose of taking advantage of

specialized supplier firms, focusing on core competencies, increasing the profitability and efficiency, supplying financial support to the business etc... Apart from mentioned advantages, hotels may have some drawbacks stemmed from wrong supplier firm selection and outsourcing decision for unsuitable activities. Moreover the business can confront with woes like communication failures with supplier firm, judicial disagreements, motivation troubles with employees of supplier firm, and low-quality services, and decreasing the value of brand of the firm.

It is possible to line up results of the research and some solution suggestions toward these results;

- Outsourcing strategy is used for financing reasons in regions where there are city hotels. In here, what a business should do is to analysis pros and cons of the strategy of outsourcing precisely.
- In city hotels, the potential of service of the city, the quality of the service and impression left on guests are very important. So, businesses must be very watchful while selecting a supplier firm and must not do any agreements with the supplier firms that make concessions from the service quality.
- Hotels are not satisfied with the services that supplier firms give. The biggest complain about that issue is the staffs who are incompetent and far away from a good service mind because the supplier firms have not completed their legal infrastructure. What must be done is to put standards for staff quality by completing legal deficiencies.
- It has been seen through that research that Ankara province has not still grasped exactly the tourism fact and it has been acted in formalistic and bureaucratic mind even in tourism sector.
- Another problem with the hotels in Ankara is that the business is not administrated with contemporary methods. It has been observed that many administrators are even unaware of outsourcing strategy.
- Communication troubles between staff of supplier firm and staff of hotel must be abolished though coordination and training activities.
- The content of the agreement made with supplier firm is very crucial in outsourcing. What must be done is to persuade supplier firms to sign a flexible agreement. Hereby, a small number of administrators from the recipient firm may be wanted to observe supplier firm in every step. Outsourcing for an activity does not mean to give up all the control over the activity.
- It will be beneficial to take advantage of specialized people's recommendations.
- Agreements are only focused on decreasing the costs and the bid, as a critical factor, is left open to new bids. Hereby, service quality decreases. What must be done is to make agreements that will not make concessions from the service quality.
- It has been observed that service quality is not paid attention enough in tourism businesses which operate city hotels. Outsourcing agreement signed totally with financing views may cause lose of core competencies of businesses and that may bring about negative ramifications. The thing that hotels must do is to specify their core competencies and outsource in activities beyond their facilities. For

example, outsourcing in activities which are very vital for the business like buying, sale, reception and reservation can cause lose of power and competencies inside the business.

- Another problem that hotels in Ankara confront is the deficiency of experienced staff. Neither the staff of businesses nor the staff of supplier firm has got tourism education. The number of staff who graduated from departments of tourism is rather few. Hereby, the thing that must be done is to educate the staff by means of in-service training courses.
- Half of the administrators are not graduated of tourism. To cope with that situation, hotels must be inspired to work with administrators who had taken tourism training, who are aware of the importance of service quality and who pay attention to work.
- The staff of supplier firms cannot work with sufficient motivation because they do not get enough rights and they work in hard situations. Due to low wages, they cannot pay enough attention to guests' satisfaction. What must be done in here is to mention these issues in the contract detailed and take necessary legal measures.

As a consequence, outsourcing is a method that affects businesses financially, administratively, and in service quality. In terms of city hotels, to keep up with changing and improving new trends can be possible with contemporary approaches. The approach of outsourcing is an administrative method that can be efficient in terms of applicability, competitiveness and profitability for city hotels. The thing which is important is adopting that strategy for suitable activities without ignoring service quality, profitability and efficiency of the business. Because the majority of the studies in the literature are on outsourcing of resort hotels, the present study provides a significant source to the literature on outsourcing of city-hotels. More, this study suggests researchers who study on the issue to be aware of difficulty in reaching primary data. Therefore, they should use secondary data as well as primary.

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