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**APPLYING OUTSOURCING IN EGYPTIAN HOTELS: A  
FIELD STUDY ON A SAMPLE OF FIVE STAR IN HOTELS  
SHARM EL-SHEIKH CITY**

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## APPLYING OUTSOURCING IN EGYPTIAN HOTELS: A FIELD STUDY ON A SAMPLE OF FIVE STAR IN HOTELS SHARM EL-SHEIKH CITY

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### **Abstract**

This study aims to explore the extent of applying outsourcing in a sample of Sharm El-Sheikh hotels and identify the benefits and barriers of applying outsourcing in Egyptian hotel market. In order to achieve these objectives, a questionnaire form was developed and directed to a random sample of divisions' and department managers in a five star hotels. A total of 420 questionnaires were distributed among them; only 391 forms (93.1%) were valid. The obtained results indicated that the majority of hotels (68.7%) were outsource their activities partially for reducing the need of capital which spent on non-core activities as the main reason (mean= 4.58). Hotels faced difficulty in monitoring vendors and controlling over the activities which outsourced as the main barriers of applying outsourcing (mean= 4.70). Hotel policies and its culture ranked as the main factors affecting on outsourcing decision taking (mean= 4.77). Based upon the findings, some recommendations were suggested and directed to both of hotel managers and suppliers.

**Key Words:** Hotel Industry, Outsourcing, Core Activities, Suppliers.

## تطبيق التعهيد في الفنادق المصرية: دراسة ميدانية علي عينة من فنادق الخمس نجوم بمدينة شرم الشيخ

### الملخص

تهدف تلك الدراسة إلي معرفة مدي تطبيق التعهيد بالفنادق المصرية من خلال عينة من فنادق الخمس نجوم بمدينة شرم الشيخ، وتحديد كلا من فوائد و معوقات تطبيق التعهيد في القطاع الفندقى المصرى. من أجل تحقيق الهدف من الدراسة، تم توزيع إستمارة إستبيان علي عينة عشوائية من مديري الأقسام و الإدارات المختلفة داخل فنادق الخمس نجوم بمدينة شرم الشيخ. تم توزيع ٤٢٠ إستمارة، كان منهم ٣٩١ إستمارة (٩٣.١%) فقط صالحين للتحليل الإحصائى. تشير النتائج أن أغلب الفنادق عينة الدراسة (٦٨.٧%) تعهد أنشطتها بشكل جزئى بهدف تقليل رأس المال المخصص للأنشطة الغير أساسية كسبب رئيسى (بمتوسط = ٤.٥٨). تمثل صعوبة المراقبة علي الموردين أحد أهم معوقات تطبيق التعهيد (بمتوسط = ٤.٧٠). يعتبر سياسة و ثقافة الفندق هو أحد العوامل الرئيسية التي تؤثر في إتخاذ قرار التعهيد (بمتوسط = ٤.٧٧). بناء علي النتائج المستخلصة، تم وضع مجموعة من التوصيات موجهة لكلا من الموردين و مديري الفنادق

**الكلمات الدالة:** صناعة الفنادق، التعهيد، الأنشطة الأساسية، الموردين

### Introduction

Outsourcing considered one of the management practices which intend to depend on specialized suppliers in performing some hotel activities to guests. In addition to that, it is one of the proposed strategies to hotel management which have an important role in reducing costs and improving the quality (Bolat and Yilmaz, 2009; Promsivapallop, Jones and Roper, 2015). Lamminmaki (2011), stated that in recent years, it noticed that an exponentially grown of using outsourcing technique with many

forecasts of continued growth. Hotel management can apply outsourcing in many departments or activities. Laundry, security, gardening, animation and public relations are a sample of these activities (Smith, 2012). Hotels might outsource also transportation services, staff recruitment, concierge and much more (Hiamey and Amenumey, 2013).

### **Research aim**

This research aims to explore the extent of applying outsourcing in a sample of five star hotels in Sharm El-Sheikh city and identify the benefits and barriers of applying outsourcing and factors affects taking the decision of implementation outsourcing in Egyptian hotel market.

### **Research questions**

- 1) To what extent the investigated hotels implement outsourcing practices in current activities?
- 2) What is the current/prospective status of applying outsourcing in hotel departments?
- 3) What are benefits of applying outsourcing in hotels?
- 4) What are barriers of applying outsourcing in hotel?
- 5) What are the factors that affects taking the decision of implementation outsourcing in hotel?

### **Research hypotheses**

Based on the researcher's reading about the subject of hotel outsourcing, the study hypotheses could be suggested as follows:

**Hypothesis 1:** There are significant differences on 0.05 degree between the views of managers on using outsourcing practices in their hotels returns to their demographical data (educational level and years of experience).

**Hypothesis 2:** There is a significant positive relationship on 0.05 degree between (benefits, obstacles, and factors affects) of applying hotel outsourcing and the current/future status of outsourced activities in Sharm El-sheikh hotels.

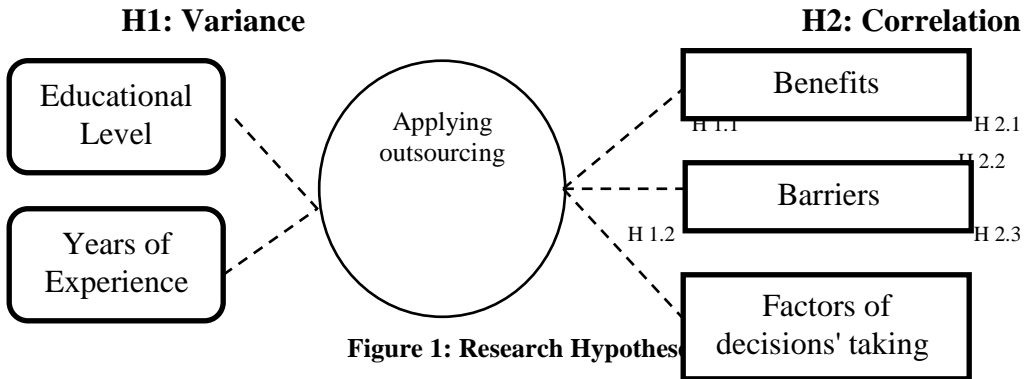


Figure 1: Research Hypotheses

## Review of literature

### An Overview of the Hotel Outsourcing

According to Calik, Batman, and Kingir (2013), Outsourcing in hotel industry started from twenty years ago by given some hotel activities to specialized companies to accomplish. In recent, outsourcing considers as an adopted strategy in hotels that aims to reduce costs and risks moreover, increasing revenues and improving productivity. From managers' points of view, outsourcing practices in hotel industry will grow in the future (Hiamey and Amenumey, 2013).

Almost, the majority of researchers addressed outsourcing in their literatures as a problem that needs to be investigated. With the differentiation of research's' problems, varied understanding of outsourcing has been developed (Galahitiyawe, 2013). Therefore, Table 1 summerized a collective summary of different definitions of outsourcing that recorded from various authors and researchers whose addressed to context of hotels.

**Table 1:** Definitions of Outsourcing

Author/Year	Definition
<b>Espino-Rodriguez and Padron-Robaina (2006)</b>	"Outsourcing is a strategic decision that entail the external contracting of transferring non-core activities to higher capability firms to undertake those activities ".

<b>Kancharlan</b> (2007)	Outsourcing is simply describes a situation where the establishment leaves part of its work to other company which has an ability to execute its mission efficiently with lower cost.
<b>Galahitiyaw</b> (2013).	"Outsourcing is a process of transferring an internal work (client) to external place (outsourcer)".
<b>Sani, Dezdar, and Ainin</b> (2013)	Outsourcing considered a subcontracting service that useful in generating the value of firms and increasing competitive advantage.

### **Classifications of Hotel Outsourcing**

Promsivapallop (2009) referred to that according to range, outsourcing can be divided to total or full outsourcing and partial or specified outsourcing. Many organizations find that total outsourcing is a good option for them specially in some departments or activities. For instance, hotels' management may prefer to full outsource some departments such as security department by depending on specialized company to perform the whole operation (Sriwongwana, 2009). On other hand, other organizations prefer to apply partial or selective outsourcing in their activities. For example, laundry function in the hotel can be transfer to external company while keeping other housekeeping functions in-house (Hiamey and Amenumey, 2013).

Promsivapallop (2009) stated that outsourcing practices classified according to the nature of work to project-oriented and process-oriented outsourcing. Project-oriented outsourcing can be applied in unique, non-standardized and non-routine work. An example of that, software or website updates. On other hand, process-oriented outsourcing involves a standardized, well-

structured and documented functions, for instance, outsourcing of a payroll function (Vitasek, Ledyard, and Manrodt, 2013).

Power et al., (2006) postulated that Outsourcing can be classified by location of work to off-site outsourcing and on-site outsourcing. Off-site work is the case when the outsourcing providers perform their works at their location and not necessary to provide their services inside the organization (i.e. hotels). For example, recruiting function. On other hand, on-site outsourcing involves performing the service or product within the organization. In this case, the organization has members of the service provider's staff. Security department in hotel considers as one of the on-site outsourcing examples.

Sriwongwana (2009) presented another classification of outsourcing based on the level of required expertise. The researcher classified outsourcing in this case to transitional outsourcing and transformational outsourcing. The reason behind the selection of transitional outsourcing is limited resources to interest in antiquated activities or updating technology in the organization. Absolutely, some hotels have limited resources (e.g. capital, building size, and employees' skills). Hence, this option can be the best solution for those hotels. On other hand, the organization's aim of using transformational outsourcing is to develop their activities in order to enhance their employees' skills and improve their capabilities. The best example of transformational outsourcing is external training (Vitasek *et al.*, 2013).

According to the level of decision analysis, it could be segmented outsourcing by two parts "tactical outsourcing and strategic outsourcing. Tactical work considers a very simple work rather than strategic outsourcing. The decision of taken tactical outsourcing is based on reducing costs with no interesting of the other advantages or disadvantage of taken this decision. In this case, the management is interested in performing its activities at a

lower costs due to organization's budget. Meanwhile, The main objectives of strategic outsourcing are to focus on core and non-core activities and to make improvement in the organization's performance (e.g. adding new technology, changes in operation process, and increasing productivity) (Sirec, Rebernik, and Hojnik, 2012; Vagadia, 2012).

### **Benefits of Hotel Outsourcing**

Qu, Pinsonneault, and Oh (2011) noted that outsourcing provide various benefits to the organization, such as strategic, economic and technological benefits. A simple examples of these benefits are, reducing costs, adding new technology and innovation and improving the organization's performance (Lamminmaki, 2011, Sani et al, 2013; Promsivapallop et al., 2015; Nayak, Pai, Prabhu, and Khurana, 2016).

Outsourcing is a good option for accessing services or products that are not available internally. it enables hotels to overcome the limited resources available in-house. For example, hotels may found difficulty in performing laundry services by itself due to the building size or design (Hiamey and Amenumey, 2013).

Ghodeswar and Vaidyanathan (2008) determined four basic benefits of applying outsourcing in hotels. These advantages involves flexibility, specialization, market discipline and cost saving. These benefits are supplied and discussed in Table 2 as follows:

**Table 2:** Benefits of Hotel Outsourcing:

<b>Advantage</b>	<b>Definition</b>	<b>Assessment</b>
Flexibility	Performing the operation easier either upwards or downwards at rapid rate and lower costs	In case of changing in demand conditions, the link between the organization and suppliers via contracts can change more quickly



		than other integrated organizations.
Specialization	Focusing on core activities which make the organization in a competitive advantage	Specialization leads to various economic benefits. The organization becomes more efficient, and value added is maximized
Cost saving	Lower costs than in-house production	Reducing costs not necessary lead to lower quality
Market discipline	Separating purchaser from the service provider by formal contracts	Market discipline increases the competition between suppliers, and organization choices become based on purchases and innovation performance

Source: Ghodeswar and Vaidyanathan (2008).

Ghodeswar and Vaidyanathan (2008) agreed with Dogerlioglu (2012) result that seasonality and demand fluctuation are the main reasons to implement outsourcing as a significant factor to gain flexibility.

### **Barriers of Hotel Outsourcing**

Dorasamy, Marimuthu, Jayabalan, Raman, and Kaliannan (2010) have identified some barriers of applying outsourcing which are; supplier failure, change of suppliers circumstance, and loss of confidential information. In the same context, Hamzah, Aman, Maelah, Auzair and Amiruddin (2010) recorded that problems which may occurred when organizations involved in outsourcing include; loss of strategic flexibility, poor quality, loss of core activities, suffering interruption of supply and loss of internal coherence.

Hiamey and Amenumey (2013) Illustrated that indirect costs is one of obstacles that face implementing outsourcing. These costs involves transaction costs during choosing suppliers, conversion costs during transferring activities from in-house to out-house and returning activities to in-house if suppliers did not provide the required services.

Hiamey (2012) postulated that in many outsourcing arrangements, the organization's fright of fail owing to cultural mismatch can constitute an impediment to implementing outsourcing. In addition to that, Yilmaz and BedÜk (2014) claimed that is dangerous if hotels tend to outsource core activity. They recommended that core activities should be performed in-house to keep quality and increase guest satisfaction.

### **Outsourcing practices in hotel departments**

According to Lamminmaki (2003), food and beverages (F&B) department in hotels have many activities which may be outsourced such as; restaurants, employees' cafeteria, pre-preparing ingredients and catering. Also, hotels use outsourcing in F&B by contracting out with some known / branded restaurants chains as a strategy to gain expertise, competitiveness, and financial stability (Trabulsi, 2017).

Sani et al. (2013) realized that cleaning services is one the most popular activities that use outsourcing in hotels. One of these activities, carpet and windows cleaning functions, pest control, and laundry (Lamminmaki, 2009; Mugassa, 2015; Linen, 2017).

In the context of human resources department, Recruitment companies are more specialized and have advanced technique in reaching to employees such as; web sites, multiple sourcing channels, and recruitment software. They have many followers of applicants, consequently that increased the probability to find the best applicant to the job (Siew-Chen and Seow-Voon, 2016).

Chan (2012) mentioned that maintenance department could be performed in-house or outsourced to specialized companies, or a combined proportion of both. Hotels would have to outsource any expertise maintenance work that could not performed by in-house staff (i.e. maintenance for generators). On other hand, when immediate attention is required such as; maintenance of F&B equipment, in-house staff are suitable to perform that missions (Aryee; 2011; Chan, 2012).

Information technology department (IT) is ideal to outsource in any organization due to its characteristics with highly specialized nature, essential cost, and rapidly changing (Brinkkemper and Jansen, 2012). Hotels preferred to outsource IT department in installing complicated computer programs, such as reservation systems (e.g., Opera, Comsys and Fidelio). On other hand, outsourcing IT carries with some potential risks such as; the lack of control over search engine marketing, loss of contact with guests, and slow updates in the hotel's web-site (Abdullah and Verner, 2012).

Nicholson, Jones, and Espenlaub (2006) believed that accounting outsourcing may be particularly suitable for remote hotels as in these regions it could be difficult to recruit and retain qualified accounting employees. Organizations have outsourced different activities and functions of accounting. These activities may be simple as general accounting or debt management. on other hand, organization could use outsourcing in high level of accounting functions such as payroll, or financial ratio and analysis (Aman and Abdul Rahman, 2011).

In the context of marketing department, Diaz and Espino-Rodriguez (2017) suggested to rethink in utilizing outsourcing in sales activities. It should to create new procedures in marketing and sales activities to find a new competitive solution by applying outsourcing. When hotel marketers lose market share and have not the ability to cover an acceptable level of occupancy, in this

case hotel needs to find service companies specialized in growing distribution channels.

According to Bolat and Yilmaz (2009), security department is one of the popular functions outsourced in hotels sector. An example of outsourcing security department, a Florida Hilton Hotel outsourced his security functions to Pinkerton Security Company with reducing costs 20%-30%. Hotels assigned to specialized training companies to give training courses to all hotel staff about safety and security to be informed about these issues and help security officer in hotel safety (Sani et al., 2013).

### **Research methodology**

In order to achieve the research aim, divisions' and departmental managers in five star Sharm El-Sheikh hotels were surveyed. A total of 420 questionnaires were distributed randomly in the investigated hotels (20 hotels) during July to September 2018, only 391 forms (93.1%) were valid to analyze. The questionnaires were returned and the results then analyzed. The questionnaire consisted of three sections. The first section intended to reveal the managers' demographic data. The second section intended to determine the extent of applying outsourcing in hotels and identify the current/prospective status of outsourcing hotels' departments. The respondents were asked to answer this question by using a three-point Likert-type scale ( yes = 3, yes to some extent = 2 and no = 1) to determine the levels of agreement with the departments investigated. The third section included 18 attributes covering the three investigated dimensions (benefits, obstacles, and factors affect) of applying hotel outsourcing. This could be seen in the tables of results. The respondents were asked to answer these questions by using a five-point Likert-type scale (Strongly agree = 5, agree =4, neutral = 3, disagree = 2 and strongly disagree = 1) to determine the levels of agreement with the statements investigated. The Statistical Package for the Social

Sciences (SPSS) version 24.0 was used to analyze and compute the collected data.

The range of each level of agreement was calculated as follow:

$$\text{Range} = \frac{3 - 1}{3} = 0.66$$

No= 1 to 1.66

Yes to some extent  
=  
1.67 to 2.33

Yes = 2.34 to 3

$$\text{Range} = \frac{5 - 1}{5} = 0.8$$

Strongly disagree

= 1 to 1.80

Neutral =  
2.61 to 3.40

Strongly agree = 4.21 to 5

Disagree =

1.81 to 2.60

Agree =

3.41 to 4.20

### Reliability Analysis

**Table 3:** Reliability Analysis

Number of Statements	Alpha
18	0.83

Table 3 indicated that alpha coefficient of the questionnaires dimensions was 0.83 (higher than 0.70) (Pallant, 2007). This result indicated to the reliability and validity of the questionnaires for using in the study.

### Results and Discussion

The results involved three main stages. Descriptive analysis was used to discover participants' responses, variance analysis for respondents' answers and correlation analysis were conducted to examine the relationship between independent variables and dependent variable. The results obtained were computed and analyzed in the following tables.

**Table 4:** Demographic Data of Managers.

Demographic Data	Attribute	Statistics		Rank
		Freq.	%	
Educational level	Average degree (Vocational/Secondary School)	53	13.6	4
	Institutional Degree	80	20.5	2
	University Degree	198	50.6	1
	Postgraduate (Diploma - Master – PhD)	60	15.3	3
Years of experience in the same position	Less than 10 years	251	64.2	1
	From 10 – 15 years	112	28.6	2
	More than 15 years	28	7.2	3

As it can be observed from the previous table 4 that, among the 391 respondents, a high proportion of the tested sample (50.6%) have a university educational degree, and 20.5% were have an institutional qualification, this was followed by manager whose have Postgraduates degree with 15.3%. Managers with vocational/Secondary School degree was the smallest group and presented by (13.6%). the results also showed that years of experience in the same position of the majority of the managers (64.2%) were less than 10 years. While 28.6% was from 10–15 years. Managers with more than 15 years of experience in the same position was the smallest group and presented by 7.2%.

**Table 5:** Answers of respondents on the extent of applying outsourcing

Answers	Freq.	%
Yes, totally	122	31.3
Yes, partially	269	68.7
<b>Total</b>	<b>391</b>	<b>100</b>

The result of this question showed that 68.7% of investigated hotels applied outsourcing partially (in some cases or in specific functions/activities), Meanwhile 31.3% applied outsourcing totally. These results indicate that the majority of the investigated hotels are concerned with applying outsourcing on their activities. This result in agreement with Hiamey and Amenumey (2013) who resulted that outsourcing considers as an adopted strategy which applied continually in hotels and will grow in the future.

**Table 6:** Ranking of the Investigated Dimensions.

Current status				Dimension	Prospective status			
R	p.valu e	(x2)	x□		x□	(x2)	p.valu e	R
7	0.00*	13.26	1.76	Food and beverage	2.39	8.33	0.02*	6
2	0.00*	18.15	2.06	Housekeeping	2.73	21.83	0.00*	2
1	0.05*	7.63	2.39	Front office	2.55	4.29	0.05*	4
8	0.17	1.01	1.67	Human resources	2.13	6.22	0.04*	9
4	0.33	.963	1.95	Engineering and maintenance	2.50	.458	0.79	5
3	0.00*	15.92	2.06	Information technology	2.25	17.62	0.00*	7
5	0.29	2.48	1.79	Sales and marketing	2.56	5.19	0.15	3
6	0.01*	5.37	1.78	Security	2.76	16.73	0.00*	1
9	0.04*	6.74	1.33	Finance and accounting	2.17	7.98	0.03*	8
–	–	–	<b>1.87</b>	<b>Implementation of</b>	<b>2.45</b>	–	–	–

				<b>outsourcing</b>				
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\*Significant at  $P \leq 0.05$ ,  $\bar{x}$  = Mean, R= Rank,  $\chi^2$ =Chi-Square.

The results in table 6 depicted that, with regard to the current status of outsourcing in hotel departments, there was a significant difference among respondents' answers ( $p < 0.05$ ) in the majority of departments except for engineering and maintenance that p.value =0.33, sales and marketing that p.value =0.29, and human resources that p.value =0.17. As with regard to the prospective status of outsourcing in hotel departments, there was a significant difference among respondents' answers ( $p < 0.05$ ) in the majority of departments except for engineering and maintenance that p. value =0.79, sales and marketing that p.value =0.15.

Data in table 6 indicated that currently hotels have outsourced to some extent their departments with average mean = 1.87. Front office department was the most in applying outsourcing on its activities/functions with mean = 2.39. Meanwhile, the finance and accounting department was the least in applying outsourcing on its activities / functions with mean = 1.33. This result in contrast with Nicholson et al., (2006) result that accounting outsourcing is suitable for remote hotels due to the difficulty in recruiting and retaining the qualified accounting employees.

On other hand, hotel managers preferred to outsource their departments in the future with average mean = 2.45. Security department was the most prospected to outsource on its activities/functions with mean = 2.76. This result in agreement with Bolat and Yilmaz (2009) result's that security department is the most suitable to outsource in the hotels sector. Meanwhile, the human resources department was the least prospected to outsource on its activities / functions with mean = 2.13.

**Table 7:** Respondents' answers on benefits of applying outsourcing.



Statements		5-Point Likert - Scale					Statistics		
		1	2	3	4	5	x $\bar{}$	SD	R
Increasing the flexibility and downsize responsibilities of hotel management.	<b>Fre q.</b>	0	0	27	12 8	23 6	<b>4.53</b>	<b>.623</b>	2
	<b>%</b>	0	0	6.9	32. 7	60. 4			
Outsourcing is a management technique and helps in developing managers' skills.	<b>Fre q.</b>	13 6	17 2	57	20	6	<b>1.95</b>	<b>.914</b>	6
	<b>%</b>	34 .8	44	14. 6	5.1	1.5			
Helps in manage seasonality problems and fluctuation in demand effectively.	<b>Fre q.</b>	3	18	48	20 0	12 2	<b>4.07</b>	<b>.827</b>	3
	<b>%</b>	0. 8	4.6	12. 3	51. 2	31. 2			
Increasing the variety of services which contribute in increasing guest satisfaction.	<b>Fre q.</b>	4	43	23 4	94	16	<b>3.19</b>	<b>.721</b>	4
	<b>%</b>	1	11	59. 8	24	4.1			
Reducing the need of capital which spent on non-core activities.	<b>Fre q.</b>	0	0	16	13 3	24 2	<b>4.58</b>	<b>.571</b>	1
	<b>%</b>	0	0	4.1	34	61. 9			
Converting fixed costs to be	<b>Fre q.</b>	77	93	39	12 9	53	<b>2.97</b>	<b>1.379</b>	5

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variable costs.	%	19	23.	10	33	13.			
		.7	8			6			
<b>Average Mean</b>							<b>3.55</b>	-	-
<b>N.B:</b> 1="Strongly Disagree", 2=" Disagree, 3="Neutral", 4="Agree, 5= "Strongly Agree", SD, "Standard Deviation". R=Rank, $\bar{x}$ = Mean									

According to the results showed in Table 7. The respondents agreed on three statements from all statements about benefits of applying outsourcing which are arranged according to their means as follows:

- The statement of " Reducing the need of capital which spent on non-core activities." has got the highest percentage of agreement from the respondents at (Mean=4.58). This result agreed with **Lamminmaki** (2011), who referred that hotels rely to external companies in transportation services to avoid the cost of purchasing vehicles and maintenance costs in addition to drivers' problems.
  - "Increasing the flexibility and downsize responsibilities of hotel management" at (Mean=4.53).
  - " Helps in manage seasonality problems and fluctuation in demand effectively" at (Mean =4.07). This result matched with **Dogerlioglu**, (2012) result that seasonality and demand fluctuation are the main reasons to implement outsourcing practices as a significant factor to gain organization flexibility. Meanwhile, the responses of managers were neutral with two statements which are arranged according to their means as follows:
    - " Increasing the variety of services which contribute in increasing guest satisfaction " at (Mean= 3.19).
    - " Converting fixed costs to be variable costs " at (Mean= 2.97).
- On the other hand, their responses disagreed with the following statement as follows:
- " Outsourcing is a management technique and helps in developing managers' skills " at (Mean= 1.95). This result

indicated that outsourcing have not impact in improving managers' skills.

**Table 8:** Respondents' answers on obstacles of applying outsourcing.

Statements		5-Point Likert - Scale					Statistics		
		1	2	3	4	5	Mean	SD	R
Lack of data about outsourcing and its implementation processes	Fr eq.	66	134	149	42	0	<b>2.43</b>	<b>.894</b>	5
	%	16.9	34.3	38.1	10.7	0			
Shortage of outsourcing suppliers in the hotel sector	Fr eq.	6	41	114	168	62	<b>3.61</b>	<b>.927</b>	4
	%	1.5	10.5	29.2	43	15.9			
Difficulty in monitoring vendors and controlling over the activities which outsourced	Fr eq.	0	0	0	118	273	<b>4.70</b>	<b>.460</b>	1
	%	0	0	0	30.2	69.8			
Supplier interest conflicts with hotel policies	Fr eq.	14	25	25	227	100	<b>3.96</b>	<b>.948</b>	3
	%	3.6	6.4	6.4	58.1	25.6			
A possibility of providing	Fr eq.	0	3	27	110	251	<b>4.56</b>	<b>.657</b>	2

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bad service or unqualified staff	%	0	0.8	6.9	28.1	64.2			
Non-direct costs such as penalty clauses and negotiation costs	<b>Fr</b>	12	17	60	28	9	<b>2.05</b>	<b>.98</b>	<b>1</b>
	<b>eq.</b>	3	1						
	%	31.5	43.7	15.3	7.2	2.3			6
<b>Average Mean</b>							<b>3.55</b>	-	-
<b>N.B:</b> 1="Strongly Disagree", 2=" Disagree, 3="Neutral", 4="Agree, 5= "Strongly Agree", SD, "Standard Deviation", R=Ranking									

With regard to the results showed in Table 8. The respondents agreed on four statements from all statements about barriers of applying outsourcing which are arranged according to their means as follows:

- The statement of " Difficulty in monitoring vendors and controlling over the activities which outsourced " has got the highest percentage of agreement from the respondents at (Mean=4.70). This result in agreement with the result of Hiamey and Amenumey (2013) that loss of control considered as one of main reasons that make organizations not venturing into outsourcing.
- "A possibility of providing bad service or unqualified staff " at (Mean=4.56). This result agreed with the result of Hamzah *et al.*, (2010), that organizations face some problems relevant to the poor quality of service in case of outsourcing.
- " Supplier interest conflicts with hotel policies " at (Mean =3.96).
- "Shortage of outsourcing suppliers in the hotel sector" at (Mean= 3.61).

On the other hand, their responses disagreed with two statements which are arranged according to their means as follows:

- " Lack of data about outsourcing and its implementation processes " at (Mean= 2.43).
- " Non-direct costs such as penalty clauses and negotiation costs " at (Mean= 2.05). This result was in contrast with the result of Hiamey and Amenumey (2013), that there are various hidden costs should took in consideration during venture to outsourcing such as; transaction costs during choosing suppliers, conversion costs during transferring activities from in-house to out-house and returning activities to in-house if suppliers did not provide the required services.

**Table 9:** Respondents' answers on factors affecting on outsourcing decision taking.

Statements		5-Point Likert - Scale					Statistics		
		1	2	3	4	5	Mea n	SD	R
Quality of products and services which provided by suppliers	Fre q.	0	0	9	210	17 2	<b>4.4 2</b>	<b>.538</b>	2
	%	0	0	2.3	53.7	44			
Implementat ion a competitive hotels to outsourcing practices	Fre q.	65	10 7	17 9	31	9	<b>2.5 2</b>	<b>.939</b>	6
	%	16. 6	27. 4	45. 8	7.9	2.3			
The offer which	Fre q.	0	12	50	224	10 5	<b>4.0 8</b>	<b>.717</b>	4

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provided in contract (e.g., price and duration)	%	0	3.1	12.8	57.3	26.9			
Hotel policies and its culture	<b>Fre q.</b>	0	0	3	84	304	<b>4.77</b>	<b>.439</b>	1
	%	0	0	0.8	21.5	77.7			
Expected return from outsourcing application	<b>Fre q.</b>	52	43	31	103	162	<b>3.72</b>	<b>1.434</b>	5
	%	13.3	11	7.9	26.3	41.4			
The nature of the activity (core or non-core activity)	<b>Fre q.</b>	0	0	25	197	169	<b>4.37</b>	<b>.601</b>	3
	%	0	0	6.4	50.4	43.2			
<b>Average Mean</b>							<b>3.98</b>	-	-
<b>N.B:</b> 1="Strongly Disagree", 2=" Disagree, 3="Neutral", 4="Agree, 5= "Strongly Agree", SD, "Standard Deviation". R=Ranking									

According to the results showed in Table 9. The respondents agreed on five statements from all statements about factors affecting on outsourcing decision taking which are arranged according to their means as follows:

- The statement of " Hotel policies and its culture " has got the highest percentage of agreement from the respondents at (Mean=4.77). This result agreed with **Hiamey** (2012) who postulated that in many outsourcing arrangements, the organization's fright of fail owing to cultural mismatch can constitute an impediment to implementing outsourcing.

- "Quality of products and services which provided by suppliers" at (Mean=4.42).
- " The nature of the activity (core or non-core activity)" at (Mean =4.37). This result in agreement with (**Yilmaz and BedÜk**, 2014) recommendations that hotels should take in consideration the nature of activity before outsource it and do not in interest in cost reduction only. Core activity should be performed in-house to keep quality and increase guest satisfaction.
- " The offer which provided in contract " at (Mean= 4.08).
- " Expected return from outsourcing application " at (Mean= 3.72).

On the other hand, their responses disagreed with the statement of " Implementation competitive hotels to outsourcing practices " at (Mean= 2.52). From this result it could concluded that, although hotels have the same characteristics, they differentiate in the nature of work. Therefore, implementation of competitive hotels to outsourcing not a standard or guide to the ability to apply outsourcing in their hotels.

Table 10: Differences among managers' responses towards applying outsourcing according to, educational level, and years of experience.

Variable s	Categories	Ranks		Test Statistics		
		N	Mean Rank	(x2)	p.value	Sig
Education al level	Average degree (Vocational/Sec ondary School)	53	93.29	14.07	0.00*	<b>H.S</b>
	Institutional Degree	80	111.15			
	University Degree	19 8	145.17			
	Postgraduate (Diploma - Master	60	188.63			

	– PhD)					
Years of experience	Less than 10 years	25	177.55	4.76	0.09	N.S
		1				
	From 10 – 15 Years	11	186.33			
	More than 15 years	28	192.61			

\*Significant at  $P \leq 0.05$  N.S= Non Significant H.S= High Significant  $\chi^2$ =Chi-Square

As shown in Table 10, with regard to respondents' the result of Kruskal-Wallis test was used to examine the differences among respondents toward applying outsourcing according to educational level that p.value =0.00 which was less than the level of significance 0.05. Thus, it concludes that there are differences among managers toward applying outsourcing according to educational level That is, once educational qualification increased. the tend to apply outsourcing increase. Hence, **this hypothesis could be accepted.**

In addition to that, the tabulated data in Table 10 cleared that, the result of the differences among respondents toward applying outsourcing according to years of experience that p.value =0.09 for years of experience which was higher than the level of significance 0.05. Thus, it concludes that there are no differences among the sample responses of the study toward applying outsourcing according to years of experience. Hence, **this hypothesis could be rejected.**

**Table 11:** Correlation coefficient between dependent and independent variables:

(Independent variables)		Dependent variable (Outsourcing Implementation)
Benefits of applying	Correlation	.496*
	p-value	.003



<b>outsourcing</b>	N	391
<b>Barriers of applying outsourcing</b>	Correlation	.614* <sup>-</sup>
	p-value	.000
	N	391
<b>Factors affects applying outsourcing</b>	Correlation	.773*
	p-value	.042
	N	391

\* = Highly significant at  $P \leq 0.05$

Taking a glance on the results in Table 11, it could be seen that there is a positive correlation among benefits of choosing outsourcing and implementing outsourcing. When the correlation coefficient of spearman was 0.496. This positive correlation indicates that; whenever benefits increased, hotels desire to implement outsourcing increased, and the opposite is true. Thus, **H.Corr.2.1 could be accepted.**

In the same sense, there is a positive correlation among factors affects and implementing outsourcing. When the correlation coefficient of spearman was 0.773. This result indicates that; whenever factors affects have been handled, hotels desire to implement outsourcing increased, and the opposite is true. Thus, **H.Corr.2.3 could be accepted.**

**On other hand,** there is a negative correlation among implementations' barriers and implementing outsourcing. When the correlation coefficient of spearman was 0.614<sup>-</sup>. This result indicates that; whenever barriers increased, hotels desire to implement outsourcing decreased, and the opposite is true. Thus, **H.Corr.2.2 could be accepted.**

### **Recommendations**

Based upon both the literature reviewed and the findings, the following recommendations could be suggested:

- 1) Hotels should determine their core and non-core activities then take the right decision to outsource activities that will be effective if performed outside.
- 2) Hotels advised to outsource departments such as; security, housekeeping, and sales & marketing.
- 3) It is recommended that hotels conduct with external supplies a long time outsourcing contracts to motivate them.
- 4) Two parties should identify all factors affect the deal (e.g. cost, service, time, quality) and agree on all clauses.
- 5) Suppliers recommended studying hotels' requirements accurately before contracting to ensure providing a proper service for hotels.
- 6) Government establishment should encourage the investment in supporting services to hotels sector such as; waste management, security, pests control and animation services.

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