

OUTSOURCING HUMAN RESOURCE ACTIVITIES IN THE HOSPITALITY SECTOR

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ABSTRACT

Travel- and tourism-related activities account for over 230 million jobs, or 8.7 per cent of jobs worldwide[1]. Managers in the hospitality industry face challenges recruiting, developing and maintaining committed, competent, motivated employees focused on providing a high-quality experience for their guests.

Human resource management (HRM) is a means by which an organization can gain competitive advantage, a view captured by the cliché of ‘our people are our greatest asset’. The human capital embedded in an organization’s human resources is a source of sustainable competitive advantage that is unique and inimitable. There is general agreement in the HRM field that: “(1) human capital can be a source of competitive advantage, (2) that HRM practices are the most direct influence on the human capital of a firm, and (3) that the complex nature of a coherent HRM system of practices can enhance the inimitability of the system.”[2] At the same time organizations seem increasingly willing to outsource ever larger bundles of HRM activities.

This study uses data collected on 22 different HRM practices to first provide a snapshot of current practices in the hospitality sector, which can be used to benchmark individual operations against the current norms. This in and of itself should be of value to hotel managers; however, by collecting data on employee satisfaction and engagement levels combined with employee turnover and customer satisfaction data our completed project will shed light on how various HR practices can improve performance when controlling for size and type of hotel operation. The theoretical model predicts two indirect costs of ineffective HR practices employee dissatisfaction and turnover. This study also examines the provider of the HRM activities as hospitality is a sector in which strategic outsourcing might not only save money, but increase employee satisfaction with management practices.

Keywords: Outsourcing, Human Resources, Hospitality

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