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EXECUTIVE SUMMARY

Housekeeping is essential for the efficient and successful operation of a hotel. No hotel or accommodation service can function without cleaning. Housekeeping is often the largest department in a hotel and has the highest turnover rate. With the largest number of employees and the highest wage costs, the household is often considered first when it comes to profit margins. Companies can hire staff in a number of ways, and as a hotel manager, they have the option of hiring hourly staff internally or through an external agency. The purpose of this study was to examine the negative aspects of outsourcing and whether hiring hourly workers or hiring outside agents would be more cost-effective, basically the cons of having the housekeeping department outsourced. Hotel establishments can use the results of this study to reduce costs and save labour in one of the main hotel industries, and Hilton hotels as base for the analysis.

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INTRODUCTION

When running a hotel, each department operates differently. In most cases, the housekeeping department has more employees than any other department in the hotel. Of course, this depends on how many rooms your hotel has and how busy it is each night. Housekeeping has the highest turnover rate of any hotel department, mainly because most people who apply for room manager positions are unprepared for the truly demanding work. So, most day-to-day managers see outsourcing as an easy way to run a service, even though it may or may not be the best financial solution. Given the importance of housekeeping in any hotel, all general managers and executives should have a solid understanding of internal and external hiring. The benefits of outsourcing the housekeeping will be highlighted. Outsourcing room service has become popular, especially in the past five years. Hoteliers see outsourcing as a viable business strategy because the industry is labour-intensive. According to hotel experts, outsourcing is the best answer because it is more profitable, more cost-effective, and meets both demand and quality requirements (Staff, 2010).

OUTSOURCING OVERVIEW

According to Mark Hoare, partner of The Prism Partnership, a travel and entertainment consulting firm in Boston, the hospitality industry has already begun to shift to outsourcing (Simon, 2012). The entire outsourcing concept is guided by the desire to reduce costs while maintaining excellent service quality. Wages and labour are among the highest costs in the hospitality industry (especially hotels), so most hotel managers consider outsourcing a good idea. With such a high turnover rate of housekeeping staff, outsourcing seems to be the best solution, as there are always people in the organization and never the hassle of training. Many hotels believe that it is not advisable to outsource services that directly interact with guests, such as porters, housekeeping and front desk staff. They are not direct employees, are contracted to an external organization, and as managers do not have full control over their work, it seems that they do not want to interact too much with guests. is natural. An important question is whether outsourcing makes financial sense and whether outsourced staff have higher or lower visitor satisfaction levels than on-site trained staff (Simon, 2012). And for this, the following sections of this report will analyse this.

IN-HOUSE HOUSEKEEPING vs OUTSOURCED HOUSEKEEPING – HILTON HOTELS CASE

Room service is essential for the efficient and successful operation of a hotel. No hotel or accommodation service can function without cleaning. Housekeeping is often the largest department in a hotel and has the highest turnover rate. With the largest number of employees and the highest wage costs, the household is often considered first when it comes to profit margins. Companies can hire staff in a number of ways, and as a hotel manager, you have the option of hiring hourly staff internally or through an external agency. The purpose of this study was to investigate the financial impacts of outsourcing and whether it would be more financially beneficial to outsource or in-house.

To create a comparison between the in-house department of housekeeping vs outsourced one, a financial analysis to break the cost for both, has to be made. Managers should consider the cost of comprehensive employee training and pre-employment checks needed to hire part-time or full-time employees. Benefits, vacation

pay and overtime are other things that apply to hourly employees. Consider cleaning from an outsourced perspective, how much training is required on arrival and whether they use hotel cleaning chemicals and supplies or are provided upon arrival. The most relevant cost comparison between hourly and outsourced workers is the cost of cleaning their hotel for 8 hours a day. The key difference between contract workers and hourly employees is that hourly employees are paid a fixed hourly rate for an eight-hour day, whereas contract workers receive a fixed hourly rate. Although hourly workers are hourly workers and venue-paid contractors, management should exercise caution when assigning live performances based on time. Housekeepers usually clean at least 14 to 16 rooms for 8 hours a day.

Hilton is run by a company that employs contractors and hourly workers. Managers should consider hours and costs when assigning rooms to both types of housekeepers. Since contract workers are paid by the room, it is best to provide them with all hourly workers housing and payment services. The idea is that contractors are paid the same whether they spend 30 minutes at checkout or 15 minutes overnight, so this makes economic sense. After considering the costs associated with hiring both cleaners, they continue to be lower when hiring hourly staff. Even if occupancy rates in hotels increase, the number of hourly staff will still be less than the cost of hiring both together or just hiring housekeepers from outside agencies.

When a manager hires through an outside company, employees come and go frequently, making it difficult to maintain consistency. Every employee must understand the many requirements of the brand, which is even more difficult if they cannot adequately train someone on the most important topic. There are hotel managers who oppose outsourcing staff to work anywhere in the hotel where they can interact with guests (Simon, 2012). This is because they don't care what is happening around the hotel, they have only one mission, that is to come and help in short time. It's harder to blame them because they're not the hotel employees to discipline, but a manager still needs to make sure they behave and do their job right. Hourly employees are likely to be nearby and more familiar with the hotel and its culture. Guests get to know and interact with specific staff members and feel more comfortable getting to know specific staff members and those who clean their rooms on a daily basis. In terms of abilities, the inhouse housekeeping department, are dependable on the trainings that are being set by their manager to be followed (Iannuzzi, 2020). Comparing this to the abilities of an outsourced housekeeping department, where the

personnel should follow some standards and follow the contract as well, it might be said that the hotel would pay the services and the personnel will need to be in accordance with it. A second idea is around the fact that the outsourced housekeeping team would come with their own equipment, they will know how to use it, and taking this into account, it might sound like a positive aspect to take into account while a hotel manager thinks in having his housekeeping department outsourced (Sani, 2013). Although the outsourced team would have their own professional equipment, they will still have to use the hotels power supply to connect their gadgets. This would mean that the bill for the hotel will tremendously increase, meaning that this will raise the overall costs as well. Having a inhouse housekeeping department will also mean that the staff will be easily to bound, to create relationships, to communicate and also to collaborate. In the end, even though there are positive and negative aspects of having or not having the housekeeping department outsourced, it might be a better idea to keep it inhouse. Also, when hotel housekeeping is outsourced, they often expect excellent results from the service provider (Lammannemaki, 2011). There are some exceptions to this rule, such as former hotel employees now working for the new company. Contractors must receive appropriate training and be under constant supervision to ensure high quality service. Perhaps the biggest challenge for Hilton and its team of contractors was to fully understand the hotel concept and all brand standards in order to provide outstanding service to guests and other employees, while ensuring make sure everything is consistent (Jamieson, 2011). Even when employees are recruited from a third party, they must be integrated into the team, including wearing the same uniform and participating in all hotel events. Hilton hires from outside companies, but they also hire internally, so any hourly workers must match housekeepers they hire from outside companies, so customers are be treated the same, no matter who they are. In the end, entrepreneurs are more profitable because they reap short-term profits and don't have to reinvest in employee training, management also reaps short-term profits, but products and services suffer. in the long run due to contract workers' lack of ownership commitment and their sense of isolation from other workers (Sargeant, 2000).

In the end is all about customer satisfaction, and also, the outsourcing can expose hotels to legal and potential problems that can affect quality. In addition, service volume may suffer as some contracts try to save money while sacrificing service quality. When hotels outsource in countries that use multiple languages, language

issues can make guests unhappy. Outsourcing can also damage a hotel's public image and exacerbate labour problems caused by layoffs (Schniedejans 2005). Contractors lack the enthusiasm and knowledge of the average employee, resulting in a poor customer experience, therefore, the entire report underlines the fact that outsourcing the housekeeping department for Hilton Hotels is not such a good idea.

CONCLUSION AND RECOMMENDATION

Due to poor relationship management, outsourcing outright increases organizational costs and negatively affects consumers and hotel staff (Schniedejans 2005). I recommend hotels outsource some of their operations, as partial outsourcing reduces operational risks, personnel costs, and other costs and provides predictable benefits (Quiz et al., 2006). Employees benefit from outsourcing in part because they keep their jobs (McFadden 2004). It boosts service coverage, improve service levels and optimize the use of hotel resources. It is essential to improve communication between employees at all levels and to demonstrate a spirit of cooperation and good communication skills. I also encourage all housekeeping staff to act as a suggestion box for ideas that can help improve the business and save money.

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