



Comparison between staff outsourcing and in-house staffing in food and beverage operations at hotel Kämp

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The purpose of this research-oriented thesis is to compare the competitiveness of staff outsourcing versus in-house staffing in food and beverage operations at hotel Kämp. The objective of research is to study the efficiency of staffing strategy currently implemented at different departments of F&B operations at hotel Kämp and find out the possible ways these strategies can be improved to move towards ideal staffing strategy. The thesis project is done with cooperation with hotel Kämp, which is one of the most luxurious hotels in Helsinki metropolitan area. Hotel Kämp was first established in 1887 and now is a part of Kämp Collection Hotels and Leading Hotels of the World.

The theoretical part of the research consists of literature review on general information and practices in food and beverage operations on hotel industry, followed by introducing advantage and disadvantage of outsourcing, and HRM practices in F&B operations. Later in the theoretical part, the temporary employment agencies are introduced, and benefits and risks of staff outsourcing are discussed. The theoretical part utilizes various articles and academic literature to support the findings of the research. Some figures and tables are illustrated in the theoretical part of the research to visualize the findings.

The aim of the empirical part of the research is to study and find out whether the staffing strategy currently implemented at different department of F&B operation at hotel Kämp are effective enough to help the operations to run more smoothly, provide excellent customer service, save salary and wages costs, and help the operation to generate a higher revenue. The thesis provides development ideas in staffing strategy and steps towards ideal staffing.

Even though hotel Kämp has already a very good staffing strategy in F&B operations, which employs more than 100 staff, there is still space for some improvements. The dependency of F&B operations on staff outsourcing is high and in-house resources are not well recognized.

According to the theoretical part and analysis of the empirical part of research, the F&B operations at hotel Kämp can move towards ideal staffing. While outsourcing is an inseparable staffing in F&B operations, the performance level of outsourced staff can be increased by in-house training prior to starting the work shift. At the same time, recruiting and hiring processes can be outsourced to service provider companies to help the hotel to save costs and time. In addition, in-house outsourcing needs to be practiced more effectively to help the hotel to use its employees in the most efficient way. This can happen by better communication between the planning officers and having a comprehensive scheduling plan.

Keywords: Staffing, Outsourcing, Competitive advantage

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1 Introduction

The economic changes in workforce, higher business competition, advances and developments in information systems, recession, demand for sustainable business, and a host of other challenges are making organizations to constantly examine and reevaluate how they operate. The companies answer to these challenges by getting advantage of new technologies, changes organizational structure, relocating their sources, and improvement of the business processes. These important changes have a great impact on resource cognition and how a company's human resources should be managed. (Lawler 2012, 1). The success in business is very much dependent on the employees of the company, and it is critical to make sure the right practices are applied in recruiting, hiring processes and talent management.

Human resource management is defined as rules, exercise and functions that affect a company's employees. (Noe, A. Hollenbeck, R. Gerhart, B. & Wright, P. 2014, 23). The feature of human resource management can include: HRM is focused on employees both as person and as a team, it includes the development of employees, it applies to all different kind of enterprises regardless of the industry and the field, and it is an on-going process (Lee, CS. Chao, CW. & Chen, HI 2015).

In hotel and restaurant businesses, staff such as, reception personnel and waiters or waitresses are in the front line of the business and in direct contact with customers. Whether these employees are permanent, part time, or temporary, they have an important role in the success of the business and determine the business's image for the customers. Therefore, recruiting and hiring employees is an important and strategic decision that need to be made by managers. The vital role of workforce in services businesses like hotels and restaurants, makes it is necessary to ensure that the right person is hired to join the work team. The vital role of workforce in services businesses like hotels and restaurants, makes it is necessary to ensure that the right person is hired to join the work team.

Outsourcing is known to be one of the most critical and influential trends in allocating human resources. The reasons behind outsourcing can be reducing operational costs, an ability to focus on core business functions and strategic issues, access to talents and expertise outside of the company, and to improve service level (M. Belcourt 2006, 269-279). Strategic outsourcing often involves that the company make partnership with one or more service providers companies. Outsourcing in terms of human resources can take place in two forms. In the first form HR outsourcing, a company can outsource the whole HR functions to a service provider partner. In this case the third-party company takes care of the recurring, hiring, payroll, bookkeeping and all the administrative tasks related to employees in the company. In the second form of HR outsourcing, a company has its own operating HR department, but due to work load or project work the company needs extra help from the outside of the company and can recruit temporary employees through outsourcing. Based on the nature of the business in hotels, staff outsourcing can help the company to get help from temporary staff in peak seasons like summer or Christmas holidays (M. Power, K. Desouza & C. Bonifazi, 2006).

Selection of the thesis topic was not coincidental. The author of the thesis started a temporary work contract with Hotel Kämp through a staffing company. During the summer 2018, the author has worked in the business as an outsourced staff and was offered a permanent contract by Hotel Kämp after the end of the temporary contract. After a meeting with the restaurant manager to agree on new contract terms, the author understood that there is a significant difference in hourly wage between outsourced and in-house staff. The difference can be

determined by a multiplier in the hourly wage that is paid to the third-party company. The multiplier in the salary varies between different staffing companies, and as result of this multiplier Hotel Kämp is paying higher hourly wage for outsourced staff.

1.1 Thesis objective and research questions

The purpose of the study is to find out the competitive advantage of staff outsourcing versus in-house staffing in food and beverage operations at hotel Kämp. Despite of the higher compensation and salary costs, the staff outsourcing practice can still be vital and beneficial to the business. Staff outsourcing can provide the business with great range of competitive advantages and benefits. For example, better quality candidates, facilitating recruiting processes, limiting administrative and overhead costs, flexibility in workforce, and finally, the opportunity to hire the outsourced staff permanently.

The thesis is an evaluative study, in which is purpose is to find out how well a particular function works in an organization. The research questions in evaluative study are likely to begin with “What”, “How”, or “To what extent” (Saunders, Lewis, Thornhill 2016, 176). The evaluative research in the field of business management is mostly concerned with finding the effectiveness of an organizational strategy or function. For example, effectiveness of staffing policy, cost strategy, and etc. (Saunders et al 2016, 176). To find of the competitive advantage of staff outsourcing and the effectiveness of the strategy, the author has designed the following questions:

What competitive advantages hotel Kämp can gain through staff outsourcing?

What is the ideal percentage of staff outsourcing in different departments food and beverage operations?

How is the staff outsourcing strategy implemented in the different departments of food and beverage operations?

How can staff outsourcing ensure that the right talent joins the F&B team? And how the hiring processes can be more efficient?

Despite the multiplier in the hourly wage, how does staff outsourcing help hotel Kämp to reduce costs?

What are the possible risks in staff outsourcing in hotel Kämp and how managers can overcome these risks and insecurities?

The first question introduced above is the main research question of the thesis. The rest of the questions are designed based on the research method and analysis method used in the research and the aim is to compare competitiveness of staff outsourcing and in-house staffing in five themes to facilitate the research, interviewing and analysis process.

1.2 Thesis structure

The thesis is designed based on a deductive research structure, in which the research starts with theoretical background, followed by data collection, and analysis of results. The paper

has five main chapters: Introduction, Theoretical framework, Research design, Research results and analysis, and Conclusion and recommendations.

The theoretical framework of the thesis, presented in chapter 2, starts by introducing the food and beverage management practices and staffing services. The chapter has an emphasis on the role of human resource management in hotel and restaurant businesses and how these resources should be allocated. Later in the chapter, the outsourcing strategy is introduced, and its advantages and disadvantages are discussed. The chapter then follows by identifying the competitive advantage of staff outsourcing and the current trends in the field are discussed.

Chapter 3, "Research design" commences with an introduction to research design and methodology. In this chapter, the author states the research methods used in implementing the thesis, and the reasons behind choosing these research methods. The research process is also included in this chapter, which gives the reader an idea of the process of different stages in the thesis. In chapter 4, the data analysis methods are introduced, and the author discusses the results.

In the final chapter, the author discusses the conclusion achieved based on the theoretical framework and the results from data analysis. The author states some recommendations and feedback from the commissioning party is given.

1.3 Introduction to hotel Kämp

Kämp collection hotels is a Finnish hospitality group with 10 hotels in the Helsinki metropolitan area. Kämp group consists of Finland's most reputable hotels, restaurants and luxury spas. Kämp collection hotels employ approximately 600 hospitality professionals and have an annual turnover of 50 million euros (Kämp Collection Hotels 2017). Hotel Kämp was first established in 1887 and has experienced significant growth. The main investors and shareholders in this company are Kämp collection hotels, CapMan, Berling capital, and Rake Oy. (Streltova 2017).

Hotel Kämp is the most reputable hotel in the Kämp collection chains. Completed in 1887 by Carl Wilhelm Kämp and his wife Maria Kämp, Hotel Kämp is a part of Finnish culture and history. The hotel offers extraordinary services to its customers, such as a classic French style restaurant Brasseries, different event and meeting rooms, and luxurious spa services. Every year many famous visitors, such as politicians, sports professionals and music and cinema artists stay at the Kämp hotel (Kämp Collection Hotels 2017).

Brasserie Kämp is the name of the French style restaurant in the Kämp hotel. Brasserie has served its customers for more than 100 years with a unique admiration towards quality services. The restaurant welcomes customers to a prestigious and historic atmosphere to enjoy their breakfast, lunch, dinner, afternoon tea, or brunch. The restaurant is open every day of the week, with longer working hours during the weekends (Kämp Collection Hotels 2017).

1.4 Thesis limitations

Staff outsourcing is a broad subject, and the author tries to increase the validity of the research results by setting limitations to the research area. This thesis is limited to food and beverage operations in the Kämp hotel with a focus on the hotel's restaurant and meeting and events department, and the staff outsourcing strategy implemented in these departments. Even though the study is limited to the hotel's food and beverage operations, the results of this thesis can be a good starting point for further research in the different departments. For example, outsourcing staff in housekeeping or other facility services.

The purpose of this study is not to come up with a whole new business strategy or plan, but rather to study the current situation to find out the competitive advantage of staff outsourcing in Kämp brasserie. Therefore, the interviews and other data collection methods are only concerned with competitiveness of staff outsourcing.

Another limitation to the study, is the number of interviewees. In total, three interviews are held with the restaurant manager, the head of meeting and events department, and a HR expert from a partner service provider company. The reason behind this selection is, because these managers are the only ones in charge of recruiting, hiring and staff outsourcing in Kämp brasserie. In addition, data collection regarding the cost efficiency in staff outsourcing requires the permission of the restaurant manager, and access to all the data might not be possible.

2 Theoretical framework

The theoretical framework of the research looks at the existing literature on the topic and tries to explain and define the key concepts in the thesis. In this section the food and beverage operations in hotel industry and its function are introduced. Later the author discusses the advantages and disadvantages of outsourcing and then narrowing down the attention to staff outsourcing.

In this chapter, the role of human resource management in food and beverage operations is discussed and how can an effective HRM practices increase the profitability of the operations. The author introduces the temporary staffing agencies and the benefits that food and beverage operations in hotel can gain thorough staff outsourcing. Furthermore, the theoretical part of the thesis uncovers the current trends in staff outsourcing and give examples of success stories on staff outsourcing in food and beverage services. At the end of the chapter the author tries to demonstrate the challenges in the field and the mistake to be avoided.

2.1 Food and beverage operations in hotel industry

After the room sales, the profit generated from food and beverage (F&B) operations is often the second profitable operation in hotel businesses. The term “food and beverage” in hospitality is referred to services which aim to provide the required food and beverage in hotels’ restaurant, events, and banquets. The food and beverage department in hotels arrange the operations in kitchens, restaurants, banqueting, bar, minibar, room service and staff canteen (Westcott, M., Bird, G. & Briscoe, P. 2015).

Food and beverage operations refers to all the activities involved in preparing catering services and serving the food and beverages. Food and beverage services objective is to satisfy physiological, economic, social, and psychological needs in a business (tutorialspoint.com). In simpler words, the goal of food and beverage operations is to high quality food and beverages, create and customer friendly atmosphere, provide professional and hygienic services, convey the value of the money and build customer satisfaction. Food and beverage operations hotels, work in a cycle between the business and customer.

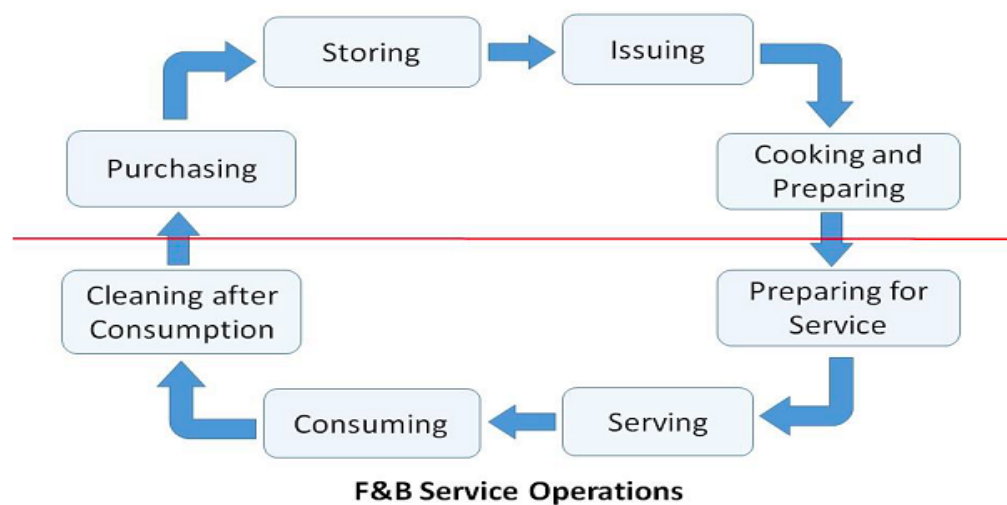


Figure 1 Food and beverage operations cycle (tutorialspoint.com).

Most hotel executives consider food and beverage operations as one of the most complex operations in hotel management. If the hotel offers 24/7 room service, the food and beverage services involve the difficulties associated with preparing and serving the food during the whole day. In addition, the performance of these functions and the quality of service is another considerable issue. At the same time, it is very expensive to have the right amount of staff working in the food and beverage department to ensure high standard service. The hotel guests are not captivated in the hotel areas to only use the hotel facilities and there are many local competitors in the market. Therefore, it is critical not to only focus on hotel guests, but also attract customers to the hotel bar and restaurant from outside of the hotel. Food and beverage services play an important role in hotel's profitability. In a study based on Corporation hotel of America, the beverage sales from drinks and cocktails yielded 40-50% profit. This is then followed by 25-30% profit from banquet sales and 20-30% profit from the hotel restaurant (Angus 2011).

There are different factors that affect the profitability of food and beverage service operation. These key factors include: the scale of the hotel, venue, sales and marketing strategies and human resource management (Westcott, M et al. 2015). The following figure illustrates the operating ratios for food and beverage businesses in 2012 in Canada.

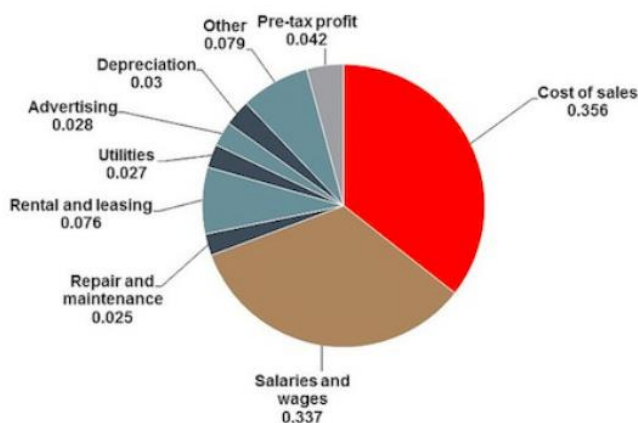


Figure 2 Operating ratios for food and beverage businesses in 2012 (Westcott, M et al. 2015).

As shown in the diagram above, the biggest expenses in food and beverage operations is the cost associated with the food costs, and the second biggest cost is salaries and wages. The scale of these costs, each account for almost one third of the whole operating costs. Therefore, Cost control is a must for all the food and beverage service businesses. Thus, it is necessary to have an especial focus on the major cost such as cost of sales and labour costs. The costs related to food, beverage, and labour are known as primary cost on F&B operations (Westcott et al, 2015).

In food and beverage sales and marketing there are two key principle to keep in mind: raise in market share and maximalisation of revenue (Westcott et al, 2015) In hotel businesses, the F&B operations have finite time and space, therefore it is necessary for the managers to make the most profit from the ongoing operations and also increase the market share. For instance, the revenue maximization can be achieved by offering the customer complementary side dishes such as salad or French fries with the main course, or as if the customer would like to have some dessert or coffee after the food. In hotels, where the bar and the dining restaurant are separated the customers can be asked if they would like to continue to have some drinks in the bar side of the hotel. Thus, different departments in the F&B operations can benefit from one

customer. To increase the market share, the management team can invite customer from outside of the hotel through email invitation and social media. In addition, different promotion campaigns can be organized during low seasons.

2.2 Outsourcing: Advantages and disadvantages

In the beginning of the 1990's, many high-level managers and executives believed, and enterprise can generate higher revenue and stay profitable and competitive if the core and non-core business functions are recognized and separated, and a relatively high amount of the non-core functions are transferred to a specialist service provider in the field (Heywood. 2001).

Transferring a business function to a third party is called outsourcing. Outsourcing can be defined as transferring one or more of the company's non-core functions to service provider company. By transferring the non-core function to a third-party company, the organization also transfers all the associated assets with the business function to the service provider for specified time and agreed service price (Heywood. 2001). Outsourcing can help organizations to focus on core business functions and get advantage of one or more service provider to help them with non-core business functions. Outsourcing can happen on different levels, for example, total outsourcing in which staff and assets related to the whole of a significant business function will be transfer to a third-party organization. Outsourcing can also take place partly or selectively, whereas a part of a particular function will be transferred to the service provider and some part of the function will be retained in house.



Figure 3 Factors driving the need to outsource (Power, M., Desouza, K. & Bonifazi, C, 2006. 7-9).

In most of the developed countries there is a high competition between businesses and to stay competitive it is vital for the companies to have comprehensive resource cognition and to utilize the company's resources in the most effective to serves the company's mission and vision. Outsourcing can provide organizations competitive advantage by a mixture of high service quality, continuity in business and cost reduction (Heywood 2001). In right context outsourcing can be a way to cost efficiency and bolster the bottom line of the business, but

this doesn't mean that outsourcing is free of disadvantages and is the right response to every situation (Riggins 2017).

The staff are the heart of any organization. An appropriate human resource management can lead to an efficient practice in employee recruitment, hiring and training, company's growth and payroll (Roberts 2019). As mentioned in the previous chapter, salary and wages make up to one third of the operational costs in food and beverage services. At the same time, the real time experience nature of the service puts the staff in a critical position. Thus, it is essential for the food and beverage management team to apply an effective strategy in staffing and building the right team for the business. One of the dilemmas that the managers may encounter is to hire in-house talents or outsource their staff. Both of these strategies have their own advantages and disadvantages. Hybrid outsourcing model is a strategy where some of the staff are hired in-house and some are outsourced (Ekezie 2016).

The table below compares the advantages and disadvantages of in-house staffing via outsourcing.

<p>The advantages of in-house hiring</p> <ul style="list-style-type: none"> • Personal interviews with employees can offer better engagement between the parties • Receiving the salary and employment benefits from the company can motivate the employees better • The company's data are more likely to stay confidential • Technical problems can be solved faster 	<p>The disadvantages of in-house hiring</p> <ul style="list-style-type: none"> • Finding quality talents can be difficult. Most of the talents may be already hired by competitors • The in-house employees require advance health insurance. For example, covering dental services • Find the right talent, interviewing and hiring process is long and expensive
<p>The advantages of outsourcing</p> <ul style="list-style-type: none"> • Most of the outsourced staff are professionals in the field and have adequate training • It takes much shorter time to find the right person due to employee rent agency's talent pool • The administrative costs will be much lower as these costs are paid by the service provider 	<p>The disadvantages of outsourcing</p> <ul style="list-style-type: none"> • There is chance in exposing and leaking out of the confidential data • Some service providers may exaggerate the skills of the talents • Communication gaps can be likely, as the communication needs to be through the service provider company. • The project may take longer

Table 1 Table 1 Advantages and disadvantages of in-house staffing via outsourcing (Ekezie 2016).

2.3 The role of HRM in F&B operations

Human resources play an important role in organizational development and the development of processes in modern economics. Many companies in western countries state that their employees are their most important and valuable asset and compensation is one of their largest costs. According to Lawler (2001), in many companies that the main field of business is providing service, the cost of the salaries and wages makes up to 70-80% of the total costs of the company. Hotels and restaurants are on the top of the list of service business and HR plays an important role in the success of these business.

In the previous years, the scholars have recognized effective human resource management practices as one of the factors that can contribute to a higher organizational performance and service quality offered by hotel and restaurant businesses. According to Boella (2005), in many hotel businesses the cost of managing payroll is considered to be the biggest organization's costs. The payroll cost is often also considered as the second biggest cost in restaurant and bar businesses after the material cost. In addition, in service business, such as hotel and restaurants the employees are in the first line between the business and its customers. The effective management of the human resources is therefore crucial to the success of the business. During recent years, hotel and restaurant business have become more market oriented. This has resulted in to increased market segmentation and more focus on the service businesses (Boella 2005).

In hotel and restaurant businesses, service quality significantly depends on the effectiveness with which front-line employees interact with customers. The service performance by employees is reflected in serving and helping customers. Furthermore, the service performance of employees has a direct relationship with customer satisfaction in service businesses which is main focus of total quality management in hotel and restaurants. Therefore, it is critical for service businesses to consider effective HRM as a competitive advantage (Lee et al. 2015).

An effective staffing practice in food and beverage operations involves finding the right talents, recruiting them, training them, and assign them to the right assignments in the operations. In many hotels the food and beverage operations run 24/7, therefore, it is important to gather the right team and provide the team with enough training to be able to reach high standard quality service in the business (Westcott et al, 2015). In F&B services, customers of the hotel are always in direct interaction with the staff due to the real time experience nature of the services. To address customers' needs and expectations, it is essential that the food and beverage managers of the hotel provide the staff with guidelines on how to provide the guests a quality service from greeting the guest to billing and payment process. To provide quality service to customer, there are many factors to consider before the guests' arrival. For example: the number of the guest, table setting and size of the table, type of the food and beverage being served, service style and most importantly to have the right staff present to serve the customers (Angus 2011).

The workload in the food and beverage departments in a hotel relies on the number of the guest staying in the hotel at the time and customers visiting the bar and restaurant of the hotel from outside of the hotel. According to Scanlon, in catering management (2012), it is complex to fulfil the right number of the staff in food and beverage services based on the nature of the business. In situations, when the restaurant is welcoming a bigger group of guests, the part-time or temporary staff are needed to supplement the work of the full-time staff. This can result in a finite number of full-time and permanent staff in the operations and a big demand for temporary staff.

2.4 Temporary employment agencies

A temporary employment agency is a legal employment entity, which is authorized under the ministry of labour. The temporary staffing service recruit its own employee and assign them to user companies for temporary work. The user or vendor is a physical person or a legal organization to which the temporary staffing agency provides the service. The trend in temporary staffing started in 1930's, due to an increase in the number of labour brokers, and in an economic recession, when employees could handle the cost of permanent employment and head count. In addition, in 1930's the difficult international economy situation, lead to higher unemployment rate and reduced the labour cost (Avram 2015).

The staff, employed through a temporary employment agency, work directly under the supervision of the employment agency and are assigned to different tasks and project in user companies. The temporary employees are often assigned to different project, to cover temporary absence of the original employees of the user company or to supplement work force during busy seasonal work. The temporary absence can be due to sickness, maternity leave and annual holidays of the employees. The examples of seasonal work load can be during the summer and winter holidays (Lynott 2018).

The aim of the staffing agencies is to provide businesses with motivated professionals, while the user company can focus on the core business functions. In addition to temporary employment, the staffing agencies provide services such as: recruitment, personnel development, outplacement and vocational rehabilitation. Staff outsourcing through employment. Staff outsourcing can help companies to gain advantage by implementing new practices and strategies in the recruiting and hiring processes. Many service businesses such as hotels and restaurants are utilizing to staff outsourcing with the goal to bring in staff when needed. For example, during summer or Christmas holidays when the service businesses are busy and there is a need for more staff.

To ensure the temporary staff can provide the same quality level of service to customers, it is necessary to provide them with adequate training. There are two types of training, motivational training and craft training. Motivational training is associated with attitude training. It is concerned motivating the staff to believe in themselves, and also believe in the business and what are they expected to do. On the other hand, the craft training is concerned with more functional practices. For example, serving the food to the table and clearing the table (Angus 2011).

Hotel and restaurant business can gain competitive advantage through outsourcing by receiving more talented and skilled employees. The professional HR managers in the third-party company can ensure the right talent with strong knowledge and skills is hired to join the business. Another advantage of staff outsourcing can be a shorter hiring process. The staffing firms have a data base or a candidate pool, where excellent talents are selected from, and this can accelerate the hiring process (Lynott 2018).

In addition to recruiting the right talent and a faster hiring process, businesses can significantly reduce their salary and wages expenses by staff outsourcing. When the executive managers consider outsourcing a business function to a service provider, the company needs to pay the service provider for the benefits gained through the process. At first this service fee might seem like an extra cost, but in fact the business can reduce the cost of publishing the job

advertisement for public, candidate search, interviewing and checking the candidate's background (A. Martin 2016).

On the same hand, the staffing firm is responsible for payroll and salary of the outsourced staff and the businesses can reduce administrative and overhead costs. Staff outsourcing can also provide hotels and restaurants workforce flexibility, whereas employees are hired in high pick business periods only, without any commitment to continuous employment. This strategy provides the hotel and restaurant businesses the opportunity to increase or decrease their employee due to the workload.

Finally, staff outsourcing provides the chance to get advantage of temporary to permanent opportunities. Through the outsourcing process and employee can be hired to the business for a specific period of time, this period gives the managers and employee team to get to know the new staff better and decide if the business can benefit from a longer agreement with the new staff (A. Martin 2016).

2.5 Current trends

With the significant impact of technology on recruitment and hiring process in the recent years and the new challenges the organizations are facing, it is important for hotel and restaurant business owners to understand the importance of current trends in the field of HR. These trends can be influenced by the new technologies used in staffing. The trends in the industry can be change annually. Therefore, for companies to stay competitive, it is necessary for the managers of the business to keep up to date with the current trends in the field.

Searching for new employees has always been a big part of hiring process. The shift from paper-based CVs and resumes to online platforms is considered as current trend in staffing. The old-fashioned system of writing paper application letters and delivering them by post or in person to the company is being replaced by electronic applications which are sent to recruiting team and entering a candidate pool. At the same time, face-to-face interviews are being replaced by web-based interviews or sending video CVs to the recruiters. In addition, the role of social media channels such as LinkedIn is increasing in talent search (Millet 2018).

The changes economic development contributes to the changes in the staffing trends. Developments in economic situation, can result to a lower unemployment rate, and leave the restaurant and hotel businesses with more trouble in recruiting and keeping their current staff. As economy continues to improve and more employment opportunities rise, there is a higher competition for qualified candidates to fill open restaurant positions (Navarra 2018).

The economy keeps improving and recruitment is not the only challenge that restaurants are facing. In economies where there are not many vacant positions available employees are less likely to leave their jobs, but in improved economies there is a higher chance that the staff leave their current occupation and seek new opportunities. The restaurant businesses have a higher turnover than overall turnover in the private sector. Therefore, the overall employee turnover rate is rising in the restaurant businesses. Bottom line, finding the qualified talents is becoming more and more difficult, and even harder to keep the employees within the business. This issue can be addressed by better incentive and employee benefit programs (Navarra 2018).

2.6 Success Stories

In 1986, John Lowy and Bill Liederman sold their luxurious and famous New York restaurant school, and they decided to open a new business without any employees. The idea was to operate a fully function business only with a desk and a telephone (Lee. P. Munier, Svatko & E. James 1989). Running the restaurant school and the administrative related to employees was a hassle for John and Bill, and they were spending a lot of time on employee related paper work. These administrative tasks included: unemployment benefits, workers compensation and workers insurance. According to Lowy, the paper work related to employees and their contracts consumed nearly a third of administrative time, and this consumed time was taken from focusing on core business functions (Lee et al 1989).

In 1987, Lowy and Liederman found an opportunity to open a prestigious restaurant and sport bar in collaboration with baseball great Mickey Mantle. At the end of the same year, Lowy and Liederman were finally back in business, but they were still looking for solutions to avoid the extra administrative time need to manage the 80 employees needed to run the new restaurant and sport bar. In 1987 Lowly and Liederman were introduced to the concept of staff outsourcing by business associate Irene Cohen. Irene had recently enlarged her business and started to offer employee leasing to her customers. Except the fairly high administrative fee per employee per year (approximately 500 dollars in 1987), Lowly and Liederman were fascinated with the business concept and decided that the financial benefits in staff outsourcing can offset the expenses. Through staff outsourcing, the new luxurious restaurant and sport bar could get better rates on unemployment insurance, workers compensation, disability, and offering health insurance to employees. According to Lowly, staff outsourcing also allows the restaurant bookkeeping to concentrate on the financial aspects of restaurant expenses such as food and beverages cost and land leasing. Lowly also adds, that if the staff outsourcing strategy was not implemented, the restaurant might have needed an extra bookkeeper to take care of the paper work and payroll.

According to Lowly, it doesn't make a difference if the company has one or 100 staff, the company must still keep the employments records. To minimize the administrative fees and to reduce bookkeeping costs, every employee in Mantel's restaurant and sports bar are on the service provider's payroll. Most of the communication between Mantel restaurant and the outsourcing company is done through the bookkeeper and take place once a week to report the working hours of the employees and help the leasing company to prepare the pay checks for the employees (Lee et al 1989).

2.7 Challenges and mistakes to avoid

Staff outsourcing can help the organization with reducing costs, improved HR strategy, and ability to focus on core business functions. But there are also some challenges in outsourcing that the managers should be aware of and try to avoid mistakes in staff outsourcing. For example, in the story of Mantel's restaurant and sport bar, John Lowly and Bill Liederman accepted and believed that staff outsourcing can bring financial and administrative benefits to the business, but they were still concerned with the impact of the outsourcing on employees' motivation and enthusiasm towards Mantel's restaurant and sport bar. In addition, before they could start the leasing process they had to consider the challenges that outsourcing can bring to the business and its management. According to Lowly major challenges before starting the process are: administrative costs, Management talents, time investment, and comparable compensation packages (Lee et al 1989).

Considering the company's needs for outsourcing and effective search for potential search for service provider companies can help the managers to face these challenges and avoid pitfalls in outsourcing. Before starting the staff outsourcing, it is important to have a clear idea of how this strategy can help the business. The management team should have a clear understanding of why to outsource staffing and how can this strategy benefit the company. It is also important to keep in mind that who this strategy will affect the HR functions within the company (R. Half 2018). Considering these issues, the company shall try to build partnership with a service provide that can offer the most appropriate service and provides the company with talents that can match the best to company's operations. Therefore, it is essential for the company manager to check the records of the service provider company and to ensure that this particular service provider company in question is capable of proving all the services and promises it agrees to.

Many businesses implement outsourcing to reduce their costs, however, these cost reductions and lead to decrease in quality of performance. The staff in service business have an undeniable impact on business growth and service level. Thus, even if staff outsourcing can help the company to reduce costs, the overall impact can be negative on company's service level and operations. At the same time, the managers might lose control over their employees. The outsourced staff don not work directly under the provision of the mangers in the user company, as their employment contract is with the service provider company. This issue can affect the outsource employees' loyalty and motivation towards the user company, as they are hired by the service provider company and receive their salary from there (Roberts 2019).

3 Research design

Research design is the general plan or strategy of how research questions will be answered. Research design consist of: clear objectives of research question, introduce and specify the sources intended to use for data collection, the methods proposed for collecting and analyzing data, and to justify the author's choice of methods based on the nature of the research and the research questions (Saunders et al 2016).

The data collection sources in this thesis is primarily data in from of semi-structured interviews. The primary data is collected through an inductive qualitative approach.

3.1 Research methods

To answer the research questions, it is critical to have an appropriate methodological choice. The author's selected method for answering the research questions in this thesis is qualitative research methods. According to Saunders, Lewis and Thornhill (2016), qualitative approach is concerned with interpretive philosophy, and give the author the chance to develop subjective and social meanings associated to the topic being studied.

Qualitative methodology refers to the research methods that produces descriptive data, people's opinion and observable behavior (Taylor, S., Bogdan, R. & Devault, Marjorie. 2015). Qualitative research is concerned with the believes and meanings that are people are attached to, and it is an understanding of people's perspective and references as they experience (Corbin and Strauss 2008). The qualitative method in this paper are used with an inductive approach to theory development, where the collected data are used to construct a better theoretical understanding about the cased being studied, than already exist (Saunders et al 2016, 390).

The authors research method in this paper is non-standardized interviews in form of semi-structured theme interviews. Semi-structured interviews provide the interviewee with the topic of the research and some questions. The questions are not close-end, thus can give the chance to the interviewer and interviewee to discuss the questions more in details and direct the conversation in the area of interest (Ted Zorn 2008). Saunders (2016) states, in many research cases, semi-structured interviews can best help the author in evaluative studies to understand the effectiveness of the topic.



Figure 4 Methodological choice (Saunders et al 2016, 167-390).

The author's choice of research methods is based on the nature of the research and the objective of research questions. The semi-structured approach can best respond to the research questions as it gives the author the chance to modify the questions in different interviews, while the focus and theme will be on the same topic. Thus, the strategy can be helpful as the

interviews are three different managers, who have distinguished role in the staff outsourcing process. The semi-structured interviews will also provide the author the opportunity to have open discussion with the interviews and collect more data in the areas that is needed.

The qualitative research method in form of semi-structured interviews is used to answer the questions regarding finding best quality candidate, faster hiring process, fixable workforce, and the advantage of tem-to-pre-contracts. The semi-structured can help the author to respond to the research questions after understanding the perspective and experience of Kämp hotel's and brasserie's managers on the topic.

The author aims to interview two managers from hotel Kämp and one HR manager from a partner outsourcing company. The goal of this classification is to find out opinions of expertise from both inside and outside of the business.

3.2 Research analysis methods

In chapter 3.1 the author discusses the research methods used in collecting qualitative data through semi-structured interviews. In this sub-chapter the discussion will turn to how use the qualitative data analysis methods to get the most out of the data collected. At first the author discusses the importance of effective data analysis and then introduces the method used in analysing the data collected from the interviews.

Information is the result of processing data. Researchers and managers are mostly interested in information rather than data. If the effective analysis is not applied to data collected in a research project, both the researcher and the manager face being overwhelmed with big amount of data. These mass of data does not mean much and cannot be really used in answering organizational problems. Thus, effective data analysis approaches need to be applied in the research process that can result in information which can be easily understood and can be used in decision-making. To reach the results mentioned above, it is necessary to remember the four key roles in data analysis: distillation, classification, identification and communication (Lancaster 2005, 154).

Most research studies often result in a potentially large amount of data. Key purpose of analysis is to distil the data in a way that it is easier to understand it and more readily to be used, and also omit the data that don't fit in the context of the research. In addition, data analysis needs to contribute to classifying the data. The classification process involves distributing data into different categories which can lead to an easier interpretation. Through the identification process in data analysis, the researcher can help the readers to understand the relationship between cause and effect in the gather data. The final aim of data analysis is to communicate the findings of the research. It is difficult to communicate raw data; therefore, an effective data analysis is needed to make the research able to communicate the research outcomes clearly (Lancaster 2005, 154-156).

The author uses the Applied Thematic Analysis method with an inductive approach to analysis the qualitative data collected from interviews. Thematic analysis is often thought as to be a generic approach towards analysing qualitative data. The main goal of the thematic analysis is to search for themes within the research. The thematic analysis approach can help the researcher to find parallel patterns in a set of qualitative data, such as interviews. Thus, to facilitate the process of data analysis the author divides the interview questions into five different themes. The author can get advantage of thematic analysis, as it offers a systematic yet flexible approach (Saunders et al 2016, 579).

The data analysis part of this research starts by first the author getting familiar with the data collected. Thus, the interviews need to be transcribed and need a lot of attention to the details. The author then labels the data with similar meanings from different interviews. This process can help the author to link the data which have close meanings, and therefore, contribute to finding the relationship between the different parts of the data collected through the theoretical study and the results from the interviews (Saunders et al 2016, 283).

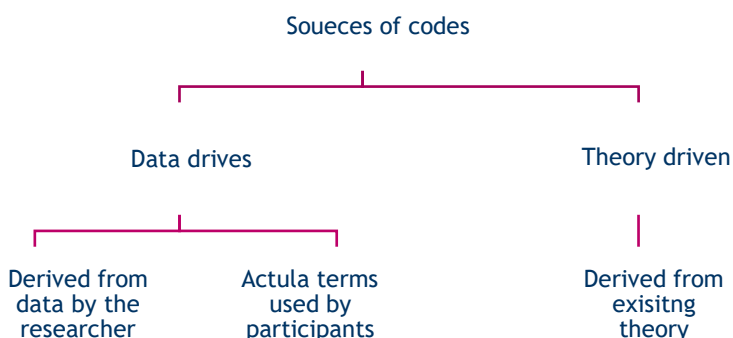


Figure 5 Sources and types of codes in Thematic analysis (Saunders et al 2016)

3.3 Establishing ethics in research design

According to Saunders (2016), in any research project, whether the author is using primarily data or secondary data, access and ethics are two critical elements that need to be considered. Such consideration is needed, whether the source of data is person-to-person interviews, emailing or questionnaire-based methods. Therefore, it is necessary to think about the way the research is conducted, and the ways how to gain access data and possible ethical issues that may raise during the research process.

The type of the data source used, and its appropriateness depends on the objective of the thesis and the research questions. There are three different level of access: physical, continuing and cognitive (Saunders et al 2016, 222). Researchers get physical access to a big amount of secondary data through internet. Still some web-sources require registration and offer limited access to public. To collect data beyond web-sources, the researcher needs to contact the organization in interest and request access to data. Organizations receive many requests from students to do a research project, but it is impossible to give access to everyone who requests it.

To gain trust and to gain access to the organizational data which is necessary in implanting the research, the researcher needs get familiar with the organization and its culture. It is important to show that the research questions are in the direction of company's operations and how the research can be beneficial to the organization. The nature of the access that the researcher gains from an organization, depends on the trust build between the parties. If a research project requires access to the organization's confidential data, such as financial statements, it is necessary that these information stays save and to be used only within the research project.

There are some important points to consider while establishing ethics in a research. The organization, participants and interviewees should not be subjected to any harm and It is

necessary to respect the culture of the participants in the research. The protection of organization's confidential data and participants' personal information needs to be prioritised and any type of misleading information must be avoided. It is also important to remember that all communication with different parties need to be honest and transparent (Research methodology.net 2016).

The author of the thesis gained access to some e-articles and online books through membership at Laurea University of applied sciences' library and University of Helsinki's library. To gain access to organizational data and to conduct interviews, the author had several meetings with the general manager at hotel Kämp and discussed the objective of the research project and the methods of data collection.

The author gained access to some confidential information such as, hourly wage of some employees, the profit and loss statements of food and beverage operations in hotel Kämp and contact details of some employee leasing partners. The interviews in this thesis project are familiar with the topic and objective of the research and all the ethical aspects are followed.

3.4 Validity and Trustworthiness

In a research project, the quality and reliability of the research and its findings are assessed by trustworthiness and validity of the data sources, research methodology, and analysis strategy that is used in the research process.

Qualitative research methods are known to be most appropriate research method to reach a better and deeper understanding of the research objective, even though it has been critiqued on assessing its quality and robustness (Leung 2015). There is a lack of consensus and a considerable debate on how validity, reliability and objectivity can be assessed in qualitative research (Hannes 2011). There four evaluation techniques in assessing the validity and trustworthiness of a research project: assessing credibility, transferability, dependability, and confirmability. These criteria and evaluations techniques can generate a methodological standard that a qualitative research should be able to reach (Hannes 2011).

To support the validity of qualitative research there are different assessing methods that can be applied. For instance, the validity of the qualitative research can be supported with comparative method, comprehensive data treatment, analytic induction method, and deviant case analysis (Silverman 1993, 293).

Reliability issues in research projects are common, when there is only a single observer of data sources, as there is not grantee against subjectivity of the observer. In a research process, reliability problems can raise if the researchers develop and subjective opinion on the topic being studied. If a subjective view is adopted by the researcher, it may result in personal judgement in analysing the data and compromise the reliability of the research.

The validity in research refers to the required methods in a scientific research. Validity of data sources and research methods are essential in any type of research. There are different types of validity in a scientific project, for example: face validity, criterion validity, and construct validity (Research methodology.net 2016).

To ensure the reliability and validity of the research, the author followed all the requirement in a scientific research. In the theoretical part, the author has a wide view over the topic being studied. The data sources in the theoretical part of the research is collected through comprehensive reading of scientific articles and various books on the subject. The author

remains neutral towards the phenomena being studied and discusses both advantage and disadvantage of staff outsourcing.

4 Research results and analysis

To support the theoretical part of the research, the author interviews managers both from inside and outside of the case company. The goal of interviewing participants outside of the company is to make sure different views on the topic are considered and increase the quality of the research. To achieve a high level of reliability in the research finding, the author avoids subjectivity in the research, and make sure that the questions in the interviews are transparent and clear to the interviewees.

The interviews in this research project are selected based on purposive sampling. Purposive sampling is non-probability sampling method in which the researcher applies his/her judgement when selecting the samples (Research Methodology 2016). The goal of this sampling method is to find interviews that the author can get the most related and reliable information from. In this thesis the author finds it beneficial to interview managers from hotel Kämp who are directly involved in staff outsourcings and have critical position in food and beverage operations. The interviews in this research are the restaurant manager and the head of meetings and events in hotel Kämp. In addition, the author interviews an HR specialist from a temporary staffing agency who is collaborating with hotel Kämp in staff outsourcing.

The author has designed the thematic semi-structured interviews based on the nature of the thesis and the research questions. The research questions introduced in sub-chapter 1.1 are divided into five themes and seek to categories the interviews' questions and answers also in those five themes. The author's reasoning behind choosing these themes is a result of deep discussions with the restaurant manager and the head of meeting and events in hotel Kämp. The themes are chosen based on interest of the case company representatives and author's area of research. After transcribing the interviews, the findings are discussed in the following sub-chapters.

4.1 Ideal Outsourcing strategy

Based on the interviews with the managers at hotel Kämp and the HR-expert at a staffing company, the ideal staffing strategy is to have a mixed group of in-house and outsourced professional staff work closely together in food and beverage operations. The need for staff outsourcing is undeniable and operations can fully function without getting help from staff outsourcing. The interviews mentioned that it would be ideal to always have around 15%-20% outsourced staff compared to own employees. For example, if there are around 20 in-house employees working in one of the F&B departments, this need to be contemplated with around 4 outsourced staff. The outsourcing can help the company to run its food and beverage operations more smoothly and it has been a great help to managing work schedules. The impact of staff outsourcing in the business is very significant that it would be impossible to manage the operations without it.

According to the restaurant manager "in food and beverage operations, especially in hotel like Kämp there is always a need for staff outsourcing". The restaurant manager added: the need to call for outsourcing can be influenced by changes in work load due to seasonal holidays, but there is definitely the need for outsourcing all year around and in hotel Kämp there is always at least one call for staff outsourcing in a week. Generally, the staff outsourcing increase in summer and winter holidays due to peak in business. During summer, there are many tourists visiting Helsinki, and the hotel rooms are usually booked for whole season. At the same time Christmas and winter holidays start with many pre-Christmas parties and people spend more time in restaurants during this time. Thus, the F&B team needs to be prepared to welcome all

the guests visiting hotel Kämp and try to create an unforgettable experience for the customers. Due to this increase in number of the guests staying in the hotel, pre-Christmas parties and events, there is a higher need for staff outsourcing as the number of in-house is not enough to welcome all guests. At the same time, the need for staff outsourcing will decrease again in autumn, as there no holidays, and business is slow. Another reason behind staff outsourcing in hotel Kämp is due to sick leaves of the own staff.

According to interviewed managers at hotel Kämp “You will never know when and how many of your employees might call for sick leave” and as the work is a real time experience, there need to be someone who can replace that employee/s in that particular shift. The managers in hotel Kämp think staff outsourcing can be a great help in mentioned situations, but there is always the uncertainty that who will replace your employee who is on sick leave? Therefore, to overcome this uncertainty, the restaurant manager and the head of the meetings and events department consider a staff planning strategy ideal where, there are around 3-4 (15%-20% if the business has 20 employees) hand-picked outsourced staff who can come to work when needed. Thus, when the outsourced staff is called just the day before the work shift he/she is prepared to start working at the breakfast service which starts at 7 am.

4.2 Outsourcing in restaurant versus meeting and event department

There is a significant different between staffing and staff outsourcing in the different departments of food and beverage operations which is based on the nature of business and various tasks that are implemented in the different departments. In the restaurant side of the hotel After doing work Rota, there are still some hours that need to be filled with more employees.

The First attempt is to give these hours to in-house employees from other departments of F&B in hotel Kämp and if there is no one who can take those hours, then the person in charge of making the work schedules in hotel Kämp will ask other Kämp collections hotels that if someone from their team can come to work in hotel Kämp. But the problem is that the need for staff outsourcing happens in a very short notice, for example one day before, and it is difficult to find someone from other departments or from other hotels. When the work rotation for in-house restaurant staff is published, the employees have the mindset that those indicated days are the days that they should come to work. The restaurant manager mentioned, this fact is very understandable, because the days off on rotation are planned 3 weeks before and it is very difficult to get in-house staff to come to work if they have a day off. So, staff outsourcing can occur more frequently brasserie than in meeting and events department and this can happen for example, if there are many guests come to stay in the hotel without any reservation or if there is something that we haven't realized early enough when making the rotations, or there are sick leaves.

This can be easier in the meeting and events department as they are aware of their schedule a few months before hand. Because they know in advance when the big events are happening, and they have the time to call for outsourcing 2-3 months in advance. In the meeting and events department there not so many unexpected happenings, as usually everything is planned in a good time before the event take place. According to the head of the meetings and events “There is higher need for staff outsourcing in this department, at least in number of staffs”, because if there is an event taking place which has 300 guests, there is need for a lot of extra staff helping the in-house staff. In addition, it would be impossible to organize several events at the same time without the help of outsourcing.

There is an obligation from the collective agreement that the hours are first to distributed between the in-house staff and then also between Kämp collection hotels staff before there can be a call for outsourcing. Both of the managers who were interviewed, mention that this obligation is one the positive sides in this hotel. Because the in-house staff regardless of their original work department, know about how the business work. For example, the in-house staff know about the micros and cash register system, where the storage room is, they already know some people at work and how the hotel works. In this case the employee can answer to customers guests easier and make them feel more welcomed. And the in-house staff can only help you when needed for example only for one hour, and it is impossible to call a service provider company to ask them we need one person in 30 mins from now and we only need them for one hour.

4.3 Quality candidates and faster hiring process

Staff outsourcing can facilitate the recruiting and hiring process in many ways. Based on the interviews, the biggest advantage to use staffing agencies in F&B operations at hotel Kämp, whether there is the need for staff outsourcing is for a one-day assignment or the whole peak season, is that there many qualified HR experts working within the staffing agencies. The HR experts have the ability to recognize the talents and match them with the user companies best based on their skills and knowledge. The head of M&E added, there is mutual understanding between Kämp hotel managers and the HR managers in staff companies which leads to more efficient staffing. The communication tools include: the web-based reservation system, emailing and communication through phone. The HR-expert who was interviewed for the purposes of this thesis mentioned “there 20-30 candidates who are interviewed on the daily basis, thus we have a great pool of candidates which makes us able to respond to your customers need in the best way”. The opportunity to interview so many talents on the daily basis give the staffing agencies to assign the right staff to the right company. In addition, the big number of candidates in the talent pool can ensure that the staffing companies can answer to customers’ expectation even within a short notice.

According to the restaurant manager, the HR expertise in staffing companies have a better chance to find a candidate that we are looking for rather than if the whole candidate search process is carried out by hotel Kämp. In the outsourcing process, there is always a qualified HR expert who scrolls down through the applications and even pre-interview some of the applicants, and then we meet the five top talents. The restaurant manager added, hiring process will be completely different if we ask the HR department to open a new position and carry out the hiring process in-house. In this case, we will get around 100 applications and we have to read them all and consider different aspects of hiring and interview many people. This is really time taking process and it might take a few weeks. In some cases, the hiring process can be even more expensive in implemented in-house.

In addition, in summer times when the business is booming and there are a lot more customers staying in the hotel or dinning in the restaurant, the F&B operations need more staff, who are not needed anymore during autumn. The managers at hotel Kämp showed concern about that there is always a risk that if hotel Kämp hire staff during high seasons, still need to consider how to offer them working hours when it is not peak season anymore. During the summer season the staff can make as much as hours as they want because there is a lot of work that need to be done, but after summer the employment can continue as 0 hours contract. It is safer and easier to higher an outsourced staff for summer, but it is also beneficial to keep that person in the company. The benefit in hiring an outsourced person to the company is that you already have a trained person when at the first day of the work and you don’t need to use money and

time on training. And they already have the knowledge of how hotel Kämp works and they know the team.

Another benefit of staffing outsourcing is that, most of the time when an outsourced staff joins the F&B team they have the required skills to managed in the assignments that they are assigned to. The management team at hotel Kämp trust the staffing agency in receiving quality candidates. According to the both of managers at hotel Kämp, the outsource staff who join the brasserie team meeting and events team have the adequate skills and sometimes they can go beyond the managers expectations. The HR-expert at the staffing company explained this by mentioning that the employees in staffing agencies have worked in several hotels and restaurant so they are familiar with a wide range of food and beverage products, cash register systems, and the machines and tools used in different premises which gives the ability to carry out their tasks smoothly when working in a new place. He added, the staff are assigned to different companies very carefully and we make sure that the right talent works in the right company. Therefore, it is not enough to consider only the professional skills of the candidate before assigning them to but also their soft skills. Especially in case of hotel Kämp, we need to ensure that in addition to professional working skills, the candidates understand the concept luxury hotel business and can provide excellent customer service. Thus, we always have a discussion with our staff before they are assigned to work shifts at hotel Kämp.

The managers at hotel Kämp are satisfied with the staff they receive through outsourcing and they believe the performance level of the outsourced can be measured as equal as in-house staff. Never the less, both of the interviewed managers mentioned that even if the outsourced staff is a professional person in the field there is always a need for in-house training. In-house training includes: introduction to the business model, introducing the outsource staff with the venue, going through the menu and the drink list, introducing them to the rest of the team and how operations run.

4.4 Cost efficiency

According to the head of meeting and events department, staff outsourcing can help hotel Kämp to run the F&B more cost efficiently. When an outsourced staff works in food and beverage operations, there is multiplier in the hourly wage which needs to pay to the staffing agency. The multiplier in the salary is the receive fee or charge that the user company pays to the staffing agency for using their service. In other words, when an outsourced staff works in hotel Kämp, in addition to the hourly wage of the staff, hotel Kämp needs to pay the service fee to the service provider company. According to the HR-expert at the staffing company the multiplier in the hourly wage is determined by the staffing company and can vary between 1.5 to 2. This means that for example, if an employee's hourly wage is 10 euro per hour, the final salary paid by Kämp hotel is between 15 to 20 euro per hour. But it is necessary to keep in mind by paying the multiplier in hourly wage, hotel Kämp transfer all the responsibilities to the staffing company and the only responsibility for hotel Kämp is to pay the hours that the outsourced staff works in the company.

The financial responsibilities that can be transferred to the staffing agency thorough outsourcing include: annual holiday benefits, sick leave, pension, insurance and healthcare benefits. For example, when an in-house employee is on sick leave hotel Kämp needs to pay for the duration of sick leave and also for the medical expenses. At the same time, if an outsourced employee is on sick leave, hotel Kämp has no responsibilities in this case and all the expenses are covered by the staff agency. In addition, other employee benefits such as administration fees, pay roll, samrtum and discounts to eat in the hotel restaurant or to stay

in hotel overnight doesn't apply to the outsource employee. Considering all the costs associated with having in-house employees, staff outsourcing can bring great financial benefits to hotel Kämp. According to the restaurant manager "We should also consider by paying the multiplier in the salary, we transfer all the risks to employee rent agency".

In addition to the cost saving through transferring the financial risks to the service provider company, staffing out sourcing can help hotel Kämp to reduce its payroll and headcount costs. According to the head of the meetings and events department "We can reduce cost in our payroll. If we have 100 in-house staff it is cheaper to handle the payroll or if we had 200 people. In outsourcing we only need to pay for the hours that a staff works for us, and that's our own responsibility. The multiplier is not as much as the cost of payroll". At the same time the in-house employees go under the company's headcount which contributes to higher payroll costs and employees' costs. Staff outsourcing can also help hotel Kämp to reduce the costs on employee training. The head of the meeting and events added, to break even between the contribution of an inhouse staff and payroll costs, the in-house staff need to work around 20 hours a week. Nevertheless, this contribution can be affected by individual abilities at work place.

4.5 Possible risks and security

Based on the interviews, staff outsourcing can be beneficial in running food and beverage operations, but with the benefits also comes the risks. The risks in staff outsourcing can include: communication bridge, commitment and motivation at work place, leak of confidential information, and differences in working culture. According to the head of meetings and events at hotel Kämp, one the biggest risks associated with staff outsourcing is related to work culture. The outsourced staff who join our team have adequate skills to manage in their tasks, but sometimes the concept of 5-star service is missing. In hotel Kämp the staff are required to provide customers with an excellent service-minded attitude and make an exceptional experience for the customer. In addition, sometimes the outsource staff who come to work at hotel Kämp don't have the appropriate clothing or sufficient language skills. At the same time, the restaurant manager mentioned that "you never know who is going to join your team! Sometimes we receive some staff who are not service-minded, and they don't recognize our values".

Leak of confidential information out of the company is another risk of staff outsourcing. The confidential information can be for example, the VIP guests at the hotel. The in-house staff in hotel Kämp are familiar with business concept in the hotel and they have met and served many celebrities and political people. But if there are some outsourced staff in the house and there is a famous person staying in the hotel, there is higher chance that outsourced staff pass this information on their social media. In addition to paparazzi issues, another information leak can be related to hourly wages of the employees. According to the interviewed HR-expert at a staffing company, "It has happened many times that the employees share the information about their salary, and this has caused us and our customers some serious problems".

In addition to the risks mentioned, commitment and motivation at work place can be another risk associated with staff outsourcing according to the managers at hotel Kämp. The outsourced staff might not fully commit to the business at hotel Kämp as there are hired by another company. The idea of "working for one company and getting paid by another company" can lower the staff motivation. For example, in the hotel restaurant there are some VAP products that can contribute to up-selling. The in-house staff always try to offer customers the VAP products, because as a result of up-selling they will be awarded. Furthermore, every month

there are some selling competition organized for the in-house employees and the employee who sells the most of a certain product during a specific period time will receive a prize. In case of outsourced, none of the VAP products up-selling or besting selling competition concern them and as a result the staff have less motivation in the work environment.

Communication problems was another problem mentioned by the interviewed managers both at hotel Kämp and the interviewed HR-expert. According to the HR-expert "It happens many times that the staff schedule their own shifts with the customer company and we are not aware of those arrangements". This matter can cause in miscalculating the hours which are done by the staff and therefore, bring some difficulties with the salaries. At the same time, the managers at hotel Kämp showed concern about communication bridge with the outsourced staff. For example, if there is an open shift which comes up without any advanced notice, the managers at hotel Kämp need to contact the staffing agency and ask them to contact the staff. Another communication issue can be between the managers at hotel Kämp and the staffing agency. According to the head of meetings and events, in some cases we have asked for specific person or another person with similar skills and work attitude, but we receive a totally different staff.

5 Conclusion and recommendations

In the conclusion and recommendation part, the author conclude the main research findings based on the analysis of the interviews and the theoretical part of the research. Furthermore, the author discusses some possible improvements in the current staffing strategy which is implemented in the different departments of F&B operations at hotel Kämp.

In hotel Kämp, the food and beverage operations are considered to be a great contributor to the hotel's revenue and result in the profitability of the business. Based on the analysis of the annual reports, in December 2018, the F&B operations in hotel Kämp generated the highest revenue compared to the other ongoing operations at the hotel. At the same time, based on the financial figures regarding the costs and expenses in the operations, the employee's salary and wages are one of the primary costs in the food and beverage operations. Thus, it is necessary to have well-planned strategy in managing the employees in the food and beverage operations.

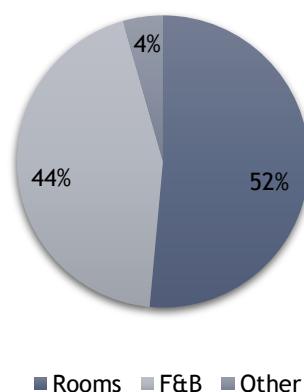


Figure 6 Hotel Kämp revenue structure 2017

Staff outsourcing is an inseparable part of staffing in food and beverage operations. Thus, the need for staff outsourcing is all year around in F&B operations in hotel Kämp, the staffing strategy needs to be well-planned to increase work efficiency and help the business to reduce its costs. Therefore, the author suggests taking the following steps towards an idea staffing strategy.

Based on the analysis of the interviews, the author suggests that to increase the work efficiency and the performance of the outsourced staff, they need to be provided with adequate in-house training before they start their work shift. In this case, the outsourced staff are asked to be present at the work place approximately 15 to 20 minutes before the actual starting time of the work shift. Thus, the Hovi (shift supervisor) have enough time to do the in-house training. The training can include: introducing the outsourced staff to the rest of the team and feel them welcomed, familiarizing the outsourced staff with the menu and the drink list, showing them around the work place and going through table settings and table numbers, and discuss about the work ethics and working culture at hotel Kämp. In this way, the outsourced staff will have the basic idea of work done in brasserie or meeting and events department. At the same time,

to increase the motivation and engagement of the outsourced staff, the shift supervisor should try to treat the outsourced staff equally and feel them welcomed and comfortable at work place. This can happen through transparent communication, giving the breaks without any discrimination and in general give the outsourced staff the feeling that there is no difference between the staff and they are not only extras in the team. In addition, other incentives such as staff discount to have a meal in brasserie and can be considered for those outsourced who take shifts in hotel Kämp frequently and show enthusiasm and hard work.

In addition, based on the interviews, it would be beneficial in terms of saving time and money for hotel Kämp to outsource the process of search for the quality talents and the hiring process. In this case, the employees are directly employed by hotel Kämp and only the recruitment process will be outsourced. The competitive advantage of this strategy compared to head hunting in-house would be that, the process can be run faster and more smoothly, the HR expertise in the staffing agencies have the professional skills in identifies the potential candidates and the candidate pool in the staffing agencies has already many talents to be employed. As a result, hotel Kämp needs to pay the service provider company for head hunting and while accelerating the hiring process, saves time and costs.

Based on the interviews, the managers at hotel Kämp have the desire to have 3 to 4 regular outsourced staff who can come to work when needed. At the same time, based on the annual reports, 94 outsourced staff joined the F&B operations team during 2017. Even though staff outsourcing is an inseparable part of staffing in the F&B operations, author found out that the managers at hotel Kämp have a higher interest in getting help from in-house staff when there is an increase in work load, rather that calling for staff outsourcing. This process can be called “In-house procurement” or “In-house outsourcing”.

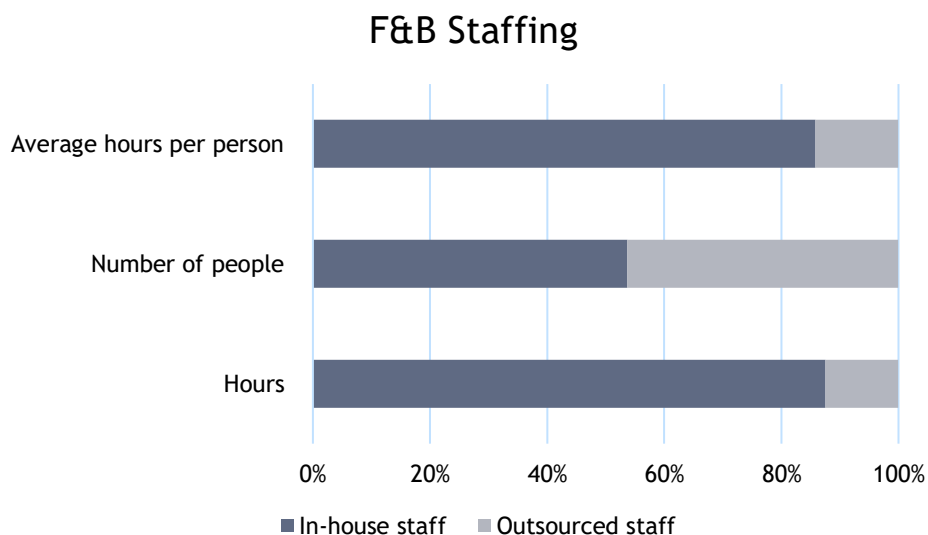


Figure 7 Food and beverage staffing chart 2017

In-house outsourcing is already implemented in hotel Kämp’s food and beverage operations at some levels. For example, the staff from brasserie do some shifts in the meeting and events departs or in the hotel bar, and this also happens vice versa. The restaurant manager and the head of meeting and events department are both happy with the results of in-house outsourcing

and they think there is space for more cooperation. The benefits of in-house outsourcing include: have a well-trained staff join your team, the in-house staff are already familiar with the teams working at the other departments of food and beverage operations, they have the same working culture and ethics, the in-house staff are familiar with the hotel's building and they have the same customer service mindset and attitude.

To achieve a higher efficiency in in-house outsourcing, the author, who is currently working in the F&B beverage operations at hotel Kämp, suggests that there is a higher need in training for in-house staff. The author implies with appropriate training for the in-house staff, the employees will gain the ability to perform efficiently in their tasks in all the food and beverage operations. For example, any single staff from brasserie should have enough training to be able to perform indecently in the hotel bar or in the meeting and events departments. In this case, the work fixability of the employees will increase and therefore the managers have a better opportunity to allocate the available human resources at hotel Kämp.

Based on the analysis of the interviews and considering the situation that all the employees have the required training and skills to perform independently in their tasks in different F&B departments, there is a need for an efficient and well-planned work rotation. At the moment, the work rotations are scheduled separately in the hotel's restaurant, bar, and meeting events department. The author suggests two different methods for a more efficient employee allocation. In the first method, after the work rotations are prepared separately, the Hovis need to try to fill the empty work shifts by finding a staff from another department. This process needs to be done before publishing the work rotations for the employees, so they can plan their working schedule and personal life. In the second method, the author suggests having only one work rotation for all the food and beverage departments. In this way the managers have more freedom and more staff available to assign them to different work shifts. The work rotation needs to be carefully planned to prioritize the staff's working shit and department preference and consider fair distribution of working hours and days off for the employees.

As a result of professional staff training and having a comprehensive work rotation, hotel Kämp can allocate their humans resources more efficiently. This strategy can lead to decreasing the amount of staff outsourcing and increasing the number of hours distributed between the inhouse staff. As mentioned earlier in chapter 4, hotel Kämp needs to offer each employee at least 20 hours of work in a week to break even between the employee's contribution to the company and employee's costs for the company. Therefore, the author suggests by better allocation of in-house staff and providing them with more hours, hotel Kämp can reduce the costs of outsourcing and salary costs and eventually increase its revenue. At the same time, offering professional training and more hours to in-house staff can result in higher work satisfaction and therefore increase employee's motivation and commitment to work.

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Appendix 1: First appendix

Main research question:

What competitive advantages hotel Kämp can gain through staff outsourcing?

Themes and interview questions:

- Idea outsourcing strategy:

What is the idea and perfect staffing strategy in your opinion? Is everyone in this ideal situation in-house employee? Or do you think that there is always a need for staff outsourcing?

What is the ideal percentage of staff outsourcing in food and beverage operations?

Do you believe is it always needed to have temporary staff in the company? Or is it necessary to have the temporary staff only and only when needed?

How does staff outsourcing strategy effect the work flexibility in hotel Kämp?

Does the staff outsourcing usually happen for shorter or longer periods? For example, for a busy evening, or for the whole peak season?

- Out sourcing in restaurant versus meeting and events department:

How the staff outsourcing strategy is implemented in the different departments of food and beverage operations?

Can you please give me more details about the staff outsourcing in the department that you are supervising? (Restaurant/events)?

Do you feel if there is higher demand for outsourcing in your department compared to the other departments? Why is there a higher demand/lower demand?

Do you believe that the temporary staff join your team should have some more specific skills compared to other departments?

Do you ever get help from in-house employees who are working in other F&B departments? Do you believe if your staff can help the other departments? How often does this happen?

- Quality candidates and faster hiring process:

How can staff outsourcing ensure that the right talent joins the F&B team?

Do you think that the temporary staff who join your team have adequate skills? Do they have enough training?

How about soft skills? In hotel Kämp the in-house employees provide customers with excellent services, do you think if this is true about temporary staff?

How the hiring processes can be more efficient? Is this the same for short/long term hiring?

- Cost efficiency:

Despite the multiplier in the hourly wage, how does staff outsourcing help hotel Kämp to reduce costs?

How can staff outsourcing help hotel Kämp to reduce its head count and administrative costs?

What other financial benefits do you see in staff outsourcing?

What is the competitive advantage of tem-to-pre contracts?

Do you believe if this recruiting strategy can bring hotel Kämp financial benefits? What other benefits are behind this strategy?

- Possible risks and securities:

What are the possible risks in staff outsourcing in hotel Kämp and how managers can overcome these risks and insecurities?

How loyal the temporary staff are to hotel Kämp? What is your opinion about work for one company get paid by another one?

Have you experienced any communication problem with the outsourced staff?

Have you experienced any leak of confidential information through the temporary staff to the staffing company? How about any legal issues?