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ANALYSIS OF THE RELATIONSHIP BETWEEN OUTSOURCING AND HUMAN RESOURCES MANAGEMENT (HRM) IN HOTEL COMPANIES

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Abstract

The impact of outsourcing on human resources management in hotel companies must be viewed through activities with which one tries to achieve goals set at all levels of business. In the application of outsourcing it is necessary to take into account the impact of outsourcing to human factor, which is one of the most important business factors in the tourism sector, and all because of the fact that the functional human resources management is necessary for efficient operation in the hotel business. The goal of this study is to explore the application of outsourcing in hotel companies in the Republic of Croatia, that is to determine the relationship between outsourcing and human resources management. It is assumed that the increase of outsourcing level is in correlation with better human resources management. The analysis will include the characteristics of hotel companies regarding outsourcing application. Also, it will explore the relation between outsourcing level and certain indicators of human resources management which include average service length in the company in relation to age of the company, involvement of employees in decision making and education, remuneration and employee advancement. Likewise, the mentioned relation will put hotel company sizes in context where it will be examined whether the relation of outsourcing and human resources management is the same in all hotel companies. Finally, in accordance with obtained parameters and research results, a conclusion will be presented where limitations and guidelines for future research will be suggested. Methodology of research will be based on factor analysis, correlation and descriptive statistics.

Keywords: outsourcing, human resources management (HRM), hotel companies

1. INTRODUCTION

Expressed dynamics of the tourism market which is sensitive to economical and political instabilities demands defining a clear strategy and setting clear goals for future business. According to this, it is possible to observe specifics of hotel services in hotel company business, which is very sensitive to tourist demand, and closely connected with hotel company location. The specifics of hotel company offers are of tangible and intangible nature. Classical understanding of hotel business functions is related to food and accommodation while other functions have a side character. Through evolution of the tourism sector functions, gradually begin business processes which consist of a number of activities and take on different importance levels for business of hotel companies. Manifestation of performing certain activity represents a foundation for service perception by the guests, where employees at all business levels have a main role. Special role is taken by managers who contribute to the creation of hierarchical structure of business processes with their decisions and affect the performance of certain activities in a hotel company business. That is why it is necessary to meticulously consider different possibilities of operational management with the ultimate goal to raise the level of business success. In the mentioned context it is possible to consider two basic concepts which are in focus of this study – *outsourcing* and *human resources management*. Goal of the study is to explore the relationship between the mentioned concepts in a way that outsourcing will be explored through level of extraction of certain activities which will be brought to relation with certain indicators of human resources management. Accordingly, it is possible to state the following hypothesis :

H1: An increasing outsourcing level in hotel company business activities has a positive effect on human resources management in hotel companies.

The mentioned research concept is based on the previous theoretical studies regarding outsourcing and application of outsourcing in hotels and hotel companies on global level. The segment which refers to human resources management is based on the theoretical facts and practical indicators obtained by studying the former research of the mentioned issues. Research methodology is based on the application of factor analysis, that is testing of the measure model which relates to indicators of human resources management. Descriptive statistics are used in presenting results related to outsourcing application, while research of influence of outsourcing on human resources management is based on correlation.

Since hotel companies differ in characteristics which influence business and adjustment of strategic tools for managing hotel companies, it is necessary to include the segment of hotel company size into research. Therefore it is considered necessary to set the following hypothesis:

H2: Influence of outsourcing activities in hotel company business on human resources management differs regarding the size of hotel companies.

Analysis includes segmentation of hotel companies considering the size, that is the number of permanent employees, based on which final considerations will be derived. The purpose of the study is to research the relation of outsourcing with human resources management based on the established parameters, whereby the final considerations will be presented which will broaden the perspective of outsourcing application and help hotel companies in deciding about further strategic and operative business.

2. OUTSOURCING AS STRATEGIC ORIENTATION OF HOTEL COMPANIES

Specifics of hotel sector business are reflected in the fact that service activities, which represent the framework of business, demand a special concept of management based on applying specific strategic tools. Using different strategic tools requires certain adjustment to outer and inner environment. In order to make decisions with long term consequences on development and growth of hotel companies in the future, it is inevitable to foresee changes which will occur, and accordingly develop different organizational and strategic solutions. Continuous adjustment in leading and directing hotel companies contributes to a more efficient realization of set short term and long term goals. As one of strategic tools for achieving strategic advantage and strengthening competitive position of hotel companies in the market outsourcing is applied.

Brown and Wilson (2005, p.1) define outsourcing as an act of getting services from sources outside the company. According to these authors the point of outsourcing is manifested in redefining basic activities of the company on one hand and contractual relations made with external companies on the other hand. Attention must be directed on factors of transferring labor, responsibilities and rights to an external business partner. Extraction of certain activities, functions or entire business processes outside of hotel companies is applied with a goal to perform a certain activity cheaper, faster and better (Power et. al., 2006, p. 1). In extraction of activities it is necessary to mention that this kind of outsourcing is mostly the choice of small and medium hotel companies because these are specific works which do not demand full time engagement and do not represent basic activities in which the company achieves competitive advantage. Extraction of business functions is carried out in jobs which require special knowledge and skills, while the extraction of entire business processes implies cession of a group of similar business activities (Greaver II,1999, p. 5-6).

Analysis of newer research, which included five year period of outsourcing application, found that the application of outsourcing in hotel companies in the world is on about 61% level (Senturk, 2012, p. 15). If we compare observed research with research conducted about ten years earlier it can be concluded that the application of outsourcing in hotel companies remained approximately on the same level (Lamminmaki, 2003, p. 164). Total of 20% of

hotel companies decided to change outsourcing partners, while the same percentage decided on insourcing, that is return of the extracted activities into the parent hotel company. If we consider hotels as separate units, application of outsourcing is more expressed in hotel companies with lower category capacities. The mentioned can be explained in the way that hotel companies which possess higher category hotels have sufficient capacities for performing basic and side business activities while hotel companies with lower hotel category focus on basic business activities, leaving side activities to external specialized companies (Senturk, 2012, p. 15). According to Anrews (2009, p. 88) the application of outsourcing is successful when there is a reliable external partner equipped for meeting highest standards in providing services. On one hand, by extraction of certain activities hotel companies try to offer a wider spectre of different services, which requires a higher level of labor specialization, which is a characteristic of external partners. On the other hand, automatization of work processes is realized through advanced technology which is also owned by external partners (Jaume, 2015). Aside from the mentioned, key factors which mark the hotel sector on the world level relate to: long term focusing of company management on business success with emphasis on guest relation, high level of capital sensibility and relatively low level of operative stocks, specificity in making short term-long term decisions by hotel company management and sensibility of demand by guests to changes in the environment (Dropulić Ružić, 2011, p. 179).

3. HUMAN RESOURCES MANAGEMENT AS SEGMENT OF HOTEL COMPANY BUSINESS SUCCESS

Aside from physical resources, one of the most important factors of business success of hotel companies are employees. In that sense intellectual capital is one of the sources of competitive advantage. As important factors which influence intellectual capital of hotel companies could be cited psychological (motivation, perception, interests) and physical (strength, height, speed, gender) characteristics of employees, that is abilities and personal characteristics (Lesko Bošnjak and Klepić, 2013, p. 161). Aside from the mentioned, external factors which influence the performance of employees have an important role, and which with afore mentioned factors influence the speed and quality of performing a single business task.

According to Bahtijarević-Šiber (1999, p. 13) as basic indicators of a successful human resources management could be cited:

- real interest in employees,
- training, development and monitoring of employees,
- remuneration of employees,
- ability to keep employees,

- support for employees at work,
- participation of employees in decision making.

Employee satisfaction has a direct influence on guest satisfaction. That is why it is one of the crucial factors which generates positive business and a „healthy“ atmosphere in a hotel company. On this track people based management was developed which is in correlation with employee satisfaction (Araslı and Baradarani, 2014, p. 1412). People based management is based on the fact that if employees know what to do, how to do it and receive feedback on their performance, they will be willing to take responsibility for the quality of their work. In this way employees feel involved in work, that is they are more dedicated to meeting the guest needs. System of standards and technology by itself can not exude quality, therefore the human factor is very important for continuous advancement of quality within hotel companies (Kanji and Asher, 1996, p. 2).

While observing the mentioned topic it is necessary to consider different groups of parameters which are included in the process of human resources management. The first group of parameters which influence employee satisfaction includes length of employment in the company, participation of employees in decision making process, education, remuneration and advancement of employees. The second group includes parameters which relate to employee behaviour, and are expressed through the number of complaints of employees, absence from work, transfer requests and notices. The third group includes the environment in which employees are placed, that is the approach to necessary information, encouraging creativity and inovativeness of employees, stress level of work, support by the company, interhuman relations and the general state in the company. Employees fidelity is realized through quality process of employee management which includes attracting, developing and maintaining quality staff, which is achieved with a series of individual activities. These activities are planning, recruitment, selection, assessment, teaching and development of staff and managing compensations and work relations (Žager et. al., 2008, p. 368). The relation between these mentioned parameters creates a model which is characteristic for each hotel company individually. The way these parameters are used dictates the way of performing a certain activity or the „culture“ of providing service and quality of the provided service (Ueno, 2014, p. 28).

In big hotel companies the task of human resources management is performed by two groups of staff: managers in different hotel units and experts of human resources department. Managers are in charge of final employee selection, organization of work within a department, specialization and supervision of employees, planning of work and discipline (Abdul-Jalal et. al., 2013, p. 155). According to Hayes and Ninemeier (2009, p. 8) basic functions of management in human resources management relate to all levels of management and include: planning, organization, staff selection, supervision, controlling and employee evaluation.

According to Hayes and Ninemeier (2005, p. 115-116) human resources department provides background support in work of hotel departments which relates to:

- application of policies and tactics for efficient employment, selection, motivation and maintaining qualified managers and other staff,
- making and publishing orientation programs, security, protection and supervision of employees,
- making and informing on human resources department policies,
- interpretation, application and conduct of regulations and laws,
- help in maintaining corresponding quality standards.

Small hotel companies do not have the organizational infrastructure which includes a special department for human resources management, but these operations are concerns of owner or manager, usually in cooperation with external specialized institutions, that is private agencies which services are sometimes used by big hotel companies as well (Lesko Bošnjak and Klepić, 2013, p. 35).

Specifics of hotel staff, in relation to other economy branches, is manifested in the fact that they must strive to satisfying needs and wishes of guests and feel responsible for the provided service. Employees in hotel sector must have the sufficient range of knowledge and skills which include verbal and nonverbal communication, etiquette, foreign language knowledge and possession of belonging technology for guest services (Cerović, 2003, p. 502-503).

4. RESEARCH METHODOLOGY

After executing content analysis it is possible to conclude that there is no model, which explores relations between the mentioned areas. Connecting mentioned facts led to the cognition that there is connection between the research areas and need to define relationship between variables. Studying previous research on the topic of outsourcing in hotel business, most authors based on hotel activities which were applied in the empirical part of research. The following mentioned authors Bolat and Yilmaz (2009, p. 14) used in their research 21 hotel activities, authors Espino-Rodriguez, Lai and Baum (2008, p. 124) studied 13 hotel activities, authors Espino-Rodriguez and Padron-Robaina (2005, p. 697) used 20 hotel activities. According to the previous research as outsourcing indicators were used 22 hotel activities: reception, sale, room cleaning, common areas cleaning, laundry, purchase and supply, restaurants, bars, kitchen labor, technical maintenance, gardening, work force, accounting, management, education, marketing, market research, legal affairs, information systems, security and surveillance, animation, sports and recreation. For human resources management indicators are used following indicators: satisfaction of employees – employee fidelity shown in length of service in the company in

relation to company age, participation of employees in decisions, education, remuneration and advancement of employees in their work place (Dragičević, 2010, p. 189-194). Empiric research included collecting data through a questionnaire which was conducted at the end of 2014 and beginning of 2015. Questionnaire contains questions of open and closed type, in which for part of the questions was offered *Likert's scale* with 7 degrees of intensity (Kukić and Markić, 2006, p. 142-196). Basic aggregate consists of 313 hotel companies, that is active small (up to 50 employees), medium (51 to 250 employees) and large hotel companies (over 50 employees) in Republic of Croatia. Data are taken from an on-line database of Croatian chamber of economy which can be accessed at <http://www1.biznet.hr/HgkWeb/do/extlogon?lang=hr_HR>, noting that in the basic aggregate enter small hotel companies with at least one employee, and which are not undergoing bankruptcy or liquidation. Companies are classified by classification of the State institute for statistics of the Republic of Croatia, that is codes of National classification activity I551 from 2007, which includes hotels and similar accomodation. From the basic aggregate by random selection was defined a sample of 80 (25.60%) small, medium and large hotel companies. Statistic data processing was done by computer programs for data processing Microsoft Excel 2010, IBM SPSS Statistics 20 and Statistica 12, with the use of methods of parametric and nonparametric statistics, and multivariate analysis. All tests are conducted on significance level of 1%, 5% or 10%.

5. RESULTS AND RESEARCH ANALYSIS

5.1. General characteristics and analysis of research sample

In order to explore issues presented in the theoretical part of study it is necessary to do a sample analysis by basic characteristics. Sample consists of 80 hotel companies which will be analyzed in continuation from aspect of outsourcing application.

For conducted research it is crucial if the hotel company uses outsourcing or not, and has the intent of using it in the future

Table 1

Use of outsourcing in hotel companies Source: Research results (N=80)

	Frequency	Percent	Valid Percent	CumulativePercent
Yes, we are currently using it	51	63,8	63,8	63,8
No, we stopped using it	4	5,0	5,0	68,8
No, but we intend to use it	4	5,0	5,0	73,8
No, nor we intend to use it	21	26,2	26,2	100,0
Total	80	100,0	100,0	

Source: Research results (N=80)

From total of 80 hotel companies in the pattern, 63.8% of them currently use outsourcing, 5% of hotel companies stopped using outsourcing, 5% of hotel companies do not use it, but intend to use it in the future; while 26.2% of hotel companies do not use outsourcing, nor have the intention of using it in further business.

From total number of hotel companies 36.2% of them do not apply outsourcing, and as the main reasons are listed the following: 37.9% of companies that do not apply outsourcing considers that all the activities are best done within the own company, 10.4% of companies listed fear of losing control over extracted activities as the reason, 17.2% of companies expressed concern for own staff jobs, 10.4% of companies think that there are no sufficiently qualified outsourcing partners in the market, while 24.1% of companies have not considered the possibility of outsourcing application at all.

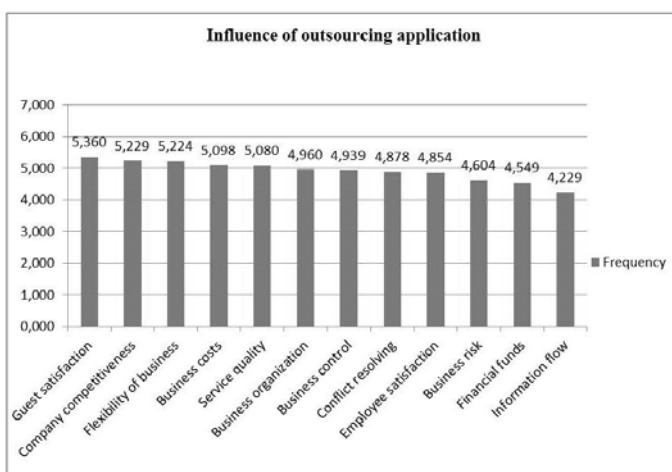


Image 1: Influence of outsourcing application on specific segments of hotel company business

Source: Research results ($N=48/51$)

When it comes to perceived measurement of outsourcing application on specific segments of business by managers, average value varied from 4,299 to 5,360. Application of outsourcing, in total, did not have a negative effect on either business segment, but it varied within a range from neutral to partly positive. According to obtained results application of outsourcing had a partially positive effect on guest satisfaction, competitiveness, flexibility and business costs, while it had neutral effect on information flow.

Considering the number of employees it is necessary to point out that 27.5% of hotel companies have up to 10 permanent employees, total of 33.7% of hotel companies have between 11 and 50 permanent employees, 17.5% of hotel companies have between 51 and 100 permanent employees, and 21.3% of hotel companies have over 100 permanent employees.

Table 2

Number of permanent employees in hotel companies

	Frequency	Percent	Valid Percent	Cumulative Percent
Up to 10	22	27,5	27,5	27,5
11-50	27	33,7	33,7	61,2
51-100	14	17,5	17,5	78,7
101-150	5	6,2	6,2	84,9
151-200	3	3,8	3,8	88,7
201-250	3	3,8	3,8	92,5
Over 250	6	7,5	7,5	100,0
Total	80	100,0	100,0	

Source: Research results (N=80)

When observing the number of season employees, 41.3% of hotel companies have up to 10 season employees, 27.5% of hotel companies have over 50 season employees, while the rest of hotel companies have between 11 and 50 season employees.

Table 3

Number of season employees in hotel companies

	Frequency	Percent	Valid Percent	Cumulative Percent
Up to 10	33	41,3	41,3	41,3
11-20	8	10,0	10,0	51,3
21-30	10	12,5	12,5	63,8
31-40	5	6,2	6,2	70,0
41-50	2	2,5	2,5	72,5
Over 50	22	27,5	27,5	100,0
Total	80	100,0	100,0	

Source: Research results (N=80)

Considering the size of hotel companies that is the number of employees, there are most small hotel companies with total of 60%, followed by medium hotel companies with 32.5%, and the least of large hotel companies with 7.5%.

Table 4

Size of hotel companies

	Frequency	Percent	Valid Percent	Cumulative Percent
Small	48	60,0	60,0	60,0
Medium	26	32,5	32,5	92,5
Large	6	7,5	7,5	100,0
Total	80	100,0	100,0	

Source: Research results (N=80)

If we consider the number of extracted activities as a criterion, research results show that 51% of hotel companies, which apply outsourcing in their business, extract three or more business activities, 39.2% of hotel companies extract two business activities, and only 9.8% of hotel companies extract only one business activity.

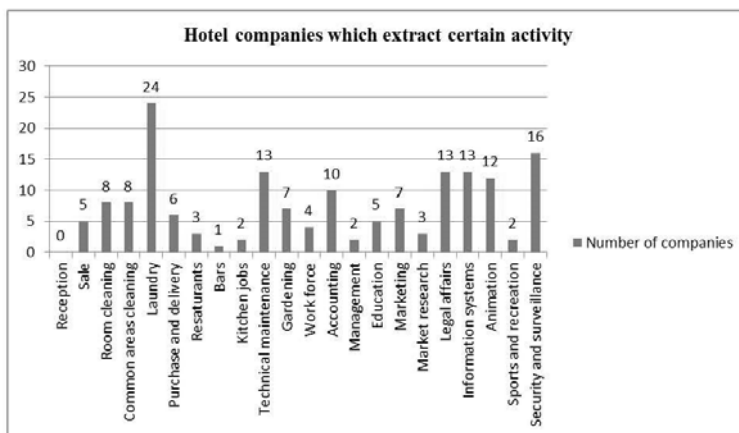


Image 2: Number of hotel companies which extract certain business activity

Source: Research results (N=51)

Research shows that 30% of hotel companies extract activities related to laundry, 20% activities related to security and surveillance, 16.25% of hotel companies extract technical maintenance, legal affairs and information systems, 15% of companies extract animation activities, 12.5% activities related to accounting, 10% of hotel companies extract room and common areas cleaning, 8.75% of them extract gardening and marketing, 7.5% activities related to purchase and supply, 6.25% extract sale and education, while less than 5% of hotel companies extract other business activities. Not one hotel company applies outsourcing in reception activities.

What was crucial to do before testing set hypothesis is conduct a procedure of min-max normalization <http://hr.swewe.net/word_show.htm/?54163_1&Normalizacija>, that is to measure the level of outsourcing for each company individually. The mentioned procedure is done in the way that the number of extracted activities is put into relation with the total number of activities in order to get a unique outsourcing indicator for each hotel company on the scale from 0 to 100% and finally form a variable O1. Results show that the average level of outsourcing in hotel business activities (O1) is 9%.

5.2. Testing measure model and set hypothesis

Before testing hypothesis, confirmatory factor analysis was conducted for indicators of human resources management. Since these are indicators which are not directly measurable, but on the basis of several claims from the questionnaire was formed a „new“ (latent) variable, it is necessary to test the measure model, that is to question the validity of measure instrument. The basic idea of confirmatory factor analysis is to test the matching of models according to theoretical concept with empirical data. Confirmatory factor analysis was conducted in IBM SPSS Statistics 20 using the method of maximum credibility (*Maximum Likelihood Estimation*), and considering that the model is beforehand specified on the basis of theory, rotation is not used.

Factor analysis for indicators of human resources management is shown in the following tables. Firstly, descriptive statistics of indicators is conducted which marks human resources management:

- U1 – average length of service of employees in the company considering the age of company,
- U2 – participation of employees in decision making process,
- U3 – education of employees,
- U4 – remuneration of employees,
- U5 – advancement of employees.

Table 5

Estimation of importance for indicators of human resources management

	Mean	Std. Deviation	Analysis N
U1	,6946	,25352	80
U2	3,8000	1,47897	80
U3	4,0250	1,39597	80
U4	4,0500	1,40433	80
U5	4,0875	1,37972	80

Source: Research results ($N=80$)

Descriptive statistics shows that hotel companies estimate employee advancement to be the most important indicator in human resources management.

Correlation matrix contains coefficients of simple linear correlation of each pair of variables and represents a basis for conducting factor analysis.

Table 6

Correlation matrix

Correlation matrix^a

		U1	U2	U3	U4	U5
Correlation	U1	1,000	,061	,059	,188	,119
	U2	,061	1,000	,634	,559	,548
	U3	,059	,634	1,000	,664	,676
	U4	,188	,559	,664	1,000	,788
	U5	,119	,548	,676	,788	1,000

a. Determinant = ,101

Source: Research results (N=80)

One of the preconditions of conducting factor analysis is the connection between original variables, and the basis for spotting groups of connected variables is presented by correlation matrix (Kurnoga Živadinović, 2004, p. 956). Correlation matrix has pointed out to a smaller or larger connection between most variables, which confirmed the adequacy of data in conducting factor analysis procedure.

Kaiser-Meyer-Olkin test (Malvić and Vrbanc, 2013, p.18) measures sample adequacy, that is if the data fit well into factors, and it is based on correlation and partial correlation. KMO test varies in the interval from 0 to 1. Small value of KMO test means that factor analysis is not good because correlations between variable pairs can not be explained by other variables. Value of KMO test should be above 0.5 for factor analysis to be appropriate. In this case KMO test value is 0.793 which is a relatively high value, and indicates that factor analysis is appropriate in this case. Bartlett's test of sphericity is testing the hypothesis that correlation matrix is singular, which would mean that the variables are disconnected and therefore inappropriate for revealing structures. In this case Bartlett's test of sphericity is statistically significant at 1% significance which means that correlation matrix is not singular and that factor analysis is useful.

Table 7

Kaiser-Meyer-Olkin test and Bartlett's test of sphericity

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	,793
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig.
	175,451
	10
	,000

Source: Research results (N=80)

Table „*communalities*“ shows what part of variance in variables is prescribed to factors. The mentioned table shows that it is 77.2% of variance in variable for employee remuneration, and to 2.3% in variable for length of services of employees in the company considering the age of company.

Table 8
Share of variance in variables in human resources management prescribed to factors

Communalities

	Initial	Extraction
U1	,044	,023
U2	,440	,441
U3	,577	,611
U4	,670	,772
U5	,665	,771

Extraction Method: Maximum Likelihood.

Source: Research results (N=80)

One of the most important tables relates to extracted factors and explanation of variance for specific factors in relation to total variance. The table shows that 59.28% of the variance is prescribed to the first factor, 19.87% to second factor, etc. The more factors are extracted the less their contribution to total variance is. According to savings principle, it is sufficient that the percentage of variance prescribed to a specific factor is over 50%. However, how many factors are chosen is arbitrary and mostly stops when *eigenvalue* is less than 1, because that would mean that this factor contributes less than one original variable, which is pointless. The mentioned is also known as the Kaiser criterion.

Table 9
Explanation of total variance

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,964	59,283	59,283	2,618	52,351	52,351
2	,994	19,877	79,160			
3	,513	10,260	89,419			
4	,321	6,420	95,839			
5	,208	4,161	100,000			

Extraction Method: Maximum Likelihood.

Source: Research results (N=80)

In this case only one factor is formed which confirms the theoretical model which is set ahead.

Table 10

Factor matrix
Factor Matrix^a

	Factor
	1
U1	
U2	,664
U3	,782
U4	,878
U5	,878

Extraction Method: Maximum Likelihood.

a. 1 factor extracted. 4 iterations required.

Source: Research results ($N=80$)

Goodness-of-fit test is used for checking the correspondence of observed data with theoretical distributions, with some other observed data of some mathematical functions (Malvić and Vrbanc, 2013, p. 18).

Table 11

Goodness-of-fit test
Goodness-of-fit test

Chi-Square	df	Sig.
8,247	5	,143

Source: Research results ($N=80$)

Upper table represents Hi-square test χ^2 value which is 8.247, which tests the model representativeness with 5 degrees of freedom. Zero hypothesis tests how well a model adjusts to data, and the goal is to get a small and statistically insignificant value of Hi-square test χ^2 . In this case, since significance is 14.3%, Hi-square test χ^2 confirms that the model is representative.

Table 12

Correlation matrix obtained by factor analysis solutions
Reproduced Correlations

		U1	U2	U3	U4	U5
Reproduced Correlation	U1	,023 ^a	,100	,118	,132	,132
	U2	,100	,441 ^a	,519	,583	,583
	U3	,118	,519	,611 ^a	,687	,687
	U4	,132	,583	,687	,772 ^a	,771
	U5	,132	,583	,687	,771	,771 ^a
Residual ^b	U1		-,039	-,059	,056	-,013
	U2	-,039		,115	-,024	-,035
	U3	-,059	,115		-,022	-,011
	U4	,056	-,024	-,022		,017
	U5	-,013	-,035	-,011	,017	

Extraction Method: Maximum Likelihood.

a. Reproduced communalities

b. Residuals are computed between observed and reproduced correlations. There are 3 (30,0%) nonredundant residuals with absolute values greater than 0.05.

Source: Research results ($N=80$)

Upper table represents correlation matrix obtained from factor analysis solution, that is from final factor selection.

According to adequate measure model and specific indicators obtained by conducted research, it is necessary to test the set hypothesis:

H1: Increase of outsourcing activities level in hotel companies has a positive effect on human resources management in hotel companies.

Nonparametric Spearman's coefficient of rank correlation shows direction, intensity and statistic significance of connection between variable which shows total level of outsourcing activities in hotel companies and formed factor. Analysis is conducted in statistic package Statistica 12. Spearman's coefficient of rank correlation is given in the following table, while statistic significance of coefficient at 10% significance is marked with a star (*).

Table 13

Nonparametric Spearman's coefficient of rank correlation between outsourcing level and formed factor

	O1	U
O1	1,000000	0,210226*
U	0,210226*	1,000000

*Level of significance 10%

Source: Research results (N=80)

According to the mentioned research results there is a positive and statistically significant connection between total level of outsourcing activities (O1) and formed factor.

In order to conduct a more detailed analysis by indicators it is necessary to put into relation the level of outsourcing and individually observed indicators of human resources management. Spearman's coefficient of rank correlation is used for testing. The following table shows the value of Spearman's coefficient of rank correlation between outsourcing level considering the number of extracted activities in % (O1) and average number of service years employees spent in the company considering company age (U1), participation of employees in decision making process in the company (U2), education of employees (U3), remuneration of employees (U4) and advancement of employees (U5). The results show that between level of outsourcing of hotel activities and participation of employees in decision making process in the company, between level of outsourcing hotel activities and education of employees, and between level of outsourcing hotel activities and advancement of employees there is a positive and statistically significant connection on significance level of 5% respectively 10%. Correlation between level of outsourcing hotel activities and average service length of

employees in the company considering age of company, and between level of outsourcing hotel activities and remuneration of employees is small and statistically insignificant.

Table 14
Correlation between total level of outsourcing and human resources management of hotel companies

		O1	U1	U2	U3	U4	U5
Spearman's rho	CorrelationCoefficient	1,000	-,026	,278 ^{***}	,181	,087	,145
	O1 Sig. (1-tailed)	.	,409	,006	,054	,222	,099
	N	80	80	80	80	80	80
	CorrelationCoefficient	-,026	1,000	,029	,001	,131	,096
	U1 Sig. (1-tailed)	,409	.	,400	,495	,124	,199
	N	80	80	80	80	80	80
	CorrelationCoefficient	,278 ^{***}	,029	1,000	,619 ^{***}	,542 ^{***}	,505 ^{***}
	U2 Sig. (1-tailed)	,006	,400	.	,000	,000	,000
	N	80	80	80	80	80	80
	CorrelationCoefficient	,181	,001	,619 ^{***}	1,000	,627 ^{***}	,647 ^{***}
	U3 Sig. (1-tailed)	,054	,495	,000	.	,000	,000
	N	80	80	80	80	80	80
	CorrelationCoefficient	,087	,131	,542 ^{***}	,627 ^{***}	1,000	,769 ^{***}
	U4 Sig. (1-tailed)	,222	,124	,000	,000	.	,000
	N	80	80	80	80	80	80
CorrelationCoefficient	,145	,096	,505 ^{***}	,647 ^{***}	,769 ^{***}	1,000	
U5 Sig. (1-tailed)	,099	,199	,000	,000	,000	.	
N	80	80	80	80	80	80	

** Correlation is significant at the 0.01 level (1-tailed).

Source: Research results (N=80)

According to the previously stated facts which relate to testing hypothesis with help of formed factor and individual indicators, it can be concluded that the set hypothesis H1 is accepted.

It is necessary to include another hypothesis in the analysis which differs hotel companies regarding their size.

H2: Influence of outsourcing activities in hotel company business on human resources management differs regarding the size of hotel companies.

For the purpose of testing the set hypothesis, Spearman's coefficient of rank correlation was conducted separately for small, medium and large hotel companies.

Connection between level of outsourcing activities and human resources management indicators U2, U4 and U5 for small hotel companies is positive and statistically significant, while the connection between level of outsourcing activities and indicators U1 and U3 is positive, but statistically insignificant.

Table 15

Correlation between total outsourcing level and human resources management in small hotel companies

Company size=1 Spearman Rank Order Correlations (base) MD pairwise deleted Marked correlations are significant at $p < .10000$						
	O1	U1	U2	U3	U4	U5
O1	1,000000	0,006476	0,280514*	0,240111	0,258999*	0,303261*
U1	0,006476	1,000000	-0,009705	0,022743	0,090471	0,170905
U2	0,280514*	-0,009705	1,000000	0,542479*	0,558957*	0,468593*
U3	0,240111	0,022743	0,542479*	1,000000	0,596850*	0,564287*
U4	0,258999*	0,090471	0,558957*	0,596850*	1,000000	0,788470*
U5	0,303261*	0,170905	0,468593*	0,564287*	0,788470*	1,000000

*Significance level 10%

Source: Research results (N=80)

Connection between outsourcing activities and all indicators of human resources management for medium hotel companies is statistically insignificant, and in certain cases it is positive, and in others it is negative.

Table 16

Correlation between total outsourcing level and human resources management in medium hotel companies

Company size=2 Spearman Rank Order Correlations (base) MD pairwise deleted Marked correlations are significant at $p < .10000$						
	O1	U1	U2	U3	U4	U5
O1	1,000000	-0,043642	0,310734	0,126160	-0,066837	-0,006845
U1	-0,043642	1,000000	0,073207	-0,116012	-0,049188	-0,073929
U2	0,310734	0,073207	1,000000	0,844064*	0,596538*	0,690012*
U3	0,126160	-0,116012	0,844064*	1,000000	0,740959*	0,815308*
U4	-0,066837	-0,049188	0,596538*	0,740959*	1,000000	0,786269*
U5	-0,006845	-0,073929	0,690012*	0,815308*	0,786269*	1,000000

*Significance level 10%

Source: Research results (N=80)

Connection between outsourcing activities and all indicators of human resources management in large hotel companies is statistically insignificant, and in certain cases it is positive, and in others negative.

Table 17

Correlation between total outsourcing level and human resources management in large hotel companies

Large companies=3 Spearman Rank Order Correlations (base) MD pairwise deleted Marked correlations are significant at $p < ,10000$						
	O1	U1	U2	U3	U4	U5
O1	1,000000	-0,493771	0,210819	0,433333	-0,433333	-0,116667
U1	-0,493771	1,000000	0,292770	0,370328	0,802377*	0,370328
U2	0,210819	0,292770	1,000000	0,210819	-0,210819	-0,421637
U3	0,433333	0,370328	0,210819	1,000000	0,433333	0,450000
U4	-0,433333	0,802377*	-0,210819	0,433333	1,000000	0,833333*
U5	-0,116667	0,370328	-0,421637	0,450000	0,833333*	1,000000

*Significance level 10%

Source: Research results ($N=80$)

Observing hotel companies regarding size leads to conclusion that the influence of outsourcing application on human resources management is recorded only in small hotel companies, thus it can be concluded that the mentioned influence differs regarding size of hotel companies. According to the mentioned, formed hypothesis H2 is accepted.

6. CONCLUSION

On the basis of conducted analysis of application of outsourcing in hotel companies, it can be concluded that the use of outsourcing in observed hotel companies is approximately on the same level as in previous research in the world. If we consider size of companies as a criterion, from observed research results it can be concluded that the level of outsourcing in small hotel companies is about 60%, medium hotel companies have about 62% level of outsourcing, while large hotel companies apply outsourcing in 100% of observed cases. According to the mentioned, it can be concluded that, with increase in size of hotel company, level of outsourcing also increases. If we compare business activities which are extracted, it can be concluded that there are no significant deviations from previous research. The only difference which can be singled out is related to activities of sports and recreation. Therefore it is recommended for this activity to additionally consider factors which could influence increase of quality of this service which would be based on engaging an external partner. Observation of results which relate to level of outsourcing of hotel activities and human resources management in all hotel companies, regardless the size, leads to conclusion that outsourcing has a positive effect on employee participation in decision making process, education and employee advancement. Influence is not

recorded on average length of service observed in context of company age, and employee remuneration. From the mentioned it can be concluded that hotel companies which apply more outsourcing, involve their employees in business decisions more, that is invest more in employee specialization which creates a predisposition for employees for further advancement in the work environment. If we consider the size of hotel companies, it can be concluded that in small hotel companies situation differs only in the fact that small hotel companies which apply more outsourcing have a higher level of employee remuneration, but take less account of their education. The mentioned can be explained by the fact that additional employee remuneration strives to accomplish positive work atmosphere on which outsourcing application could possibly have a negative effect. Considering all the mentioned, positive effect is essential for employee satisfaction which should be on a higher level in small companies in relation to other hotel companies. It can be assumed that in small hotel companies reduction of employee education is partially connected with procurement of certain services from external partners which results in reduction of own staff education level. In medium and large hotel companies influence of outsourcing on human resources management is not recorded because, with increase in size of hotel company, human resources management strategy becomes less dependant on including external partners in business.

Observation of the conducted research needs to be perceived in context of specific limitations which can be based on studying outsourcing of specific activities without considering: intensity of connection between partners, duration of outsourcing, measuring and estimation of quality of performance, availability of outsourcing partners in the market.

Future research should be directed to studying different internal and external influences, which undoubtedly have a certain influence on outsourcing application in business. It is advised to research opportunities and threats, that is weaknesses and strengths which define hotel company environment, and put them into context of outsourcing application. The mentioned would provide a more realistic image which would include all specifics of hotel company business in a certain limited physical environment.

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**ANALIZA ODNOSA *OUTSOURCINGA* I
UPRAVLJANJA LJUDSKIM POTENCIJALIMA (HRM)
U HOTELSKIM KOMPANIJAMA*****Sažetak***

Utjecaj outsourcinga na upravljanje ljudskim potencijalima u hotelskim kompanijama mora se promatrati u aktivnostima kojima se nastoje ostvariti ciljevi postavljeni na svim razinama poslovanja. U primjeni je outsourcinga neophodno uzeti u obzir njegov utjecaj na ljudski faktor, jedan od najvažnijih faktora poslovanja u turističkom sektoru, a sve zbog činjenice da je funkcionalno upravljanje ljudskim potencijalima nužno za učinkovito poslovanje hotela. Cilj je istraživanja istražiti primjenu outsourcinga u hotelskim kompanijama u Republici Hrvatskoj, tj. odrediti odnos između outsourcinga i upravljanja ljudskim potencijalima. Pretpostavlja se da je porast razine outsourcinga u korelaciji s boljim upravljanjem ljudskim potencijalima. Analiza će uključiti karakteristike hotelskih kompanija u odnosu na primjenu outsourcinga. Istražit će se također odnos između razine outsourcinga i određenih pokazatelja upravljanja ljudskim potencijalima koji uključuju prosječne godine rada u kompaniji u odnosu na godine njezina poslovanja, uključivanje zaposlenika u odlučivanje i edukaciju, naknade i napredovanje zaposlenika. Spomenutim će se odnosom veličina hotelske kompanije staviti u kontekst u kojem će se ispitati je li odnos outsourcinga i upravljanja ljudskim resursima isti u svim hotelskim kompanijama. Naposljetku, u skladu s dobivenim parametrima i rezultatima istraživanja, u zaključku će se predložiti ograničenja i smjernice za buduća istraživanja. Metodologija istraživanja bazirat će se na faktorskoj analizi, korelaciji i deskriptivnoj statistici.

Ključne riječi: outsourcing (vanjsko ugovaranje usluga), upravljanje ljudskim potencijalima (HRM), hotelske kompanije.

JEL klasifikacija: L83, L24, L25, M54