

# An exploratory study of outsourcing of foodservice operations in Canadian hotels

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## SUMMARY

*Outsourcing in hotels has received sporadic attention in the academic literature but remains a key strategic decision, particularly as it pertains to food and beverage operations. The purpose of this paper was to investigate the outsourcing practices of food and beverage operations of selected Canadian independent hotels. Specifically, it attempted to determine: the various outsourcing practices and the hotels' reasoning behind such decisions, the hotels' perceived benefits from outsourcing their food and beverage services, and the factors the hotels considered when contemplating the outsourcing of their food and beverage services. Most of the findings from the interviews with hotel operators were generally consistent with respect to these reasons. However, mixed responses were reported with respect to the factors and drawbacks the respondents believed should be considered before outsourcing. Overall, respondents suggested that decisions were made with respect to financial considerations, ability to focus on core competencies, and strategic intent. They also suggested that the results of the outsourcing decisions were mixed. Overall, it was concluded that the independent hotels were found to outsource their food and beverage service for the many of the same reasons hotel chains do. Challenges with regard to the outsourcing decision are discussed and recommendations are made with respect to continued challenges around the outsourcing question as well as directions that future research could take.*

### **Key words:**

*food and beverage; outsourcing; independent hotels; core competencies; Canada*

## INTRODUCTION

The lodging industry is currently facing numerous challenges that are affecting profitability. For over a decade now, lodging properties have been aggressively exploring options to make their food and beverage departments (and other departments) significant profit centres.

Outsourcing is one strategy that has been adopted by both independents and chain affiliated hotels. Many hotels around the world have engaged in outsourcing different departmental functions over the years, including laundry, food production, purchasing, health clubs, information technology and security among others (Misek 2000).

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Escalating international competition in the dynamic global environment has been portrayed as one of the reasons for the increasing popularity of businesses outsourcing certain parts of their operations (Delcart 1999). Organizations are also increasingly concentrating on their core competencies. According to Hemmington and King (2000), the recession of the early 1990s made it vital for hotels to maximize cash flow and for every part of the organization to become profitable.

For many years, hotels have viewed the provision of food and beverage as a necessary evil; something that they need to offer their guests but that does not contribute much to their profits (Ursin 1999). This resulted in hotels struggling with unprofitable food and beverage operations (Boone 1997). In recent years, though, many hotels have begun to outsource their food and beverage services.

One of the challenges facing food service providers was the negative image most hotels carry with consumers in terms of food service (Olsen 1997), which resulted in hotel restaurants not being a guest's first choice when dining out (Hensdill 1996). To make their food service more competitive, hotels are bringing in brand names, revamping concepts, and developing quick-service options for time-pressed travelers through buffets, kiosks, carts or food courts (Walkup 1995a). Furthermore, many hotels have adapted their menus to attract guests with some new menu developments addressing nutrition, some focusing on value, and others concentrating on ethnic or regional cuisine.

According to published studies, most people express their preference for known brands offering consistently good meals (Parseghian 1996) and for lower prices (Andorka 1995). The increasing efforts of hotels to establish strategic alliances with well-known restaurant operators reflect the importance of brand names as well as pricing in the modern food service industry. There appear to be differences, though, as to how chains and independents approach outsourcing.

## **RATIONALE OF THE STUDY**

Although, there is a plethora of articles in trade journals providing many useful industry examples, the majority only touch the surface of outsourcing without exploring the issues in-depth.

This type of literature, mainly of an informative nature, focuses heavily on presenting the popularity of outsourcing in the lodging industry. In contrast, the fewer scientific studies that were identified, used mainly primary research to obtain information (Hallam and Baum 1996; Hemmington and King 2000). They provided details of the data collection and sampling methods while, at the same time, warned the reader of any limitations and reliability issues. Even though they revealed more in-depth detail in the topic area and appeared more objective, most tended to rely heavily on corporate chain hotels as subjects of their studies and effectively overlooked the independent hotels that still represent a significant portion of the lodging industry.

It can be concluded that the validity of a great part of the literature in the area of food and beverage outsourcing from hotels can be questioned for two fundamental, but linked reasons. First, the majority of published work (in the trade journals) lacks scientific research, especially when compared to other industry sectors. Second, the minimal scientific research identified showed a clear shortage of studies that included independent hotels as part of their subjects. Independent hotels have distinctive characteristics that differentiate them from corporate chain hotels. This is partially attributed to the fact that many independent hotels are smaller and in many cases family operated. Lee-Ross and Ingold (1994) present the notion that smaller hotels are not simply smaller versions of large corporations or organizations but have distinct managerial or owner 'cultures' of their own and that, in many cases, there is a lack of organizational structure or hierarchy that is replaced by extended family relationships.

Besides the differences in organizational characteristics, there are also significant financial differences between corporate chain hotels and independents. Powers and Barrows (1999) present a comparison of operating results of chains and independent hotels, conducted by Smith Travel Research, which showed that independents had higher expenses per room as a percentage of revenue, weaker food and beverage operating margins, higher payroll, and a 10 percent lower expenditure on marketing as a proportion of sales. KossFeder (1996) also supported the notion that marketing is one of the many unique challenges facing independent properties. Therefore, there is evidence suggesting that independent and corporate chain hotels, even though in the same business, are two very different entities for a vari-

ety of reasons. It could be argued that much of the existing research on outsourcing cannot be meaningfully applied to the hotel industry as a whole, and that a large sector of the hotel industry is experiencing less attention than it deserves. Researchers must acknowledge differences between independent hotels and hotel chains rather than treat both parties as being homogenous.

## LITERATURE REVIEW

The following literature review examines the definition of outsourcing, its various forms, the reasons for its occurrence, its benefits, and its potential drawbacks. According to Kakabadse and Kakabadse (2000), outsourcing has been perceived "as a form of predetermined external provision with another enterprise for the delivery of goods and/or services that would previously have been offered in-house" (p. 670). It is suggested that many businesses typically conduct a 'make versus buy' analysis at the task or activity level based mainly on financial measures in order to determine whether or not to outsource to a third party.

During the 1990s a variety of strategies emerged with respect to hotel food and beverage in order to improve overall profitability. While some hotel companies developed proprietary food and beverage concepts (Littman 1996), others, especially those in the budget sector, downsized, or even eliminated their food and beverage operations (Giovanetti 1996). Furthermore, Powers and Barrows (1999) reported that, between 1991 and 1997, the proportion of hotels with a full food service operation declined by 8 percent. Some hotel companies such as Travelodge and Travel Inn, strategically located their newer hotels in close proximity to independent food and beverage operations. But those which decided to outsource their food and beverage operations used many different forms such as: leasing out space to local restaurateurs and restaurant chains (Boone 1997), entering into a licensing agreement with a national brand - where the hotel itself becomes the franchisee or hooks up with franchise restaurant operators (Casper 1995; Walkup 1995b); full food and beverage outsourcing as well as joint ventures with third parties (Ursin 1999). Another form of outsourcing is to hire companies that specialize in managing hotel food and beverage services, such as CPO Foodservice, which leases and contracts food, beverage and meeting services within hotels (Wexler 1994).

Outsourcing, in general, provides several benefits to firms. According to Kakabadse and Kakabadse (2000), outsourcing is typically employed so that a firm can concentrate on its 'core activities', on achieving its key strategic objectives, lower overhead costs or gain some flexibility to changing markets. Outsourcing the management of hotel restaurants, likewise, can make sound financial and administrative sense. However, the most obvious benefit is that it provides the hotel with the opportunity to reduce its overall costs as well as increase revenues. According to Mitchell (1997), it means that by placing the responsibility on someone else's shoulders in order to concentrate on core activities, the hotel can receive a guaranteed income (rent, share of profit, or a combination of the two) and an increase in revenue. Besides the financial benefits, outsourcing activities can be perceived as a means of increasing an organisation's pool of assets and capabilities without incurring the costs and resource investments required to develop these internally. One of the more extensive studies on outsourcing in the lodging industry was conducted by Espino-Rodriguez and Padron-Rabaina (2005). The authors took a resource based approach in investigating hotels in the Canary Islands. The authors looked at a variety of out-sourced activities in hotels (not specifically focusing on food and beverage). Among other findings, the authors determined that outsourcing improved organizational performance in these hotels. In general, the literature on the topic suggests that outsourcing is taking place for three main reasons: financial (cost reduction and increased sales), ability to focus on core competencies, and strategic intent. These are discussed in turn.

A major factor influencing hotels' decision making surrounding outsourcing their food and beverage operations is the consideration of costs. This is reflected by hotel operators' view that bringing in an outside restaurateur means not only fewer problems, but also higher profits (Ursin 1999). The fact that many hotels are operating their food and beverage service the traditional way, serving three meals daily, was reported as a reason for poor financial performance (Luckman 1997). According to Hemmington and King (2000), the recession of the early 1990s made it vital for hotels to maximize cash flow and for every part of the organization to become profitable. It should be noted that besides profitability, the efficiency of lodging food service is also important considering that lodging food service sales are claimed to generate more revenue than educational, recreational, military, or healthcare food

service sales (Lodging 1996). Consequently, as many hotels started focusing on their food and beverage bottom line, they realized the poor economic contribution of that part of operations. This is also attributed to the traditional way hotels have their restaurant budgets and profit-and-loss statements entwined in the overall hotel budget, which resulted in hotels not realizing the true performance of their restaurants.

The search for greater efficiency also led many companies to attempt to increase their degree of specialization (Domberger 1998). This resulted in hotel companies searching not only for cost savings, but also freedom to focus on their core competencies. The different core competencies required for the effective management and operation of hotels and restaurants were identified as being related to many of the problems associated with the successful operation of hotel restaurants (Hemmington and King 2000). According to the same authors, the advancements in skills and technology of accommodation management, as a response to internationalization and international travel, caused the hoteliers to become more concerned with international/national marketing, global distribution systems, and central reservation systems, resulting in a move away from the core skills of restaurant management. Thus, hotel restaurants acquired a reputation of lagging behind their independent competitors and being out of touch with the changes in customer needs (Hallam and Baum 1996). Hemmington and King (2000) also highlighted three key differences between hotel and restaurant management. First, in hotels, most people make reservations in advance whereas restaurants have to anticipate and respond to the minute-by-minute customer demand making their operations more difficult to control. Second, restaurant management also involves constant service interaction, focuses more on local marketing, point of sale promotion and merchandizing. Third, due to the typical restaurant's cost structure, management concentrates more on controlling variable costs like material and labour in response to short-term demand. These differences, then, may in part justify the hoteliers' challenge for effective management of their restaurants.

The literature on strategic outsourcing presents the reasoning behind outsourcing as having shifted for most industry sectors from a pure cost focus to one of strategic repositioning, service quality improvement, need for strategic flexibility, core competence focus, and higher value creation (Quinn 1999).

It was reported that most restaurateurs who have ended up running hotel restaurants did not go seeking the opportunity, but one of the reasons was the availability of space when they were looking for a location for a new restaurant (Ursin 1999). This would suggest that there is not a great deal of strategic thinking involved behind the decision making of many hotels when choosing a restaurant operator.

The main question, therefore, becomes: Is food and beverage a core activity of the hotel business? This appears to be a difficult question to answer, particularly with respect to the great number of lodging companies that have chosen not to operate their own food and beverage facilities. The literature provides ample evidence to suggest that some companies find a competitive advantage by providing food and beverage services internally, while others find no justification in doing it themselves. Based on that evidence, the authors of this paper argue that the focus should shift from whether food and beverage service is a core activity of the hotel business, to whether food and beverage is a core activity of the individual hotel company. The authors' opinion is further supported by Johnson and Scholes (1999) who claim that core competencies will differ from one organization to another, depending on how the company is positioned and the strategies it is pursuing.

It can be concluded from the literature that mixed results were reported about the outsourcing of food and beverage services in hotels. But it is also the general view of hoteliers, restaurateurs and academics that the number of hotels outsourcing their food and beverage operations will increase dramatically in the future (Strate and Rappole 1997; Ursin 1999), especially as hoteliers become more comfortable with the presence of restaurant brands in their properties and as restaurateurs become more competitive in the terms they are prepared to accept (Hemmington and King 2000). The remainder of this paper investigates independent hotels' rationale for outsourcing their food and beverage operations in one Canadian city.

## METHODOLOGY

The purpose of this paper was to investigate the outsourcing practices of food and beverage operations by selected Canadian independent hotels to outside restaurant operators.

The objectives of the research were specifically to: 1) Identify various forms of food and beverage outsourcing practices and the hotels' reasoning behind such decisions; 2) Explore the hotels' perceived benefits from outsourcing their food and beverage services; 3) Identify what factors the hotels considered when contemplating the outsourcing of their food and beverage services.

To gather primary information for the study, qualitative methods were employed. Qualitative data are characterized by the richness and fullness based on the opportunity to explore a subject in as real a manner as possible (Saunders, Lewis and Thornhill 1997). It was felt that qualitative methods and specifically semi-structured interviews were necessary in order to evaluate and assess the interviewees' perspectives on outsourcing. Qualitative techniques, such as interviewing, are able to provide richer, more in depth data than quantitative methods. It was felt that, with a subject like outsourcing, interviews would be an effective technique for eliciting in-depth explanations of the outsourcing decision which would not necessarily be elicited from the completion of a questionnaire alone.

For the study to be focused, the following three criteria were developed: The hotels must be located in Ontario; the hotels must have had outsourced or be currently outsourcing some portion of food and beverage services; and the hotels must be full-service properties with a minimum rating of 3 stars with no fewer than 50 guestrooms.

Seven independent hotels meeting these criteria and willing to participate in the study were identified. The final three properties were selected due to their different locations, different sizes, and their different histories relative to outsourcing. For example, one hotel had always outsourced; the second began to outsource five years ago and was in the process of choosing another operator and the third hotel recently started providing food and beverage services internally again after having outsourced for many years. Each of the hotel representatives were contacted with a request for a short interview, briefly outlining the objectives of the discussion. At that time, hoteliers were informed how the information derived from the research would be used. They were also reassured about the confidentiality of the treatment of the data. After agreeing to the meeting, they were thanked in writing and provided with a sample of the questionnaire to be dis-

cussed. The participants/respondents/interviewees were asked a number of different questions relating to issues that the management of independent hotels in Canada should contemplate when considering the outsourcing of their food and beverage services, as well as factors relating to the reasoning of outsourcing and its implementation.

The following is a more detailed description of each hotel. In order to protect the identity of the participating organizations, they will be referred to as Hotel A, Hotel B, and Hotel C.

- Hotel A is a 60-year-old property with 360 guestrooms, located in the downtown area of a major city in Ontario, and owned by one individual. The property has a 3 star rating and has one restaurant, one cocktail lounge, banquet space, and numerous meeting rooms. The hotel out sources its entire food service operation to a single operator with the exception of the hotel's cocktail lounge, which is operated by the hotel. Also, the hotel keeps the exclusivity of the provision of alcoholic beverages through room service. The outsourced restaurant is a casual dining establishment with an approximate average check of \$17. The interview was conducted with the General Manager.

- Hotel B is a 30-year-old property with 83 guestrooms, located in the west end of the same city, approximately a 15-minute drive from the downtown area, and is owned by three individuals. The property has a 3 star rating and has one restaurant, one bar, banquet space, and meeting rooms. The hotel outsources its entire food and beverage service to a single operator. The outsourced restaurant is a casual dining establishment with an approximate average check of \$12. The interview was conducted with one of the owners.

- Hotel C is a 35-year-old property with 121 guestrooms, located between the downtown core and the west end of the city, approximately a 7-minute drive from the downtown area, and is owned by one individual. The property has a 3 star rating and has one restaurant, one lounge, banquet space, and meeting rooms. The hotel, until very recently, outsourced its entire food and beverage service to a single operator. The casual dining restaurant's average check is approximately \$14. The interview was conducted with the hotel's General Manager.

## RESULTS OF THE INTERVIEWS

As the literature suggested, companies across industries outsource certain activities for three primary reasons: financial considerations, ability to focus on core competencies, and strategic intent. However, the majority of lodging-related literature provided sufficient evidence to support only the first two reasons. With respect to strategic intent, the literature suggested that there is not a great deal of strategic thinking involved behind the decision making of many hotels when choosing a restaurant operator, even though there are certain exceptions. Most of the findings from the interviews appeared to be consistent with respect to these reasons.

### Financial

Considering that all three respondents ranked financial orientation as the most important reason that their hotels chose to outsource their food and beverage service, it was not surprising that they also perceived the major benefits of outsourcing to be financial. This is reflected in the statement of the General Manager of Hotel A, who said: *"Financial is the number one benefit, both in the sense of reducing costs and increasing revenues."* The owner of Hotel B claimed that it was his inability to reduce costs and increase revenue that kept him from realizing any profits during the fifteen years they operated the hotel's food and beverage service internally, despite the satisfactory volume of business the hotel generated through its restaurant, banquet facilities, and meeting space. The General Manager of Hotel C said that outsourcing creates a revenue stream that the hotel might otherwise not have. Based on his experience with various restaurant operators and their ability to reduce costs, he said: *"... independent restaurants are often operated by families who share heavily in the labour, which is one of the biggest costs. Also, a restaurant that is part of a chain is able to control costs because of their buying power, standardized control systems, and their experience."*

### Core activities

The interviewees also agreed that the freedom to focus on their core competencies, which they identified to be the selling of rooms, was also a significant reason for outsourcing their food and beverage services. As a group, they feel less comfortable providing food and beverage services internally and expressed their preference for not having to deal with the operational

details of that area. However, only respondents A and B agreed that they do not possess the expertise they need to profitably operate their food and beverage services.

With respect to whether food and beverage service is a core activity for a hotel, all three respondents commented that it should be the first question a decision maker should seek to answer. Furthermore, they all acknowledged the importance of the provision of food and beverage in their hotels, but no one perceived it as being their core activity. The General Manager of Hotel A said that the outsourcing of food service took place since the opening of the hotel and given that he saw no reasons in changing that, he responded: *"...we simply carried on."* At a later point during the interview, he made a comment that reflected his perception towards the hotel's food service: *"As much as you need a restaurant (in the hotel), you also need to recognise that everybody goes out to eat. If it's snowing or raining, they'll stay in. That's just the way it is. It doesn't matter where you are or how great the restaurant is, that's a fact of life. The money is in the rooms."* The owner from Hotel B recognized that food and beverage is an integral part of the hotel, but that it should not be his responsibility because he lacks the necessary knowledge: *"We are in the business to provide both rooms and food, but our expertise is in selling rooms."* The General Manager from Hotel C recognized the provision of food and beverage as crucial for the hotel's success and stated that the owner once perceived it as a non-core activity and had no desire to provide it internally, but he has since changed his mind.

### Strategic issues

The literature on strategic outsourcing suggested that the outsourcing of any activity should be integral to the organization's overall strategy and highlighted the importance of the strategic fit between the two organizations. In light of that, the General Manager of Hotel A appeared to lack a strategic orientation by saying that strategic issues apply more to big chains and thought the matter did not apply to his hotel. Two things could be argued based on the respondent's answer. First, the importance of strategy in guiding the hotel's activities in relation to its objectives should not be neglected. Second, the selection of suitable partners who can support the hotel's strategy should not depend on the hotel's size. Lack of appreciation for strategic fit may prove to be damaging for the property over the long term.

The owner of Hotel B projected a greater appreciation of the issue. He admitted that he initially did not place much emphasis on it but now recognizes its importance more. He said: *"We are quite aggressive, our standards are very high, and we want the operator to meet our standards. The last operator did not fit the hotel."* The General Manager of Hotel C recognized the importance of synergy and compatibility between the hotel and the food service operator: *"We all enjoy working with people we like. We like to be around people who like to do the same things that we do. Anybody who leases his or her restaurant thinking that the operator's ability to succeed is the only factor to consider is insane. It doesn't work that way because really it's one operating environment. The restaurants, lounges, and rooms, for example, all contribute to creating an experience for the guest, so they must work together. It all has to flow together."*

Finally, it should be noted that the operators mentioned several additional factors that they considered when making the outsourcing decision including: the ability to offer specialized foods, increased operating flexibility, brand compatibility, matching of organizational cultures, certain operational issues, cost issues, potential loss of control and human resources issues (primarily focusing on cost savings). These are all issues that could benefit from future research.

## CONCLUSIONS AND RECOMMENDATIONS

Outsourcing is not something new, even though it has received increased attention in recent years. Strategic questions remain in many businesses including lodging. The justification of the increasing use of outsourcing in many industries can be found among the various changes in the current business environment.

Those changes and people's evolving dining preferences caused hotels to revolutionize the traditional provision of food and beverage services. The literature identified various forms of outsourcing, reasons for its use, benefits, and factors and potential drawbacks that should be considered when contemplating the outsourcing of food and beverage operations. Also, it appeared to be the general view of hoteliers, restaurateurs, and academics that the number of hotels outsourcing their food and beverage operations will increase dramatically in the future.

Various differences, as well as similarities, were identified among the three independent hotels and the literature. It can be concluded that the three independent hotels were found to outsource their provision of food and beverage service for the same reasons as reported in the literature addressing hotel chains: financial orientation was ranked as the most important reason and the freedom to focus on their core competencies was also identified as being significant. With respect to strategic intent, like many hotel chains, the interviewees admitted that they did not choose their food and beverage operators with a long-term focus in mind.

In contrast to the reasoning behind outsourcing, various points of view were presented from the respondents as to the benefits they perceive from outsourcing. The research suggests that the independent hotels recognized fewer benefits from outsourcing compared to the hotel chains discussed in the literature. Financial advantage, both in terms of reducing costs and increasing revenues, was the singular benefit that subjects perceived and was in agreement with the literature. It should be noted, however, that one of the hotels claimed that they realized benefit only during the initial stages of the outsourcing arrangement and, overall, did not benefit financially from outsourcing. It can also be concluded that certain benefits realized by hotel chains may not always be possible due to the operating environment of some independent hotels. For example, the literature suggested that hotels may benefit from outsourcing because it enables them to offer a specialized product/service, or to bring a branded restaurant to operate their hotels' food and beverage service. Respondents disagreed with both of the aforementioned benefits. However, each respondent presented different reasons. With respect to offering a specialized product/service, the main reasons presented were the hotels' diverse customer bases, which require the provision of a more neutral food service, although the issue of space thought to be appropriate for only one restaurant. The same reasons were mentioned with respect to the option of bringing in a branded partner, as well as other reasons including the hotels' difficulty in attracting branded partners due to small restaurant sizes and the branded operators' lack of experience or unwillingness to serve banquets and meetings. Finally, the mixed responses reported in terms of outsourcing allowing hotels to be more flexible and react faster to market changes with respect to the area of food and beverage did not permit any sound conclusion.

Similar to the subject of the benefits from outsourcing, equally mixed responses were also reported with respect to the factors the respondents believed should be considered before outsourcing. Again, the research suggests that the independent hotels identified with fewer issues compared to hotel chains, even though the respondents reported some areas of agreement. The issues that independent hotels agreed with relative to the literature included: the importance of determining whether food and beverage service is one of the hotel's core activities, as well as the consideration of the organizational culture of the food and beverage service operator. With respect to the latter, all respondents admitted overlooking that issue, which proved to be a significant drawback for their properties. Another factor that independent hotels claimed to consider was the speed of settlement of accounts between the hotel and the operator. Not only did the respondents recognize the importance of that matter, but they also presented their compromises in taking specific measures to deal with the issue. It should be noted that no similar measures were identified in the literature review based on hotel chains. Also, hidden costs in areas such as construction costs, installation costs, or ordering equipment appeared to be barely considered based on the premise that the hotels' contracts clearly state what costs they are willing to incur.

Finally, with respect to the factors that the independent hotels believed should be considered, some areas generated mixed responses that made comparison difficult. That was the case with the evaluation process the independents used compared to chain hotels, which are claimed to be using mainly financial measures. The responses were mixed, with the first hotel showing a strong focus towards guests' comments, the second hotel focusing on financial performance on a daily basis, and the last hotel towards both. It was equally difficult to draw conclusions regarding the issue of loss of control. Mixed responses included: no loss of any degree of control, certain loss of control, and complete loss of control. Mixed responses were also received with respect to the strategic issues that should be considered when contemplating the outsourcing of any activity.

### Limitations of the study

Caution has to be taken in generalizing the results from the primary research aspect of this paper. From a sampling point of view, the three independent

hoteliers, all from one major city in Ontario, do not ensure fair representativeness of Canada as a whole or even the province of Ontario. However, economic and time limitations were significant barriers to the employment of more extended primary research. This is readily acknowledged, since all research designs carry with them both advantages and drawbacks.

### Recommendations for future research

Overall, it was concluded that the independent hotels were found to outsource their food and beverage service for the many of the same reasons hotel chains do. However, differences existed with respect to the benefits they perceived, and the factors and the drawbacks they considered. In many cases, they reported disagreeing or not identifying with various issues that the literature presented for hotel chains. It could be argued that those dissimilarities deserve more analysis, as the limited sample does not allow for generalizations to be made. Besides recommending more exploratory future research that compares independent and chain hotels, there is also the need for more research focusing only on independent hotels. It is argued that future studies focusing on issues around the process independent hotels follow in selecting their food and beverage operators, the steps of action before the signing of the contract, and the negotiation of the contract would be beneficial to providing further information in this area. Moreover, the issue of joint employees between an independent hotel and its operator was not identified anywhere in the literature focusing on hotel chains. It would be interesting to explore whether it occurs in other food and beverage outsourcing arrangements between hotels and operators, as well as any drawbacks derived from it. Finally, the importance of convergence of the hotel and the operator's organizational culture also appeared to be an area that deserves further research.

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