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Convention services manager's perception of the strategic outsourcing of convention services

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CONVENTION SERVICES MANAGER’S PERCEPTION OF THE STRATEGIC OUTSOURCING OF CONVENTION SERVICES

by

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Bachelor of Tourism
Kyung Hee University, Seoul, Korea
2003

A thesis submitted in partial fulfillment of the requirements for the

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Examination Committee Chair

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ABSTRACT

Convention Services Manager’s Perception of the Strategic Outsourcing of Convention Services

by

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Dr. Curtis Love, Examination Committee Chair
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The purpose of this study was to identify the degree of outsourcing and the main advantages and disadvantages of outsourcing perceived by convention services managers. Outsourcing was considered as a convention management strategy in which a convention service department utilizes more specialized assistance in order to reduce costs and improve efficiency.

The review of the literature described the background for outsourcing by focusing on the literature in the service field. This study utilized a modified Delphi method to combine opinions of a widespread group of convention services managers. Electronic mail was used as the medium to recruit participants and disseminate the Round I questionnaire and the feedback loop questionnaire.

For the first rating in Round I, participants were asked to rate the degree of outsourcing and the advantages and disadvantages of outsourcing using a 7-point Likert scale. For the second rating in the feedback loop, participants received the average rating of all participants as well as the standard deviation for comparison. They rated items of advantages and disadvantages of outsourcing once more on the same scale.
The findings of this study included six convention services which have the significant usage of outsourcing, 13 main advantages of outsourcing, and two main disadvantages of outsourcing perceived by convention services managers. The results of this study help to better understand the concept of outsourcing and contribute academically and practically to advancing the convention service management.
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CHAPTER I

INTRODUCTION

Convention service management within the hotel sector has received much attention in the hospitality industry. Conventions are a major contributor to the increase in hotel revenues. The Convention Industry Council (CIC) presented the most current findings of the economic impact of the meetings, conventions, exhibitions, and incentive travel industry in the United States. The meetings, conventions, exhibitions, and incentive travel industry generated $122.31 billion in total direct spending in 2004.

The industry’s spending and tax revenue ripple through every sector of the local economy, from restaurants and transportation to retail stores and other services, while supporting 1.7 million jobs in the United States. It generates more than 36% of the hotel industry’s estimated $109.3 billion in operating revenue, and its attendees account for nearly 17% of the air transportation industry’s operating income. (Convention Industry Council, 2005)

Moreover, outsourcing has become a common strategy in the hotel industry. Many hotels combine and utilize the specialized resources of outside agents (Klein, 1999). Common areas to outsource include food and beverage, parking, housekeeping, landscaping, laundry, and maintenance (Fisher, 2005).

In general, outsourcing is defined as “the procurement of products and services from sources that are external to the organization” (Lankford & Parsa, 1999, p. 310). For
services, outsourcing involves transferring operational control to the external suppliers (Lankford & Parsa, 1999). As industry is globalized and customers’ demands are increasing, business management becomes more complex. Because the business environment changes daily, predicting such change is difficult. An organization needs to adopt measures to lead to better quality of services and greater flexibility in management. The reality for the future is not whether the organization should outsource but how the organization can best outsource (Bromage, 2000). Outsourcing allows the organization to concentrate on its core competences and to improve its activities (Quinn & Hilmer, 1994).

Many hotels develop strategic relationships with external suppliers which have the necessary expertise to operate certain functions (Lam & Han, 2005). Also the use of external suppliers has been increasing in convention service management, because they can fill business needs for hotels that require more specialized and often less costly assistance with meeting management functions. In other words, the external supplier is an integral part of convention service management (Connell, Chatfield-Taylor, & Collins, 2002).

Most hotels have in-house suppliers such as catering, security, and technical services which include computer and furniture rentals, electrical installation, audio visual (A/V), and plumbing for meeting and convention. Services outsourced for convention service management can include, but not limited to, destination management company (DMC), registration desk staff, transportation, information system management, entertainment, audio visual, trade show decorators, and florist. A convention services manager (CSM) is in charge of administering contract with external
suppliers to provide convention groups with meeting management services (Connell et al., 2002).

The main role of the external suppliers is to provide a wide variety of specialized services to hotels (Connell et al., 2002). Therefore, outsourcing enables organizations to take full advantage of their resources and reinforce their competitiveness (Espino-Rodriguez & Padron-Robaina, 2005). With the increasing trend toward outsourcing of meeting service activities, it is important to analyze the strategy of outsourcing in the field of convention service management within the hotel sector.

Research Justification

"Outsourcing is one of the most important management ideas and practices of the past 75 years" (Bromage, 2000, p.23). While most outsourced services in the past were component manufacture or information systems, many other functions such as human resources, customer services, telecommunications, and security have been outsourced in recent years. Especially in the hotel sector, the concept of service outsourcing has been used more in the area of information systems. Espino-Rodriguez and Gil-Padilla (2005) examined the determining factors in outsourcing hotel information system activities and the reasons of the outsourcing strategy. Although most research adopts a tactical or cost-related approach to explain the outsourcing decision, more recent studies analyze a strategic approach related to concentration on core activities, quality, and improvement of service (Espino-Rodriguez & Gil-Padilla, 2005; Teng, Cheon, & Grover, 1995).

Hotel convention services have received much attention in terms of growing importance and respect in the hospitality industry. Outsourcing has become an essential
part of convention service management. Despite many practitioners suggesting outsourcing is a significant aspect of hotel convention services, it has been the subject of minimal academic research.

Statement of the Problem

Outsourcing of hotel operations is becoming more common. To outsource or not to outsource is one of the questions hoteliers are increasingly asking themselves (Gunn, 2003). Especially, outsourcing of meeting service activities has been an increasing trend. Current trends clearly indicate that it is necessary to examine the degree of outsourcing and its success. Therefore, this research focuses on discovering the role that outsourcing strategy plays in convention service management within the hotel. In particular this study examines the degree of outsourcing convention services and CSM’s perceptions regarding the advantages and disadvantages of outsourcing.

Objectives of the Study

The purpose of this study is to capture the CSM’s perspectives and specific observations on benefits and risks of outsourcing. This study determines which convention service the convention departments outsource most. Existing CSM’s perception towards the main advantages and disadvantages of outsourcing is explored as well. Since this study is the first to examine the characteristics of outsourcing benefits and risks perceived by CSMs, it will discover the elements of outsourcing benefits and risks that are not included in the management literature concerned with outsourcing advantages and disadvantages.
Significance of the Study

This study attempts to examine the degree of outsourcing and advantages and disadvantages of outsourcing as perceived by CSMs. Thus, a better understanding of outsourcing may be determined. By conducting empirical research, this study will assist CSMs to make decisions on outsourcing convention services. It may help meeting planners to understand what services meeting facilities may outsource. Finally, this study will allow the external suppliers to recognize CSMs’ needs and provide them with implications of improved service and quality.

Also this research will contribute not only to the limited convention management literature, but also to the outsourcing literature. First of all, no prior study has considered convention service outsourcing from a CSM’s perspective. Secondly, few convention management studies are reported in the hotel literature. At last, this study will bring more academic attention.

Definitions of Key Terms

- **Outsourcing**: “the procurement of products and services from sources that are external to the organization” (Lankford & Parsa, 1999, p.310).
- **Convention**: a meeting of people for a common purpose (Connell et al., 2002).
- **Convention services**: services provided by in-house or external suppliers for conventions. This study included 14 items: (1) catering, (2) security, (3) trade show booth cleaning, (4) furniture rentals, (5) electrical installation, (6) audiovisual (A/V) management and equipment, (7) destination management company (DMC), (8) convention or meeting registration desk staff, (9) local
transportation, (10) information system management (e-mail station), (11) entertainment, (12) tradeshown management, (13) local tour coordination, and (14) floral services and design.

- Convention services manager: a person who coordinates and services the convention and who maintains services available from the property and local firms (Montgomery & Rutherford, 1994).

- Degree of outsourcing: the extent to which convention services are outsourced.

- Outsourcing advantages: the benefits for convention services manager to (1) improve quality, (2) take more advantage of resources and core capabilities, (3) improve service, and (4) reduce costs.

- Outsourcing disadvantages: the risks for convention services manager to (1) lose the control and autonomy, (2) lose the competitive edge, and (3) distrust in external suppliers.

**Organization of the Paper**

The paper is organized into five major sections. In Chapter I, an overview of convention outsourcing is presented, followed by the research justification, research problem, the purpose of the study, and definitions of concepts relevant to the study. In Chapter II, a synthesis of existing studies conducted on outsourcing is reviewed to understand better the concept of outsourcing. Especially, the literature review focuses on outsourcing in the service field. In Chapter III, the research method and the research design of this study are discussed. The questionnaire development and scaling are presented, followed by data collection procedure. In Chapter IV, the results of the
research design are discussed. Demographic information of the participants is described
and an analysis of the results on the Round I questionnaire and the feedback loop
questionnaire is presented. Finally, in Chapter V, the conclusions and implications of
findings are offered with respect to discussion of results, implications, limitations, and
recommendations for future research.
CHAPTER II

LITERATURE REVIEW

Introduction

The objective of this literature review is to provide an overview of the management literature concerned with outsourcing and to understand better the topic of outsourcing. This review concerns definitions of outsourcing, outsourcing frameworks, reasons for outsourcing, strategic outsourcing, advantages and disadvantages of outsourcing, and degree of outsourcing.

Definitions of Outsourcing

 Outsourcing stems from the words *out* referring to exterior and *source* referring to origin or resource. In the business world, it means that certain activities are obtained outside the organization (Espino-Rodriguez & Gil-Padilla, 2005). A broad definition of outsourcing is sourcing activities that a firm has internal capability to conduct (Harland, Knight, Lamming, & Walker, 2005).

 Outsourcing is also defined as “the process whereby activities traditionally carried out internally are contracted out to external providers” (Domberger, 1998, p.12). Domberger (1998) used the term *contracting* in a basic way to explain the process of outsourcing. Along this line, Espino-Rodriguez and Padron-Robaina (2005) noted that outsourcing is a new concept which partially substitutes the term *sub-contracting*. 

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However, Van Mieghem (1999) was inclined to differentiate between sub-contracting and outsourcing. He defined sub-contracting as the acquisition of a product or service which the organization can produce, while outsourcing involves the acquisition of an item which the organization cannot produce internally.

With the definitional confusion in the management literature about the term outsourcing, Gilley and Rasheed (2000) clarified it by considering outsourcing as procuring products or services that were either originally sourced in-house or could be sourced internally but to decide to source activities to the outside suppliers. Therefore, in this study, convention outsourcing is defined as a convention management strategy in which a convention service department utilizes a specialized outsourcing supplier, forming strategic alliances with it to have the supplier perform certain convention department functions, in an attempt to reduce costs and risks and improve efficiency.

**Outsourcing Frameworks**

The trend towards outsourcing services emerged in the late 1980s and early 1990s. Moreover, outsourcing of services has been widely implemented as management tool since in 1990s. The concept of outsourcing has been used both in service firms and in manufacturing firms. Today, outsourcing of selected service activities is an important part of firm’s strategy (Harland et al., 2005).

Outsourcing has been examined increasingly in the area of information systems (Teng et al., 1995). Two basic divers behind the growth of outsourcing are cost reduction and a strategic move in the way organizations are managing their businesses (Winkleman, Dole, Pinkard, Molloy, Willey, & David, 1993). Although most studies
dealing with outsourcing decisions examine them from the perspective of the transaction
cost theory, more recent research focus on a strategic approach to explain outsourcing
decision. In other words, a growing number of studies have indicated that outsourcing
can reduce costs of service and/or improve service efficiency (Teng et al., 1995).

Chase and Hayes (1992) explained three levels of service activities: core services,
peripheral services, and amenities. Core services are the critical part of services the firm
should provide in order to participate in its market. Peripheral services are secondary
services that assist the core service. Amenities are add-ons to provide the core service.
Chandra (1999) demonstrated that a theoretical framework for outsourcing of service
activities in service firms has to be able to integrate the characteristics of these three
levels of service activities. Chandra modified the existing framework for the make-or-
buy decision to determine what service activities a firm should outsource.

Blumberg (1998) examined decision-making framework utilized in considering
outsourcing options. A strategic approach for evaluating outsourcing decision against
several key factors was presented. Outsourcing decision criteria included customer view
of function, capabilities and physical assets required to perform a function, technological
requirements, world class abilities, performance and delivery capabilities versus
competitive alternatives, time and cost required to close performance gaps, and long-
term commitment. Also, the key approach in deciding the optimum outsourcing strategy
to reduce cost and improve efficiency and effectiveness was demonstrated.

Harland et al. (2005) treated outsourcing in a more strategic way to assess the
risks and benefits of outsourcing for organizations, sectors, and nations. Emergent issues
on outsourcing were synthesized into a framework for analyzing factors associated with
outsourcing. Those issues were captured within six themes: strategy for outsourcing, policy issues, decision-making processes for outsourcing, new organizational, sectoral, and national industry structures, management of the outsource relationships, and outcomes of outsourcing. A qualitative research was utilized by adopting the Delphi method. Finally, Harland et al. suggested that organizations, corporations, government departments, and central government think about outsourcing strategically, understand the situation in which they operate, and take a considered approach to the future.

Reasons for Outsourcing

There are several reasons why many firms utilize outsourcing of their services, such as enhanced efficiency, cost reductions, and increased flexibility (Bromage, 2000). PricewaterhouseCoopers conducted a study of outsourcing trends amongst 300 of the largest global companies, including 26 large Canadian firms. This study highlighted that 73% of the firms have outsourced at least one activity. The main reasons for outsourcing were to (1) focus on core competencies, (2) enhance profitability and shareholder value, and (3) avoid the investment in technology necessitated to improve efficiency (Simke, 2000).

Traditionally, the decision to outsource has been based on cost reduction rather than strategic motives. However, the reasons why firms opt to outsource have changed, moving from cost reduction towards the strategic. “Organizations are starting to view outsourcing strategically, as a broad management strategy rather than just as a cost reduction tool” (Simke, 2000, p.27). N. Kakabadse and A. Kakabadse (2000) considered strategic outsourcing as one of the main reasons for outsourcing. Also, DiRomualdo and
Gurbaxani (1998) indicated that three strategic reasons why firms outsource are strategic improvement, strategic business impact, and strategic commercial exploitation.

The Outsourcing Institute’s fifth annual outsourcing index noted that top 10 reasons companies outsource were to (1) improve company focus, (2) reduce and control operating costs, (3) free resources for other purposes, (4) gain access to world-class capabilities, (5) acquire resources not available internally, (6) accelerate reengineering benefits, (7) reduce time to market, (8) share risks, (9) take advantage of offshore capabilities, and (10) handle functions difficult to manage or out of control (The Outsourcing Index, 2002).

Association Management’s Outsourcing Survey conducted in 1999 shared similar attitudes. The top 11 reasons association outsource were to (1) gain access to expertise, (2) focus on core activities, (3) lower operating costs, (4) better manage the activity, (5) improve service to members and attendees, (6) enhance association flexibility, (7) improve products, (8) acquire new ideas, (9) lower investment in assets, (10) reduce association’s risk, and (11) enhance competitiveness (Lang, 2000).

Fisher (2005) noted that technology, personnel resources, and training are three key reasons why hotels are choosing to outsource functions. Within the article At Your Service, Damico demonstrated that with any function, technology is specific to the business. There is an advantage to having people who are already familiar with those systems. Also, there is a job-specific training offered by external suppliers.

Reducing overhead costs through staff flexibility is a major reason for outsourcing in the hotel sector. However, reducing costs is not the sole criterion for outsourcing. A desire to free up in-house staff to focus on priority areas and to obtain
specialist skills is other reasons for bringing in an outside contractor for certain hotel functions (Bentley, 2005).

Businesses should look at the processes which make up their business. The processes are divided into three groups: differentiating competencies, essential competencies, and plain competencies. The differentiating competencies make a hotel or hospitality business stand out from the competition. Organizations should keep control of these differentiating competencies, because they are core to the business. A business can outsource the essential competencies, such as marketing, but may decide that it can perform better in-house. The plain competencies are best outsourced to an external supplier which can bring high levels of experience and bear economies of scale (Bentley, 2005).

Strategic Outsourcing

Many researchers have recognized that outsourcing is strategically important to the organizations (DiRomualdo & Gurbaxani, 1998; Domberger, 1998; Quinn & Hilmer, 1994; Venkatesan, 1992). Venkatesan described outsourcing as a means of generating employee commitment to improve manufacturing performance. Quinn and Hilmer presented that two strategic approaches, when properly combined, allow managers to leverage their firm's skills and resources for increased competitiveness. Two strategic approaches were concentrating the firm's core competencies and outsourcing other activities strategically. Quinn and Hilmer emphasized that there are always inherent risks in outsourcing, but companies can overcome many of the risks and costs by using the variety of outsourcing options available and analyzing the strategic issues.
Espino-Rodriguez and Padron-Robaina (2004) classified different types of outsourcing based on the level of decision analysis, the range, the level of integration, the property relationship, and the level of administrative control and ownership. Among these different types of outsourcing, the classification criterion of the level of decision analysis was emphasized in order to explain its influence on operations strategy. Two types of outsourcing met this criterion: tactical and strategic outsourcing. While the former was cost-related, the latter was related to quality, improved service, and concentration on core activities. For that reason, strategic outsourcing was considered as a broader, more complete concept of the process.

Guerrier and Lockwood (1989) indicated outsourcing as one of four personnel strategies which may be adopted in the hotel industry. Also, Johns and Lee-Ross (1996) supported the importance of strategy in hotel outsourcing. They considered outsourcing as an operational strategy to react to environmental risk. Finally, they noted the outsourcing decision as a part of a strategic framework, which includes the notions of decentralization and empowerment.

McDermott (2001) described strategic outsourcing as a means of identifying the functions best performed internally and recognizing advantages and opportunities outsourcing offers. He explained that outsourcing introduces a process to convention management that can enhance the association manager’s performance. One of the important values of outsourcing was working with experts who can make a convention more appeal.
Advantages of Outsourcing

Outsourcing has a number of economic benefits, such as lowering costs, eliminating investments of fixed infrastructure, and allowing for improved quality and efficiency of services (Blumberg, 1998; Fill & Visser, 2000; Quinn & Hilmer, 1994). Lowering costs means cost savings compared to in-house production (Domberger, 1998). The firms can reduce manufacturing costs and investment in plant and equipment through outsourcing (Bettis, Bradley, & Hamel, 1992). Because functions performed by the outside suppliers represent their core competences, those suppliers are more likely to be able to provide the products or services at a lower cost than the firms could (Espino-Rodriguez & Padron-Robaina, 2004).

In terms of improved quality and efficiency of services, the organizations choose to outsource their functions because they recognize that the external suppliers can carry out a part of their operations better than they can. The better capacity of the outside suppliers usually comes from a high investment in technology, methodology, and human resources over a period of time. Since the external suppliers have worked with many clients, they could have built a specialized knowledge of the functions. Therefore, the outside supplier’s knowledge can be transferred to the organizations which opt for outsourcing (Johnson, 1997). Espino-Rodriguez and Padron-Robaina (2004) recognized that the quality of services outsourced is higher than that of services which have been carried out in-house.

Besides economic advantages, outsourcing can create soft benefits: increasing access to functional expertise and enabling existing staff to focus on core activities (Blumberg, 1998; Quinn & Hilmer, 1994). Outsourcing gives access to talents that are
not available in-house (Embleton & Wright, 1998). Core activities are the sets of skills and systems that a firm performs better than any other enterprise and from which a firm creates uniquely high value for their customers (Quinn, 1999). Outsourcing non-core activities allows the firm to increase managerial attention and resource allocation to core activities (Fill & Visser, 2000; Gilley & Rasheed, 2000).

Also, outsourcing can provide companies with greater flexibility (Carlson, 1989; Embleton & Wright, 1998; Fill & Visser, 2000; Quinn & Hilmer, 1994). Flexibility means the ability to respond to changing circumstances. In the hotel industry changing environment results from new technologies, customer culture, and competition (Espino-Rodriguez & Padron-Robaina, 2004). Therefore, the organizations need to focus on their core competences. Outsourcing makes organizations more flexible and better able to face the changes (Dess, Rasheed, McLaughlin, & Priem, 1995; Espino-Rodriguez & Padron-Robaina, 2004).

Strategic outsourcing can be considered as a way to spread a firm’s risks and share benefits (Fill & Visser, 2000; N. Kakabadse & A. Kakabadse, 2000; Quinn, 1999). McDermott (2001) noted that outsourcing helps the association to focus on the total experience of association member and exhibitor. Having a third party makes the association staff member to free from responsibility for many specific issues of convention marketing and to devote more attention to the conference program and governance issues related to the quality of the meetings. Similarly, Fisher (2005) demonstrated that hotels are opting to outsource to make low-profit activities and amenities available to guests, while avoiding staff responsibilities. In some cases, outsourcing which allows hotels to focus on the function’s strategic marketing can
actually attract guests to the hotels or make them repeat customers.

Outsourcing is far more cost-effective for hotels to run their businesses. Hotels can pay only for the staff being used to service and manage the peaks and troughs on their behalf. Moreover outsourcing allows the hotel staff to concentrate on customer frequented areas to answer question or give direction thus enhancing the customers’ experience. At the same time hotels can hand over responsibility for certain functions to an outsourcer, they are forced to learn new skills such as managing third-party providers and making and reviewing contracts. It is important for any company which enters into an outsourcing contract to take time and care when making a contract (Bentley, 2005).

In addition to the outsourcing benefits stated above, Teresko (1990) noted that outsourcing replaces unsatisfactory in-house service. Ansley (2000) indicated that outsourcing enhances customer satisfaction and loyalty and that time taken to introduce new products is reduced. Finally, Lankford and Parsa (1999) described outsourcing benefits as expanded services and expertise, improved employee productivity and morale, and a more positive corporate image.

Disadvantages of Outsourcing

Outsourcing can lead to certain advantages but it can also lead to a number of significant risks if it is not managed properly. The major obstacle to outsource is the fear of losing control (Blumberg, 1998; Domberger, 1998; Lankford & Parsa, 1999). No outside suppliers can match the responsiveness and service levels offered by in-house (Lacity, Willcocks, & Feeny, 1996). Quinn and Hilmer (1994) indicated three management’s strategic concerns: loss of critical skills or developing the wrong skills,
loss of cross-functional skills, and loss of control over a third party. An excessive
dependence on a supplier makes it difficult to create know-how (Espino-Rodriguez &
Padron-Robaina, 2005). Moreover, when an outside supplier’s performance is not
acceptable, it is difficult for the firm to bring the activity back in-house due to the loss of
skills (Embleton & Wright, 1998; Lamminmaki, 2003). The loss of innovation is another
concern of outsourcing (Lamminmaki, 2003).

Many hoteliers fear that they lose control over aspects of their business which
involves interaction with customers, and which in turn damages their brand. In addition,
they are worried about the outside suppliers who will not essentially perform to the level
of loyalty or commitment expected. While financial penalties for not performing
services can be made through the contract, an unsatisfied customer and a damaged
reputation is difficult to restore (Gunn, 2003). Similarly, Hemmington and King (2000)
noted that outsourcing hotel’s core activities potentially threatens to the hotel’s image
and brand. Bringing in an external supplier might lead to a lack of consistency, which
could impact on a brand (Mutch, 2004).

Venkatesan (1992) pointed out several disadvantages such as loss of control of
services, loss of quality in products and services, and the lack of knowledge of
outsourcing benefits. He indicated that the fear of making decision on outsourcing
derives from the disadvantages. Espino-Rodriguez and Padron-Robaina (2005) noted
that the outside providers are not always able to produce sufficient quantity or quality at
firm’s request of products or services. The external suppliers have multiple clients,
which in turn they might not be able to give priority to each client (Embleton & Wright,
1998). Furthermore, if the number of existing suppliers is limited in the market, the most
powerful suppliers could take unfair advantages of the firm. In the same way if the suppliers are too weak, they will not be able to provide new products or services successfully. Also, the suppliers which obtain excessive information about the firm could use that information against the firm (Espino-Rodriguez & Padron-Robaina, 2005).

Blumberg (1998) indicated several risks in outsourcing which might create perceived disadvantages. These risks included a change in management mind set, more complicated level of communication, insecurity to the workforce, and the risk of alienating customers. N. Kakabadse and A. Kakabadse (2000) demonstrated that there is a growing evidence that outsourcing does not reduce costs. Any economic benefits are traded off by the extra cost paid out to the external suppliers (Gunn, 2003). However, the risk associated with outsourcing can be controlled and minimized if executed effectively.

Degree of Outsourcing

Loh and Venkatraman (1992) attempted to explain the degree of information technology (IT) outsourcing using business and IT competences as characterized by their cost structures and economic performances. They indicated that outsourcing can be considered as a continuous measure, degree of outsourcing, rather than a simple dichotomous decision. They found that the degree of IT outsourcing is positively related to both business and IT cost structures. Also, they discovered that the degree of IT outsourcing is negatively related to IT performance.

Klaas, McClendon, and Gainey (1992) examined whether the relationship between the degree of human resource (HR) outsourcing and perceived benefits from outsourcing is moderated by the organizational-level factors. Using a 7-point scale with
percentages as anchors, participants were asked to rate the degree of outsourcing in
different areas of HR. Ro (2003) examined the relationship between the convention
service outsourcing and its success in terms of achieving outsourcing benefits. How
service quality of the outsourcing providers influences on the relationship between the
degree of outsourcing and the success of outsourcing was studied as well. In her study,
the degree of outsourcing was measured by percentage.

Espino-Rodriguez and Padron-Robaina (2005) analyzed the relationship between
hotel manager’s perception of outsourcing and the propensity to outsource. With respect
to the level of outsourcing of hotel services, the present level of outsourcing and the
desired level of outsourcing were considered, using a 7-point Likert type. They found
that a favorable perception on the part of management regarding outsourcing strategy
with respect to its advantages is positively related to both the present degree of
outsourcing and the desired degree of outsourcing. In addition they discovered that the
extent of disadvantages of outsourcing perceived by the manager is negatively related to
the propensity to outsource its services.

Gilley and Rasheed (2000) examined the extent to which outsourcing of both
peripheral and core activities influences firm’s financial and non-financial performance.
The potential moderating effects of firm’s strategy and the environment on the
outsourcing-performance relationship were examined as well. In their study, the
respondents were asked to indicate the percentage of the value of the firm’s activity
which is currently outsourced.

Grover, Cheon, and Teng (1996) studied the relationship between information
system (IS) outsourcing and its success. Also, the effect of service quality of the provider

20

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and the ability of firms to build a partnership on these relationships were examined. Outsourcing of IS functions referred to the difference between the outsourcing budget of the present and that of three years ago. Both the present and the earlier outsourcing budget were presented as a percentage of the firm’s total IS budget for each year. Budgets were reviewed for the five functions of IS: applications development, systems operations, telecommunications, end-user support, and systems planning and management. Then, outsourcing budget was calculated by multiplying the percentage of the total IS budget allocated for a function by the percentage of that function’s budget allocated for outsourcing. The sum of all five functions became the measure of the degree of outsourcing.

Chapter Summary

This chapter illustrated studies on outsourcing which have been conducted in the management field over the years. Outsourcing studies done in the hospitality industry has been clearly limited. With the growing importance and respect in the meeting industry an in-depth study on outsourcing needs to be conducted. No former research looked into the outsourcing of convention services in the hotel sector. In order to examine CSMs’ perspectives on outsourcing, the literature concerned with outsourcing services was used. The results of this study will provide valuable literature enhancing the convention service management within the hotel sector.
CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

Introduction

In this chapter, the research methodology adopted for the study is discussed including study method, participant selection, questionnaire development and procedure, and implementation of the survey instrument.

The Delphi Method

The Delphi method is a qualitative approach which allows experts to deal with a complex problem or question systematically. The Delphi method originated in 1953 when Helmer and Dalkey used the technique to address specific military problems by obtaining consensus from a group of experts on U.S. military capabilities (Helmer, 1983). In the 1960’s, studies conducted using the Delphi method focused on assessing long range trends by making future forecasts and predictions about science and technology and their probable impacts on society. However, since the 1970’s the method has been increasingly used in various fields, such as business, education, and social science for management decision-making, program planning, policy evaluation, and prioritizing issues (Delbecq, Van de Ven, & Gustafson, 1975).

The objective of the Delphi method is to combine expert opinions to obtain a reliable response to a problem on a particular issue (Levary & Han, 1995). The Delphi
technique uses a series of questionnaires and employs collective opinion or subjective response (Dalkey & Helmer, 1963). Delbecq et al. (1975) suggested that the Delphi method may take two to five rounds to obtain the desired data and consensus.

The Delphi method involves written response to designed questions, participant feedback and/or collective response, and opportunity for modifications by individuals of earlier responses. This is accomplished in the following manner. Each round after the initial round provides each participant with a group summary of the data. Once participants have received the group summary, individuals are given the opportunity to revise their responses in subsequent questionnaires (Delbecq et al., 1975). Reliability can be enhanced by giving a series of questionnaires that restate the same questions, while providing cumulative group feedback from previous rounds (Helmer, 1983).

Strengths and Limitations

The Delphi method is a group process, which employs written responses rather than bringing individuals together. It is designed to increase the creative productivity of group action, facilitate group decision, and stimulate generation of ideas. Compared to open group discussion, the Delphi method generates high quality, specific results by supporting controlled problem and task focus, equality of respondent contribution, and independent judgments (Delbecq et al., 1975). Controlled feedback can reduce irrelevant communications (Fish & Busby, 1996). In addition, the Delphi technique lets participants remain anonymous and prevents domination by certain individuals. Finally, the Delphi method does not require the participants to meet in a certain location at a certain time (Tersine & Riggs, 1976). It allows greater participation from experts with economy of time and expense, avoids pressures of face-to-face contacts, and supports
the formation of opinion consensus (Fish & Busby, 1996). Delbecq et al. stated that the Delphi method is especially useful when involving experts are geographically distant.

Although there is strong agreement on the effectiveness of the Delphi method, considerable limitations are possible in the Delphi method. One of the major limitations of the method relates to the potential for researcher bias. The researcher needs to avoid the tendency to guide, shape, or force consensus (Linstone & Turoff, 1975). Also, respondents are likely to change their answers to cluster closer to the group mean. However, this problem can be easily avoided by sending out only one questionnaire where respondents recognize the group means (Fish & Busby, 1996). Poor selection of the participants can negate the mechanics of the Delphi method (Tersine & Riggs, 1976). Since experts are usually very busy, it is difficult to obtain an immediate response. But some people may respond to being called an expert and will complete the surveys just to be included in the experts group (Fish & Busby, 1996). Other limitations are vague or easily misinterpreted wording in the questions and faulty interpretations of results. Therefore, the researcher should take care in avoiding ambiguous wording when preparing questionnaire and summarize and present the data carefully (Linstone & Turoff, 1975).

**Reliability and Validity**

Traditional types of reliability and validity do not generally apply to the Delphi method. However, pre-testing is an important reliability assurance for the Delphi study. Test-retest reliability could be explored by having the same group of experts repeat the questionnaire process, but that is not likely to happen, because researchers expect participants to revise their responses in subsequent questionnaires (Fish & Busby, 1996;

Since the Delphi method measures consensus and stability, it assumes that the selection process, criteria for experts, and the thorough analysis will allow its validity to be determined in terms of the process used in the Delphi study. Further construct validation can be employed in the Delphi method by asking experts to validate the researcher’s interpretation and categorization of the variables (Okoli & Pawlowski, 2004).

Selection of the Delphi Method for this Study

Modified Delphi method, using a two-round survey, was employed for this study and incorporated email to communicate with respondents and online survey to collect data. Even considering the limitations of the Delphi method, this method was deemed most appropriate for this study for several reasons. First, the concept of outsourcing convention services in the hotel sector has not been explicitly explored and it was not clear how experts might interpret the concept of outsourcing. Use of the Delphi method allowed for an initial exploration of expert opinion about how CSMs view outsourcing as the management strategy. Second, the Delphi method allowed for gathering the anonymous opinions from geographically dispersed panel members. Third, modified Delphi method was flexible in its designs and opened to follow-up feedbacks, which permitted richer data collection. Therefore, it leaded to a better understanding of the fundamental research questions.

This study was considered exploratory in nature since the concept of outsourcing convention services had not yet been examined. The exploratory nature of this study
made the Delphi method a logical technique to begin to uncover perceptions of a
dispersely geographically dispersed group of CSMs on the idea of outsourcing convention services.

Participant Selection

In a Delphi study, one of the most critical requirements is the selection of
qualified experts (Fish & Busby, 1996; Okoli & Pawlowski, 2004). Experts’ knowledge
of the subject matter at hand is the most important assurance of a quality outcome using
the Delphi method. Thus, experts are selected for their expertise rather than through a
random process (Fish & Busby, 1996). Nominators knowledgeable about the research
topic select participants. Participants should be personally involved in the problem, have
a level of expertise that contributes to the research, and have a level of interest in the
outcome of the research. The size of the respondents is variable. Since the Delphi
method does not depend on statistical power, 10 to 15 participants are sufficient with a
homogeneous group (Delbecq et al., 1975; Tersine & Riggs, 1976). Okoli and
Pawlowski (2004) also agree with the literature recommending 10 to 18 experts on a
Delphi panel.

To identify participants for this study, faculty members of the Tourism and
Convention Administration Department at the University of Nevada, Las Vegas and the
Chief Executive Officer of Association for Convention Operations Management
(ACOM) were asked to nominate CSMs in the hotel industry. This association is the
largest representatives of convention services professionals in the meetings industry.
ACOM is devoted to advancing the practice of convention services management in the
meetings industry and to preparing convention service professionals for their important
role in the growth and success of their organizations. Members hold many convention
services and meetings management positions in hotels and resorts, convention & visitor
bureaus, convention centers, and conference centers. Members are convention services
coordinators/managers and directors, housing managers, operations managers and
directors, event service coordinators, directors of convention/trade shows, catering
managers and directors, and facility managers (Association for Convention Operations
Management, 2005).

A total of 32 potential participations were nominated. This number exceeded the
ideal participation number of a Delphi study. However, since the participation rate was
expected to be less than 100%, all 32 potential participants were included in this study.

Questionnaire Development and Scaling

Round I Questionnaire

This study seeks to measure the degree of convention service outsourcing and
perceived advantages and disadvantages of outsourcing. A self-administered on-line
questionnaire was used for this study. In order to obtain reliability and validity of the
method, the preparation of the questionnaire began with the revision of literature on the
subject of measuring the outsourcing of services and the different advantages and
disadvantages of outsourcing. The literature review and the pilot test had produced many
ideas about question items of outsourcing convention services. Consequently, question
items were proposed with suggested responses that participants could rate on a 7-point
Likert type scale rather than beginning with simply a blank slate for the Round I data
gathering. The Round I questionnaire consisted of four sections and included multiple
choices and open-ended questions.

The first section examined the degree of outsourcing by measuring the extent of use of outsourced services for hotel conventions. Convention services most commonly utilized were included in this section. Following reviews of the literature and interviews with industry experts and academicians, 14 convention service items were listed. The 14 items are (1) catering, (2) security, (3) trade show booth cleaning, (4) furniture rentals, (5) electrical installation, (6) audiovisual (A/V) management and equipment, (7) destination management company (DMC), (8) convention or meeting registration desk staff, (9) local transportation (limousine, shuttle service, bus, etc.), (10) information system management (e-mail station), (11) entertainment (performers, bands, etc.), (12) tradeshow management, (13) local tour coordination, and (14) floral services and design.

Then, CSMs were asked to indicate the degree of outsourcing on the listed items. The degree of outsourcing was measured by a 7-point Likert type scale (1 = do not outsource, 2 = outsource to a very limited extent, 3 = outsource to limited extent, 4 = moderately outsource, 5 = outsource to a significant extent, 6 = outsource to a very great extent, 7 = totally outsource). “N/A” was included to indicate that the respondent has no knowledge with the statements or he or she is uncertain to formulate a clear opinion. This numerical scale measurement was used by Espino-Rodriguez and Padron-Robaina (2005) and Hamilton (1997). Respondents were also asked to provide convention services that were not included among the 14 previously mentioned convention services.

The second section measured the main advantages perceived by CSMs in the strategy of outsourcing. Based on the theoretical and empirical literature and the pilot test with CSMs, 14 items assessing perceived advantages of outsourcing were listed with
respect to the main strategic and tactical advantages of outsourcing. A 7-point Likert scale was used to indicate the degree of agreement or disagreement with statements that describe advantages of outsourcing (1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree). This measurement was used by Espino-Rodriguez and Padron-Robaina (2005) and Ro (2003). Participants were asked to indicate other outsourcing advantages that were not mentioned previously.

The third section identified the main disadvantages or barriers perceived by CSMs. As a result of literature reviews and the pilot test with convention professionals, 14 statements regarding perceived disadvantages of outsourcing were presented in this section. The individual participant was asked to express his or her degree of agreement or disagreement with outsourcing disadvantages using a 7-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree). This measurement was used by Espino-Rodriguez and Padron-Robaina (2005). Additionally, respondents were asked to specify other outsourcing disadvantages which were not included among the 14 previously mentioned outsourcing disadvantages.

In the last section, demographic information was asked. Gender, age, education degree, professional associations involved, year of service, and the total square feet of meeting space were included in this section. Job positions were asked to confirm the participant selection.

*Feedback Loop Questionnaire*

Based on the 15 responses of the initial questionnaire the feedback loop
questionnaire was developed. The mean and standard deviation for each response were calculated and included in feedback loop questionnaire so that participants would be able to contemplate where their responses were situated in comparison with other participants. In the first section of the feedback loop questionnaire, 14 items of outsourcing advantages were listed in descending order based on their respective means. CSMs were asked to consider the mean rating of each item and indicate their new rating once more using a 7-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree). In addition, participants were asked again to specify other outsourcing advantages which were not included among the 14 previously mentioned outsourcing advantages.

In the same way as with the advantages of outsourcing, 14 statements of outsourcing disadvantages were re-organized based on its mean rating beginning with high-mean-rating. Participants were asked to carefully look over the mean rating and complete another 7-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree). Finally, the participants were asked to provide other outsourcing disadvantages which were not among the 14 original outsourcing disadvantages.

Data Collection Procedure

Pilot Study

The initial self-administered paper format questionnaire was developed based on literature and reviewed by faculty of the Tourism and Convention Administration Department at the University of Nevada, Las Vegas through an interactive process.
Based on the comments from faculty members, the paper format questionnaire was redesigned into an on-line survey format. The questionnaire was reviewed by Tourism and Convention Administration Department faculty and academicians who are knowledgeable about convention service management. It was then tested with six convention professionals in Las Vegas and the members of ACOM by e-mailing a cover letter with the link to the online survey. Among 400 members of ACOM, 35 members responded to the survey and provided comments.

The purpose of the pilot test was to clarify the question items and scaling, to collect recommendation or comments on the questions, and to ensure content validity. From the pilot test, one item of perceived outsourcing advantage and two items of outsourcing disadvantages were added. Minor wording changes were made as well. A final self-administered on-line Round I questionnaire was made and then it was finally reviewed by members of the thesis committee. Prior to data collection, a protocol explaining the study was submitted to the Office for the Protection of Research Subjects (OPRS). Approval was given by the OPRS to conduct research involving human subjects (Appendix A).

Round I

The on-line survey was conducted from March 23, 2006 to March 30, 2006 and procedure was as follows. First, the nominated CSMs were invited via e-mail to participate in the survey and provided with a link to a URL to access the Round I questionnaire. A brief cover letter in e-mail and a welcome screen of an Internet survey explained the purpose of the study and provided instructions. Besides providing general information about the questionnaire, how data would be handled was explained. The
welcome screen included the university logo and information about how to contact the person if the respondent has a problem or concern.

Participants were sent follow-ups 4 days after the initial e-mailing. These follow-ups served as a “thank you” to participants and as a reminder to those who had not yet responded to the survey. Participants were given 4 days to complete the Round I questionnaires. At the end a total of 15 completed Round I questionnaires were collected. The informed letter and the Round I questionnaire are found in Appendix B and Appendix C, respectively.

*Feedback Loop*

The informed letter with a link to a URL to access the feedback loop questionnaire was e-mailed out to nine CSMs who had submitted responses in the Round I and who had provided their e-mail addresses to receive the feedback loop questionnaire. The feedback loop of the Delphi study began on March 31, 2006 and ended on April 6, 2006, with a total of eight responses being received by that date. The informed letter and the feedback loop questionnaire are found in Appendix D and Appendix E, respectively.

*Chapter Summary*

The purpose of the modified Delphi study was to explore the main advantages and disadvantages of outsourcing convention services. With this methodology the participants could efficiently interact in a timely manner to determine the main advantages and disadvantages of outsourcing. The study included a pilot study, a Round I, and a feedback loop. The suggested responses from the pilot study were added to the Round I questionnaire. Also, the results of the Round I accompanied the feedback loop
questionnaire. At the end of the modified Delphi study, the main advantages and disadvantages of outsourcing perceived by CSMs are identified. The findings are described in Chapter IV.
CHAPTER IV

RESULTS

Introduction

In this chapter, the results of the modified Delphi study are presented and discussed. It describes the demographic information of the participants. A presentation of data and an analysis of the results on the Round I questionnaire and the feedback loop questionnaire are also included in this chapter.

Demographic Information of the Participants

Among the 32 potential participants, 15 participants completed the Round I questionnaire, representing a response rate of 46.9%. Table 1 indicates that among the 15 participants of the Round I questionnaire, four participants declared themselves as convention services director, one participant as assistant vice president of convention services, and one as convention concierge, while the other nine participants identified themselves as CSMs.
Table 1

Job Position of Respondents

<table>
<thead>
<tr>
<th>Position</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convention Services Manager</td>
<td>9</td>
<td>60.0</td>
</tr>
<tr>
<td>Convention Services Director</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>Assistant Vice President of Convention Services</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>Convention Concierge</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The total of the nine surveyed CSMs reported that they are members of ACOM, whereas one participant is a member of both Professional Convention Management Association (PCMA) and International Association for Exhibition Management (IAEM) and one is involved in National Association of Catering Executives (NACE). The rest of CSMs are not involved in any other professional associations.

Table 2 indicates that among the 15 participants 11 participants were female (73.3%) and 4 participants were male (26.7%).

Table 2

Gender of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>Female</td>
<td>11</td>
<td>73.3</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Age of the respondents was divided into five different groups. None of the
respondents was 25 years old or less, while the same percentage of 26.7% was included in the range of 26 to 34 years old and 35 to 44 years old. A percentage of 40.0% were 45 to 54 years old and 6.7% were 55 years old or over 55 years old (see Table 3).

Table 3

<table>
<thead>
<tr>
<th>Age of Respondents</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 or below</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>26 – 34</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>35 – 44</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>45 – 54</td>
<td>6</td>
<td>40.0</td>
</tr>
<tr>
<td>55 or above</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0</td>
</tr>
</tbody>
</table>

With regard to the highest educational degree participants have received, participants were given five choices from which to select. As shown in Table 4, the majority of the participants had a college degree (53.3%). Among the 15 participants, two participants had less than a high school degree or completed high school degree (13.3%), none of the respondents had a technical or vocational school degree, two had some college degree (13.3%), and three had a graduate degree (20.0%).
The participants were asked to identify their length of time spent in the convention industry. The longest time spent was 30 years, whereas the shortest time spent was 1 year and 4 months. Approximately 50.0% of the participants have worked for 10 years or less. The other half was divided into three groups: 13.3% have worked from 10 years and 1 month to 15 years, 20.0% from 15 years and 1 month to 20 years, and 13.3% have worked more than 20 years in the convention industry (see Table 5).

Table 4

Highest Education Degree of Respondents

<table>
<thead>
<tr>
<th>Education level</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school or less</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>Technical or vocational school</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Some college</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>College degree</td>
<td>8</td>
<td>53.3</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>3</td>
<td>20.0</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 5

Length of Time Spent in the Convention Industry

<table>
<thead>
<tr>
<th>Length</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years or less</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>5 years 1 month - 10 years</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>10 years 1 month - 15 years</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>15 years 1 month - 20 years</td>
<td>3</td>
<td>20.0</td>
</tr>
<tr>
<td>Over 20 years</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0</td>
</tr>
</tbody>
</table>
The last demographic question asked the participants to indicate the total square feet of their meeting space in their hotel. It was found that 46.7% of the participants work at a property that has 100,000 or less square feet of meeting space. A percentage of 26.7% work at hotel with 100,001 to 200,000 square feet of meeting space, 6.7% work where there is 300,001 to 400,000 square feet, and 20.0% work at a property which has more than 400,000 square feet of meeting space (see Table 6).

Table 6

<table>
<thead>
<tr>
<th>Size of meeting space</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000 or less square feet</td>
<td>7</td>
<td>46.7</td>
</tr>
<tr>
<td>100,001 – 200,000 square feet</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>200,001 – 300,000 square feet</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>300,001 – 400,000 square feet</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>Over 400,000 square feet</td>
<td>3</td>
<td>20.0</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Round I

Degree of Outsourcing

The degree of outsourcing was examined in the first section. Fourteen convention services were listed and CSMs were asked to indicate the extent of use of each item based on a 7-point Likert type scale (1 = do not outsource, 2 = outsource to a very limited extent, 3 = outsource to limited extent, 4 = moderately outsource, 5 = outsource to a significant extent, 6 = outsource to a very great extent, 7 = totally outsource). Using Microsoft Excel for each item, a mean was calculated to define which
Convention services are outsourced most.

According to the mean score, entertainment was the highest usage of outsourcing followed by local tour coordination and floral services and design, and furniture rentals. In contrast, the service displaying the lowest degree of outsourcing was catering, since this service constitutes the core services of the convention service department. In the Round I questionnaire all 15 participants did not state other convention services which were not included among the 14 previously mentioned convention services. The results are shown in Table 7.

Table 7

<table>
<thead>
<tr>
<th>Degree of Outsourcing</th>
<th>Convention Services</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Entertainment (Performers, Bands, etc.)</td>
<td>6.80</td>
</tr>
<tr>
<td></td>
<td>Local Tour Coordination</td>
<td>5.93</td>
</tr>
<tr>
<td></td>
<td>Floral Services and Design</td>
<td>5.93</td>
</tr>
<tr>
<td></td>
<td>Furniture Rentals</td>
<td>5.87</td>
</tr>
<tr>
<td></td>
<td>Destination Management Company (DMC)</td>
<td>5.33</td>
</tr>
<tr>
<td></td>
<td>Local Transportation (Limousine, Shuttle Service, Bus, etc.)</td>
<td>5.20</td>
</tr>
<tr>
<td></td>
<td>Convention or Meeting Registration Desk Staff</td>
<td>4.53</td>
</tr>
<tr>
<td></td>
<td>Tradeshow Management</td>
<td>3.87</td>
</tr>
<tr>
<td></td>
<td>Security for Events and Trade shows</td>
<td>3.73</td>
</tr>
<tr>
<td></td>
<td>Trade Show Booth Cleaning</td>
<td>3.20</td>
</tr>
<tr>
<td></td>
<td>Audiovisual (A/V) Management and Equipment</td>
<td>3.07</td>
</tr>
<tr>
<td></td>
<td>Information System Management (E-mail Station)</td>
<td>2.67</td>
</tr>
<tr>
<td></td>
<td>Electrical Installation</td>
<td>2.07</td>
</tr>
<tr>
<td></td>
<td>Catering</td>
<td>1.47</td>
</tr>
</tbody>
</table>

Note. N=15.
Main Advantages and Disadvantages of Outsourcing

The main advantages perceived by CSMs were identified in the second section. Participants were given 14 items and asked to indicate his or her degree of agreement or disagreement with outsourcing advantages using a 7-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree). A mean was calculated rather than the median in order to report the standard deviation. Standard deviation was calculated to assist the participants in gauging where their responses fell in relation to the rest of the group and how significant the dispersion was. In the Round I, certain item was left blank by one participant. When this happened, the mean and standard deviation were simply calculated using the actual number of responses that were received to that particular item rather than using 15 as the total number of the participants.

In Table 8, 14 items for the advantages of outsourcing are listed in descending order in terms of mean value. Based on the mean score, it was found that the greatest benefit of outsourcing perceived by CSMs was that outsourcing convention services allows CSMs to utilize experts in specific fields. Other highly rated advantages of outsourcing were that outsourcing satisfies the needs of meeting planners and complements convention department capabilities and resources. Since a score of 4.00 indicates that the participants neither agree nor disagree with the statements concerned with outsourcing advantages, only one of the 14 items, outsourcing convention services helps CSMs to obtain cheaper service, was not considered as the advantage of outsourcing. No additional advantages of outsourcing were found from the Round I Participants.
In relation to the disadvantages 14 items were listed and CSMs were asked to indicate the degree of agreement or disagreement with disadvantages of outsourcing based on a 7-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree). The mean and standard deviation were calculated for each. When certain items were left blank by one participant, the mean and standard deviation were calculated using the actual number of responses that were received to that particular item rather than using 15 as the total number of surveys returned.

In Table 9, the 14 statements are shown with their respective averages in decreasing order. The disadvantages most perceived by CSMs were those related primarily to taking away revenue and profit from internal operations, followed by the dependence on outside suppliers for services and in third place damage to the convention department physical resources. However, none of the 14 items had a mean rating of more than 4.00. Therefore, all statements were not considered as the outsourcing disadvantages. Finally, all 15 participants did not specify other disadvantages of outsourcing which were not included among the 14 previously mentioned statements.
Table 8

Main Advantages of Outsourcing from the Round I

<table>
<thead>
<tr>
<th>Advantages of outsourcing</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allow CSMs to utilize experts in specific fields</td>
<td>6.29</td>
<td>0.73</td>
</tr>
<tr>
<td>Satisfy the needs of meeting planners</td>
<td>6.27</td>
<td>0.70</td>
</tr>
<tr>
<td>Complement convention department capabilities</td>
<td>6.20</td>
<td>0.77</td>
</tr>
<tr>
<td>Complement convention department resources</td>
<td>6.00</td>
<td>0.93</td>
</tr>
<tr>
<td>Increase flexibility in convention department</td>
<td>5.87</td>
<td>0.92</td>
</tr>
<tr>
<td>Enhance the quality of service provided by the convention department</td>
<td>5.60</td>
<td>1.24</td>
</tr>
<tr>
<td>Let CSMs focus more on core services</td>
<td>5.40</td>
<td>1.76</td>
</tr>
<tr>
<td>Help CSMs to reduce capital expenditure (purchasing equipment etc.)</td>
<td>5.40</td>
<td>1.45</td>
</tr>
<tr>
<td>Free convention department resources for other purposes</td>
<td>5.20</td>
<td>1.42</td>
</tr>
<tr>
<td>Allow CSMs to better utilize internal staff</td>
<td>4.80</td>
<td>2.01</td>
</tr>
<tr>
<td>Provide some additional income</td>
<td>4.80</td>
<td>2.21</td>
</tr>
<tr>
<td>Enable convention operating costs to be reduced</td>
<td>4.73</td>
<td>1.49</td>
</tr>
<tr>
<td>Reduce concern of liability issues</td>
<td>4.73</td>
<td>1.33</td>
</tr>
<tr>
<td>Help CSMs to obtain cheaper service</td>
<td>3.27</td>
<td>1.58</td>
</tr>
</tbody>
</table>

Note. N=15.
Table 9

Main Disadvantages of Outsourcing from the Round I

<table>
<thead>
<tr>
<th>Disadvantages of outsourcing</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take away revenue and profit from internal operations</td>
<td>3.33</td>
<td>2.16</td>
</tr>
<tr>
<td>Make CSMs dependent on outside suppliers for services</td>
<td>3.27</td>
<td>2.31</td>
</tr>
<tr>
<td>Damage convention department physical resources (carpet, tables, chairs, etc.)</td>
<td>3.20</td>
<td>1.70</td>
</tr>
<tr>
<td>Make it difficult to control in-house convention operations</td>
<td>2.80</td>
<td>1.78</td>
</tr>
<tr>
<td>Result in a loss of control over critical services</td>
<td>2.73</td>
<td>2.12</td>
</tr>
<tr>
<td>Result in a loss of quality of services</td>
<td>2.60</td>
<td>1.84</td>
</tr>
<tr>
<td>Made it difficult to identify the benefits of outsourcing</td>
<td>2.43</td>
<td>1.65</td>
</tr>
<tr>
<td>Result in a loss of quality of products (food, floral, etc.)</td>
<td>2.27</td>
<td>1.91</td>
</tr>
<tr>
<td>Make it difficult to coordinate services between in-house operations and the outsourced suppliers</td>
<td>2.27</td>
<td>1.39</td>
</tr>
<tr>
<td>Create negative feelings by internal staff who lose work</td>
<td>2.27</td>
<td>1.91</td>
</tr>
<tr>
<td>Result in a loss of critical skills that were previously available in-house</td>
<td>2.20</td>
<td>1.32</td>
</tr>
<tr>
<td>Damage the reputation of the convention department</td>
<td>2.20</td>
<td>1.21</td>
</tr>
<tr>
<td>Reduce convention department capabilities to provide expected levels of service to meeting planners</td>
<td>2.00</td>
<td>1.25</td>
</tr>
<tr>
<td>Damage the overall performance of the convention department</td>
<td>1.79</td>
<td>1.05</td>
</tr>
</tbody>
</table>

Note. N=15.

Feedback Loop

For each section of the feedback loop, participants were asked to carefully look over the results of the Round I reported by their peers and complete another 7-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree). Also, participants were asked again to specify other advantages and disadvantages of outsourcing which were not listed in the
feedback loop questionnaire.

The participants of the feedback loop were eight CSMs, who had completed their feedback loop questionnaire by April 6, 2006. A mean and standard deviation were calculated for each item based on the eight participants’ responses. In the feedback loop, when certain items were left blank by the participants, the mean and standard deviation were calculated using the actual number of responses that were received to that particular item rather than using eight as the total number of the feedback loop participants. Most participants made changes in their assessment of the agreement or disagreement with outsourcing advantages and disadvantages. However, during the feedback loop questionnaire no participants indicated other advantages and disadvantages of outsourcing that were not included in the questionnaire.

Main Advantages and Disadvantages of Outsourcing

The items of outsourcing advantages in Table 10 are listed according to their mean rating in the feedback loop. It indicates that the greatest advantage of outsourcing was the complementation of convention department resources, which sustained a significant increase in mean rating by climbing the number one position. The CSMs continued to view utilizing experts in specific fields and complementing convention department capabilities as critical advantages of outsourcing. The CSMs considerably increased their rating on the items stating outsourcing allows CSMs to better utilize internal staff and to focus more on core services and satisfies the needs of meeting planners, while they noticeably decreased their rating on the statements, outsourcing reduces concern of liability issue and provides some additional income. “Outsourcing helps CSMs to obtain cheaper service” was the lowest rating and was not deemed to be
advantage of outsourcing in both rounds, because the item of outsourcing advantage was listed as being below a score of 4.00.

With regard to the outsourcing disadvantages, in Table 11 the items are listed in descending order according to their mean rating based on the feedback loop. It illustrates that almost all of average ratings were significantly elevated. All of the top four disadvantages of outsourcing from both Round I and the feedback loop were the same. While none of the 14 statements had a mean rating of more than a score of 4.00 in the Round I, two of them had more than 4.00 in the feedback loop. Therefore, items considered as the disadvantages of outsourcing were the dependence on outside suppliers for services and taking away revenue and profit from internal operations. Although the statement describing that outsourcing reduces convention department capabilities to provide expected levels of service to meeting planners still remained as not being deemed to be the outsourcing disadvantage, the CSMs greatly increased their rating on that statement. Finally, the disadvantages which rank last on the list were the loss of critical skills that were previously available in-house and damage to the reputation of the convention department and the overall performance of the convention department.
<table>
<thead>
<tr>
<th>Advantages of outsourcing</th>
<th>Round I</th>
<th>Feedback Loop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complement convention department resources</td>
<td>Mean 6.00</td>
<td>6.38</td>
</tr>
<tr>
<td></td>
<td>SD 0.93</td>
<td>0.52</td>
</tr>
<tr>
<td>Allow CSMs to utilize experts in specific fields</td>
<td>Mean 6.29</td>
<td>6.13</td>
</tr>
<tr>
<td></td>
<td>SD 0.73</td>
<td>0.64</td>
</tr>
<tr>
<td>Complement convention department capabilities</td>
<td>Mean 6.20</td>
<td>6.13</td>
</tr>
<tr>
<td></td>
<td>SD 0.77</td>
<td>0.83</td>
</tr>
<tr>
<td>Let CSMs focus more on core services</td>
<td>Mean 5.40</td>
<td>5.75</td>
</tr>
<tr>
<td></td>
<td>SD 1.76</td>
<td>1.04</td>
</tr>
<tr>
<td>Increase flexibility in convention department</td>
<td>Mean 5.87</td>
<td>5.63</td>
</tr>
<tr>
<td></td>
<td>SD 0.92</td>
<td>1.06</td>
</tr>
<tr>
<td>Satisfy the needs of meeting planners</td>
<td>Mean 6.27</td>
<td>5.63</td>
</tr>
<tr>
<td></td>
<td>SD 0.70</td>
<td>0.92</td>
</tr>
<tr>
<td>Help CSMs to reduce capital expenditure (purchasing</td>
<td>Mean 5.40</td>
<td>5.50</td>
</tr>
<tr>
<td>equipment etc.)</td>
<td>SD 1.45</td>
<td>1.60</td>
</tr>
<tr>
<td>Enhance the quality of service provided by the</td>
<td>Mean 5.60</td>
<td>5.50</td>
</tr>
<tr>
<td>convention department</td>
<td>SD 1.24</td>
<td>1.07</td>
</tr>
<tr>
<td>Free convention department resources for other</td>
<td>Mean 5.20</td>
<td>5.29</td>
</tr>
<tr>
<td>purposes</td>
<td>SD 1.42</td>
<td>1.70</td>
</tr>
<tr>
<td>Allow CSMs to better utilize internal staff</td>
<td>Mean 4.80</td>
<td>5.25</td>
</tr>
<tr>
<td></td>
<td>SD 2.01</td>
<td>1.39</td>
</tr>
<tr>
<td>Enable convention operating costs to be reduced</td>
<td>Mean 4.73</td>
<td>4.75</td>
</tr>
<tr>
<td></td>
<td>SD 1.49</td>
<td>1.58</td>
</tr>
<tr>
<td>Reduce concern of liability issues</td>
<td>Mean 4.73</td>
<td>4.38</td>
</tr>
<tr>
<td></td>
<td>SD 1.33</td>
<td>1.19</td>
</tr>
<tr>
<td>Provide some additional income</td>
<td>Mean 4.80</td>
<td>4.00</td>
</tr>
<tr>
<td></td>
<td>SD 2.21</td>
<td>1.91</td>
</tr>
<tr>
<td>Help CSMs to obtain cheaper service</td>
<td>Mean 3.27</td>
<td>3.00</td>
</tr>
<tr>
<td></td>
<td>SD 1.58</td>
<td>1.83</td>
</tr>
</tbody>
</table>

*Note. N=8.*

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Table II

Main Disadvantages of Outsourcing from the Round I and the Feedback Loop

<table>
<thead>
<tr>
<th>Disadvantages of outsourcing</th>
<th>Round I</th>
<th>Feedback Loop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make CSMs dependent on outside suppliers for services</td>
<td>Mean</td>
<td>3.27</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>2.31</td>
</tr>
<tr>
<td>Take away revenue and profit from internal operations</td>
<td>Mean</td>
<td>3.33</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>2.16</td>
</tr>
<tr>
<td>Make it difficult to control in-house convention operations</td>
<td>Mean</td>
<td>2.80</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.78</td>
</tr>
<tr>
<td>Damage convention department physical resources (carpet, tables, chairs, etc.)</td>
<td>Mean</td>
<td>3.20</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.70</td>
</tr>
<tr>
<td>Reduce convention department capabilities to provide expected levels of service to meeting planners</td>
<td>Mean</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.25</td>
</tr>
<tr>
<td>Make it difficult to identify the benefits of outsourcing</td>
<td>Mean</td>
<td>2.43</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.65</td>
</tr>
<tr>
<td>Make it difficult to coordinate services between in-house operations and the outsourced suppliers</td>
<td>Mean</td>
<td>2.27</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.39</td>
</tr>
<tr>
<td>Create negative feelings by internal staff who lose work</td>
<td>Mean</td>
<td>2.27</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.91</td>
</tr>
<tr>
<td>Result in a loss of control over critical services</td>
<td>Mean</td>
<td>2.73</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>2.12</td>
</tr>
<tr>
<td>Result in a loss of quality of products (food, floral, etc.)</td>
<td>Mean</td>
<td>2.27</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.91</td>
</tr>
<tr>
<td>Result in a loss of quality of services</td>
<td>Mean</td>
<td>2.60</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.84</td>
</tr>
<tr>
<td>Result in a loss of critical skills that were previously available in-house</td>
<td>Mean</td>
<td>2.20</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.32</td>
</tr>
<tr>
<td>Damage the reputation of the convention department</td>
<td>Mean</td>
<td>2.20</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.21</td>
</tr>
<tr>
<td>Damage the overall performance of the convention department</td>
<td>Mean</td>
<td>1.79</td>
</tr>
<tr>
<td></td>
<td>SD</td>
<td>1.05</td>
</tr>
</tbody>
</table>

Note. N=8.

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Chapter Summary

This chapter presented demographic information of the participants, identified the results, and analyzed the data collected for the modified Delphi study. Participants in this Delphi study identified the main advantages and disadvantages of outsourcing that they subsequently rated according to an agreement or disagreement on a 7-point Likert scale. The average score and the standard deviation for each item were computed. The final rank-ordered list of advantages and disadvantages of outsourcing adds significant new knowledge to the field of the convention industry. Chapter V presents conclusions and recommendations based on the findings of this study.
CHAPTER V

DISCUSSION AND IMPLICATIONS

Introduction

In this chapter, significant findings in this study are summarized and some implications are derived from the study through discussion. Finally, the limitations of the study are presented, followed by recommendations for future research and conclusion.

Discussion of Results

The purpose of this study was to supplement and enhance the convention management literature in the hospitality industry by identifying the degree of outsourcing convention services and the main advantages and disadvantages of outsourcing perceived by CSMs. In order to achieve the stated objective, this study utilized a modified Delphi method.

The Delphi method was designed for the purpose of creating new knowledge in a field. This methodology was particularly suited to the parameters of this study because the participants were widely dispersed geographically, but they were all interested in the subject and capable of communicating electronically. Because this study utilized electronic mail as the medium for communication, participants could respond at their convenience within a designated time frame and interact efficiently to determine the main advantages and disadvantages of outsourcing in the convention service department.
Participants were selected based on the recommendation of faculty members of the Tourism and Convention Administration Department at the University of Nevada, Las Vegas and the Chief Executive Officer of ACOM. A total number of 32 potential participants were selected for this modified Delphi study. Because of their expertise in the industry these participants were considered knowledgeable in the area of research. The questions posed to the participants were determined to be of value based on the management literature. Participants rated the degree of agreement or disagreement with statements which describe advantages and disadvantages of outsourcing in two separate rounds of the Delphi study. In this Delphi study, responses were collected from individuals, compiled, and disseminated to the entire group for feedback. During subsequent round of the Delphi study participants were given opportunities to revise their input. Therefore, the results of a survey conducted in this manner yielded richer data.

Among the 32 nominated CSMs, 15 CSMs participated in the initial questionnaire, while eight CSMs responded to the feedback loop questionnaire. The results of this Delphi study included a prioritized list of degree of outsourcing and advantages and disadvantages of outsourcing perceived by CSMs. With regard to the advantages and disadvantage of outsourcing, since a score of 4.00 indicated that the participants neither agree nor disagree with the items describing outsourcing advantages and disadvantages, 13 items of advantages as well as two items of disadvantages were considered as the main advantages and disadvantage.

Six convention services (entertainment, local tour coordination, floral services and design, furniture rentals, destination management company, and local transportation)
were identified to have the significant usage of outsourcing. On the contrary, those found at the bottom of the scale were information system management, electrical installation, and catering. From the Delphi research, the top of the list for outsourcing advantages was that outsourcing complements convention department resources. The results showed that the disadvantages most perceived by CSMs was the dependence on outside suppliers for services and taking away revenue and profit from internal operations. In table 12, the results include a list of 13 main outsourcing advantages rank-ordered.

Table 12

Main Advantages of Outsourcing

<table>
<thead>
<tr>
<th>Mean</th>
<th>Advantages of outsourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.38</td>
<td>Complement convention department resources</td>
</tr>
<tr>
<td>6.13</td>
<td>Allow CSMs to utilize experts in specific fields</td>
</tr>
<tr>
<td>6.13</td>
<td>Complement convention department capabilities</td>
</tr>
<tr>
<td>5.75</td>
<td>Let CSMs focus more on core services</td>
</tr>
<tr>
<td>5.63</td>
<td>Increase flexibility in convention department</td>
</tr>
<tr>
<td>5.63</td>
<td>Satisfy the needs of meeting planners</td>
</tr>
<tr>
<td>5.50</td>
<td>Help CSMs to reduce capital expenditure (purchasing equipment etc.)</td>
</tr>
<tr>
<td>5.50</td>
<td>Enhance the quality of service provided by the convention department</td>
</tr>
<tr>
<td>5.29</td>
<td>Free convention department resources for other purposes</td>
</tr>
<tr>
<td>5.25</td>
<td>Allow CSMs to better utilize internal staff</td>
</tr>
<tr>
<td>4.75</td>
<td>Enable convention operating costs to be reduced</td>
</tr>
<tr>
<td>4.38</td>
<td>Reduce concern of liability issues</td>
</tr>
<tr>
<td>4.00</td>
<td>Provide some additional income</td>
</tr>
</tbody>
</table>

Note. N=8.
Implications

This study is the first to examine empirically the outsourcing of convention services. It is also the first to examine the characteristics of outsourcing benefits and risks perceived by CSMs. First of all, the findings provide CSMs with guidance in strategic outsourcing plan based on their benefits and risks. In other words, the main advantages and disadvantages of outsourcing perceived by CSMs could form a basis for decision making in outsourcing convention services. Also, this study helps CSMs to make a contract with outside suppliers and to manage third-party providers. Low service quality or service failure generated by external suppliers can dissatisfy not only the clients, CSMs, but also the meeting planners and meeting attendees. Since meeting planners and meeting attendees do not distinguish the difference between services and products provided by the convention department and those provided by outside suppliers, their evaluation of the convention might be affected by their experience of outsourced suppliers. Therefore, an awareness of the main advantages and disadvantage of outsourcing assists the CSMs in ensuring that outside suppliers perform efficiently and effectively.

Secondly, convention services can be outsourced temporarily and exclusively only for the specific convention period. The results of this study help meeting planners to hold a successful convention by understanding the characteristics of outsourcing. Moreover, it assists meeting planners in understanding which convention services are most utilized in-house and performed by external suppliers.

Finally, this study allows the external suppliers to understand CSMs’ needs and to provide them with improved services and products to meet the CSMs’ expectations.
The external suppliers might be more successful in providing convention services, if they pay more attention to the benefits and risks perceived by CSMs.

Limitations

While this study contributes to advancing convention service management academically and practically, it is important to consider the findings of this research in light of the limitations associated with this study. This study was conducted using a modified Delphi method. The Delphi method typically involves a survey of experts. This study recruited 15 CSMs in the hotel industry as participants. Therefore, the results were based on the 15 experts' opinions. The opinions expressed by the participants may not be indicative of the general opinions of all CSMs in the hotel industry. Moreover, depending on the extent of their previous experience with convention service management, these participants have a range of knowledge. Some participants may not actually have expertise in the field of convention service management.

A panel of experts of this study consisted of fewer than 30 people. In order to run a parametric statistical test, a sample of 30 or more is needed. Therefore, it is difficult to find out the statistical significance of the results. Additionally, even though using e-mail and on-line survey have some advantages with regard to the turnaround time between questionnaires, the data for this study was collected over a fairly short period of time. However, the results can be used as scanning guidelines for outsourcing of convention services and viewed as better estimates of the future.
Recommendations for Future Research

Being the first research in this area, this study has methodological considerations and limitations. However, the results of this exploratory study have suggested the applicability of outsourcing framework for convention services within the hotel sector. With the importance of the results of this research, this study has laid the foundation for future research in outsourcing of convention services. Future research can extend to examining the relationship between the convention services manager’s perception of outsourcing and the propensity to outsource. Espino-Rodriguez and Padron-Robaina (2005) noted that the manager’s perception of outsourcing is essential in explaining the propensity to outsource. They also pointed out that the advantages and disadvantages of outsourcing perceived by the manager condition a certain extent of outsourcing. Along this line, CSM’s perceptions of outsourcing can give rise to a positive or negative attitude towards the degree of outsourcing of convention services. In order to examine the relationship, future research should be undertaken with a variety of sample size, sampling methods, and procedures.

The panel of experts in this study is CSMs working in hotels and resorts. Future research can extend this study on CSMs in convention & visitor bureaus, convention centers, and conference centers. A panel of experts should not be limited to one geographical area in order to have more accurate generalization of findings. In addition, to examine major differences between the hotels on the Las Vegas strip and those outside the Las Vegas area can be the next step. For example, the hotels on the Las Vegas strip differ in size, ownership, and market. Therefore, CSMs working in hotels and resorts on the Las Vegas strip might view outsourcing differently.
Conclusion

The literature documents the lack of focus on the convention management in the hospitality industry. Therefore, this study needed to focus on recognizing the role that outsourcing plays in convention service management within the hotel sector. The study was the first empirical research to identify in depth the outsourcing of convention services.

Convention service items which have been most commonly utilized were identified in this study. Also, this study generated a prioritized list of main advantages and disadvantages of outsourcing perceived by CSMs. The elements of outsourcing benefits and risks not included in the management literature were discovered as well.

The process of reflection and interaction with experts on this topic demonstrated the potential for development of new knowledge in this important field of study. The results of the study will contribute valuable information to the limited convention management literature. Based on the results of this study, an awareness of the issue of outsourcing convention services assists the CSMs in considering outsourcing options and helps the outside providers in meeting the CSMs’ expectations. When an organization evaluates outsourcing strategically in terms of outsourcing benefits and risks, outsourcing can be successfully implemented as an effective management tool. In conclusion, despite the importance of the results in this study, future research is necessary to eliminate the limitations stated in this study.
APPENDIX A

HUMAN SUBJECT APPROVAL

UNLV

Social/Behavioral IRB – Expedited Review
Approval Notice

NOTICE TO ALL RESEARCHERS:
Please be aware that a protocol violation (e.g., failure to submit a modification for any change) of an IRB approved protocol may result in mandatory remedial education, additional audits, re-consenting subjects, researcher probation suspension of any research protocol at issue, suspension of additional existing research protocols, invalidation of all research conducted under the research protocol at issue, and further appropriate consequences as determined by the IRB and the Institutional Officer.

DATE: February 22, 2006
TO: Dr. Curtis Love, Tourism and Convention Administration
FROM: Office for the Protection of Research Subjects
RE: Notification of IRB Action by Dr. Michael Stitt, Chair
Protocol Title: Convention Services Manager's Perception of the Strategic Outsourcing of Convention Services
Protocol #: 0601-1864

This memorandum is notification that the project referenced above has been reviewed by the UNLV Social/Behavioral Institutional Review Board (IRB) as indicated in Federal regulatory statutes 45 CFR 46. The protocol has been reviewed and approved.

The protocol is approved for a period of one year from the date of IRB approval. The expiration date of this protocol is February 17, 2007. Work on the project may begin as soon as you receive written notification from the Office for the Protection of Research Subjects (OPRS).

PLEASE NOTE: Attached to this approval notice is the official Informed Consent/Assent (IC/A) Form for this study. The IC/A contains an official approval stamp. Only copies of this official IC/A form may be used when obtaining consent. Please keep the original for your records.

Should there be any change to the protocol, it will be necessary to submit a Modification Form through OPRS. No changes may be made to the existing protocol until modifications have been approved by the IRB.

Should the use of human subjects described in this protocol continue beyond February 17, 2007, it would be necessary to submit a Continuing Review Request Form 60 days before the expiration date.

If you have questions or require any assistance, please contact the Office for the Protection of Research Subjects at OPRSHumanSubjects@unlv.edu or call 895-2794.

Office for the Protection of Research Subjects
4505 Maryland Parkway • Box #51037 • Las Vegas, Nevada 89154-1037
(702) 895-2794 • FAX: (702) 895-0003

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APPENDIX B

INFORMED LETTER, ROUND I

Dear Convention Services Manager,

My name is Bomin Kim and I am a graduate student at the William F. Harrah College of Hotel Administration at the University of Nevada, Las Vegas (UNLV). The following survey is a part of a research study designed to examine the convention services manager’s perception of the strategic outsourcing of convention services.

You were selected as a possible participant of this study because of your expertise in the industry.

The results of this study will help the meeting industry advance the understanding of convention services managers’ needs and characteristics of outsourcing in convention services.

Your participation in this study is entirely voluntary and you may withdraw from the study at any time. Your individual responses will be kept completely confidential.

If you volunteer to participate in this study, you will be asked to complete an online survey through survey website tool. Just click the survey website at the bottom of this page and you will enter the survey site.

This survey will take approximately 10-15 minutes of your precious time to complete. The results of this study will be analyzed and returned to you for a second
review to reach consensus of the group. Thus, please provide your information at the last section of the survey page.

Thank you in advance for participating in this study. I appreciate your time and cooperation. If you have any concerns about the confidentiality of the process or questions in general, please contact me or my Thesis Chair, Dr. Curtis Love.


Sincerely,

Bomin Kim
Graduate Student
702-419-3391
bbonnie80@hotmail.com

Curtis Love, Ph.D.
Associate Professor
702-895-3334
curtis.love@unlv.edu
APPENDIX C

ROUND I QUESTIONNAIRE

UNLV

Convention Services Manager's Perception of the Strategic Outsourcing of Convention Services

The purpose of this study is to capture your perspective and specific observation on benefits and risks of outsourcing. Outsourcing means the procurement of products and services from sources that are external to the organization.

All information gathered in this study will be kept completely confidential. No reference will be made in written or oral materials that could link you to this study. All records will be stored in a locked facility at UNLV for at least 3 years after completion of the study. After the storage time the information gathered will be destroyed.

If you have any questions regarding this research or experience harmful effects as a result of participation please contact Bo-Min Kim at 702-419-3391 or Dr. Curtis Love at 702-895-3334, or email to bbonnie80@hotmail.com

If you have any questions about the rights of research subjects please contact the UNLV Office for the Protection of Research Subjects at 702-895-2794.

Thanks for your participation. Your opinions are appreciated!
# Convention Services Manager's Perception of the Strategic Outsourcing of Convention Services

Please indicate to which degree you outsource the following convention service(s) at your hotel.

<table>
<thead>
<tr>
<th>Service</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>N/A</th>
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</thead>
<tbody>
<tr>
<td>Catering</td>
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<tr>
<td>Security for Events and Tradeshows</td>
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<td>Trade Show Booth Cleaning</td>
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<td>Furniture Rentals</td>
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<td>Electrical Installation</td>
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<td>Audiovisual (AV) Management and Equipment</td>
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<td>Destination Management Company (DMC)</td>
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<tr>
<td>Convention or Meeting Registration Desk Staff</td>
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</table>

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Local Transportation (Limousine, Shuttle Service, Bus, etc.)

Information System Management (E-mail Station)

Entertainment (Performers, Bands, etc.)

Tradeshow Management

Local Tour Coordination

Floral Services and Design

If you outsource other convention services, please indicate item(s).

Survey Page 1
Please indicate the degree of your agreement/disagreement with the following statements. These questions concern your perception of outsourcing ADVANTAGES.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>N/A</th>
</tr>
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<td>1</td>
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</table>

Outsourcing the service(s) has complemented convention department resources.

Outsourcing the service(s) has complemented convention department capabilities.

Outsourcing the service(s) has satisfied the needs of meeting planners.

Outsourcing the service(s) has increased flexibility in convention department.

Outsourcing the service(s) has let us focus more on core services.

Outsourcing the service(s) has enabled convention operating costs to be reduced.

Outsourcing the service(s) has freed convention department resources for other purposes.

Outsourcing the service(s) has reduced concern of liability issues.

Outsourcing the service(s) has allowed us to better utilize our internal staff.
Outsourcing the service(s) has helped us to obtain cheaper service.

Outsourcing the service(s) has helped us to reduce capital expenditure (purchasing equipment etc.).

Outsourcing the service(s) has allowed us to utilize experts in specific fields.

Outsourcing the service(s) has provided some additional income.

Outsourcing the service(s) has enhanced the quality of service provided by the convention department.

If you have other advantages of outsourcing convention services that differ from the above, please specify.

Survey Page 2

Convention Services Manager's Perception of the Strategic Outsourcing of Convention Services

Please indicate the degree of your agreement/disagreement with the following statements. These questions concern your perception of
outsourcing DISADVANTAGES.

<table>
<thead>
<tr>
<th></th>
<th>1 Strongly Disagree</th>
<th>2 Disagree</th>
<th>3 Somewhat Disagree</th>
<th>4 Neutral</th>
<th>5 Somewhat Agree</th>
<th>6 Agree</th>
<th>7 Strongly Agree</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td>7</td>
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<td></td>
</tr>
</tbody>
</table>

Outsourcing the service(s) has resulted in a loss of quality of PRODUCTS you provide (food, floral, etc.).

Outsourcing the service(s) has resulted in a loss of quality of SERVICES you provide.

Outsourcing the service(s) has resulted in a loss of critical skills that were previously available in-house.

Outsourcing the service(s) has resulted in a loss of control over critical services.

Outsourcing the service(s) has made it difficult to control in-house convention operations.

Outsourcing the service(s) has damaged the reputation of the convention department.

Outsourcing the service(s) has made it difficult to coordinate services between in-house operations and the outsourced suppliers.

Outsourcing the service(s) has damaged convention department physical resources (carpet, tables, chairs, etc.).

Outsourcing the service(s) has reduced convention department capabilities to provide expected levels of service to meeting planners.

Outsourcing the service(s) has made us dependent on outside suppliers.

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Outsourcing the service(s) has created negative feelings by internal staff who lose work.

Outsourcing the service(s) has taken away revenue and profit from internal operations.

Outsourcing the service(s) has made it difficult to identify the benefits of outsourcing.

Outsourcing the service(s) has damaged the overall performance of the convention department.

If you have other disadvantages of outsourcing convention services that differ from the above, please specify.
What is your gender?
- Male
- Female

How old are you?
- 25 or below
- 26-34
- 35-44
- 45-54
- 55 or above

What is the highest educational degree you have received?
- High school or less
- Technical or vocational school
- Some college
- College degree
- Graduate degree

Which of the following professional organizations are you involved?
(Can be multiple organizations)
- ACOM
- PCMA
- MPI
11. What is your job position? (Can be multiple positions)

- Convention Services Manager
- Convention Services Director
- Convention Services Coordinator
- Event Service Coordinator
- Catering Manager
- Catering Director
- Other

12. How many years have you worked in the convention industry?

Years ____________________
Months ____________________

13. What is the total square feet of your meeting space in your hotel?

______________________________

67
The information below will be used for the second questionnaire asking your approval of this study's result. This information will NOT be used in the study. Please write your e-mail in the space provided to receive the second questionnaire.

By clicking the button at the bottom of this page you will complete and submit the survey.

Thank you very much for your participation. If you have any questions, or would like any further details of the study, please do not hesitate to contact Bo-Min Kim at (702) 419-3391 or Dr. Curtis Love at (702)895-3334, or email to bbonnie80@hotmail.com
APPENDIX D

INFORMED LETTER, FEEDBACK LOOP

Dear Convention Services Manager,

You were asked to participate in a research study designed to examine the convention services manager's perception of the strategic outsourcing of convention services.

I thank you for your participation. Your response is most valuable to my research that is focused on identifying strategic outsourcing of convention services in the hotel industry.

I have enclosed the final questionnaire. In this questionnaire you are asked to carefully consider the mean rating of each item as reported by your peers. Please indicate your new rating in each section once more.

If you have questions, please contact me or my Thesis Chair, Dr. Curtis Love. Once again, I thank you very much for your time and assistance with this investigation.


Sincerely,

Bomin Kim
UNLV Graduate Student
702-419-3391
bbonnie80@hotmail.com

Curtis Love, Ph.D.
Associate Professor
702-895-3334
curtis.love@unlv.edu
APPENDIX E

FEEDBACK LOOP QUESTIONNAIRE

Thank you very much for participating in the Round I of the Delphi study.

In this Feedback Loop, you will find the Mean rating and the Standard Deviation of all participants in Round I. After you have reviewed the Mean rating and the Standard Deviation of the entire group, please indicate your new rating in each section once more.

All information gathered in this study will be kept completely confidential.

If you have any questions regarding this research, please contact Bo-Min Kim at 702-419-3391 or Dr. Curtis Love at 702-895-3334, or email to bbonnie80@hotmail.com

Thanks again for your participation. Your opinions are appreciated!
Convention Services Manager's Perception of the Strategic Outsourcing of Convention Services

Please note: The first number is the MEAN rating and the second number is the STANDARD DEVIATION of all participants in ROUND I.

These questions concern your perception of outsourcing ADVANTAGES. Items are listed in descending order based on their respective means. Please indicate again the degree of your agreement/disagreement with the following statements.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Previous round results: mean = 6.29; std. dev. = 0.73</td>
<td>Outsourcing the service(s) has allowed us to utilize experts in specific fields.</td>
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<tr>
<td>2</td>
<td>Previous round results: mean = 6.27; std. dev. = 0.70</td>
<td>Outsourcing the service(s) has satisfied the needs of meeting planners.</td>
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<tr>
<td>3</td>
<td>Previous round results: mean = 6.20; std. dev. = 0.77</td>
<td>Outsourcing the service(s) has complemented convention department capabilities.</td>
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</tr>
<tr>
<td>4</td>
<td>Previous round results: mean = 6.00; std. dev. = 0.93</td>
<td>Outsourcing the service(s) has complemented convention department resources.</td>
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<tr>
<td>5</td>
<td>Previous round results: mean = 5.87; std. dev. = 0.92</td>
<td>Outsourcing the service(s) has increased flexibility in convention department.</td>
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<tr>
<td>6</td>
<td>Previous round results: mean = 5.60; std. dev. = 1.24</td>
<td>Outsourcing the</td>
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</tbody>
</table>

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service(s) has enhanced the quality of service provided by the convention department.

[ Previous round results: mean= 5.40; std. dev.= 1.76 ] Outsourcing the service(s) has let us focus more on core services.

[ Previous round results: mean= 5.40; std. dev.= 1.45 ] Outsourcing the service(s) has helped us to reduce capital expenditure (purchasing equipment etc.).

[ Previous round results: mean= 5.20; std. dev.= 1.42 ] Outsourcing the service(s) has freed convention department resources for other purposes.

[ Previous round results: mean= 4.80; std. dev.= 2.01 ] Outsourcing the service(s) has allowed us to better utilize our internal staff.

[ Previous round results: mean= 4.80; std. dev.= 2.21 ] Outsourcing the service(s) has provided some additional income.

[ Previous round results: mean= 4.73; std. dev.= 1.49 ] Outsourcing the service(s) has enabled convention operating costs to be reduced.

[ Previous round results: mean= 4.73; std. dev.= 1.33 ] Outsourcing the service(s) has reduced concern of liability issues.

[ Previous round results: mean= 3.27; std. dev.= 1.58 ] Outsourcing the service(s) has helped us to obtain cheaper service.

If you have other advantages of outsourcing convention services that differ from the above, please specify.
Convention Services Manager’s Perception of the Strategic Outsourcing of Convention Services

Please note: The first number is the MEAN rating and the second number is the STANDARD DEVIATION of all participants in ROUND I.

These questions concern your perception of outsourcing DISADVANTAGES. Items are listed in descending order based on their respective means. Please indicate again the degree of your agreement/disagreement with the following statements.

<table>
<thead>
<tr>
<th>1 Strongly Disagree</th>
<th>2 Somewhat Disagree</th>
<th>3 Neutral</th>
<th>4 Somewhat Agree</th>
<th>5 Agree</th>
<th>6 Strongly Agree</th>
<th>7 N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ Previous round results: mean= 3.33; std. dev.= 2.16 ] Outsourcing the service(s) has taken away revenue and profit from internal operations.</td>
<td></td>
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<tr>
<td>[ Previous round results: mean= 3.27; std. dev.= 2.31 ] Outsourcing the service(s) has made us dependent on outside suppliers for services.</td>
<td></td>
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<tr>
<td>[ Previous round results: mean= 3.20; std. dev.= 1.70 ] Outsourcing the service(s) has damaged convention department physical resources (carpet, tables, chairs, etc.).</td>
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</table>
Outsourcing tire service(s) has made it difficult to control in-house convention operations.

Outsourcing the service(s) has resulted in a loss of control over critical services.

Outsourcing the service(s) has resulted in a loss of quality of services you provide.

Outsourcing the service(s) has made it difficult to identify the benefits of outsourcing.

Outsourcing the service(s) has made it difficult to coordinate services between in-house operations and the outsourced suppliers.

Outsourcing the service(s) has created negative feelings by internal staff who lose work.

Outsourcing the service(s) has resulted in a loss of critical skills that were previously available in-house.

Outsourcing the service(s) has damaged the reputation of the convention department.

Outsourcing the service(s) has reduced convention department capabilities to provide...
expected levels of service to meeting planners.

[ Previous round results: mean = 1.79; std. dev. = 1.05 ] Outsourcing the service(s) has damaged the overall performance of the convention department.

If you have other disadvantages of outsourcing convention services that differ from the above, please specify.

By clicking the button at the bottom of this page you will complete and submit the survey.

Thank you very much for your participation. If you have any questions, or would like any further details of the study, please do not hesitate to contact Bo-Min Kim at (702) 419-3391 or Dr. Curtis Love at (702)895-3334, or email to bbonnie80@hotmail.com
REFERENCES


---

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VITA

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University of Nevada, Las Vegas

Bo-Min Kim

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765-6, Bang-bae-dong, Seo-cho-gu
Seoul, Korea

Degrees:
Bachelor of Tourism, Convention Management, 2003
Kyung Hee University, Seoul, Korea

Special Honors and Awards:
Merit-Based Scholarship from Kyung Hee University, 1999-2002

Thesis Title: Convention Services Manager’s Perception of the Strategic Outsourcing of Convention Services

Thesis Examination Committee:
Chairperson, Dr. Curtis Love, Ph.D., CHE
Committee Member, Dr. Seyhmus Baloglu, Ph.D., CHE
Committee Member, Dr. Rhonda Montgomery Ph.D.
Graduate Faculty Representative, Dr. Michael S. LaTour, Ph.D.