

## **Factors Leading to Business Process Outsourcing Decisions in Sri Lankan Hotel Industry**

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### **Abstract**

This research tried to find the factors affecting to BPO (Business Process Outsourcing) decision in Sri Lankan Hotel Industry. Further the study expected to identify the activities which were highly possible for outsourcing decisions. By employing the resourced based view (RBV) as a theoretical basis, this study identified two important factors that lead to outsourcing decision in companies in hotel sector. It does so by describing some basic assumptions of the resource-based view. Two factors are proposed as determinant for outsourcing decision. They are company core competence and capability. Literature claimed that both of these two factors play an important part in the decision-making process in selecting an external provider for organizational activities. Sample consisted of six hotels which are ranked as 3-5 stars. Semi-structured interviews were used to gather primary data and the secondary data was obtained from relevant published reports written on evaluating the factors and areas of activities for outsourcing in the hotel industry. The executive categories of staff members who are responsible in making outsourcing decisions were interviewed. Finally, it was concluded that the factors: core competence and capability have a significant impact on the BPO decision and the hotels have been concentrating on their non-core functions such as hotel housekeeping and food and beverage, laundry and IT as possible outsourcing areas of activities. The study suggested managerial implications and future research directions.

**Key Words:** Business Process Outsourcing, Resource Based View, Capability, Core Competence