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CONTENT

SCIENTIFIC PAPERS

CONSULTATION AND DISCUSSION

INFORMATION PAPERS

REVIEW

SCIENTIFIC PAPERS

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COMPARISON OF COMPETITIVENESS OF CZECH AND FOREIGN WINE REGIONS CONSIDERING THE PRICE AND QUALITY OF WINE

Abstract: This study focuses on an examination of the competitiveness of Czech wine regions in comparison with foreign regions considering specific products, namely wines from these regions, their prices and quality. The data set consists of 1222 evaluated domestic and foreign wines. Based on normality data test a non-parametric method of Kruskal-Wallis test was designed followed by multiple comparisons for examining differences of price and quality of wines measured on 100-point quality scale. The difference in price and quality among wines from Czech wine regions and wines from foreign wine regions proved to be statistically significant. While comparing the competitiveness of the wine regions, it is necessary to use different approach for wines from Znojemsko, Velkopavlovicko and Mikulovsko when compared with wines from Slovácko. Slovácko is the most competitive Czech wine region because of high quality of wines together with very low price level. However, Slovácko was not able to compete Spanish Rioja, French Languedoc, some Slovak, Chilean and Argentinian regions in quality even though the price level was the same. In general, higher price of wine does not always mean higher quality, but it varies depending on the wine region. On that basis, the concept of *terroir* cannot be excluded, thus it is possible to coincide with the use of the concept of institutional quality for wines. When searching for the explanation of higher quality of wines from certain regions, the theory of learning regions or theory using impact of social construction on wine tasters can be used.

Keywords: *quantitative research, sensory evaluation, social construction of quality, terroir, trust of a consumer*

JEL Classification: *R19, Q13, L66*

Introduction

Wine is not only a material product satisfying physical needs. Its importance is more closely connected even with the non-material values and the way of living of the population in the region. It is reflection of their work and the symbol representing the region and its competitiveness. Wine and its consumption is a reflection of the cultural heritage of a specific geographical area (Lópéz-Guzmán et al., 2014). Most commonly, such territories are referred to as regions or subregions depending on the wine country and valid legislation.

The content of this article is a critical view on the competitiveness of Czech wine regions using statistical testing methods. The article describes the paradigms of regional competitiveness, the way of wine quality construction and using the extensive dataset obtained from the largest wine competition in the Czech Republic offers a comparison of the competitiveness of domestic and foreign wine regions, *inter alia*, of domestic regions among each other. Since this comparison is based on a comparison of the products themselves from these regions, the following research questions should be asked to meet the objective: is there a statistically significant difference in price and quality between wines from Czech and foreign wine regions? If so, how can be this difference caused?

Competitiveness of Czech and Moravian wine regions

Expert opinions on the competitiveness of Czech and Moravian wine regions vary. Despite the frequent success especially of Moravian winemakers in domestic and foreign degustation competitions, Marks (2011), for example, points to the inability of wines from the Czech Republic (ČR) to compete with foreign production in terms of quality and price. Also other world wine experts (Robinson, 2015) point to the inability of wines from the Czech Republic to face allegedly cheaper imported wines during a competition. However, some authors (Žufan and Chládková, 2008) are of the opinion that Czech wine regions are able to produce wines that are competitive in price and quality.

Regional competitiveness, according to Wokoun (2010), is described as the overall competitiveness of enterprises in the region. Another definition is provided by the European Commission (1999). In its opinion, competitiveness among regions is the ability of the region to produce products and services that are competitive on international markets, coupled with high income and employment. Many experts and institutions give regional competitiveness a direct link to the resulting quality and competitiveness of the product originally from the region. It is important that companies permanently and with regard to sustainability profitably produce products that are price-competitive concerning price and quality (Tvrdoň and Šuranová, 2007). Wokoun (2010) tends to assess the competitiveness of the region through the production of the region, specifically the quality of this production using statistical data (the approach is used in this study). Jansson and Waxell (2011) also focus on the role of quality in creating the competitive edge of the region and underline the role of the learning economy (of the regions). Another definition can also be mentioned according to Porter (1998), which states that competitiveness among the regions is given as the ability of a certain territory to produce goods and services that are better or cheaper than goods from other regions. As can be seen from the title of this research regional competitiveness is also considered to be the competitiveness of wine regions. Specific products are then considered to be wines from the wine-producing regions.

Quality of wine as a determinant of the competitiveness of wine regions

During abstracting from the various uses of chemical analysis as wine quality research, the only option is the sensory evaluation of wine. This subjective evaluation system can be objectified using standardized scoreboards and degustation procedures. Also important is the selection of experienced experts who evaluate wine quality.

The most commonly used rating system is the 100-point OIV system from the International Organization of Vine and Wine (Vinařský Fond, 2016), which takes into account the clarity and appearance outside of the clarity (in the appearance criterion) in the evaluation of wines. Further, purity, positive intensity and quality (in the nose criterion) and purity, positive intensity, harmonic persistence and quality (in the palate criterion) are evaluated. Finally, the overall impression is also assessed. The sum of individual assessment can bring together the maximum possible number of 100 points. For sparkling wines, sparkling is perceived as a part of the visual criterion in the assessment. For each rating item, the evaluators may also be accompanied by notes that are not taken into account in the final point assessment of wine quality.

However, this evaluation approach is often questioned and the question remains as to what extent it can be objectified. Whether expert evaluators or lay wine consumers are in accordance with Weber's interpretativist paradigm, influenced by the social context that subsequently influences the construction of wine quality. Still, in this study, what is considered to be the quality of wine is the point assessment, which the wine received in the competition from the professional evaluators and this quantity is further approached as if it was more positivistic than interpretative.

Materials and Methods

In order to achieve set goals, Wokoun's procedure (2010) is applied, which recommends in order to assess the competitiveness of the region to use the regional production assessment using data that characterize the region's production, including the assessment of the quality of production from the region. The specific products are wines, the parameters being compared for these products are the quality of the wines, depending on the region of origin, and then the price of the wines, depending on the region of origin. The price is added as an evaluation criterion following the theoretical knowledge presented by Tvrdoň and Šuránová (2007) or Porter (1998).

It is important to mention that wine regions in the Czech Republic are also considered as individual wine regions and subregions under Act No. 321/2004 Coll., On viticulture and wine production and on the amendment of some related laws (Ministerstvo zemědělství, 2016a). According to this Act, the wine regions are divided into regions of Bohemia and

Moravia. Furthermore, pursuant to Decree No. 254/2010 Coll., which establishes the list of wine-producing subregions, wine-producing villages and vineyards, Section 1 provides wine-producing subregions. In the area of Bohemia, the subregions are Mělník and Litoměřice, in the Moravia region these are Mikulovsko, Slovácko, Velkopavlovicko and Znojemsko (Ministerstvo zemědělství, 2016b).

Specifics of the data set

The data used consists of the results of the Prague Wine Trophy international wine competition in the year 2015. It is the largest wine competition held annually on the territory of the Czech Republic, and some of these results have already been available in professional wine journals. The evaluated wines are the ones produced exclusively from grapevine (*Vitis vinifera*). Among the wines under evaluation are both wines originating in the Czech Republic and imported wines. Wines of black, red and white varieties are included, namely white, rosé, red and also sparkling wines are assessed. Wines entered into the competition are evaluated separately depending on the grape variety or the wine style. The evaluation committee consists of 5 to 6 members, among which are professional wine assessors with international and domestic sensory exams, Czech sommeliers, wine merchants, wine critics and wine makers. One of the tasters is the chairman who drives and directs the tasting. Wine tasting is a so-called blind tasting, so the evaluators do not know what specific wine sample they are tasting in order to preserve the objectivity of the competition. The evaluation takes place at the international 100-point scale. The highest and lowest mark on the board is eliminated for each wine. The resulting number of points is then the arithmetic mean of the remaining points.

The obtained results of the competition with a quality rating were managed by the organizer to extend along with the wholesale prices of the wines. However, for each sample of the 1222 wine samples, the region of origin had to be traced separately. For Czech wines, the regions of origin were traced according to an internet application containing information on the origin of wines on the Ministry of Agriculture's internet portal (Ministerstvo zemědělství, 2016c). Nevertheless, for wines from abroad, the regions of origin had to be traced on the official web page of each winery.

Statistical methods and work with the dataset

For a statistical set with a total of 1222 wines, groupings were carried out depending on the wine regions surveyed. This breakdown also includes wines from individual Bohemian (Moravian) wine regions - Mikulovsko, Slovácko, Velkopavlovicko and Znojemsko wine subregions. In addition, there is a group of wines made from grapes from different Czech and Moravian regions (Blend of Czech Regions). At grouping, groups of at least 20 observations were formed. Some subregions with similar climatic conditions and similar wine legislation were merged to achieve the minimum number of selected groups. Wines that originated from regions that could not be grouped into any of the groups because of low observation were included in the Other Regions group. All results were calculated using the statistic program StatisticaCz 12 (StatSoft, Inc., 2013) and were rounded to 3 decimal places.

In order to exclude extreme values in the statistical set, Grubbs' test for outliers was used, followed by remodeling of remote values.

For each wine, 2 variables were known, namely the quality measured at the 100-point scale for wine evaluation and the wholesale price of wine. For these two variables, the modified one sample Kolmogorov-Smirnov test was performed at a significance level α = 5%. By testing it is possible to find out whether the random variable derives from the theoretical distribution by comparing the cumulative and absolute frequencies (Baštinec, 2014):

$$N_{ej} = \sum_{i=1}^{i} n_{ej}, N_{tj} = \sum_{i=1}^{i} n_{tj}$$

The test criterion is:

$$D_1 = \frac{1}{n} max_j \left| N_{ej} - N_j \right|$$

If D_1exceeds the calculated or tabular critical value of the Kolmogorov-Smirnov layout (D_{1max}), the zero hypothesis is rejected, with the zero hypothesis asserting that the variable has a theoretical layout. Since the file size in this work is greater than 40, the critical value for the 5% significance level is calculated as:

$$D_{1max} = \frac{1.36}{\sqrt{n}}$$

Based on the results of Kolmogorov-Smirnov's normality test, Kruskal-Wallis test is used to test differences in price and quality of wines, depending on the regions of origin, to compare the mean values of more than two independent sets for a variable not fitting the normal data distribution (Litschmannová, 2011). The testing was performed at a significance level α = 5% with a zero hypothesis that the median of the selections did not differ, against the invalid zero hypothesis:

$$H_0: x_{0,5_1} = x_{0,5_2} = \dots = x_{0,5_3} \qquad H_A: \neg H_0$$

The test statistic corresponds to the value of:

$$Q = -3(n+1) + \frac{12}{\frac{n}{(n+1)}} \sum_{i=1}^{k} \frac{T_i^2}{n_i} - 3(n+1)$$

Value is compared with special table values. In this study, p-value comparison is used again. Also for multiple comparison in the Kruskal-Wallis test a post-hoc analysis is performed by comparing p-values.

Results

After testing the normal distribution of variables quality and price by the modified one sample Kolmogorov-Smirnov test, H_0 ($D_{1max} < D_1$) was rejected. It can be said that the values of this variable are not normally distributed, so a nonparametric Kruskal-Wallis test was chosen to test differences in price and quality of wines, depending on the regions of origin. The Grubbs' test for outliers revealed both at the variable price ($p < 0.001$) and the variable quality ($p = 0.027$) outliers that were recoded.

When comparing 27 wine regions it can be stated that a statistically significant difference in the price of wines ($p < 0.001; Q = 289.289$) and their quality ($p < 0.001; Q = 162.803$) was found at the chosen significance level.

Comparing the prices of wines from different wine regions[1] brings the answer to the question whether a customer who purchases wines at wholesale prices in the Czech Republic should prefer domestic production or that he/she should be inclined to foreign wines, assuming the constant quality of all wines. Various customer preferences may be due, for example, to the expectation of higher quality for wines from foreign regions, even if the price is much higher than price for domestic production, as shown in Figure 1. A more detailed view of multiple comparison between groups is given in Table 1, divided into 4 parts (A through D), which is part of the appendix. Statistically significant differences are indicated by p-values in the white portions of the table. In the gray part of the table, statistically significant differences in the quality of wines between regions are indicated by p-values.

Wines from all Czech wine regions, i.e. Mikulovsko, Velkopavlovicko, Znojemsko and Slovácko, have, compared to foreign regions, lower prices. P-values reached statistically significant values compared with almost all other wine regions. Only imported wines from the Spanish region of Rioja ($p > 0.050$), the French region of Languedoc ($p > 0.050$), the Chilean and Argentinian regions (except Mendoza region) ($p > 0.050$), the Australian and New Zealand wine regions ($p > 0.050$), South Slovak Region and partly Lesser Carpathian region ($p > 0.050$), or Czech wines made from grapes coming from different Czech wine regions ($p > 0.050$) can compete. The most expensive Czech wines come from the Mikulovsko region, which is considerably more expensive than the rest of the regions. This region is not statistically significantly different from most of the foreign wine regions, such as the German regions of Pfalz and Mosel, Argentinian Mendoza, French Alsace, or Italian

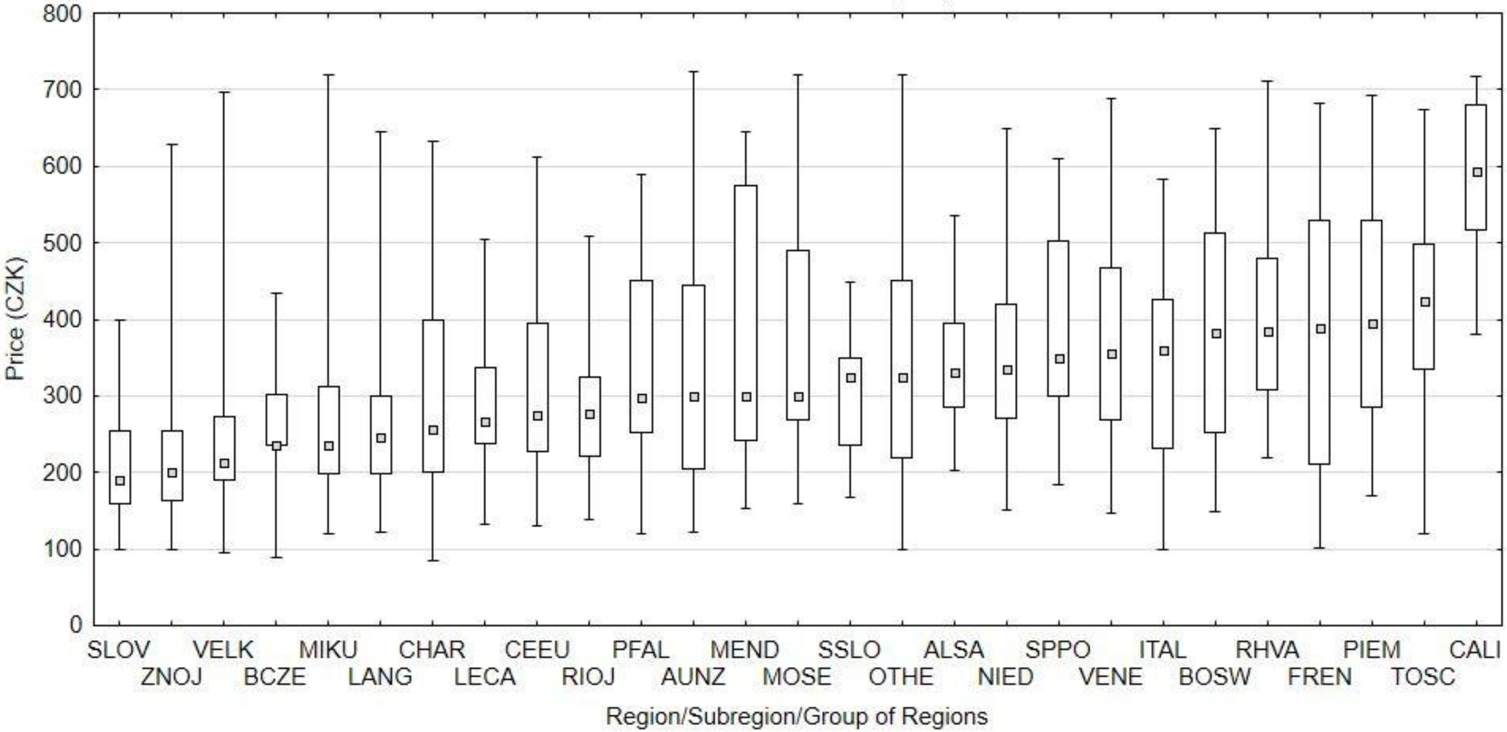
[1] Region abbreviations: ALSA (Alsace), BCZE (Blend of Czech Regions), CALI (California), LANG (Languedoc), LECA (Lesser Carpathian Region), MEND (Mendoza), MIKU (Mikulovsko), MOSE (Mosel), NIED (Niederösterreich), CEEU (Other Central European Regions), FREN (Other French Regions), CHAR (Other Chilean and Argentinian Regions), ITAL (Other Italian Regions), OTHE (Other Regions), SPPO (Other Spanish and Portuguese Regions), PFAL (Pfalz), PIEM (Piedmont), AUNZ (Regions of Australia and New Zealand), RHVA (Rhône Valley), RIOJ (Rioja), SLOV (Slovácko), SSLO (South Slovak Region), BOSW (Bordeaux and South West France), TOSC (Toscana), VELK (Velkopavlovicko), VENE (Veneto), ZNOJ (Znojemsko).

Veneto (for all $p > 0.050$). Significantly statistically different compared to Mikulovsko are only Californian wines ($p < 0.001$), Italian Tuscany ($p < 0.001$) and Piedmont wines ($p < 0.001$), French wines from Bordeaux and Southwest France ($p = 0.019$), Rhône valley ($p = 0.033$) and Austrian Niederösterreich ($p = 0.007$), which is also indicative of the high price of these wines on the Czech market. The Californian, Tuscany and Piedmont wines were generally the most expensive, since they were more frequently statistically different from wines from other regions.

Despite the very low prices of Czech wines (with the exception of Mikulovsko), wines from domestic wine regions are quite well able to cope with the quality of most foreign wines, as shown in Figure 2 and the gray part of Table 1. By their quality, wines from California differed significantly from the Slovácko and Mikulovsko wines ($p < 0.001$) as well as Tuscany ($p < 0.001$), Mosel ($p = 0.039$ for Slovácko and $p = 0.045$ for Mikulovsko) and wines from some French regions. In the case of Znojemsko and Velkopavlovicko wines, there is also a difference in quality compared to wines from Austria ($p = 0.020$ for Znojemsko and $p = 0.002$ for Velkopavlovicko). Wines from Velkopavlovicko also differed significantly from wines from the Rhône Valley ($p = 0.030$), wines from Niederösterreich ($p < 0.001$), Spanish and Portuguese regions ($p = 0.043$) and Chilean and Argentinian regions ($p = 0.018$). Wines from Velkopavlovicko were therefore more frequently statistically different than foreign wines, therefore they were of slightly lower quality than Czech wines from other regions.

In multiple comparisons it can be argued that wines from Italian Veneto are of comparable quality to wines from both Slovácko and Mikulovsko (or even Znojemsko), but they are significantly more expensive than wines from both Slovácko and Znojemsko. The ratio of price and quality for wines from Veneto on the Czech market can not therefore be considered as satisfactory. On the contrary, very good wines with regard to quality and price on the Czech market can be considered samples from the Spanish region of Rioja, the French regions of Languedoc and partly from the Slovak Lesser Carpathian region. These wines, at the same price level as Czech wines, were not able to compete only with Californian and Tuscany wines. Especially Italian Tuscany and American California can then be considered as the highest priced regions, significantly higher than wines from most other regions. On the other hand, the higher price can be considered as justified, since it is accompanied by very high quality.

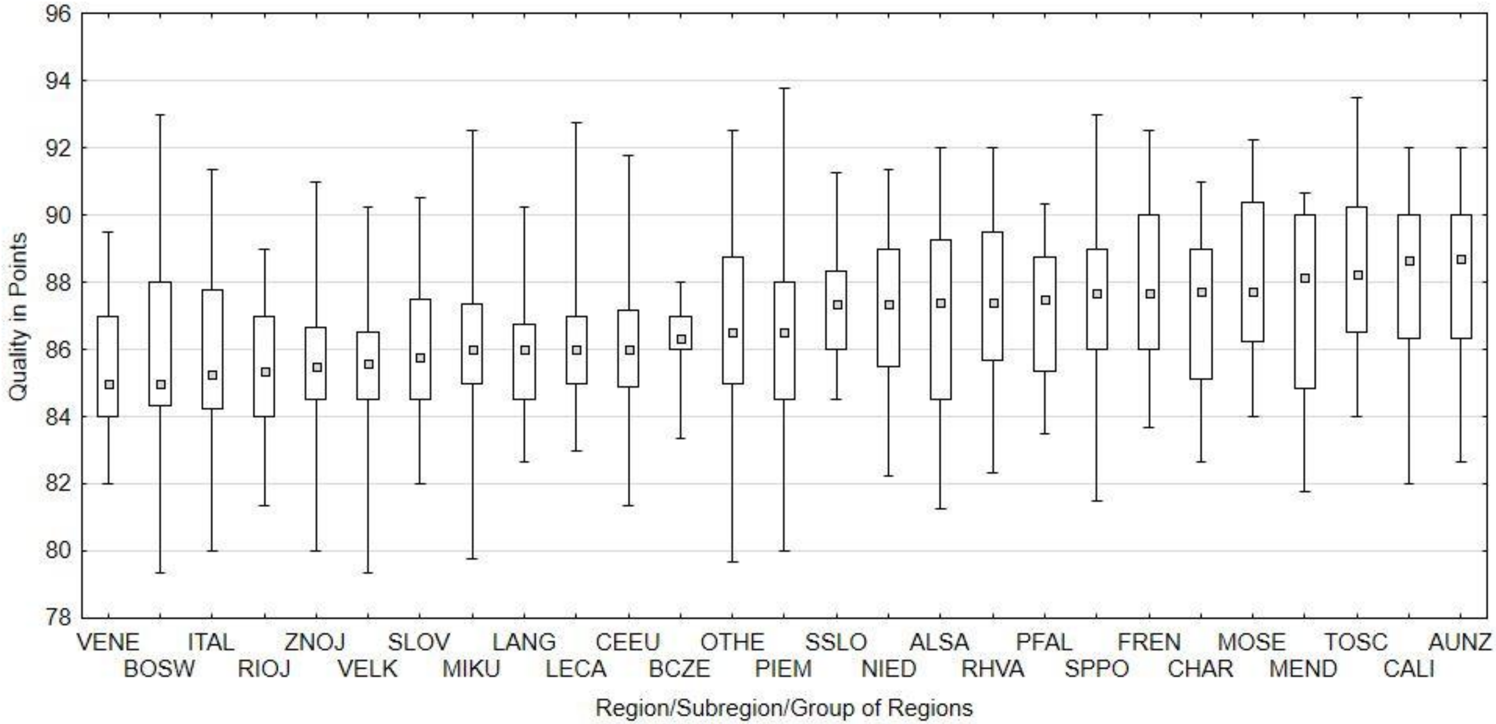
Figure 1: Comparison of price groups depending on the wine region



Note: Each boxplot chart shows the median, quartiles, and range after recoding of outliers

Source: Author's Processing

Figure 2: Comparison of quality groups depending on the wine region



Note: Each boxplot chart shows the median, quartiles, and range after recoding of outliers
Source: Author's Processing

For the most beneficial purchase on the Czech market it is possible to mark wines from the South Slovak Region wine region and wines from some Chilean and Argentinian regions. Although wines can be bought at a comparable price to Czech wines, the quality of these wines is comparable to the best samples from California or Tuscany. The *sui generis* case is then a wine from Australia and New Zealand. Wines comparable to Czech wines can be considered comparable to wines from California or Tuscany, unlike these wines, however, they are not able to surpass much of the rest of the world's wine regions. In this case, it is very difficult to carry out any generalization and the quality of wines from Australia and New Zealand must always be judged in a specific way when compared to other regions in case of Czech wine market.

Discussion

In evaluating the competitiveness of Czech wine regions, it is necessary to distinguish between regions within the Czech Republic, based on the above stated results. These can be divided into 2 basic units according to the quality and the price of the wines. According to the price of wines, wines from Velkopavlovicko, Znojemsko and Slovácko are classified into a cheaper category, while wines from Mikulovsko into a more expensive one. In terms of the quality of the wines, the category of slightly better wines is made up of Slovácko and Mikulovsko and the category of slightly lesser quality wines made up of Znojemsko and even worse Velkopavlovicko. Already at this stage of the statement, it is possible to disagree with Marks (2011), Robinson (2015) or Žufan and Chládek (2008). The above-mentioned authors generalize - whether positively or negatively - the competitiveness of the Czech wine regions, regardless of the distinction between specific regions and the approximation of their specific situation. Thus, Moravian wine regions can be described as competitive, but it is always necessary to specify what region is meant and when compared to what region. Indeed, certain regions are able to produce goods that are at a lower price and equal or better than those from other regions (Porter, 1998).

After evaluating regions' competitiveness through production, the theory of learning regions can be also applied according to Jansson and Waxell (2011). It is possible to assume that wine makers in Slovácko, with a view to achieving higher quality and lower wine prices compared to other Moravian regions, use more innovation and knowledge in the production of their products in line with the theory of learning regions (Lundvall 1992; Lundvall and Johnson, 1994; Reich 2002). Another element of this theory is consistent with the possible high quality of the produced wines. The key role is played not only by the codified knowledge of winemakers, but also especially by the tacit knowledge (Polanyi, 1967). Which is caused by the fact that wine production itself and the ability to judge sensorially its quality are processes that are difficult to pronounce and can be learned mainly by practice. An interesting subject of a research would therefore be the comparison of the tacit knowledge of wine growers from the individual regions of the Czech Republic.

In the light of the above mentioned findings, it is not always possible to agree with some experts (Gergaud and Livat, 2007; Veale and Quester, 2008; Crouch and Quester, 2009) concerning the fact they claim that choosing high-quality wines guarantees consumers a better assurance of the purchasing decision. The results of the study point to the fact that this does not always have to be the case, although at the most expensive Californian and Tuscany wines the high price was consistent with high quality. However, there is an acceptable opinion of the experts that the wine region has an influence on the price of wine (Oczkowski, 1994; Remaud and Lockshin, 2008, Casini et al., 2009, Panzone and Simões, 2009, Orth and Stöckl, 2013) confirming the statistically significant difference in wine prices depending on the region of origin.

Nor does it seem possible to agree with Nowak (2012), who challenges the concept of terroir and protected geographical indications (or protected designations of origin). Within individual wine regions in the Czech Republic, there can be a significant difference in quality, especially due to the production of wines in the Mikulovsko and the Slovácko subregions. In this respect, it is possible to agree rather that the division into individual wine subregions under the Wine Law can provide consumers with a variety of choices according to the required quality (Delmastro, 2005) and therefore consumer confidence can be based only on trust, or actually their faith (Zagata and Lošťák, 2012) in the specific region set by the institutional framework.

Assuming the findings of Landon and Smith (1998), it is possible to concede that slightly higher prices of wines from Mikulovsko can be due to the already known fact of higher quality of these wines among the consumers themselves. A collective reputation can therefore play a key role, not only with consumers themselves, but also with evaluators who have assigned a point rating to the wines used in this study. Different interpretations of quality due to social constructivism by Czech evaluators may be one of the reasons for the relatively poor evaluation of wines from Veneto in Italy, which can otherwise be considered very high quality (WSET, 2012). On the other hand, it is possible to discuss the merits of significantly higher ratings of wines from California and Tuscany than wines from the Czech Republic. The evaluators themselves, wine makers, wine importers and other experts, are often part of a social group that can construct a concept of quality and style (Bourdieu, 1984; Lockshin, 2003). Persons within this group can also put some pressure on each other connected with certain expectations of wine quality (Thompson and Vourvachis, 1995). It is therefore difficult to accept the full objectivity of quality assessment (as opposed to price comparisons).

Conclusion

The competitiveness of the wine regions of the Czech Republic must always be distinguished with regard to the specific wine region due to the considerable differences among the wine regions themselves, taking into account the price and quality of the wines from these regions. On the basis of the established facts, the Czech consumer, who has no knowledge of particular wineries and the overall quality of production and intends to buy Czech wine, should be advised to buy wine from the Slovácko wine-growing subregion. These wines were found to be higher quality and lower price after the statistical testing.

Although it is possible to regard Slovácko as a highly competitive wine region when compared to most of the foreign regions, if the region is compared with some foreign wine regions, it does not occupy such good position on the Czech market. Slightly better position is gained by wines of the same price but of higher quality from the regions of Rioja, Languedoc and wines from the Lesser Carpathian region. The equally expensive wines of South Slovak Region and some Chilean and Argentinian wines gain much better position. These wines, which are on the Czech market at the same price as domestic production, are able to compete with the highest quality wines.

When looking for a reason for higher quality of wines from Mikulovsko and Slovácko, it is possible to use an explanation for example with the theory of learning regions or to consider the influence of the social construction of quality of wine on the evaluation of the tasters. A higher price of wines does not always mean higher quality, but it varies depending on the wine region. On this basis, the terroir concept can not be ruled out as unfounded, so it is possible to coincide with the use of the concept of institutional quality.

Future research should, in particular, be of a qualitative nature to uncover the way social construction of wine within winemakers' community and consumers themselves. The results of this study are an important basis for carrying out further research and will serve to substantiate the selection of certain wine regions in qualitative research, the findings of which will be retrospectively compared with this study.

Appendix

Table 1A - Multiple Comparison in Quality and Price of Wines by Wine Regions with Marked Statistically Significant P-Values

	SLOV	ZNOJ	VELK	BCZE	MIKU	LANG	CHAR	LECA	CEEU	RIOJ	PFAL	AUNZ	MEND	MOSE
SLOV	*SLOV*													.039
ZNOJ		*ZNOJ*										.009		.001
VELK		.022	*VELK*				.018					.002		.000
BCZE				*BCZE*										
MIKU					*MIKU*									.045
LANG						*LANG*								
CHAR							*CHAR*							
LECA		.008						*LECA*						
CEEU	.006	.000	.021						*CEEU*					
RIOJ										*RIOJ*				
PFAL	.043	.012									*PFAL*			
AUNZ												*AUNZ*		
MEND	.027	.007											*MEND*	
MOSE	.000	.000	.001											*MOSE*

Note: .000 values are p <0.001; testing at significance level α = 5%; statistically insignificant values are not included

Source: Author's Processing

Table 1B - Multiple Comparison in Quality and Price of Wines by Wine Regions with Marked Statistically Significant P-Values

	SLOV	ZNOJ	VELK	BCZE	MIKU	LANG	CHAR	LECA	CEEU	RIOJ	PFAL	AUNZ	MEND	MOSE
SSLO														
OTHE	.002	.000	.008											
ALSA	.001	.000	.005											
NIED	.000	.000	.000		.007									
SPPO	.000	.000	.000											
VENE	.000	.000	.000											
ITAL	.002	.000	.009											
BOSW	.000	.000	.000		.019									
RHVA	.000	.000	.000		.033									
FREN	.000	.000	.000											
PIEM	.000	.000	.000		.000	.023								
TOSC	.000	.000	.000		.000	.036								
CALI	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.005		

Note: .000 values are p <0.001; testing at significance level α = 5%; statistically insignificant values are not included

Source: Author's Processing

Table 1C - Multiple Comparison in Quality and Price of Wines by Wine Regions with Marked Statistically Significant P-Values

	SSLO	OTHE	ALSA	NIED	SPPO	VENE	ITAL	BOSW	RHVA	FREN	PIEM	TOSC	CALI
SLOV										.026		.001	.001
ZNOJ				.020						.000		.000	.000
VELK				.002	.043				.030	.000		.000	.000
BCZE													
MIKU										.015		.000	.000
LANG												.021	.010
CHAR													
LECA												.036	.031
CEEU												.005	.005
RIOJ												.016	.013
PFAL													
AUNZ						.027							
MEND													
MOSE						.007							

Note: .000 values are p <0.001; testing at significance level α = 5%; statistically insignificant values are not included

Source: Author's Processing

Table 1D - Multiple Comparison in Quality and Price of Wines by Wine Regions with Marked Statistically Significant P-Values

	SSLO	OTHE	ALSA	NIED	SPPO	VENE	ITAL	BOSW	RHVA	FREN	PIEM	TOSC	CALI
SSLO	*SSLO*												
OTHE		*OTHE*											
ALSA			*ALSA*										
NIED				*NIED*									
SPPO					*SPPO*								
VENE						*VENE*				.006		.000	.000
ITAL							*ITAL*					.007	.006
BOSW								*BOSW*				.014	.011
RHVA									*RHVA*				
FREN										*FREN*			
PIEM											*PIEM*		
TOSC												*TOSC*	
CALI	.003	.006		.018			.023			.006			*CALI*

Note: .000 values are p <0.001; testing at significance level α = 5%; statistically insignificant values are not included
Source: Author's Processing

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EMPLOYEES' BENEFITS AND THEIR CONTRIBUTIONS TO BOTH EMPLOYERS AND EMPLOYEES

JEL classification: G28, K2

Abstract

Employees are a source of income for their company. Employees look for work according to various criteria – whether they are enough professionally prepared and whether they will be remunerated sufficiently. Unlike in the past they are no more satisfied only with suitable working conditions, they require something extra. Some employees prefer a nice view from the office window, others an easy access to their working place. Their decisions are influenced by company perks – a car, non-limited phone tariffs, social benefits, health insurance, extra holiday. A standard motivational tool is a provision of catering on the company premises or in a form of meal tickets. To obtain something extra equals a basic salary offer. Modern HR management does not deal only with spotting a suitable employee, they have to offer something extra that will highly motivate employees and their performance for the company. The following paper presents motivational tools and impact on their implementation in favour of employers, as well as employees. It focuses on the issues of employees´ benefits.

Key words*: employees' benefits, motivation, tax savings, meal tickets*

Introduction

An employee is indispensable for his/her company. The company would never reach its results without their employees active participation in the transformational processes. The company production thus depends on its employees, and employees gain sources for their existence. There exist mutual relations between the company management and their employees. One of the most relevant conditions of a functional system should be mutual satisfaction. Employers gain required and qualified work from their employees, and employees obtain their remuneration for their well done work. The relation based on this elementary reciprocity has not been sufficient for a longer period of time. Employees represent corporate wealth for their company. It is important for employers to find qualified employees, however these are well aware of their ‘value’ and in case they are not satisfied with offered conditions they change their employer. An employee is satisfied provided that (s)he feels to be significant for their company. An employee gives up in case (s)he feels to be just an item in the company hierarchy who is expected to secure trouble-free company processes and who fulfils their duties while being one of the total number of employees only. In such circumstances an employee decides to seek better conditions at competitors. To gain devoted employees means to motivate them. This can be succeeded through higher productivity and interest in mutual goal. The more an employer dulcifies their employees, the better results can be expected. The following paper presents, with the help of the method of description, the advantages that are beneficial for employees. The aim of the paper is an analysis of their advantages for employees, as well as their evaluation, including their positive impact of the company’s efficient performance. If employers set the benefits in favour of employees their expenditures decrease and contribute to higher profits. In order to implement the aim an analyses of the studied issue is carried out based on available sources. On the basis of obtained information with the help of the comparative method tax advantages and disadvantages of selected benefits are assessed from the point of the income tax valid for employers as well as for employees. The paper is based on secondary statistical data consequently elaborated on the basis of current legislative norms culminating in to final summaries.

Methods and Materials

Benefits as Motivation

A concept of the employee’s benefit generally represents an advantage provided by an employer to an employee beyond their regular remuneration (Macháček, 2010). An offer of benefits is quite wide. To meet requirements of all employees is rather complicated. It is not easy for a modern HR manager to find a suitable combination of benefits. Companies should know what their employees prefer. A timely response to the employee’s individual needs may become decisive while considering their remaining in the company. There is no need to look for another job in another company if an employee might be deprived of a particular benefit. The system of benefits has undergone through its development. Tomáš Baťa was a promoter of the utility of motivation tools enhancing performance and abilities. His houses built from red baked bricks that he built for his employees are well-known. Baťa’s school of work facilitated qualification increase, his employees thus could develop their abilities and skills, above all their performance and its impact on the employees’ s wage. He took care of his company’ s catering system, offered his employees health care, cared for their leisure time activities. The employees had a feeling that their accompany does something extra for them and in return they showed their loyalty for their employer (see more on http://www.businessinfor.cz/clanky/zamestnanecke-benefity-a-dane.cz, citation on January 17,2017). After 1989 many Czech companies got acquainted with different benefits and imitated foreign companies. In the time of rather low unemployment companies tempted employees with a series of benefits. During 2008 – 2009 crisis the benefits undergone a turbulence of their reduction due to a decrease of economic results. Nowadays particular forms of advantages have become stable. Employees are offered different advantages as a form of a stable element even in the situation of quite a high unemployment. We can observe this trend especially with the groups of middle and higher managerial positions, in the field of finance and accountancy, as well as in the sector of sales and marketing. To attract a qualified employee has been, for a quite long period of time, the most complicated process in technical fields and also in the sector of information technologies. Current advantages and according to current unemployment level they are perceived as a tool for creation of permanent working teams which are more competitive and not only a bonus. The interest in employees distinguishes a particular company from other firms, however, it is not the matter of the advantages quantity but rather of the company ability to aim at the requirements and satisfaction of its employees. Companies that can motivate their employees reach, according to surveys up to 21% higher productivity, roughly about 37% lower absence and what is very important, it is staff turnover that has decreased by 65% (Source: Gallup 2012, 1.4 mill. employees from 192 organizations from 34 countries of the world) - (http://cz.benefity.sodexo.com/benefit.cafeteria, citation on January 16,2018). In case the company does not offer attractive benefits its employees even do not notice their cancellation. To make the system of benefits functional the company management has to take care of its employees, to communicate with them and primarily create the company culture. An employee who is proud of the company brand will be motivated and interested in the company prosperity. In such atmosphere the company has an opportunity to support its employees in reaching higher performance with the help of benefits.

An employer has to monitor current trends in the labour market. A company should offer adequate remuneration that should correspond with the level of company wages and should be comparable with the level of wages for the same positions in other companies. It is important to consider a tangible performance of individual employees when setting the level of a wage. Apart for a competitive wage the company can offer its interesting benefits. Someone prefers pleasant working environment, others may appreciate a nice window view from their office table, other employees might be influenced by the colours in their office, furniture design, etc. The most frequent benefits are connected with the company catering provisions either on the company premises or in a form of meal tickets. Various vouchers for purchase of services and goods, a company car (including its private use), language and qualification skills courses, above-standard medical care belong among the favourite benefits. Other advantages can be contributions to children's camps, extra holidays of one to two weeks, pension and life insurance, organization of various cultural events. Total listing of advantages is quite extensive, each company offers its own packet of benefits. Our paper is aimed at the presentation of particular types of benefits from the point of view of both an employee and employer. We will try to reveal the advantages of benefits for both parties.

It is possible to differentiate special levels of benefits influence on employees. **Stabilizing benefits** influence stability of employees. Employers offer a wide range of benefits. That is why it is necessary to sophisticatedly pursue the quality of benefits. For example, if a competitive company offers a higher value of meal tickets, employees will not leave the company in case they are satisfied in their firm, if they work in a good working team and if they like their job. A regular research of the market is important, companies observe standard benefits offers as well as employees' needs. Qualified internal promotion of offered benefits may help to make benefits a success. **Motivation benefits** are aimed at both higher and above standard performances and are related to particular positions. Completion of a qualification or a language course may be a strong impulse for an employee if (s)he is satisfied with their career. These benefits, as a rule, are financially more demanding. They contribute to a better qualification of employees, they are highly motivating. These benefits are clear, defined and directly aimed at a particular group of employees. They concern self-actualization which is guaranteed by an employer. Packages, advantages that are linked with a particular job position reflect the employee's status. **Status packages** include luxury company cars, entitlement to a particular product brand, a top quality notebook or telephone, it can also be an entrance permission to designated areas. These advantages are based on an individual approach to a particular employee. If we analyze current trends, employees uniquely consider an extra week holiday as a favourable advantage. Flexible working hours have become popular, too. Such flexibility is important not only for mothers of little children, but also for senior employees who want to devote their time to other activities. Some employees appreciate an opportunity to work at home, they do not mind to work late in the evening after they fulfilled, for example, their parental duties.

Results

Benefits and Tax Advantages

Employees' benefits may be offered in monetary or non-monetary forms. Generally we deal with an advantage above the employee's wage. There exists a big difference between them concerning their impact on tax payment both on the employer's and employee's part. From this point of view we can observe several variants that will help to decide which benefits the company chooses. The aim is a choice of the most suitable variant that will suit both an employee and employer (Pelc, 2011). The principle of decision necessary for an introduction of a particular benefit is its tax impact on the income tax. From this point of view we can observe four groups of benefits.

1) **Tax maximum advantage** – benefits that stipulate tax cost for an employer and at the same time they are a tax-free income for an employee (e.g. company catering up to a limit according to the legal norms, benefits on pension and life insurance up to 50.000 Czech crowns per year, etc.).

2) **Tax advantage benefits** are a non-tax cost for an employee, however they are not paid from their social and health insurance (non-financial payment in a form of a benefit on education, culture, sport, entertainment, health care, etc.).
3) **Tax neutral benefits** are alike of which the regime of taxation is the same as of wages (paid for fuel and private issues, company car perk for private use, payment of temporary employees' accommodation over a limit of 3.500 Czech crowns per month, etc.).
4) **Tax non-advantage benefits** are non-tax cost for an employer and on the employee's side they are fully taxed and paid (e.g. recreation provided as a non-financial payment over-exceeding the sum of 20.000 Czech crowns per year].

The following table compares four variants of monetary benefits, namely, how much the company will have to spend on monetary funds in case that the provided advantage will increase the net employee's income by 1,000 Czech crowns. The advantage of a particular benefit depends on the employee's duty to pay from the net income increase the income tax, as well as the social and health insurance. On the employer's part, as for the offer of a particular benefit, it is decisive that the tax payment is regulated and the benefit decreases the company tax duty as of a legal person.

TAB. 1: Taxation of benefits

Variant	Increase in net income	Employee's income tax	Employee's insurance	Non-tax expense	Tax expense	Total expense
I.	+ 1000	yes	yes	yes	no	+ 1851
II.	+ 1000	yes	yes	no	yes	+ 1576
III.	+ 1000	no	no	yes	no	+ 1000
IV.	+ 1000	no	no	no	yes	+ 810

Source: self-processed (in more detail "Benefits for Employees", May 14,2016)

Valid norms were used to calculate social and health insurance of an employee from a so called super gross wage. Tax prepayment is regulated by the Law No 586/1992 Collection of Laws, Income tax. It is evident that the differences are huge, the least advantageous is the offer of a benefit that is due to income tax and insurance for an employee. As for the employer's part it is not considered to be an eligible expenditure. The most convenient benefit is the tax-exempt benefit and at the same time it is a tax deductible expenditure for an employer, that means the fourth variant. An example of the most convenient benefit is the system of flexible working hours, that costs nothing and results in maximum satisfaction and performance.

Employees' advantages have to be convenient for both employees and employers. There exists mutual consensus. An employer prefers a higher wage, an employer participates in the process of costs savings. The mutual connection is presented in the following table.

TAB. 2: Tax advantages of benefits

Type of benefit	Taxation of employee	Tax, validated expense of employer	Note Required conditions for validation
Protective aids, clothes, shoe-ware	no	yes	Protect employees against risks, do not impede in performance
Protective beverages	no	yes	Regulated by government No 361/2007 Coll.
Company preventive medical care	no	yes	Preventive, commencement, regular, extra, periodical, final medical exam
Professional growth, requalification	no	yes	Courses, training, study / connected with company activities
Catering provided by other subjects, by employer	no	yes	Tax expense is due to catering establishment, not food-staff price. Tax, expense-contribution to catering provided by other subjects up to 55% of meal ticket value.
	no	yes	Compensation of travel expenses
Insurance, supplementary insurance, savings	no	yes	Up to level settled in collective agreement, labour contract. For employee max. up to 30,000 Czech crowns
Temporary accommodation outside employee's permanent accommodation	no	yes	For employee non-tax and non cash income, max. up to 3,500 Czech crowns/month, for employer regulated by collective contract or by internal rules.

Source: self-processed, (in more detail "Advice, Tips", May 4, 2016)

It is evident that if particular legal norms are abided, provisions settled in a collective contract or in a system of internal rules, an employer can increase their employees income in a non-monetary form and in some cases such as an increase can be substantial. An employer gains a tax saving through the decrease of a tax base for calculation of an income tax of a legal person. As an example of a progressive motivational tool can be given in a form of a pension and life insurance benefit. The advantages for both involved subjects are presented in the following table.

TAB. 3: Tax savings of pension and life insurance benefits

	Wage increase in Czech crowns	Insurance bendit in Crowns
Increase amount	1000	1000
Social and health insurance and employee's income tax	311	0
Employer' s social and health insurance	340	0
Employer's social cost increase	1340	1000
Employee's income increase	689	1000

Source: self-processed in accordance with valid legislation of the Czech Republic

The most frequent benefit is a provision of meal tickets for employees provided by an external subject. This advantage system is demonstrated in the following table.

TAB. 4: Meal tickets for employees

	Wage	Wage + financial remuneration	Wage + Meal tickets
Number of shifts	21	21	21
Nominal value of a meal ticket		100	100
Value of a financial remuneration/meal ticket (55%)		1155	1155
Gross income	22 000	23 155	22 000
Employee's insurance (SI 6.5 + HI 4,5 %)*	2420	2548	2420
Employer's insurance (SI 25 + HI 9 %)*	7480	7873	7480
Tax base	29480	31028	29480
Advance tax	4422	4655	4422
Tax rebate	2070	2070	2070
Net wage	**17228**	**18022**	**18383**
Employee's monthly profitability		**794**	**1155**
Employer's annual profitability		**9528**	**13860**

Source: self-processed in accordance with valid legislation of the Czech Republic

Similar situation occurs on the employer's part who will prefer an increase of a remuneration in a form of meal tickets. There is no increase of the base for the payment of social and health insurance from the volume of wages (it creates 34% of the gross income volume). Financial operations management has to deal with payment of meal tickets of 55% its nominal value, however, it is considered as a tax admitted cost. An employer considers the rest of 45% as employees' participation in the system of catering. Table four demonstrates the system of accounts.

TAB. 5 Meal tickets accounting

Operation	Czech crowns	Debit credit	Paid
Meal tickets purchase in cash	3000	213 – meal tickets	211cash register
Meal tickets provided to employees (55% value) (45 % value)	 1650 1350	 527 – legal social cost (tax) 528 – other social costs	 213 meal tickets 213 meal tickets
Employees paid adequate amount	1350	211-cash register	648-other operating yield
VAT duty (15%) included	202.50	211 register	

Source: authors: Levičková, Smotlachová, 2011

It is provable that thanks to tax benefit of meal tickets as an investment into employees by a half (appr. 48%) is more favorable than investments into wages. Catering services contributions are the most frequent benefits. According to Sodexo Gastro Pass company there are 1.3 million employees in the Czech Republic who are provided meal tickets by their employers. The tickets can be used in more than 30,000 restaurants and other contracted subjects in the whole country. And it is also provable that employees who prefer healthy diet succeed more efficient performance, by almost 66%, compared to those ones who do not care too much about their health condition. The data were elicited in the ppp factum research in 2014 and Brigham Young University studies in 2013 (Meal tickets Sodexo Gastro Pass for employees – a favorable benefit, quotation, June 24, 2016).

The change of the catering interval of 78 – 93 Czech crowns (business trips of 5 – 12 hours for 2018) approved by the Ministry of Labour of the Czech Republic is reflected in the most favourable rate of meal tickets. Maximum amount of the tax-admitted bonus reaches 70% of the business trips catering value. That is 65 Czech crowns of 93 crowns value. If the amount of 55% out of 65 crowns amount of meal tickets (in accordance with the income tax) is verified , the rest of 45% (53 crowns) is paid by an employee. The most favourable amount of a meal ticket is 118 Czech crowns. The value increased by 9 crowns compared to 2017 (118 Czech crowns). Source: https://www.novinkz.cz/kariera/45869-nejvyhodnejsi-stravenka.cz, citation of January 15,2018. This trend copies the increase of lunch prices. An average spending on lunches in a restaurant was higher than 109 crowns in September

2017. The Edenred company that issues Ticket Restaurant cards carried out a statistical survey last autumn concerning payments of over 70 thousand domestic employees within 11 – 14 hrs. who pay by the card. The results show that an average amount paid for a lunch is about 109,20 Czech crowns that represents an increase of 5,50 crowns compared with September 2016. An average spending fluctuates between 99,90 crowns in the town of Olomouc and 121,60 in Prague (September 2017). Source: https://www.novinky.cz/ekonomika/45293-obedy-v-restauracich-znovu-podrazily, citation of October 25, 2017. The reason for higher restaurants prices is connected with the prices of ingredients. Providers defend their price growth due to the introduction of the electronic evidence of sales system. Finally the studied trend shows that at the beginning of the year a range of companies were made increase meal tickets values. Quite a number of companies that share this standard and popular benefit of meal tickets are considering higher prices. A good economic situation of firms encourages various possibilities of price increase.

Edenred CZ, Ltd. Companies offer classical meal tickets – Ticker Restaurant. Lidl meal tickets, p.t.c. offers their product "Our Meal Ticket", UP Czech Republic, Ltd. Offers meal tickets - CHeque Déjeneur. Sodexo Pass ČR distributes Gastro Pass. Electronic meal tickets are becoming trendy. They should help to do away with some shortcomings of classical meal ticket connected with change return, impossibility to pay in all shops, etc. The above mentioned companies, together with some other ones, have already introduced this system of payment. The Ticket Restaurant online payment (daily limit 500 Czech crowns) introduced by the Edenred CZ company is one of the examples.

Discussion

There exist lots of benefits. One of the most favourable remuneration for employees is a cafeteria system. It is possible to compare it with a buffet catering arrangements. Diners can choose what they like considering their budget limits. In principle we talk about advantages offered for different activities, sport, education, cultural events, travelling, etc. The digitalization development has been reflected in a range of benefits offers. As a result of this trend companies can conclude various contracts providing a number of varied experiences. A choice according to one' s own decision is implemented in accordance with the limit any time within 24 hours a day, and that is very attractive for employees. All steps are implemented via electronic application. This modern form is presented as an e-benefit. From the administration point of view this form is easy to be handled, as for its prices it is also easily accessible due to increasing competition among the providers of these benefits. The fees employers have to pay for this electronic cafeteria are much lower compared with the classic form. Changes in life-style of young ad mid-age generations are aimed at preferences of free-time e-benefits, e.g. fitness centre visits, massages, sauna, wellness weekends, etc. The most frequent form of benefits allocation is on health care, prevention, in case of higher budgets they spend them on various training courses and travelling.

Employees do not receive benefits automatically, their provision depends on their employers, their fulfilment of duties, all what guarantees employees' motivation power. This system is fair and clear, that is its advantage and popularity. Employers do not have to pay social either health insurance. The demand utility is optimal, the administration system is simple. When purchasing tickets for cultural or sports events it is possible to use the system of volume discounts. The system of coupons is beneficial for employees too, they do not have to pay insurance, their choice depends on their own decision. It is easy and flexible to obtain both tickets and coupons.

Employees' benefits do not have to be linked with large companies only which are richer than the small ones. Employees of small companies can also receive a lot of benefits because individual personal issues can be discussed in a smaller team who can spot, in a better way, employees' needs and problems, as well as the wishes of new job applicants. A disadvantage of a small company can become its advantage in the end. Closer relations between the company management and their employees can become a positive phenomenon. Moreover, small and medium-sized companies can offer home office work quite easily, flexible working hours, and also paid sick days. These advantages can strongly motivate employees. Especially young mothers welcome these advantages, they would not lose their contacts with the employer, they can take care of their children according to their vision. A company is not threatened by a necessity to seek and train a new employee which means higher expense. In principle, provided benefits do not burden the company's budget too much.

Conclusion

The labour market has recorded various changes recently. According to predictions a number of different specialists in various fields, especially those who specialize in technical fields is growing. This trend was already obvious in 2016 and continued last year too. It is clearly evident from the level of unemployment in the Czech Republic. (2016 is changing the Czech labour market"- quotation 2016, for more see Czech Statistical Office – macroeconomic data). Job applicants will begin to choose their future employer. Companies will have to invest into their employees' career. Employees will not be satisfied just with telephones, even an extra holiday will not be a special hit when applying for a job. Applicants prefer companies that provide home office system, flexible working hours, other advantages are taken for granted. HR managers will have to respect this trend. Employees' benefits belong to one of the forms of advantages. Employees like them, and expect to get them. In order to attract clients companies hawk a number of benefits, e.g. right to a product for a lower price, different services quality, etc. Advantages surround us everywhere in our life, they have become a common marketing strategy of companies. Our decisions are quite influenced – shall we get some advantages and which ones? Companies fight for their satisfied clients and employers support their employees' satisfaction through provisions of different benefits. Employers' main aim, from this point of view, is to reach maximum performance of their employees.

The main aim of the benefit system is its economy. Employees' benefits based on current legislation of the income tax bring advantages to employers as well as to employees. In many cases we deal with high amounts of costs savings on the employers' part and at the same time employees receive higher financial and non-financial benefits. The existence of these advantages is positive for both involved parties. Thus we can expect that new forms of the advantages will be created in order to meet entrepreneurial as well as legislative environment requirements.

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MANAGERIAL COMPETENCIES AS AN INTEGRAL PART OF CORPORATE CULTURE OF HOTEL MANAGEMENT OF FRONT OFFICE

***Abstract*:** Front Office plays a critical part in Tourism and Hospitality Industry. This is because of the fact that the front office is the first and last point which interacts with the client. Front office called so because they are situated at the front near the entrance of the hotels. Any information related to the customer can be obtained from the front office of the hotel [28]. The front desk can assist in giving help to the customers and direct to the correct person for solving the complaints. Managers play important roles as they plan, organize, manage and control all business activities. Good managers ensure the efficient work of their employees, meeting the company's goals and providing quality customer service. Enhancing knowledge about managerial competencies and attributes is important to a tourism and hotel industry professional. Knowledge of the necessary managerial competencies is also useful for modifying existing, and proposing new educational programs aimed at professionals in the field of hotel management [29]. The question is what manager is "good". What characteristics, personal features, work experience, and knowledge they must have. It is assumed that the knowledge and development of managerial competencies contributes to increasing the company´s key personnel performance and, finally, to increasing the overall productivity of the company. With knowledge of managerial competencies, the company will take on the right staff to appropriate positions, will optimize the career and personal growth of employee and improve the employee assessment system.

Keywords Management, Competence, Hotel Industry, Human Resource Development, Corporate Culture, Front Office

***JEL* classification** J53,Y32

Introduction

The representatives of Managing by Competencies (MbC), Plamínek and Fišer even claim that competencies form the basis of company performance [1]. If there are problems in the company, they are mainly caused by insufficient competencies. Competence management is based on the use of Competency Models that allow us to compare existing and required competencies of staff with respect to the problems that may arise if existing competencies are insufficient to meet the requirements. For the above reasons, the competence analysis is a very important area. Managerial competencies analysis is even more important because quality management is crucial for business success. Managers' activity is important not only for manufacturing companies but also for service organizations, with different managerial competencies. In production companies such managerial competencies as the ability to manage processes, knowledge of finance and manufacturing technologies are essential.

Materials and Methods

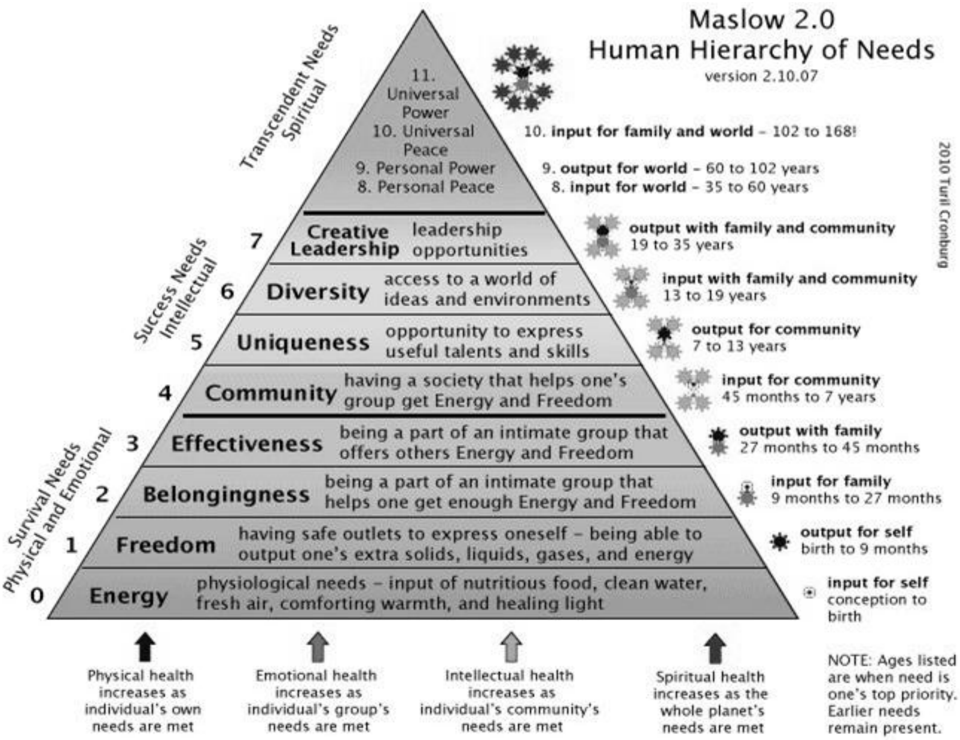
1.Objectives

The aim of the paper is to create a competence profile of hotel managers on the basis of questionnaire survey results focused on hotel management. The aim of the presented study is using following methods: primary and secondary data analysis, questionnaire survey, description and synthesis. The questionnaire survey was conducted in order to reflect different respondents' views on the competence profile of hotel managers. The questionnaire was submitted to Prague hotel managerial staff dealing with the Front Office section. The questionnaire contained closed questions. The result of this study is a comprehensive analysis of the competence model for the chosen management position and the design of measures aimed to achieve these competences to be presented to hotel management.

2. Theoretical Specification of Solved Problems

The manager performs different functions in the hotel, for the purpose of this study one managerial position (Front Office Managers) is selected and a corresponding competency profile is being created [29]. The Front Office section is the place of the very first contacts between the hotel staff and a guest, as well as the last one at checking out. The Front Office staffs include both managers and rank-and-file employees, mainly Reception and Concierge services. During guests’ stay, Front Office staff has to manage a variety of functions, linking different hotel departments to provide guests with all the services they require [26]. Front Office work often creates the first and the final impression of the guest, which is essential for the hotel as a service company. So what does the front office manager need to know, to really be a professional fulfilling the hotel strategy and effectively meeting the needs of the guests? The presented study deals particularly with the competencies of Front Office Managers [30]. Front Office ensures initial contact with the guest. It is Reception including a check-in desk to register guests, to solve their requirements, to carry out a check-out process, to communicate with other hotel sections if necessary handing over guests´ requests, i.e. to coordinate various guests services. In addition, Front Office includes lobby services provided by Concierge service. In Front Office there are the Front Office Manager Head (FOM), or his/her assistant, receptionists, doormen, baggage porters, and others [30].

The classical school of management has been remade and there is a new opinion stream of management - the School of Human Relations. Her founder, psychologist and sociologist George Elton Mayo (late 19th - early 20th century), claimed the importance of informal elements of the organization, motivating workers by social relationships and the importance of teamwork [2]. Thus, two other important functions of managers were allocated: economic and social. The economic function is focused on maximizing profits, the social function on creating working teams. Since the late 1950s, the School of Human Relations has been transformed into a behavioural school. The fundamental difference between a school of behaviourism and a school of human relations is its focus not on the formation of interpersonal relationships, but on increasing the effectiveness of each worker and the whole organization by influencing human behaviour. An important contribution in the theory of behaviourism was made by A. Maslow (1908-1970), known for his pyramid of human needs.



: Cronburg, T., 2010

Figure 1. Maslow Human Hierarchy of Needs

In addition, Douglas McGregor stated that the pyramid of every employee's needs is influenced by his personality, character, etc. Examining human behaviour and thinking of the company´s employees represents the key role of a manager determining is/her individual style of managing. According to Gregory's theory, each manager should create conditions for work in a company where workers feel good, do not need strict control, work independently and responsibly, show initiative, and connect their own interests with corporate goals [3].

At present, more and more managers are renouncing commanding methods of management, and their ability to motivate and influence subordinates through their charisma and personal qualities becomes more important. Thus, the traditional concepts of managerial functions are changing: less effective are management functions of managers, more effective those of influence, persuasion, etc. [4].

Dostál states that the current trends also influence the process of managerial decision-making - this function is enriched with new technological possibilities, development of psychological and social approach to work with people, the emergence of new methods, aids, drawing of past experience, etc. [5].

In our view, however, all the changes in question and the impact of globalization exert far more pressure on managers who are forced to constantly improve their expertise and capabilities (especially communication skills and leadership qualities). In order to exercise his/her power, the manager must be able to generate interest in what he/she is talking about, and must be able to persuade and inspire. Veber points to the need for the manager to think conceptually, manage strategically, be open to change and new things [6]. On the other hand, Dvořáková argues that all the roles of a manager must lead to an "effort for perfection" [7].

3.Managerial Roles

Managers' functions are closely linked to managerial roles. Managerial roles result from the position and authority of managers. H. Mintzberg presents the division of managerial roles into ten types and he classified them into three groups (Figure 2) in the 1970s. Notwithstanding the fact that he was the author of this division, he emphasized that this classification is rather simplified and subjective. These ten roles form a whole, and the absence of any role raises the negative consequences of the manager's work. Moreover, these roles are a joint work of all managers in the company, as Cejthamr says [8].

Source: Wisdomjobs.com

Figure 2. Managerial roles according to Mintzberger

Managers' roles are, according to Mintzberger [8] interpersonal / interpersonal roles: the role of the leader (the manager presents and formally symbolizes part or the whole organization), the role of the boss (the manager is responsible for performing certain activities, motivation and leadership), the role of the liaison (the manager supports horizontal relationships between subordinates and superiors, between the internal environment of the company and the outside one, etc.); information role: the role of the supervisor (the manager searches for and receives official and unofficial information from internal and external sources), the role of the information disseminator (the manager transfers information from the outside environment to the company and internal information among the employees), the role of the spokesperson (the manager delivers information to the external environment of the company, to the public, leadership and interest groups); - the role of decision maker: the role of the entrepreneur (the manager can look for a better solution for direction changes in the company, for better use of existing opportunities and problem solving, this role can be delegated to other employees) [27]. The role of the adjuster of the defects (devising measures to solve the unwanted and unexpected situation in the company), the role of the resource distributor (the manager decides on the delegation of work and the distribution of resources (time, labor, resources, finances), and he/she inspects the practical execution of his / her decisions), the role of the CEO (based on availability of information sources, formal authority and responsibilities the manager participates in negotiations with different persons or companies).

4.Manager’s Profile

Lojda emphasizes that the manager is the person who has the highest responsibility for planning, organizational, management and control processes in the company [9]. Griffin states managers are also responsible for combining and coordinating all corporate resources (personal, financial, physical, and informative) to achieve corporate goals. They use their knowledge and skills to do so [10].

The properties of the manager that help him lead people can be divided into inborn and acquired [11]. Given that each personality has individual features, the concept of a manager is rather complex and must take into account various factors. For this purpose, it is necessary to define the notion of a person´s personality. According to Lojda, the personality is a collection of more elements [9]. Certain features of the personality are relatively stable, for example temperament. Unlike the attributes of competence, they are less stable, but they can be developed, on the contrary, the features are very difficult to change. To meet the management's goal (ensuring long-term growth and prosperity for a company), the manager must be competent.

Source: Williams, 2014

Figure 4. Illustrative Figure - Lean Management

5.Manager's Competencies

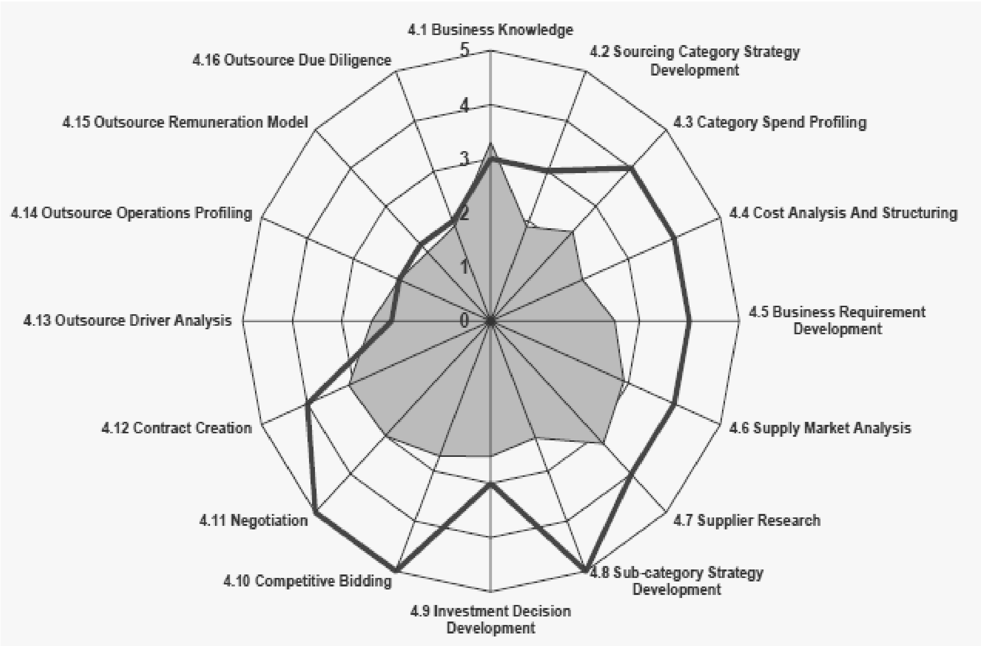
Almost every author gives their own overview of managerial competencies. Of course, some of them state similar competencies. Over time, lists of important managerial competencies are changing: the importance of some competencies decreases and new competencies are created [27]. According to Lojda, competence is the ability of a person (worker) to successfully perform a particular job or activity at a given time, to the required extent and in the required quality. In a modern concept, the ability of any worker (including managers) to move towards outputs should be assessed: i.e. assessing the worker's actual ability to achieve certain results with regard to expected outcomes of his work [9]. Previously, the notion of competence was used only to indicate the authority and powers of the workers.

The skill development scheme can be depicted similarly to the life cycle of the product. For some competencies, we can see that their importance grows and then begins to fall or continue to evolve; their frequency and scope of use grow. Because of changing environments, the importance of some competencies changes, i.e. some competencies may not be sufficient in the future to achieve organizational competitiveness. The success or failure of a company is often dependent on the competencies of the employees who are responsible for the performance of the company. Therefore, problems arising in the company can be translated into insufficient competencies in certain areas. By introducing a company approach that will emphasize the causes of problems (insufficient competencies), not just to remove the visible consequences of problems, the company will be able to prevent similar ones. Such an approach is called Management by Competencies (MbC), in Czech Management by Competences [2]. Problems in the company often arise if performance requirements are not in line with hotel business options. Managers operate in a variety of fields and perform different functions, so it can be assumed that the list and importance of competences for a hotel industry manager will vary, for example, from the managerial competencies of a manufacturing company. In addition, certain specifics for managerial competencies can be defined in sub-areas of the hotel's activities: for example, a finance manager will need a deeper knowledge of finance, economics and accounting than an F & B manager; booking manager will need knowledge of reservation systems and foreign languages as opposed to technical manager, etc. Besides knowledge and professional experience, manager´s personal qualities are important, too.

6.Competency Models

Competency model is a structure and a clear summary of the specific skills, knowledge, abilities and other characteristics of the personalities necessary for the effective fulfillment of tasks on certain job positions in the company. There are several basic types of competency models, but there is no uniform universal model suitable for every business.

Chart 1. Illustrative chart - Competency models



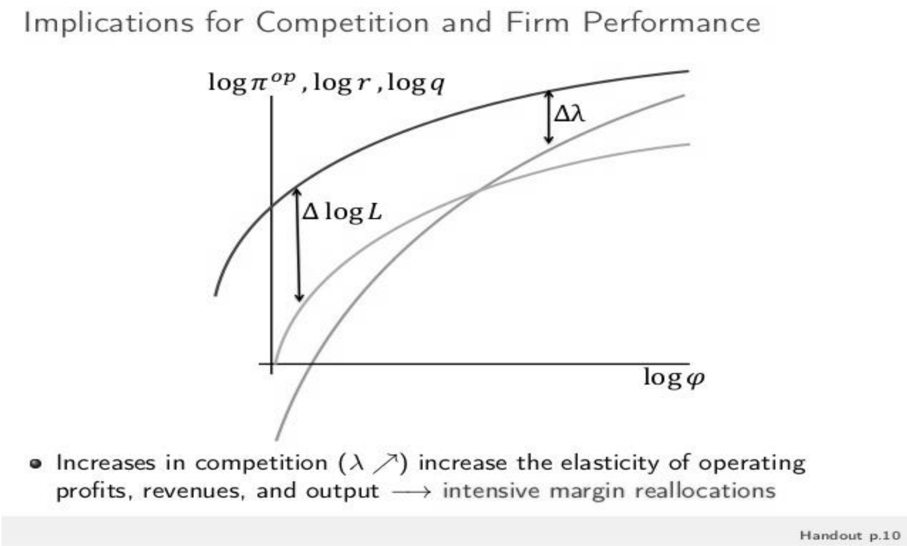
Source: Future Purchasing

The model of competencies established regardless of the position and role of an employee in a company is called a model of central competencies. In the case of a tertiary sector business, it is typically a model of customer-centered core competencies. If the enterprise aims to redesign corporate culture, the model of central competencies involves all employees and sets the competencies needed at all levels of the company [12]. The model is also sometimes called a model of key competencies. Unlike the central competency model, a specific competency model describes competencies and their level for a particular employee on specific position and in a selected organization. There is also a generic competency model that presents a list of competencies for a particular position and does not take into account the specifics of specific organizations. Formulation of competency model is preceded by the process of identification and analysis of necessary competencies.

According to Kubeš, Spiller and Kurnicky this phase consists of the following stages [12]:

- preparation
- data acquisition
- analysis and classification of the information obtained
  identification and description of competencies, creation of competency model
- verification of the Competence Model

They use different methods to identify and measure competences, most common being exploratory methods (structured interviews, observation, CBI – critical behavioral incident), functional analysis, employee evaluation results (feedback method, etc.), modeling of real and simulated work situations, group and individual presentations, games, case studies, analytical methods (motivation tests, skills and knowledge tests) and other methods [13]. Competence is a qualifying indicator and is therefore difficult to measure. Various analytical studies, collection of analytical data, and techniques for obtaining this data are used for this purpose. The best example of a skill analysis technique is the so-called "toolkit" by Klein and Hiscock, which consists of five basic tools [8].



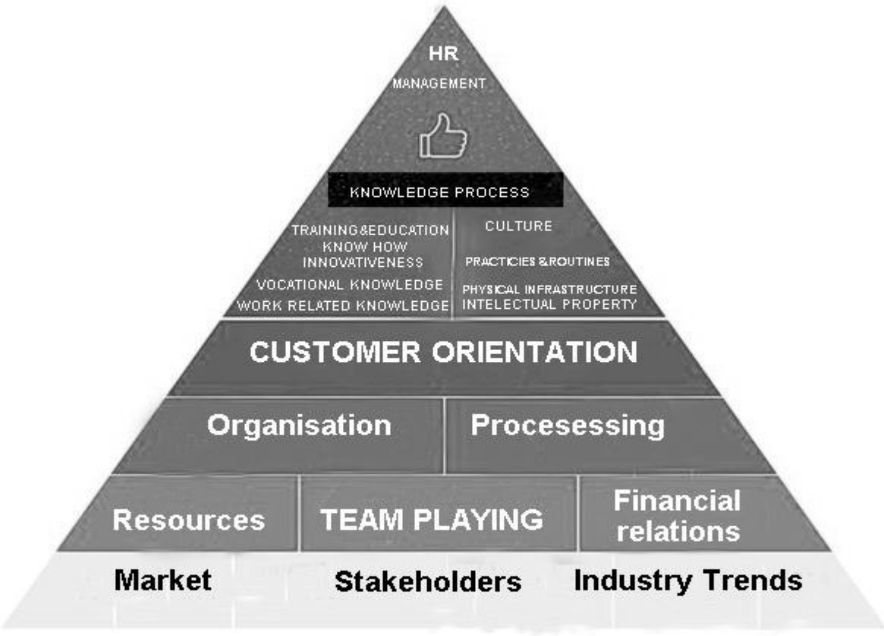
Source: Melitz, 2016 [25]

Chart 2. Illustrative chart - Competitive effects of trade

Sometimes, businesses effectively reduce the number of employees' competencies they require and set up a clear model of basic competencies. Here is an example of a general model of competencies that has been developed for one of Moscow's banks. Competencies are listed here because of the existing links in the company ("employee-customer","employee-employee" links) and the worker's own person ("employee- their focus"). Aspects of competencies that are necessary to effectively perform job functions are sometimes also called a competency profile. The competence profile is a competence system that is compiled for a selected job function (job position) with a description of its level. Their level is determined by scaling. It should be remembered that for each job position there is an optimal level of the scale that may not be the highest. Achieving results can be achieved through a combination of different competencies [13]. There are many different methods and ways to increase and develop managerial competencies. Depending on their goals and strategy, each company needs different levels and types of competencies that can be developed in different ways. At present, not only the number of methods of developing competences but also the number of educational institutions that provide professional services for educational needs is increasing.

7.Managerial Competences of Hotel Management

In the review of literature from past decades, three key studies focusing on competences in the hotel sector can be identified: one of the first studies in the field of hotel education by Buergermeister [14]; then a comparative study by Tas [15], which revealed eight essential competencies for interns in hotel management, and a study by Nelson and Dopson, which revealed the top skills and abilities needed for future leaders in the field. Other surveys during this period mostly relied on the results of these two key studies.



An overview and evaluation of various studies on managerial competencies in the hotel industry and published from 1985 to 2010 are provided by Johanson et al. According to these authors, almost all researched studies indicate the following competencies as important for hotel managers [16]:

- communication skills, in written or spoken language: the ability to communicate with customers, employees, suppliers, partner companies is used by managers every day. In addition, managers should be able to clarify their ideas, instruct, motivate, train and coordinate, often in written form. Effective communication will continue to be important for hotel management staff, F & B management and other fields
- Customer-oriented competencies - ability to solve customer problems and requirements, manage customer issues with understanding and delicacy
- Computer skills - their importance is constantly growing with the development of technology, 10-20 years ago they included only MS Word and MS Excel knowledge, at preset they include knowledge of reservation systems, intranet, digital marketing, specialized company software, etc.
- Knowledge of security rules and crisis management - Buergermeistr and other studies in the 1990s have evaluated the knowledge of security rules and the ability to ensure guest protection as very important for hotel managers [14]. These competencies later turned to the ability to deal with crisis situations [17].

- emphasis on sustainability and environmental approaches - these elements appeared in business only in recent years, however, they also appeared among the required managerial competencies in the hotel industry.

8.Surveys Focusing On the Level of Management Competence in Hotel and Gastronomy

Emenheiser, Clay and Palakurthi investigated 72 competencies of catering managers and defined the 12 most important pieces of knowledge and skills of successful managers. These are management, organizational, marketing, communication, psychomotor skills, leadership, and interpersonal, personal and model attitude [19].

Rutherford examined the specific competencies that are required for the position of a hotel technologist. He found he needed significantly lower interpersonal skills than other hotel managers [20].

Others reviewed the competencies needed for a successful modern hotel manager. Knight and Salter specifically specified communication skills [21], Jonker - technical and computer knowledge, customer orientation [22], Hanson - creativity. Undoubtedly, most authors have identified communication skills as the most important [23, 24, and 15].

Blayney presents an overview of the results of several studies in relation to competencies in hotel management and defines the following important competencies [13]:

- Capacity management (marketing, HR, finance, networks, negotiation, etc.), managerial growth (experience, growth, contributing to business growth), knowledge (depth of experience in industry, technical knowledge)
- Leadership, technical, interpersonal, administrative, conceptual-creative competencies
- Managerial analytical techniques, adaptation to environmental change, ability to work with employees, ability to identify problems, communication and operational techniques and knowledge, innovation
- communication skills, critical thinking, implementation and field knowledge, interpersonal knowledge, leadership, self-determination, strategic positioning

9.Empirical Survey - Managerial Competencies in Front Office - Methodology

- Preparatory phase (analysis of secondary information, preparation of a questionnaire, creation of questions for the planned interview, planning of the method and deadline for distribution of questionnaires)
- Stage of data collection (distribution and collection of questionnaires, execution and recording of interviews)
- Phase of evaluation and analysis of questionnaires (classification of obtained information, individual calculations)

- Phase of presentation of analysis results (characteristics and creation of tables, graphs)
- identification and description of competencies, creation of competency model
- Creation of a proposal and recommendation on the basis of the information on the necessary competencies

The sample was made up of Prague hotel staff in managerial positions in Front Office. The Front Office section is the one of all hotel sections which communicates most with guests and external visitors to the hotel, so it was the easiest way to reach the group. The empirical survey was conducted in the winter (January - March) in 2017.

10.Electronic Polling

50 hotels in Prague were contacted by e-mail and telephone. By e-mail, 50 questionnaires were sent, assuming a same questionnaire could be filled in by several front managers from one hotel. After sending the mail, these hotels were subsequently contacted by phone with a reminder of the inbox. Completed questionnaires were received from only 19 hotels (from a total of 36 questionnaires sent). These are the following hotels: the Adeba Hotel, the Prague Marriott, the Desinghotel Elephant, the Vitkov Hotel, the Willam Hotel, the ACE Hotel, the Olšanka Hotel, the Agricola Hotel, the Gradient Hotel, the Vladar Prague Hotel, the General Hotel, the Artesse Hotel, the Central Hotel, the Tetrino Hotel, the Florian Prague Hotel, the Inos Hotel, the Amadeus Hotel, the Louis Leger Hotel and the Pure White Hotel.

11.Direct Polling

A direct questionnaire survey was attended by 19 hotels, only 5 hotels filled in the questionnaires: the Askania, the Trevi, the Gold Hotel Prague, the Luník Hotel and the Julian Hotel. Altogether 24 questionnaires were filled in.

12.Return on Questionnaire Survey

Return of questionnaires from electronically and by phone addressed hotels - 48%, return of questionnaires from personally visited hotels - 50%. For this work, a total of 24 questionnaires were completed, which were filled in by the staff of Prague hotels operating in management positions in the Front Office section (especially reception managers). Respondents were asked questions of a different type: some of them offered the option of choosing one or more of the variants offered, some of which were intended to choose answers in relation to importance or to offer answers in their own words. The first part of the questions collects information in relation to the characteristics of the managers (gender, age, employment, education, etc.). The second part of the questionnaire deals with the study of managerial competencies and opinions of respondents on the importance of selected competencies.

After the data collection step, information was scanned: whether all questionnaires contained complete information, readable, filled in by Front Office staff. The resulting data was then processed. The responses were calculated by the classical dashing method, and the absolute frequency of the response to each question was calculated by individual groups of respondents, etc. The absolute frequency is the number of people who opted for a particular answer. For a better comparability of results, the relative frequency, which is expressed by the percentage of respondents, was calculated for the total number of respondents. The relative frequency was calculated according to the following formula:

$$\boldsymbol{Relative\ frequency\ (i)} = \frac{\boldsymbol{arithmetic\ frequency(i)}}{\boldsymbol{n}}$$

Where i is the number of the respondents who have chosen a specific answer A, n - the total number of respondents.

Question 1 analyzed the gender structure of the respondents. It was found that most of the sample was represented by women.

Graph 1. Respondents' gender

Sex	Absolute number	Relative count t
Female	29	59 %
Male	20	41 %

Source: Own

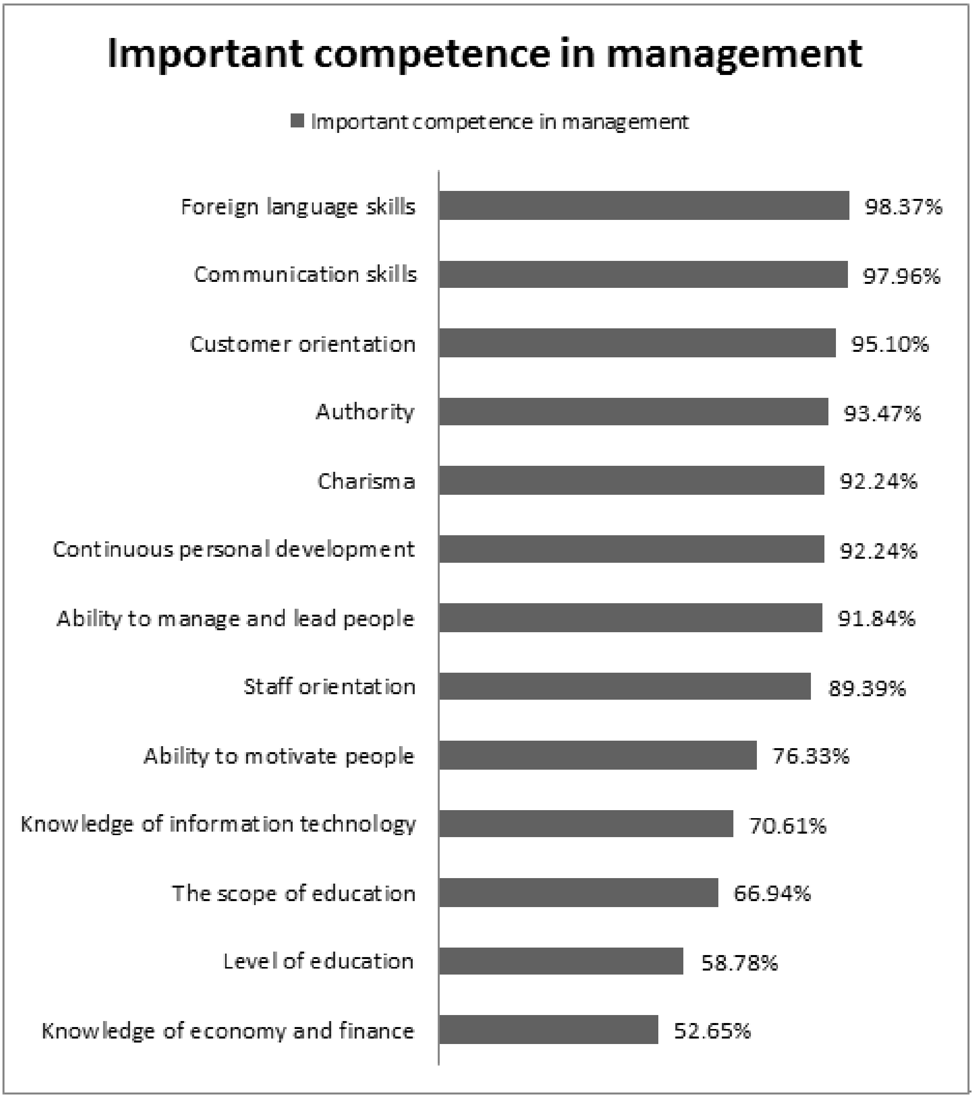
Question 2 offered the respondents the choice of their highest level of education, such as high school, graduate, university, master's degree, etc. Respondents mostly have tertiary education (Bachelor or Masters). Only a small number of people chose secondary education.

Question 3 identifies at what level of management the respondents are currently experiencing. Respondents chose among the three main levels of management: TOP management (top level), middle management and operational management (first line management). Operational level managers accounted for approximately half of the sample. The middle management was represented by more than a third of the respondents, the smallest number of respondents belonging to TOP management. There are mostly the directors of the small hotels and the directors' assistants who can take part in the Front Office and be the top management. The middle management is represented by the Head of the Front Office. Operating management is represented by reception managers.

Different components of competencies are important for fulfilling the managerial function. **Question 4** aimed to determine the degree of importance of individual competencies for the performance of managerial functions in the opinion of the respondents. The respondents are managers of hotels in management positions in Front Office, so the results are applicable especially for the managerial position represented by them. The respondents were given the opportunity to score 13 components of competency based on their importance. 1 point should correspond to the least or not important competence, 5 points - the most important competence.

In the questionnaire survey, it was found that the most important competence according to the Front Office managers is knowledge of foreign languages (98.37%) and communication skills (97.96%). These two competences occupy the first and second places according to the percentage representation, and they were awarded the highest points. 45 people (92% of the whole sample) allocated 5 points of foreign language knowledge, only 4 people assigned 4 points and no respondent gave a lower point. Likewise, 44 people (90%) rated five managers' communication skills, 5 people - four and no person - lower points. Such a result was anticipated because Front Office most of all hotel sections communicate with customers, often with foreigners, and solve their problems.

Results



Source: Own

Graph 5. Management competence

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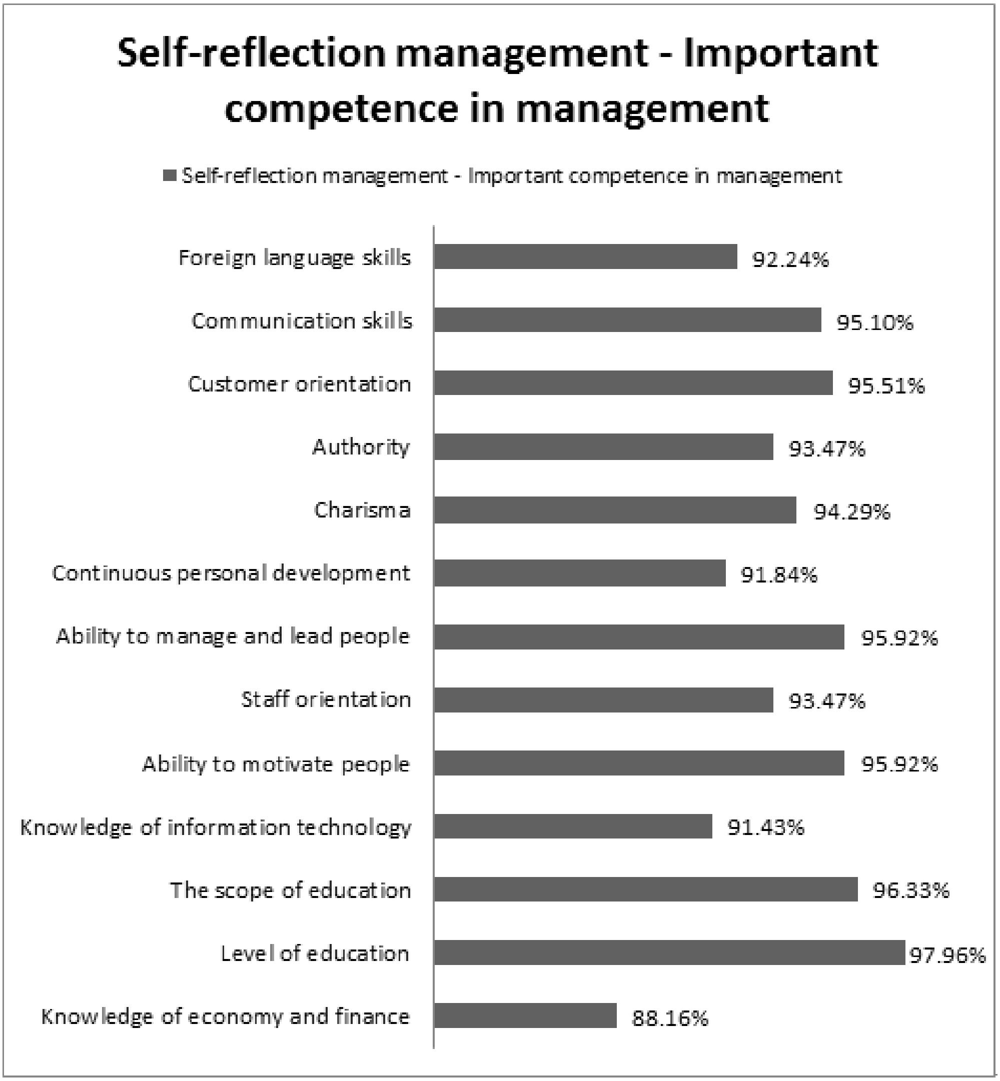
Another question in the questionnaire survey focused directly on managerial competencies in hotels. Managers were offered the option of self-assessment, where managers could score their own competency due to their level of sufficiency for a represented job: 1 point - assessment for insufficient level of competence, 5 points - assessment for a sufficient level of competence.



Source: Own

Graph 6. Self – reflection

Conclusion

The role of front office personal often involves managing other departments also. Connecting housekeeping department, accounts department and on line reservation departments connect with front office to work in rhythm with the policies of the hotel. However the process of giving warm welcome at reception is of primary importance. As first impression is the best impression the customer should be satisfied by the welcome. Several personal traits like patience and helpfulness should be part of the personalities of people at front office. Managing check in and checkout is also part of front office professionals along with preparation of guest list. Forwarding the information to various other departments is also part of the front office management process. All levels of communications inside the hotel can be influenced by the front office assistance. Fixing appointments and arranging meetings can also be managed by front office professionals. A successful front office operation can get you future clients also and making an everlasting impression is the key to the future to the hotel business. Continuous business development is necessary to maintain and improve its market position. Personnel are a valuable source of the company, especially in the field of services where employees provide services and staffs communicate with clients. Hotels are no exception as they are businesses providing accommodation, catering and other complementary services for domestic and foreign visitors. Constant improvement of competences and personal development of hotel staff is a hallmark of a successful hotel. Developing and educating hotel managers are particularly important because the executive represents the image of a company, is a leader and an example for other office workers. Managers are workers whose competencies and qualifications have a significant impact on the performance of the entire business in terms of the current market economy and globalization. Managerial competencies are a relatively young field that is rapidly developing. The notion of competence is not unambiguously defined. Managerial competencies can consist of their personal qualities, degree and field of education, skills, knowledge and attitudes. Today there is a high need for special programs to increase managerial competencies. An interesting result of the questionnaire survey was the finding that managers do not consider a degree of education (e.g. higher professional, college, etc.) as a very important competence. In the present survey it was found that the core competencies, which, according to the Front Office managers, are the most important for the fulfillment of their functions, are communication skills and knowledge of foreign languages. Important is customer orientation, ability to motivate people, charisma. Competencies need to be constantly developed, so personal development and training are important competencies for Front Office managers. We know from theory that there are different ways of exploring competencies and building competence models. The competency profile designed in this paper should be considered as a generic type of competency model that takes into account only the specific features of the Front Office hotel section and does not take into account the specifics of any particular hotel. For effective use of this competency model, its validation needs to be performed in a particular organization.

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INFORMATION PAPERS

Soteris Kefalas

QUALITY SERVICE IN THE HOSPITALITY INDUSTRY: ACHIEVING EFFECTIVE SERVICE PROCESSES AND DESIGNS

Abstract: In today's hotel industry, customer service quality is an important determinant of a successful business. For the hospitality industry, the role of service is of central importance as service quality has a direct impact on levels of customer satisfaction, which in turn inevitably translates to matching levels of profitability. One major barrier to standardizing services in the hospitality industry is that quality of service is always directly proportional to the level of experience and skills of the server. Moreover, as experiences are always subjective and differ from one person to other, it is not possible to authentically standardize them. However, certain service processes can be adopted in order to satisfy customers' needs and wants. This paper examines the most common factors needed to achieving effective service processes and designs, including types of service transactions such as electronic-mechanical transactions, indirect personal transactions and face-to-face transactions. The paper identifies intangible aspects of service quality and examines the importance of inseparability, variability and perishability, as well as the time gap between demand and supply of service**.** To further aid in attaining effective customer service, important service processes and their strengths and weaknesses can be identified and designed using Service blueprints. Finally, Total Quality Management (TQM) is discussed as another structured approach for managing organizational services and improving the quality of services or products.

Key words: Hospitality Industry, Quality Service, Service Blueprints Total Quality Management

JEL Classification: Z3, *Z32,*

Introduction

The concept of service can be defined as "all the reactions and actions that guests perceive they have purchased" according to Barrows and Powers (2006). In the hospitality industry, most services are performed by people, though in few situations services are performed by machines. From the customer's perspective, service accounts for the total experience in the hotel and the performance of the organization through its staff. In the hospitality scenario, the host and the customer are directly or personally involved in the service transaction.

Types of Service Transactions

According to Barrows and Powers (2006), there exist three types of service transactions in the hospitality industry. These are Electronic – Mechanical transactions, Indirect Personal transactions and Face-to-Face transactions. Electronic-mechanical transactions include vending machines, automated check-in, checkout, and other such technology-dependent transactions. Most times, the customers tend to prefer electronic-mechanical transactions, as they make the overall hotel experience less cumbersome and hassle free. However, electronic-mechanical transactions are open to serious flaws in the sense that being technology dependent, they are always vulnerable to defects and failures. It is, therefore, important that the technology is consistently maintained, programed and stocked (Barrows and Powers, 2006). So long as the electronic-mechanical transactions are managed well, customers tend to be satisfied with them and have few negative experiences or frustrations.
Indirect personal transactions include services like telephonic reservations, room service and the like. Considering the fact that most of the indirect personal transactions are repetitive, they can easily be standardized. As such services usually follow a repetitive pattern, employees can easily be trained to act effectively and appropriately in a real life scenario. The thing to keep in mind is that indirect personal transactions usually constitute a significant proportion of any hospitality experience. Hence, the organizations can readily bolster their service quality by improving the training of their personnel.

The face–to-face transactions carry the ultimate ability to make or break business situations in the hospitality industry (Barrows and Powers, 2006). Customers involved in such transactions develop independent opinions regarding servers and the organizations they represent, as they engage in direct and spontaneous interactions with the servers. Thus, hospitality organizations need to make it a point to render appropriate training and facilities to their employees to help them become worthy representatives of the organizations they serve.

Going by the fact that hospitality services are being increasingly digitized and automated, it is imperative that face-to-face interactions involving personal contact with guests are effective and cordial (Barrows and Powers, 2006). As employees bear the onus of interacting directly with customers, they need to be appropriately trained to assure satisfaction and quality. Besides, as electronic-mechanical services are prone to breakdowns and defects, customers appreciate efficient and sympathetic service interactions. Hospitality organizations must make it a point to assure quality in all types of service interactions, prevalent and practiced within their premises. As almost all types of hospitality facilities have to resort to direct guest interaction at one time or another, personal service plays a pivotal role in enhancing the quality of the service extended.

In the sphere of human resources and customer satisfaction, services may be defined as “helpful, beneficial, or friendly action or conduct” (Barrows and Powers, 2006). Therefore, human interactions tend to be the most challenging aspect of the hospitality business. Personal service can be classified into two sections: tasks that require technical expertise and tasks that necessitate one-to-one interactions with the guests (Barrows and Powers, 2006). Hence, technical and human skills are two essential constituents of employee training. These can ensure that the overall customer experience in a hospitality facility is pleasant and satisfactory.

Thus, the role of service is of central importance for the tourism and hospitality industry. This is because service quality always has a direct impact on levels of customer satisfaction, which inevitably translates into matching levels of profitability. Although the measuring of service quality is a big issue in itself, various studies over the years have established beyond a doubt that service quality directly affects multiple aspects of hospitality business.

The Characteristics of Services in Hospitality Industry

Characteristics of services in the hospitality industry need to be of high quality to maintain competitive advantage and positioning. With the sudden increase in global tourism, service quality issues have become central concerns to service driven sectors like the tourism and hospitality industry. A number of nations throughout the world have begun to realize the importance of tourism as a vital source of revenue and employment. Hospitality, being a people driven and human resource intensive sector, is today placing great importance on service quality and is recognizing it as a primary and core concern.

A majority of the management literature existing today is unanimous about the fact that generating customer satisfaction is the central parameter that governs the scope and interpretation of service quality in the hospitality industry around the world. Most well-known and reliable experts in the arena of service quality view service quality within the context of customer satisfaction, defining service quality as the extent of positive harmony existing between guest perceptions and their expectations (Parasuraman, et al., 1985).

A majority of experts like Voss (1985) seem to have a cynical view towards the possibility of quantifying service quality. Voss (1985) considers service quality to be a vague and amorphous entity that is next to impossible to measure and gauge. Voss corroborates this perception by forwarding the premise that service quality is mostly the sum total of a number of intangible dimensions that are usually impossible to quantify, citing it as one major reason why the concept of service quality is ignored in realistic and practical scenarios. Morris (1985) believes that service driven organizations and institutions mostly limit their attempts towards service quality appraisals to tangible and concrete facets, while completely bypassing the amorphous and vague areas. Kaplan (1983), in fact, endorsed this view by arguing that though the intangible aspects of service are crucial to the objective of achieving optimum efficiency, it more pragmatic to focus appraisal efforts on tangible and measurable aspects.

Before being judgmental towards or possibly misinterpreting these studies, what needs to be kept in mind is that most of these conclusions are oriented around manufacturing ventures. In that context, the hospitality industry seems to be an anomaly in the sense that it is fundamentally associated with the issues that are either not quantifiable or relatively less accommodating to conventional approaches to quantification. Hence, these experts, while unsuccessfully grappling with the vagueness or intangibility of the concept of service quality, in fact, are advancing towards an apt and realistic perception of service quality. The only problem is that they are shaping their confabulations in an economic landscape dominated by industrialization and manufacturing. However, contemporary economies are gradually accommodating the service driven phenomenon. The recognition of the fact that customer perceptions and expectations are an integral aspect of service quality and the acceptance of the need to appraise service quality has presented a form which is both concrete and amorphous at the same time.

A more up–to-date perspective on service quality agrees that service quality is a concept comprising of tangible and intangible aspects, thus the measures of service quality can be either hard or soft. Hard measures of service quality are such that they tend to be objective or explicitly quantifiable. Soft measures, on the contrary, deal with the qualitative aspects of service quality and are hence subjective or perspective in their approach.

Levitt (1981) states that the most recent approach towards service quality recognizes the fact that services by their very nature are intangible, unlike goods. Bateson (1977) further elaborated on the intangibility of services by qualifying it as 'palpable' intangibility and 'mental' intangibility. Palpable intangibility refers to services that can be touched or grasped. Mental intangibility, on the contrary, connotes that it is difficult if not impossible to predict the eventual outcome of any service. Bateson (1977) affirmed that intangibility is the fundamental criteria, which conclusively sets apart services from goods. Goods are concrete entities that have an existence in time and space, whereas services are governed by a strong interactive and social aspect that merely exists in time. Therefore, in the arena of services, production and consumption are inseparable (Carman, 1990; Gronroos, 1984). In the context of the hospitality industry, the primary thing that needs to be understood is that the goods are first produced and it is usually at a later stage that they are sold and consumed. On the other hand, services are produced and consumed at one and the same time, as they cannot be packed, preserved or stocked, says Maister (1982). Hence, services are more prone to alterations in service expectations, especially those services in the hospitality industry that have a more than average human or labor content (Parasuraman et al., 1985). The essential characteristics and substance of services tend to be more volatile on the variation grid at all levels, be it producers, consumers or the actual time of production and consumption (Zeithamal et al., 1996). In such a scenario, the fact that deserves the attention of all concerned institutions and organizations is that services are always affiliated with a strong human factor to the extent that they can truly be regarded as valid social events. Therefore, services essentially being social events, their administration and management require the requisite skills and expertise says Stebbing (1993).

In the hospitality industry, the time gap between demand and supply of the services is often very short and somewhat unpredictable. For example, when a customer orders a meal at a restaurant, one usually expects it to be prepared and served as soon as possible. One essential aspect that is common to all services and especially services rendered by the hospitality industry is that the individuals or the teams offering the services are often face-to-face or in direct contact with the consumers. In such a scenario, the feedback is usually immediate. Hence, producers need to be sensitive to the fact that they must respond in a timely manner to the needs, expectations and perceptions of the consumers. The main challenge is that experiences are always subjective and differ from one person to other. One customer may find a particular hotel room pleasant and soothing, while the other may find it unsuitable or perhaps unsatisfactory. As in the hospitality industry, services are mostly produced and consumed by people, hence, it is not possible to authentically standardize them. The other major barrier to standardizing services in the hospitality industry is that being delivered by people, the cost of a service is always directly proportional to the level of experience and skills of the server. The more astute or experienced a server is, the greater tends to be the cost of the service provided by one.

From a commonsensical perspective, it would be interesting to define what service is, especially in the context of the hospitality industry. Basically speaking, service in the hospitality industry is the overall experience that a customer accrues from the performance of the servers and institutions rendering a service. It is the sum total of the guest’s needs satisfied by the managers and servers of a hospitality facility. It is worthwhile to formally identify and elaborate on the characteristics of service quality, especially in the context of the hospitality industry. The specific characteristics of service quality have been described below.

Intangibility

Services are essentially intangible by their very nature as their final output is more in the nature of a social activity instead of being a palpable or tangible object. The components of a service interaction influences all the five senses, that is, the sense of sight, taste, touch, hearing and smell. However, they cannot be seen, smelt, heard, felt or tasted in the exact sense of the word. As a result, a customer may feel helpless or unable to access or predict the service outcome in advance. It is no surprise that customers, in an attempt to make their choices more tangible, tend to focus on the tangible aspects of a service facility like the décor, ambience, facilities like swimming pools or saunas, etc.

Inseparability

In the hospitality industry, the effective rendering of a service transaction necessitates the presence of a customer and the server at the same place at the same time. For example, a customer cannot hire a room in a hotel unless the front staff is there or a customer cannot order food in a restaurant unless a waiter is present. Thus, in the context of hospitality services, the server and the consumer are inseparable from each other.

Variability

Services offered by a hospitality facility are unlike services offered by other facilities. Even within the same organization, services rendered by one employee differ from that of the others. An experienced bartender can make the overall experience of having a drink really fun and enjoyable. On the other hand, an inexperienced bartender may not be able to extend the same quality of service. Services also tend to vary from one place to other. The kinds of food that one buys from a fast food joint are very different from the kinds of food that one can enjoy at a French restaurant. Timing also plays a central role in extending a tinge of variability to services. Even if one dines at the same restaurant, the experience of having lunch at a facility is not the same as the experience of having dinner there. Communication skills, staff training, infrastructure and a plethora of other factors can render services extended by the hospitality industry varied and disparate.

Perishability

The eventual output of the services provided by the hospitality organizations is amorphous and intangible, very unlike commodities and goods. Though customers do accrue a range of benefits from services sold by hospitality facilities, customers have to consume those benefits at the very time that they are sold. The customer does not have the option to preserve or sell those benefits. Each of the above-mentioned characteristics testifies to the ephemeral nature of the hospitality services and all these characteristics together have an influence on the sale and purchase of the services. In addition, there are some physiological and psychological characteristics outlined by Nailon (1982) which, though not specific to hospitality services, delineate the scenario in which the hospitality organizations have to operate. These characteristics include:

- Satisfying basic psychological needs
- Satisfying identity, status, security
- Customer satisfaction is individual
- Satisfaction is transient
- Customer need is immediate
- Customers influence other guests
- A customer is part of a product and therefore the product is uncontrollable

- Customer interaction is of short duration
- Staff-customer relations are personal

All the above mentioned characteristics are uniquely human. Thus, the baseline is that the hospitality industry is a sector that is essentially dependent on human inputs and reactions. It is almost impossible to quantify or appraise these aspects of service quality. The current era being defined by change and variety, customers are easily satiated or bored by a specific hospitality facility. Customers in their quest for richer service experiences keep looking for hospitality facilities that have something different or unique about them. Thus, hospitality organizations often complain about the difficulty of differentiating their services from those of the other organizations. Once the customers are convinced that the services offered by varied providers are essentially the same, they tend to ignore who is selling the services and make choices based on the price. The hospitality organizations are increasingly under pressure to resort to innovative and creative strategies to differentiate their services from those of other competitors.

In the context of service quality, it has been noticed that successful hospitality organizations have in common certain qualities and traits. The top companies in the hospitality industry go to the extent of lavishing attention on their customers, as far as their objective to provide quality service is concerned. In the context of manufacturing sector, it is true to say that it is possible to separate the customer and the products to some extent. However, this is not the case when it comes to the tourism and hospitality sector. The customer is the alpha and omega of hospitality services. Therefore, hospitality facilities should take into account customer expectations and perceptions.

Successful hospitality organizations not only have a time tested philosophy of extending quality service to their customers, but they also look to it that their customers are well aware of their philosophy. Customers' awareness of an organization's commitment to service quality makes them harbor a sense of loyalty towards it. Hence, not only do these satisfied customers remain loyal to the organizations, but they also initiate other customers within the ambit of the services provided by such organizations.

The best service organizations prefer to adhere to high service standards. An affiliation to such standards not only makes employees aware of what is expected of them, but also continually stimulates the organizations to keep on improving the quality of their service infrastructure and human resources to exceed customer expectations. Customers being aware of the high service standards of these organizations return to them repeatedly, as they are assured of high service quality. High expectations materialize into better services, healthy profits and immense cost savings.

Last, but not the least, high performance organizations make a point of assuring that they not only monitor their service performance on a continuous basis, but also they keep an eye on the service performance of their competitors.

The Service Processes

A key issue in the hospitality business is the need for effective management to deliver consistent service quality. In a service oriented company, the typical processes can be classified as horizontal processes, vertical processes, primary processes, secondary processes, front office processes and back office processes.

1. **Vertical process:** These are the processes within a specific department.
2. **Horizontal processes:** These processes are generally cross functional in nature and are related to many departments. Examples of such functions include operations, marketing, sales and the like.
3. **Primary processes:** These processes are of major concern in terms of cost and revenue.
4. **Secondary processes:** The cost and revenue implications of these processes are low.
5. **Front office processes:** These processes directly encounter the customer. The customers' perception and expectations are directly reflected by these processes. Examples of such processes include reception, booking, check–in, check–out, restaurant facilities and meal experiences.
6. **Back office processes:** These processes are not directly encountered by the guest but are hidden services. Customers seldom care about these processes. Examples of these include procurement and infrastructure maintenance processes.

The identification of the important front end processes and back end processes that influence the customer directly is essential. To meet service excellence, front end and back end processes should operate together.

Service Blueprint

To deliver the desired performance, the important service processes need to be identified and designed. A pictorial model for designing the service processes was introduced by Shostack (1981). This pictorial method, called the service blueprints, help to analyze service performance more effectively. In the hospitality scenario, activities or the elements of the service blueprints include all the services encountered by the customer from his/her arrival to the time he/she leaves the hotel. These activities can be sorted out based on the following:

- Physical evidence, i.e., the facilities that are used by the customer or the equipment used to deliver the services.

- Support processes that help the employees in the front office.

- Employees who are contacted by the customer.

The service blueprint structure can be used by management to understand the reason for the failure or the bottleneck of a service. The blueprint map can also be used to edit or redesign a service design. In this service redesign, the first step has to be mapping of the existing service process; the second step has to be defining the desired performance; and the third step is to compare the existing service and the desired service. After these examinations a new service design can be proposed. Gummesson and Kingman-Brundage (1991) describe the benefits of blueprints as below:

- The weaknesses of the service processes can be identified and form the focus for improvement.

- The linkages between the various departments are made transparent.
- This method enables internal marketing.
- The role of the every employee can be identified and understood.

Managing the Diverse and Complex Hospitality Services

The level of complexity and diversity also determines the service process, say Zeithaml and Bitner (2003). The complexity of a service process refers to the number of steps that have to be carried out for a particular service. An example for a complex service process could be a gourmet restaurant. The diversity of a service is defined as the degree of allowed tolerances in performing a service. A lower level of diversity is associated with a highly standardized service process. For services that seem to be unique, the level of diversity is high. An example of a highly diverse service could be live entertainment in a restaurant and for low diversity service could be a hotdog service.

These complex service processes can be managed by service blueprint mapping or by following specific strategies as described below:

- **Reduced complexity** – The steps and sequences to complete a process have to be kept to a minimum. This can be done by specializing in specific segments and narrowing the marketing. This strategy of reduction in complexity has to lead to improved cost and consistency control. This strategy of reducing the complexity has the risk of some customers changing their patronage and loyalty to other organizations.
- **Increasing the Complexity –** this means adding some more activities to the already existing activities. This strategy provides more facilities for customers and the company is forced to generate more revenue. A disadvantage of this strategy is that service quality problems may arise.
- **Strategy of Reduced Diversity** – reducing diversity so that the service process is highly standardized and productivity is at a more reduced cost. The characteristics of this type of service are mass production and mass marketing that concentrate on economies of scale. The advantages of this strategy to the customer are high reliability and good consistency.

- **Strategy of Increased Diversity** – This allows for flexibility and customization of individual services. In the hospitality sector this could be linked to employee empowerment, less control and much fluctuation in the service process. This customization of services demands additional costs to cover the diverged activities.

Total Quality Management

Total Quality Management (TQM) is a highly useful concept for managing service processes. It is a structured approach for managing organizational services and improving the quality of services or products. This improvement can be obtained by refining the service processes based on continuous feedback from customers. The logic behind TQM is actually simple in that the entire organization has to provide service delivery at a competitive price and continuously adopt ways that exceed the requirements of the customer. The concepts of TQM encompass the aspects of customer focus, team work and continuous improvement in standards and quality issues.

Many service–driven hotels or companies know that they have only one opportunity to make a good first impression. The process of management for service quality begins with the selection and training of personnel. The selection of highly service oriented and high performing individuals and training them with new service methodologies helps in implementing the right quality behavior. One other aspect of improved management of services in the hospitality industry is to empower employees to do anything for the instant pacification of customers. Some hotels, like the Ritz Carlton even provide financial empowerment for the staff to utilize resources up to $2000, without need of approval from higher management.

One of the key elements in the implementation of TQM is leadership. The expected leadership for perfect service management is the participative style, where staff and managers are involved in the design and implementation of a particular service element. Leadership can be defined as building a personality to raise the sights and standards so that the performance is beyond expectations. In an effort to improve leadership, senior management can use an employee satisfaction survey which gives feedback from employees on the management structure and the lacunae in the management system. This feedback enables the senior management team to improve its performance, involvement and actions.

A successful management environment demands trained and committed service personnel where everyone is fully participative in reaching the goal of improved quality of service. Such participation is encouraged through proper recognition and excellent rewards. The participating attitude can be inculcated by continuous training of all employees so that the required quality levels are attained. The training can encourage employees to communicate more effectively, to be innovative in their service, to be more responsible and to be more creative and proactive. The reward system acts as a metric to measure and remunerate the employees. This contributes to one aspect of TQM, which associates employee remuneration with customer satisfaction. Thus, an efficient Total Quality Management procedure encourages commitment and involvement of the employee towards innovation and improvement**.**

Another major aspect in improving the service process is to take precautionary measures. Generally, there are three major mechanisms for preventing mistakes, these are:

- Preventing the occurrence of mistakes at the initial stage itself.
- When mistakes cannot be prevented; they have to be detected at the earlier stage and, hence, prevented from passing on to the next value added chain.
- When the mistakes recur; the services have to be stopped temporarily to correct the mistake, after which the service can resume.

Service quality is assured when vital activities like meeting the requirements of the customer, reducing service costs, reducing cycle times and improved service process are done with perfection.

Causes of Service Failure

Failure of service occurs when the service delivered does not match what was promised to the guest during the marketing phase. In the hospitality sector, failures may be due to a disappointing environment like lack of cleanliness or damaged furniture, very slow service, poor standards of cooking, employees who are not trained to be polite and well dressed. A failure in service can be identified only at a later stage, when it is too late to respond. Common reasons for service failure in the hospitality industry are as follows:

- The declared services or facilities are not available.
- The hospitality environment is not pleasant looking. The décor may be old and worn; the atmosphere may not be welcoming; the background music may not be appropriate; and the hygiene standards may be very poor.

- The service personnel are very slow in delivering the service.
- The employees are not attentive to the customers.
- The restaurant may not provide good quality food.

Service failure can be recognized by the service provider and the customer by one of the four causes mentioned below:

- Improper customer behavior (Bitner, Boom, and Mohr, 1994).
- Improper response of the service provider to the service delivery process.
- Unnecessary service provider actions.
- Ineffective response to the needs of the customer.

Conclusion

With the increase of global tourism, the issue of service quality within service driven sectors has become a primary concern. A number of nations throughout the world have begun to acknowledge the importance of tourism as a vital source of revenue and employment. To encourage new and returning customers, organizations should differentiate themselves from others by offering better service quality. To deliver desired performance, important service processes need to be identified and designed. This can be done by using and implement such models as service blueprints and TQM. Service quality is assured when vital activities like meeting the requirements of the customer, reducing service costs, reducing cycle times and improved service process are satisfactorily carried out.

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My long professional and academic experienced infused with innovative and progressive trends of the hotel industry market allowed me to develop modern, advanced and productivity wised consultancy and training programs.

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MANAGER AND MATERIAL LEGAL STATE

Abstract: *Choosing people to managerial position is one of the most important activities we are currently experiencing, "Ecology", "social", "market" and "competitiveness" are enshrined in the constitutional text as conditio sine qua non (necessary condition) for each aktivity of a person in management position, both in the direction of the organization in which he operates and in correlation with other entities located in the relevant economic area.*

Key words: Emotional intelligence, Manager, Law, Social Intelligence,

JEL Classification: *K38, M12, Z13*

Introduction

In the historical process of the legal and the economic unification of the European Union and in the process of gradual globalization of the world economy, the position of provided service in the hotel and tourism industry in the first line of these realities. As a result of these facts, there is a standardization of the activity of the entrepreneurs in this field, including the level of the requirements imposed on the employees and on the way of managing the employees by the managerial staff.

Employee management in the above-mentioned economic area takes the character of transnational standards and limits, the aims of which is to satisfy the clients of different civilization areas and with different social requirements and stereotypes. In spite of that fact, it is necessary to emphasize that business, in the field of tourism and hotel industry, is an objective right perceived as the application of the basic economic and social rights as defined by the constitution of the state and that the management of employees within the framework of labor relations must not exceed the limits of constitutionality and lawfulness of application of those rights by individuals.

The constitutional definition of the economy of the state as an ecological, social and market-oriented economy constitutes social requirement for the realization of fundamental economic rights for individuals whose objective right allows to apply in the process of exercising their basic economic and social rights for activity in a leading, management position. "Ecology", "social", "market" and "competitiveness" are enshrined in the constitutional text as conditio sine qua non (necessary condition) for each aktivity of a person in management position, both in the direction of the organization in which he operates and in correlation with other entities located in the relevant economic area. When analyzing these constitutional concepts, it can be said that these have not only a legal dimension, but also a moral dimension, that is, in the context of a material legal state, standing in the natural-law positions of the bond of law and morality, as established by the introductory article of the basic law of the state in which the state defines itself as a material law state.

There is no doubt that persons in managerial positions must fulfill certain personality assumptions in connection with legal, moral, economic, psychological, or sociological erudition. Fulfillment of the above assumptions, the State in the de lege ferenda process (law making) is projected into the rules of objective law so as to constitute, on the one hand, the fulfillment of legal certainty for the persons concerned in the management positions and all other persons and entities acting in correlation with each other and, on the other hand for the State itself in a level which assumes that the persons in charge of the economic functions will perform their position as manager in accordance to the constitutional definition, in the level of "ecology", "social", "market" and "economic competition" in accordance to the natural nature of the state. Effective work for managers is significantly related to the development of the whole system, which involves the continuum (linking) from a particular person through a particular organization to the growth of the whole society. The work of managers is linked to the whole context of people's lives. It is not only the fulfillment of the needs of the manager himself but also the fulfillment of the needs of his co-workers, subordinates, the needs of the organization in which he operates until he meets the needs of the whole society. They are managers who not only manage specific processes, but also give strategic visions for the future and they ensure the development and progress of the whole system of society.

Materials and Methods

The position of an employee in an employment relationship is not an isolated position and it is realized primarily by contact with the leading body, the manager. The article aims to point on the status of manager in relation to his social intelligence and emotional intelligence as presumed managerial capabilities, to point to the causality of the personality assumptions in relation to other persons in the labor subordination and commercial law correlation and on the platform of the principles of material legal state to define constitutional dams of possible negative phenomena of the manager's personality in achieving the economic objectives of each business, and also in the economic entities dealing with hotel industry and tourism.

The article compares the analytical scientific outputs of the authors from the field of sociology and psychology and the synthesis of the subject outcomes and their transfer into the field of objective law and presents its own social foundations of the defined problems. The method of analysis will be a systematic analysis of the available theories and concepts along with defining and defining the essence of the subject under consideration. In the case of other logical methods of forming and processing the phenomena studied, and generalizing the acquired knowledge, we will also synthesize the synthesis of the partial results into a complex system in order to obtain a complex view - by which we summarize obtained information and we subsequently process this knowledge. We will use the synthesis to combine individual minor components or basic knowledge into a coherent set, we will also use a method of formally-logical linking of various opinion streams. Synthesis as a method is used to describe the object as a whole, based on this and the previous analysis, we will combine the findings obtained by the analytical approach.

Results and Discussion

Choosing people to managerial positions is one of the most important activities we are currently experiencing. This selection is inevitably based on exact, sophisticated procedures. In this context, the predictors of successful management work are important. These predictors represent a varied mosaic of different characteristics and indicators that cover a set of educational requirements, work experience as well as personality traits.

For managers in effective managerial work, it is important to be equipped with social ability, skills and knowledge as well as developed social intelligence, which is sociologically and psychologically presumed to be a managerial social competence. However, social intelligence is perceived, by the professional community, as a neutral category in the terms of ethical view, because its component is the use of manipulative social techniques. Interpersonal intelligence often uses the ability of individuals to manipulate other people as well as their cynical attitude. Such an individual (manager) uses his / her knowledge of social behavior and his / her developed social skills so that other individuals are not aware that they are subjected to reasoned and planned action and management.

Emotional intelligence has a close relation to social intelligence, because both constructs describe two aspects of the same phenomenon. The existing definitions of both constructs contain attributes such as the ability to understand and constructive expressing of feelings and emotions, living on the other individuals and the creation of optimistic, positive cooperative interpersonal relationships. Bar-On (2006, pp. 13-25) uses the term of emotional-social intelligence which clearly reflects the relationship between the constructs. It describes a set of interconnected social and emotional capabilities which indicate how they are effectively described, expressed, empowered the emotions and how they deal with everyday difficulties and how they interact with other people. Mayer, Salovey (1993, pp. 433-442) define emotional intelligence as the ability to control emotions, regulate their thinking and behavior. First they perceived it as an element of social intelligence. Even

Tredwell (2002, pp.55-57) specifies self-awareness in a relation to the emotional intelligence and social awareness in relation to the social intelligence. Austin, Saklofske (2007, pp. 367-368) define emotional intelligence as a construct with interpersonal and intrapersonal components which assesses individual differences in regulation of mood and stress management. On the other hand, authors define social intelligence as a set of interpersonal skills and knowledge of social rules. In this hypothesis, it relates to the interpersonal components of emotional intelligence, but does not refer to emotions.

Conclusion

The individual status of a manager in a modern state is indisputable. It is based in particular on the history of its origins in connection with the English Industrial Revolution and the events of the Great French Revolution, which laid the economic and social basis of the current perception of the rule of law state. Successful business management is in the interest of state authority, as trade companies and businesses have a long-term relationship with a significant part of the state's employment. On the other hand, it is undeniable that the achievement of the economic aims of a particular business is often sharpened over the means used to achieve that aim.

The constitutional postulate that anyone can do what is not prohibited by law is a possible malinterpretation (incorrect, unconstitutional interpretation) of rights by managers and their subsequent malapplication (inappropriate, unconstitutional application) in achieving economic results in contrary with the principles of law such as for example abussus iuris (abuse of rights), the exercise of the law in fraud legis (circumvention of law), or the action of contra bonos mores (in contrary with good morals).

Business risk, which is a prerequisite for any business, is a prerequisite for a manager's activity in achieving economic goals, often ceases to be a "business risk" in terms of a positive definition in the manager's activity and it is replaced by a "required" quality of the manager as an individual with specific predicted characteristics, with an opportunistic attitude to morality and law and own anthropocentric view to objective reality and psychological factors of social intelligence marked by a machiavelist neutral charge to ethics, morality and law as a whole and to the subjective natural rights of employees.

The constitutional principle of respecting social and ecological values in the state's economic system creates and in a certain sense cultivates the functional functioning of a free market economy, determines its axiological sources with the aim of excluding and sanctioning socially extreme business ambitions and excessive in the labor and trade relations, resulting from the possibility of neutral social the intelligence of the manager to the generally accepted rules of morality (the action against bonos mores) and from the source of malinterpretation and malaplication of the constitutional postulate that everyone can do what is not forbidden by law.

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EMPLOYEES ASSESSMENT AND LABOUR-LAW ASPECTS OF THE CZECH LEGAL REGULATIONS – APPLICATION IN HOSPITALITY

Abstract: *One of the most important parts of human resources management is represented by employee's assessment. On the present this is considered to be a fundamental task of all employers and their executive officers. The assessment is an instrument towards summarizing and documentation of employee's performance during the period when work is performed. It is an instrument of leadership, motivation and an impulse for development of all employees. It is also considered to be an instrument of mutual communication between managers and particular employees. The aim of the presented article is to overlook methods of assessment with regard to the labour-law regulations concerning picked issues in the Czech law. Exercising the methods is illustrated on results of this research in the sphere of hospitality.*

In the first part of the article, the authors especially deal with the matters of legal embodiment of employees assessment. In accordance with actual legislative the authors point out the fact that employers are obliged to assess their employees on regular basis and provide them with a feedback which should help employees adapt their work performance and behaviour to employers' requirements and needs. The forms and methods of the assessment have to be rational, standardized and non-discriminatory, the assessment should embody planned and systematic signs.

The second part of the article summarizes the results of the research which was realized at 114 employers in the sphere of CZ – NACE II – Accomodation, boarding and hospitality in Prague and Central Bohemia in years 2007 – 2016. The results indicate that systematic employees assessment is carried out only by 60 of them (52,6 %). The most frequent method of employees assessment is represented by assessing interview carried out by a direct superior (76 % of employers), another significant role is represented also by clients' assessment (23 %). In one third of businesses there is self-assessment used as well.

Key words: *Human resources management, employees assessment, motivation, remuneration, Labour Code, hospitality management*

JEL Classification: *J21, K 31, M12*

Introduction

On the present particular business are finding very difficult to hold the place on the market. There is a constant need of high necessity for them to create new solutions and adapt to the conditions of the market which is growing more and more dynamic. The quality of managing a business and its prosperity is especially supported by professional marketing, effective leadership processes, prospering from modern technologies etc. However the fundamental role is represented by effective taking advantage of human potential which is a sort of shortage goods. On this account every business invests considerable amount of finances into the human resources sphere, as much as into assessing single persons or groups. Employees assessment is ranked among the most delicate issues in the sphere of work with people, its interconnectedness with financial remunerating and motivation represents the cornerstone of a great deal of business' performing in public sector and private one as well. The aim of the authors of the presented article is to try to enlighten about human resources matters in the area of employees assessment with accent on particular methods of assessment and picked aspects of the Czech labour-law regulations which are related to the issue. The basic labour-law enactment in the Czech republic is Act No. 262/2006 Sb., the Labour Code, as amended (hereinafter „the Labour code"), which is in the rate of specialty to the pivotal civil code – Act. No. 89/2012 Sb., the Civil Code. On the ground of exceedingly wide issue, unfortunately there is not possible to involve all fragments of the picked substance, therefore we will focus on the most fundamental ones.

Materials and Methods

1. Employees assessment and its relation to further human resources activities

Employees assessment belongs to fundamental human resources-managing tasks. It is instrumental towards summarizing and documentation of a given employee's performance during a foregoing period, it is an instrument of controlling, motivation and employees' development, it is also consider to be an instrument of their performance support, correction of unwelcome behaviour manners, a medium of mutual communication between a manager and an employee and a source of their inspiration.

The process of employees assessment consists of nine phases which Josef Koubek (Koubek, 2011) specifies in a more detailed way within the frame of three time periods: the preparatory period (four phases), the period of information and data collecting (two phases) and the period of evaluating information related to work performance (three phases).

To summarize opinions and findings which are related to the process of employees assessment we come to the end that its main function is to watch and assess employees' work performance, at which quality they perform their work tasks resulting from requirements of a given work position. Employees' work and social performing, knowledge or skills and treating their workmates, clients and customers are assessed as well. In that case employees assessment is an instrument towards finding employees' potentiality, monitoring their work performance and it is proximately associated with the system of remuneration, development and carrier managing.

Employees assessment is also linked to a spectre of further particular human resources activities, it concerns especially:

- employees remuneration; the assessment is indisputably one of basic instruments when doing remuneration management, with implementation of the assessment process there is a possibility to increase transparency of remuneration and its objectification (Armstrong, 2009); although the law of the Czech republic does not allow an employer to cut employees' basic remuneration as a reaction to employees assessment, especially the negative one, in terms of remuneration in general there can be arranged so called variable remuneration package and in terms of it employers are allowed to express their assessment conclusion about employees. In the state sphere assessment and its influence on remuneration is remembered in a single act where the act implements a personal premium in legalities of § 131, the Labour Code – the employees who in the long term meet work tasks at a very good level or they fulfil more tasks in comparison to other employees can be remunerated by their employer with a personal premium up to 50 % of wage scale of the highest wage level in the grade where the employees are classed.

- human resources planning; especially on the ground of internal mobility there happen changes concerning employees and their work positions, transferring employees in consideration of carrier development, their eventual fluctuation and etc.;

- getting and recruiting workers; the matter of suitability of used methods for recruiting employees, transparency or objectiveness of assessment process can influence the „name" and attractiveness of an employer, good or bad work performance of employees can indicate good or bad work of human resources department etc.;

- education and development; for instance unsatisfactory work performance can bring a signal of necessity to solve this issue by the medium of given employee's further education or conversely high-quality work performance can represent a message about another hidden potential of an employee who is considered as a suitable person for further conceptual development and perfection; especially on the basis of regular employees performance assessment and their over-all competences it is possible to plan their education and development. Furthermore, by operation of law employees are obliged to develop their qualification concerning the performance of agreed work and with the view of qualification development an employer is allowed to order an employee a participation in trainings and studies (§ 230, subsection 1 of the Labour Code). This participation is considered to be work performance and an employee has to be given a salary or a wage (in relation to a kind of a work contract). The costs of the training and studies are paid by the employer (§ 230 subsection 1 of the Labour Code).

- the sphere of care about employees, the sphere of work relations; on the ground of ensuring required level of employees assessment it is important to get acquainted with process, principles and rules of assessment, and together with trade unions also following to solve eventual improvement of work or social conditions;

- the sphere of human resources information system; on the basis of misrepresented or incomplete information human resources work can lead to wrong decisions, for example when hiring, educating or dismissing employees; bad work performance can be determined by incorrect conclusions resulting from work position analysis, incorrect information in light of human resources planning.

2. Recent methods and forms of employee's assessment

On the present we can meet quite a number of methods of employees assessment which are based on different points of view or rules which use different rules and criteria for the assessment. Every method has its positives and negatives. The assessment methods can be divided for instance in light of their focus, in accordance with assessed area or their time continuance. The first assessment is met by an employee at the moment when they are applying for a job. The Czech legal regulations, but exceptions, leaves employees choice on an employer who is in this phase allowed to require from an employee only the data which are first-hand connected to making a work contract (§ 30, subsection 2 of the Labour Code).

When doing assessment an employer is obliged to adhere to fundamentals of equal treating and to discrimination prohibition. As consistent with the Czech legal regulations in force it is accepted that employers are obliged to ensure equal treating all employees, as long as it concerns their work conditions, remuneration for work and providing other cash performances and cash value performance, specialized preparation and an opportunity to reach functional or another advancement in a carrier. From the given statement of law provision we can deduce that even when doing employees assessment an employer is not allowed to discriminate particular employees, as the case may be to arrange discriminational criteria. „The regulations of equal treating employees and prohibition of discrimination represent a further specification of equality in dignity and rights in accordance with Art. 1 of the Declaration of Basic Rights" as a part of the Czech constitutional order. The legal regulations of the Declaration of Basic Rights is then followed by a special legal enactment which is represented by Act. No. 198/2009 Sb., about equal treating and legal means of protection against discrimination and about changes of some acts, as amended. This act is considered to be an antidiscrimination act. Among others this act implements relevant regulations of the European Community and also studies the matter of equal treating right and prohibition of discrimination concerning work matters, service relation and other dependant activities including remuneration (§ 1, subsection 1, letter c) which is closely related to employees assessment.

As mentioned above, informal or unsystematic assessment more likely pays for the assessment of a spontaneous, operative and everyday character. This type of assessment is mostly influenced by a subjective approach of an evaluator and it is not ordinarily recorded in a written form and very exceptionally it is a cause of a several human resources decision.

Generally there could be stated that the assessment system is very closely linked especially with its form. When looking at the matter from this point of view we can divide the assessment into formal and informal ones.

Informal (continuous) assessment is generally applicate more likely on the accidental basis or on the basis of actual need or within the scope of everyday relation a superior – a subordinate, without clearly defined processes flow, criteria and methods in advance. Informal assessment is mostly considered to have informal and oral character.

To speak about formal assessment, we mean the type of an assessment which is performed in regular periods or under beforehand defined circumstances (for instance when repositioning an employee, a sudden and crucial change of an employee's performance, quality or quantity of their work tasks). This type of assessment is usually performed in a written form. Another form of this systematic formal assessment is represented by so called occasional assessment. It is most frequently elaborated on the basis of an employee's requirement concerning elaborating a work appraisal form or if there is a need of human resources arrangements within the scope of employee's work carrier.

For the need of human resources matters and implementing adequate arrangements the written form of a regular formal assessment is certainly more acceptable. In full a systematic and periodically repeated process of employees assessment is considered to be more modern and effective way. However this type of assessment can be in a certain manner considered as a bureaucratic one. Within the scope of this assessment there are mostly compiled relevant documents which are sequentially folded in employee's personal file. Formal assessment is usually focused not only on analysing work performance and its other aspects but it principly focuses on oncoming future as well. The basic attributes of this type of assessment are especially represented by rationality, standardising, periodicity, plannedness and ordeliness (Koubek, 2011, p. 124).

Koubek onward states that another advantage of regular formal assessment is represented for instance by the fact that employers: „get to know and assess employees in a more complex way, in light of knowledge and skills sum and other qualities. They better recognize, appreciate or develop strong points of employees and on the contrary recognize employees' weak points; they more effectively enable to eliminate the weak points. Furthermore they enable better recognition of education need and development potential of employees and their suitability for performing more demanding work tasks and not to forget employers push employees' attention on performance in more systematically etc.” (Koubek, 2011, p. 124). There is a considerable number of assessment methods and most of them have their own possible contingents. With respect to the issue of this article there is not necessary to study assessment methods in a complex way in light of their frequency and their extent. Therefore, we are presenting the methods which are most frequently stated in specialized texts and which are most used in practice.

To differentiate assessment methods according to timescale, conformably by František Horník (2006) we can divide them into the method focused on the past – especially focusing on what has already happened, the method focused on the present – focusing on a current situation evaluation and the method focused on future – focusing on predictions of future possible happenings.

Employees come together with the first assessment of a formal character at the end of probation period. Probation period is in the Czech law understood as the time period of employment duration from its beginning to duration termination, usually the third or the sixth month. During probation period both partakers of a law relationship – an employer as well as an employee – have a possibility to consider if they are interested in further duration of employment. If they are not, the Labour Code allows them to terminate the work contract immediately without any sanctions (the law states work contract dissolution through the medium of termination within probation period, § 66 of the Labour Code). It is important to mention that the necessity of probation period is not enacted, both partakers are obliged to arrange it in written form in their work contract or another relevant document and it has to be done not later than on the day which was agreed as the day of date of hire. Probation period can be arranged in the maximal length of three month from the beginning of work relationship, as the case may be of six months when concerning executive workers. By no means probation period can take longer than a half of agreed duration of work relationship (§ 35 of the Labour Code). As Vysokajová states (2012) the Czech labour law allows to agree on probation period with all employees, no employees can be disadvantaged in this case.

On the present, we are coming across the statement that reached targets, a level of provided services etc., directly measure success of a business but as its basis, we consider especially employees' competencies, which are understood as a sum of reached work performance (human labour) and brought employees' potential (human resources). For instance Irena Wágnerová (2008) defines the term competence as a required state of work assumptions development (work competence and qualification) within a given work positioning and in concrete work conditions. Another possible dividing methods of assessment is thus competencies assessment or work performance.

The choice of a concrete form and an assessment method always has to correspond with a character of a situation and with conditions of a business where assessment is applicate. Generally it is recommended to choose only one main method and after that one or more supplemental ones.

3. Evaluator; principles of showing assessment results

An evaluator must be characterized as the most competent person. As the most competent person we can generally consider a direct superior who knows not only tasks of a concrete work position, work conditions or their potential influences on work but who knows employees themselves as well, their character features or abilities and their life background. Assessment can be carried out by other persons as well, for instance:

- self-assessment;
- assessment by external clients, it is carried out in written form, by the medium of standard assessment forms;
- employees and managers assessment by their internal clients, thus by the employees of a business who use results of their work; it can be considered as a form of a feedback;
- employees assessment by their mentors, experienced employees who are for instance responsible for adaptation process in a business.

Results of each assessment must be delivered to particular employees who have to be familiar with them to have a possibility to express their own opinion. This employees' right is reflected in the Czech labour law as well. In case of employment termination, eventually agreement to complete a job or agreement to perform work, an employer is obliged to issue an employee employment certificates where reached qualification has to be specified. This specification can not miss in certificates and both the employee and the employer are not allowed to agree on absence of it (Bělina, 2015).

More, such an employee is allowed to ask such an employer to issue employment assessment and the employer is obliged to meet the requirement in not longer than 15 days and even if the requirement is asked after employment termination. In accordance with the case law of Supreme Court of the Czech Republic it is stated that „employer is obliged to issue work assessment (employment assessment) even if the requirement is asked after employment termination (dissolution), except employee's action would be an act of law abuse.” (Judgement of Supreme Court of the Czech republic on 22nd April 2003, reference 21 Cdo 1893/2002). In the employment assessment an employer states employee work assessment, their qualifications, abilities and other substantialities which are related to work performance. In time when new employeers often ask job applicants for their employment reference, this document may be a bearer of determining information. The Labour Code namely prohibits so that an employer provided any other information about an employee than the information which could be in the content of employment assessment (§ 314 of Labour Code). With regard to the importance of employment assessment, as well as the fact, the term „assessment” itself signifies that it will contain subjective assessing opinions, this document can be also a subject matter of judicial review. Provided that an employee does not agree with the content of employment assessment (eventually employment certificate), they are allowed to sue at the court so that the employer changed the assessment in an appropriate way. The employee can give a notice of an appeal in the time period up to 3 months from the day when they found out about the content of the employment assessment.

The most wide-spread and most frequently used form of discussing assessment results is considered to be evaluation interview which pays for a significant part of every assessment system. The evaluation interview is possible to be considered as the decision point of official and formal employees assessment not only with regard to their performance but also with regard to their education, further development and their motivation in general. This kind of interview fundamentally represents assessment process complement. The aim of the interview should be in any case reaching mutual accordance between an evaluator and an evaluatee. The interview is a part of performance managing and in itself enables to regulate effort and personal development of employees. It represents a part of a repeated cycle of systematic assessment. One of elementary conditions for carrying out a successful assessment interview is represented by its careful preparation. Preparation of the interview is an important phase because in case of insufficient preparation the interview can be an unpleasant experience for an evaluator and an evaluatee as well. When carrying out an employee assessment the most important role is played by the personality of an evaluator and their objective approach as well as it concerns the fact that a considerable number of aspects of evaluated work performance is not possible to be measured objectively. During the assessment there can happen that many mistakes can be made and these mistakes can result in lower effectiveness of this human resources activity or in case of seriously crucial insufficiencies this process can have a negative effect within the frame of work performance managing. The knowledge of possible mistakes making is very beneficial, namely above all on the ground of prevention. An evaluator can make a basic mistake also in their follow-up approach to an evaluatee who has appealed against the assessment result because the evaluatee has a feeling that the assessment is not in accordance with an objective matter of fact. Here can happen the situation that the evaluatee is by the evaluator disadvantaged just because of the reason that they demand their right or for „ability to have and claim their own opinions.”

We also can not forget the fact that the process of employees assessment can not be contrary to lawful acts and human rights and that there is a necessity of excluding any elements of discrimination from the assessment and everything which is not related to performed work as well. It is also essential to respect other key legislations regulating conditions of equal approach and equal treating employees or a prohibition to discriminate employees, as already indicated above.

In the years 2016 and 2017 the co-author of this article carried out two researches which are primarily focused on the matter of human resources performance and their support by the help of information systems (Frischmann, Žufan, 2017) and on the matter of employment development in the sphere of CZ – NACE II – Accomodation, boarding and hospitality in Prague and Central Bohemia in years 2007 – 2016 (Žufan, 2016). On the subject of the topic of this article the source data was gathered with respect to the matter if there is carried out formalized employees assessment in the stated businesses, how often and what methods are used for it.

Questionnaire survey was carried out by the medium of questioners. The students of the study programme Managerial Studies – Human Resources Management became familiarized with goals of the survey, character of questions, importance of answers concerning closed questions and in the end with importance of possible or expected importance of answers concerning open questions. The questionnaire consisted of twenty questions (except identification ones), the matters researched in this article were reflected in three of them. The matter of employees assessment within the frame of research represented only a supplementary subject matter. The questioners handed out the questionnaires personnaly in three to five businesses. Handing them out the questioners briefly explained proceeding and answered eventual questions. During the next visit the questioners checked completeness and took over filled in questionnaires.

Results

The researches include data from 114 respondents who represent 41 restaurants and 73 hotels in the area of Prague and Central Bohemia. Out of the total amount of 114 respondents there are 85 small businesses and 21 midsized businesses. As seen in Table 1, systematic assessment is carried out by slightly more than a half of respondents, respectively 60 out of the total amount of 114. Systematic employees assessment is more often carried out at hotels (approximately 2/3 of the respondents) than at restaurants (almost 30 % of the respondents).

Table 1: Systematic assessment in restaurants and hotels

Restaurants	41	12	29,3%
Hotels	73	48	65,8%
	114	60	52,6%
Small business	85	39	45,9%
Midsized business	29	21	72,4%
	114	60	52,6%

Source: authors

In light of used methods the situation is similar. As seen from Table 2, the most used method is represented by assessment interview carried out by a direct superior with an assessed employee. This method is used by 76,6 % of researched employers. Other basic assessment methods are represented by written and verbal assessment and assessment carried out by the medium of questionnaires or check lists. Together with these basic methods, three of the researched restaurants and 32 hotels also use supplementary methods in the form of assessment by clients and co-workers and the assessment carried out by employees themselves. With respect to the size of an employer there is obvious that concerning main assessment methods there are not any fundamental differences in relative formulation (84 % small, respectively 71 % midsized businesses use the assessment interview), though supplementary methods are used by bigger businesses.

Table 1: Used method by assessment

	total	assessment interview	written assessment	questionnaire/ check list	assessment by clients	assessment by co-workers	self-assessment
Restaurants	12	8	2	0	2	0	1
Hotels	48	38	6	4	12	2	18
	60	46	8	4	14	2	19
Small business	39	33	6	0	4	0	2
Midsized business	21	15	2	4	10	2	17
	60	48	8	4	14	2	19

Source: authors

In light of frequency all the respondents agreed on the fact that they carry out formal assessment on annual basis. Out of the gathered data we deduce that the assessment in duration or at the end of probation period does not have a character of formal assessment and its outputs are not compiled in written form. At the same there is no available information showing that requiring and providing work assessments is a standard, especially in connection with termination of employment.

Discussion

As expected, in light of realisation of systematic employees assessment middlesized businesses carry out assessment in almost three cases out of four what is more frequent in comparison with small businesses. To speak about kinds of services offered by businesses, systematic assessment is carried out more at hotels than at restaurants. The results agree with the presumptions in the matter that the corporate culture of bigger organisations and hotels appears at a higher level than the corporate culture of small organisations and restaurants. It is also reflected in approach to human resources management, respectively in the fact that in bigger organisations and hotels there are realised higher forms of human resources matters than in smaller organisations and restaurants where, generally meant, only necessary human resources administration is done.

In accordance with expectations and in harmony with the findings stated in the foregoing paragraph, a bigger variety of assessment methods more likely represents signs of middlesized businesses. Although preparation and realisation of quality and for human resources, managing usable assessment interview is a difficult managerial skill, it is used most often in practise. The fact that formalized assessment in businesses is more likelya kind of a formal matter is supported by adhering to its annual periodicity. At hotels and restaurants this frequency is not often connected with needs of increasing or decreasing the amount of employees, promoting and motivating the best employees and other activities which should lead to higher performance of employees and consequently businesses. Also, from existing case law of Supreme Court of the Czech republic concerning labour-law litigation it is obvious that employment assessment is not in decided cases by the court stated among evidences submitted by particular sides involved in the case. It seems that this institute which has been enacted in Code of Law since 1965 (but it has been factually existing since 19th century) is not understood as a relevant one on the present.

Conclusion

As arising out of research results, systematic employees assessment is more likely carried out at hotels (65,8 % of answerers) than at restaurants (29,3 %). This matter of fact is connected with a business size – in midsized businesses employees assessment is realized in 72,4 % of them, whereas in the researched sample of this category hotels outweighed restaurants – and as well in light of forms of employing and average duration of employment. But overall share of employers who systematically realize employees assessment (52,6 %) represents a small figure and it shows evidence of underestimating this tool in respect of human resources management and of preventing eventual arguments with employees while processing termination of employment when an employer gives notice to an employee.

In light of used assessment methods there was confirmed the expectation that the most used method is represented by evaluative interview. Even though this method is in fact very complicated and this method requires careful preparation and training of evaluators, it is realized in 2/3 of researched businesses regardless of their type and size. To mention supplementary methods, more often using clients' assessment seems to be a very interesting method whereas it is typical for hotels. As much of it, preparation of assessment in form of self-assessment is used almost exclusively (18 out of 19 cases) at hotels.

In case of a correct setting up the assessment system can become a valuable instrument and a kind of a facilitator especially for remunerating employees. Results of assessment can be reflected in variable remuneration package and they can have an influence on the level of basic wage scale, premiums etc. as well. In complex, over-all assessment should support the assumption that remuneration for performed work is more fair-minded and more motivating. Legal regulations, as stated above, not only specify several basic period terminuses connected to employees assessment, but as well formal procedures which are understood as direct employees assessment (for instance employment assessment), or indirect one (remuneration increase). At the same, legal regulations are tending to the point so that objective approach would be preferred to the subjective one and any employee would not be discriminated when carrying out assessment. Representative specialized literature shows that systems of assessment, education and development and remuneration accordingly represent over-all motivation system. Assessment itself occupies a specific central position because its outputs would be right reflected in systems of employee’s education, development and remuneration. Our research, which did not deal the matter directly, shows that regular employee’s assessment in the sphere of Accommodation, boarding and hospitality has apparently more formal than formalized character.

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REVIEW

Hán, J., Chalupa, Š., Lustigová, Z., Pažout, J., Šalda, P., Sochůrková, M. ***Vybrané kapitoly z hotelnictví a gastronomie. Svazek třetí - Online marketing***. 1. vydání. Praha: Wolters Kluwer ČR, 2017. 312 s., ISBN 978-80-7552-888-9

The development of information and communication technologies, as applied to the hospitality industry, has been so rapid in recent years that such technologies are universally seen as indispensable tools of the trade. The question today is definitely not whether to utilize these tools and methods, but how to utilize them in the most proper way.

This book presents current key areas for utilizing modern information technologies in hotel marketing, but it certainly can be an inspiration in many ways for other types of enterprises.

The authors' focus in this book is mainly on web sites, and with that the connected booking systems of hotels. The authors also present options for digital marketing, and characteristics of such important channels in hospitality as OTA or GDS, and there is some commentary on revenue management (its current conception and operational tools). The authors develop a more comprehensive view of the use of social media in hospitality, and discuss tools and methods of mobile marketing, which is becoming increasingly common in the industry. The authors also emphasize the importance of both customer relationship management (CRM) systems and reputation management activities. Here the stress is placed upon the importance of modern methods of marketing research. Finally, the authors present some new trends in hotel marketing, which they argue interested parties can use to good advantage.

This book is not only an introduction to different types of systems, applications and methods, but in many cases the authors also offer practical illustrations of these methods, and sketch out some guidelines for utilization. Consequently, the reader is exposed to hundreds of different real applications derived from much industry research, and statistics from world-wide samplings. Overall, the book reflects the many years of authors´ practical experience in the industry.

The book is primarily intended for hospitality employees and entrepreneurs who want to keep up with innovations in marketing processes for their enterprises. But this book can also be used as a source of study for students from discipline-related high schools or colleges; and certainly, there is useful material for further professional development of people already working in hotel business.