

Slobodan Čerović

HUMAN RESOURCE MANAGEMENT IN HOSPITALITY INDUSTRY



The University of Singidunum
Belgrade

FACULTY OF TOURISM AND HOSPITALITY MANAGEMENT

Prof. Slobodan Čerović, PhD

HUMAN RESOURCE MANAGEMENT IN HOSPITALITY INDUSTRY

First edition

Belgrade, 2020

HUMAN RESOURCE MANAGEMENT IN HOSPITALITY INDUSTRY

Author:

Prof. Slobodan Čerović, PhD

Reviewers:

dr Krunoslav Čačić

dr Vidoje Stefanović

Publisher:

SINGIDUNUM UNIVERSITY

32 Danijelova Street, Begrade

www.singidunum.ac.rs

For publisher:

Milovan Stanišić, PhD

Proofreading

mr Branislava Marković

Prepress:

Miloš Višnjić

Design:

Aleksandar Mihajlović, MA

Year:

2020.

Printed by:

Caliraph, Beograd

Circulation:

10

ISBN: 978-86-7912-722-8

Copyright © 2020 Singidunum University, Belgrade

All rights reserved. No part of this work covered by the copyright herein may be reproduced, transmitted, stored or used in any form or by any means graphic, electronic, or mechanical, including but not limited to photocopying, recording, scanning, digitizing, taping, Web distribution, information networks, or information storage and retrieval systems, without the prior written permission of the publisher.

Images and Videos on Pixabay are released under Creative Commons CC0. To the extent possible under law, uploaders of Pixabay have waived their copyright and related or neighboring rights to these Images and Videos. You are free to adapt and use them for commercial purposes without attributing the original author or source. Although not required, a link back to Pixabay is appreciated.

PREFACE

Through an interdisciplinary approach, this monograph seeks to give an overview of the concept of human resource management in hotel companies and in general, to show the importance of applied human resource management, as one of the key factors for a durable competitive advantage and market positioning strategy. The monograph emphasizes the human factor, as the most valuable resource in hotel companies, and the importance of motivating employees, but also managers, as a very important factor for achieving the vision, mission and strategic goals of hotel companies.

The book analyzes and researches the connection between contemporary theoretical views in the field of human resource management in the hotel industry and their practical application. The most significant and practically applicable part of the monograph are numerous examples and views of the author, which can be applied in the hotel industry, taking into consideration the level of development, the specific situation in the hotel company and actual state in tourism and labor market.

This book is offered for a review and critical analysis to the scientific community and the experts, but also to those who have gained practical knowledge and experience in the field of strategic human resource management, hoping that their critical reviews of the topic, their suggestions and proposals, will contribute to the research and development of human resource management in the hotel industry. As the author, I expect this book, with its theoretical and applicative aspects, to receive positive feedback and to enhance and complement professional literature on human resource management in the hotel industry in our country.

The book is primarily aimed at Bachelor students of Singidunum University's Faculty of Tourism and Hospitality Management, as well as all those interested in the theory of human resource management, the people involved in the hotel management and those who want to learn about new tendencies from this field, in our country and in general.

I sincerely thank all those who contributed to the creation of this monograph: the managers of hotel companies in Serbia, numerous colleagues and friends who have supported my creative efforts, with their positive incentives.

I would also like to thank my long-time friend and colleague, prof. Pera Petrović, PhD, whose scientific thought and expression greatly contributed to the creation of this book in the form that you can see today. I am very grateful to the reviewers, Prof. Krunoslav Čačić, PhD and Prof. Vidoje Stefanović, PhD, on their suggestions, proposals and critical remarks during the production of this monograph, because without their contribution this monograph would not be the same. I also owe many thanks to Prof. Slobodan Unković, PhD, who has been an example and support throughout my career and who contributed immensely to my scientific and professional work.

I am sincerely grateful to the President of Singidunum University, Prof. Milovan Stanišić, PhD, for his vision and his scientific and personal approach, for supporting and encouraging the creation of this book and our work at Singidunum University in general.

I owe many thanks to Mr. Miroljub Aleksić, President and owner of "Alco Group", Mr. Radivoj Dražović, owner of RADIX company and prof. Gergo Genov, PhD, Director of HORES who made this book available to the international audience, by supporting its translation in English.

I dedicate this monograph to all innovative professionals and students who, through their dedication, responsibility and creativity, strive to improve the human resources management of our country's hospitality industry.

Belgrade, March 2020

Author
Prof. Slobodan Čerović, PhD

CONTENT

PREFACE	III
INTRODUCTION	1

I - Part

DEVELOPMENT AND IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

1. CONCEPT OF HUMAN RESOURCE MANAGEMENT	7
1.1 Origins of HR management	7
1.2 Evolution of personnel management within the HR management	10
1.3 Modern trends in tourism and hotel industry relevant for human resource management	12
1.4 Significance of human resources in hospitality	19
1.5 Defining HR management	23
1.6 Goals of HR management	26
1.7 Contemporary human capital	29
1.8 Basic roles of HR management	30
2. COMMUNICATION AS BASIS OF HR MANAGEMENT	33
2.1 Communication management	38
2.2 Improving the communication process	40
2.3 Types of communication	42
2.4 Interdependence between management and communication	47
2.5 Communication problems	49
2.6 Use of communication skills	50
3. HR MANAGEMENT ELEMENTS AND ACTIVITIES	55
3.1 Basics of a company's knowledge	55
3.2 HR management process	58
3.3 Organizational culture and climate	64
3.4 Role of organizational culture in HR management	70

II - Part

STRATEGIC HUMAN RESOURCE MANAGEMENT

4. EMPLOYMENT – CONTENTS AND JOB ANALYSIS	77
4.1 Job description and specification	80
4.1.1 Job description	80
4.1.2 Job specification	84
4.1.3 Job design	88
4.2 Job analysis process	89
4.2.1 Modern methods in job analysis	90
4.3 Job search process	93
5. FORMULATING HR MANAGEMENT STRATEGIES	99
5.1 Content of strategic HR management	99
5.2 Strategic HR planning	101
5.2.1 Operational process of human resource planning	106
5.2.2 HR demand forecasting methods	108
6. HUMAN RESOURCE RECRUITMENT	115
6.1 HR recruitment methods	117
6.2 Human resources recruitment process	120
7. HUMAN RESOURCE SELECTION	129
7.1 Organization of selection methods and instruments application	134
7.2 Activities in the selection process	139
7.3 HR selection process	142
7.3.1 Interview with the candidate as the most significant selection instrument	147
7.3.2 Unconventional HR selection methods	151
8. SOCIALIZATION AND ORIENTATION OF EMPLOYEES	155

9. IMPROVEMENT OF EMPLOYEES PERFORMANCE	159
9.1 Educational function of an organization	159
9.2 Training and development of employees competence	161
9.3 Organizationa learning	171
9.4 Employee education	173
9.4.1 Type of employee education	174
9.4.2 Selection of employee training and development programs	177
9.4.3 Choice of training organization model	181
9.5 Learning motivation (interest)	185
9.6 Employee Career Development	186
10. EMPLOYEE PERFORMANCE EVALUATION, MOTIVATION AND REWARD	191
10.1 Employee performance appraisal	191
10.1.1 Work evaluation	197
10.1.2 Motivating employees as a factor in achieving differentiation of a hotel productn	213
10.1.3 Motivation process	218
10.1.4 Types of motivational techniques	220
10.1.5 Measuring motivation	221
10.1.6 Motivation theories	222
10.1.7 Material and non-material motivation of employees	230
10.2 Salary system	240
10.2.1 Salary system goals	241
10.2.2 Labor costs management	243
10.2.3 Salary system mechanism	245
10.3 Traditional systems of salaries	245
10.3.1 Determing salaries based on seniority	245
10.3.2 Salary classes and points range	245
10.3.3 Basic elements of income	250

10.3.4 Incentive wage system	252
10.3.5 Incentives for managers	257
10.3.6 Employee benefits	258

III - Part

ORGANISATIONAL STRUCTURE OF HUMAN RESOURCE MANAGEMENT

11. ORGANIZATION OF THE HUMAN RESOURCE MANAGEMENT	263
11.1 HR service work tasks	265
11.2 Organisation of HR service	267
12. MAINTAINING EMPLOYER-EMPLOYEE RELATIONSHIP	275
12.1 Employee safety	275
12.1.1 Legal protection of employees	285
12.1.2 Social security	287
12.1.3 Physical safety of employees	287
13. LEADERSHIP	293
13.1 Role of the manager-leader	294
13.1.1 The power and authority of the manager	294
13.1.2 Delegation process	298
13.2 Defining Leadership and Types of Leadership Styles	300
13.2.1 What is Leadership?	300
13.2.2 Leadership Styles	305
13.3 Charismatic leadership	313
13.4 Recruitment and selection of managers	315

LITERATURE	319
CONTENT EXAMPLES, OVERVIEWS, FIGURES, TABLES, SCHEMES, GRAPHS AND TEXT BOXES	325
BIOGRAPHY	330





HUMAN RESOURCE MANAGEMENT IN HOSPITALITY INDUSTRY

INTRODUCTION



*"IF A MAN EMPTIES HIS PURSE INTO HIS HEAD, NO MAN CAN
TAKE IT AWAY FROM HIM. AN INVESTMENT IN KNOWLEDGE
ALWAYS PAYS THE BEST INTEREST."*

*Benjamin FRANKLIN (1706.)
Politician*

"To be competitive, a company needs to have at least one competitive advantage more than its competitors. Today, most companies have easy access to the same technologies, so the technology itself is rarely enough to set a firm apart. It's usually the people and the management system that make the difference." (Dessler G., 2007, p. 10)

Since employees are part of a company that can bring competitive advantage, human resource management is responsible for acquiring, selecting, motivating, training and developing, rewarding and keeping its employees. A company's value is measured not only by financial indicators and profit, but also by a new dimension, the quality of its workforce.

"Contemporary management emphasizes the role and the importance of employees and the significance of psychological factors - such as capabilities, goals, motives, expectations - for a successful business of a company. Human Resource Management (HRM) refers to the policies and practices involved in carrying out the Human Resource aspects of a management position, especially regarding recruitment, training, performance appraisal and rewarding employees of a hotel company and providing a safe, ethical and fair environment." (Dessler G., 2007, p. 2)

Human capital is one of the elements that define the value of a hotel company; it emphasises the importance of people and their knowledge as a creative potential for successful performance of a company, for business organisation, innovations and customer relations.

In order to keep and increase the value of intellectual capital and the quality of products and services in general, hotel companies invest in training, recruit high quality staff, establish a system for performance appraisal, for rewarding and promoting good employees.

Managing the human potential comprises decisions that have key and longterm effects on business performances and success of a hotel company. Human potential is defined by the quality of the workforce; their specific abilities, knowledge and skills are key factors for creating a competitive strategy and for its successful implementation. Many human potential management programs, like continuous training and development, motivating and compensating, are directly related to the successful implementation of the strategy.

The main characteristic of human resource management is its orientation towards the future of people, their education and development, in accordance with the anticipated competitive position of an organization, its business needs, eliminating at the same time the weaknesses, which means continuous improvement of business process and striving to achieve organization's strategic goals.

"A complex and diverse structure of a hotel product requires hiring employees from different fields of expertise. A hotel staff is also characterized by a wide range of education levels." (Kosar Lj., 2008, p. 36) "The mix of theoretical and practical knowledge is very important for a quality performance of certain tasks in hotel industry, especially when it comes to direct contact and communication with a guest." (Kosar Lj., 2008, p. 37).

"Contemporary approach in hotel industry development highlights the organizational and staffing model as an import factor for a hotel business, giving special attention to the educational and professional structure of employees. It is becoming more and more common to hear that educational minimum for the simplest jobs should be a Qualified Worker, i.e. Three-year professional school degree." (Kosar Lj., 2008, p. 21)

This refers in particular to doormen, baggage porters, housekeepers, i.e. hotel industry positions that require a direct contact with guests. Kitchen assistants and warehouse workers are expected to have at least secondary school education. Other than formal education, it is required to have high level of general culture, in particular when communicating with guest and business partners. Development of hotel industry requires changes in the structure of the staff. High technology increases the need of staff with higher level of qualifications and education.

Prof. Simo Elaković, PhD., in his book "Sociology of leisure and tourism" emphasizes the need for an interdisciplinary approach in development of educational programs for new generations of hotel staff with new quality of knowledge and new sensibility.

“Interdisciplinary integral and open programs have to be a result of the newest scientific insights (economy, sociology, social-psychology, social-culture, medicine and other fields) and hotel staff experiences.” (Kosar Lj., 2008, p. 123)

In the first part of this monograph, called ***Development and importance of human resource management***, in the first chapter we will examine the Concept of Human Resource Management through the establishment of human resource management. In this respect, we have analyzed contemporary tendencies in tourism and hospitality industry and importance of human resource in hotel industry. In this chapter, we have also analyzed the definition of human resource management, goals of human resource management, as well as main roles or human resource management. In the second chapter of this monograph, we analyze the process of communication as the fundament of human resource management. In that regard, a special attention is paid to the management of communication, improvement of communication process, different types of communication, connections between management and communication, problems in communication and use of communication skills. In the third chapter we have analyzed tasks and activities of human resource management, through organizational culture and atmosphere of a company and roles of organizational culture in human resource management.

In the second part of the book, titled ***Strategic management of human resource***, we have analyzed the whole process of human resource management. In that sense, we have made an overview of different phases of human resource management, from job analysis, formulating strategy and human resource planning, recruitment, selection, socialization and orientation of employees, improvement of staff performances (through education, training and development of staff and their career and their motivation for learning), staff performance evaluation (through work assessment, motivating employees, types of motivating techniques), payment system (through the payment goals, cost management, stimulations and benefits of employees and managers).

The third part of the monograph, entitled ***Organizational structure of human resource management function***, is dedicated to the analysis of organization of human resource management function. We have examined the work and organization of HR service. In this part of the book, we have also analyzed the relation between employer and employees, through legal, social and physical safety of employees. The last chapter of the book is dedicated to leadership, definition of leadership, roles of a leader, types and characteristics of power and leaderships styles.



DEVELOPMENT AND IMPORTANCE OF HUMAN RESOURCE MANAGEMENT



1. CONCEPT OF HUMAN RESOURCE MANAGEMENT

UPON READING THIS CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Explain the origin of human resource management.
- ♦ Understand who the participants in the HR management process are.
- ♦ Make difference between the HR management and personnel function.
- ♦ Explain the changes in tourism that affect HR management.
- ♦ Understand what knowledge is required to work in tourism industry.
- ♦ Understand importance of human resources in hotel industry.
- ♦ Define specifics of HR in hotel industry.
- ♦ Specify HR functions in hotel industry.
- ♦ Understand the concept and define HR management.
- ♦ Comprehend basic goals of HR management.
- ♦ Explain difference between goals and activities of HR management.
- ♦ Define the concept of human capital and explain its significance for gaining competitive advantage.
- ♦ State the basic functions of HR management.

1.1. ORIGINS OF HR MANAGEMENT

By the end of the 1980s, the modern management started changing the concept of personnel management, namely its personnel or cadre function, in theory and practice, by exchanging it with the term *Human Resource Management* (HRM). The transformation has been made under a great impact of Anglo-Saxon literature and practice, and it determined a new approach to a management function and a new scientific management discipline.¹ HR experts and practitioners strived to move organizations from “bureaucratic personnel management to a more flexible HR management.” This implied a new approach in understanding employees and their potentials, i.e. a change in the overall business philosophy within an organization. Leadership function stood out as one of the most significant management functions.

THE FACT THAT WE HAVE COMPETITION
MEANS WE HAVE MERITS

Ludvi BORNE (1786), writer

1 The overall process has been initiated due to the need to, among others, respond to a challenge coming from the Japanese, i.e. to the ever more present competition dictated by the Japanese companies in traditionally US industries such as electronics and car industry.

The concept has multiple meanings: (Avlijaš R., 2010., p. 206)

- a scientific discipline;
- a management function;
- a special function within a company;
- a particular management philosophy.

“The origins of HR management, i.e. personnel management, date back to the early 20th century. The fact that it was primarily a profession created during the World War I played an important role in the process of developing the discipline. During that time many established US universities offered specialized courses to educate those employed in personnel management. For instance, at the beginning of the World War I, American *Dartmouth College* organized its first course for managers performing these jobs, and other renowned US universities, such as Harvard and Columbia followed in its footsteps during the War by organizing similar education programs at the initiative of the War Industries Board.

Some US researchers trace the origins of the profession of a personnel manager to a much earlier period – 15th century and the end of feudalism, the period often referred to as pre-industry period. Nevertheless, all agree that the industrial revolution played the crucial role in development of the profession by bringing improvements in technology, opening big factories, and developing specialized fields of interest, thus significantly affecting the employment.” (Bogićević B., 2003., str. 3)

The HR management process implies appropriate measures and activities in which two parties are involved: the ones who manage, even at the lowest level (managers) and the ones being managed (workers performing jobs and tasks). Never has it been easy to manage people, their behaviour and potentials, and it is particularly hard in the modern information technologies era.

However, although there are certain rules to be followed in the management process, an organization's management should not subordinate its activities to them for one should not forget that human behaviour is not consistent, and often can be unpredictable. Each individual is special, as well as each organization, and given that what can be constant in one company does not necessarily have to be in another; what produces results in one company is not as efficient for another one, etc. It implies that in addition to the standard rules applied in the usual way, each organization should set its own rules tailored to specific executors and organizations and to the real environment.

In order to succeed in this, in addition to a thorough knowledge of the environment and the adequate organizational structure design, it is necessary to gain a deep understanding of human nature to more faithfully and fully indicate the needs, habits, interests, expectations, attitudes, and beliefs of both individuals and groups.

Modern HR management implies continuous changes, i.e. developments, for it is an imperative to continually keep up with the changes in surroundings and to adequately respond to those.

On the other hand, traditional relationships between the superiors and inferiors, which have been in place for thousands of years, slowly but constantly give way to the relationships of cooperation and creative resolution of the set goals by elevating personality, integrity, and initiative of the employees to a higher level. Modern managers are fully aware that an individual executive, no matter of their position, does not start on a job only to perform their duties unconditionally and get paid, but also to get involved, to show their qualities, and assert their personalities. Managers should keep in mind that the employee is not present at the job just physically, but mentally as well, even when performing a simpler manual work. The more the employee identifies themselves with the organization and its business, the more they will struggle to achieve its goals. In addition, the employee who is respected, estimated, appropriately rewarded, namely who is satisfied with their status and overall position within the organization, is motivated for the greatest endeavors for the benefit of the employer who respects them and provides them a decent existence.

On the other hand, when comparing HR management to personnel management, more similarities than differences can be noticed. Nevertheless, concepts such as strategic integration, management culture, total quality management, human capital investment, along with the unitary philosophy (common interests of management and employees) are essentially parts of HR management model. The model implies aligning the way an organization operates its business and manages its resources with its environment. It is a reason why the term *HR management* is increasingly used in business as an alternative for personnel management. Managing HR management activities implies providing, development, direction, adjustment, and rational use of human potential in order to achieve both organization's and individual's goals and interests, unlike personnel activities that primarily deal with security, discipline, and application of legal and other work-and pension-related regulations so that organization's goals can be achieved. Cadre function is more limiting for its activities are static, limited to a certain extent and mostly deal with the present aspect. On the other hand, managerial activities expand to the future considering that management is a dynamic process focused on search for better and more rational solutions, activating all available potentials and constant strengthening of organization's performance. Management activities are mostly under responsibility of top management, whereas activities and tasks of the personnel function are under responsibility of an HR manager and operations managers. Responsibility for the taken measures and steps, namely for the jobs and tasks performed, is treated in the same way. Due to the increased significance of the management function compared to the cadre function, responsibility for the results achieved by performing those functions has also increased.

Modern HR management models put the synthesis of humanistic and economic values at the forefront, thus opening up new perspectives for further humanizing of business relationships. This breeds satisfaction and motivates for additional engagement during work which is one of the key aims of HR management.

HR management implies managerial activities that see an employee as a managing subject, namely as an individual that does not simply go to work just to perform their job and get paid for it, but also as an involved individual. Improvement of an employee's position within an organization serves as a way to create environment in which their job satisfaction, work motivation, performance and behaviour could be brought to the wanted level. This means that without satisfaction there are no results for it is not to expect from an employee who is not satisfied with their salary or overall position within the organization, to be able to make great achievements or above average results in their job.

Many authors have made clear a revolutionary nature of HR management for managers have not immediately seen that nature of fast changes that happened during the 1980s and have not adjusted its activities to it. The real HR professionals have continued to do the job the way they've always done it, but better and with more success. They noticed that if they wanted to be successful at the turbulent market, they needed to become more flexible, accept new ideas, and implement new practices in their HR management. In doing so, they should be aware of the trend by which knowledge and abilities are gaining momentum faster than ever before. A new business environment is being created in which the contradictions between labor and capital are becoming obsolete.

1.2. EVOLUTION OF PERSONNEL MANAGEMENT WITHIN THE HR MANAGEMENT

Evolution of personnel management within the HR management has been present for decades, though difference between the two has not yet been clearly defined in practice.² Nevertheless, these changes are significant and mostly directed towards an employee, their integrity, position within an organization, and role in accomplishing organization's goals. HR management deals with the employees as the key resource. It is a type of management that is directly under supervision of top management, i.e. it is a part of the organization's strategic planning process. (Armstrong M., 2001) However, similarities and differences between a personnel function and HR management should be acknowledged.

Similarities between HR management and personnel function are reflected in activity, namely jobs and tasks used to establish and ascertain a managerial function, i.e. management process and personnel function. In both cases the activities, i.e. jobs and tasks, are the same and they are directed towards the employees and their potential to accomplish appropriate goals. Some of the basic similarities between the HR management and personnel management would be the following: (Jovanović-Božinov, M., Kulić, Ž, Cvetkovski, T., 2004., str. 18)

2 There are some opinions that differences between HR management and personnel function, apart from differences in terms themselves, fashionable and non-critical acceptance of foreign words and phrases, are practically non-existent

- personnel management strategies, as well as HR management strategies, arise from the business strategy;
- personnel management, as well as HRM, put emphasis on responsibility of line managers for managing people within an organization;
- personnel management, as well as HRM, balance organizational and individual needs and ensure development of people in order for them to reach the maximum level of competence and achieve both personal satisfaction and organizational goals;
- both personnel management and HRM acknowledge one of their essential functions to be aligning people with constantly changing organizational requirements, as well as allocating right people to right positions;
- both HRM and personnel management use the same range of selection techniques, competence analysis, performance management, training, management development and reward management techniques.

Nevertheless, in addition to the stated similarities, differences between HR management and personnel management have become increasingly significant over the years. The most obvious indicators of the differences are the following: (Petrović P., in print)

- differences *in goals* to be achieved by applying managerial and personnel functions;
- differences *in methods* of applying managerial and personnel activities, i.e. jobs and tasks;
- differences *in responsibility* for performing managerial and personnel jobs and tasks;
- differences in the way employees, i.e. human resources within an organization, are *treated*;
- differences regarding *positioning* of managerial, i.e. manager function and personnel, i.e. cadre function within an organization, and the like.

On the other hand, basic differences between personnel management and HR management can arise more often from an approach than from its contents. There are three characteristics that differ personnel from HR management: (Petrović P., in print)

- (1) personnel management is an activity primarily directed towards those who are not managers, whereas HR management is less clearly focused but most certainly more related to the management;
- (2) HR management is far more than simple integrated activity of line managers, whereas personnel management emphasizes the role of a line management;
- (3) HR management emphasizes importance of higher management levels being included in culture management, whereas that was not the case with personnel management.

Basic difference between traditional personnel management and HR management will only become deeper over time given the strategic nature of HRM, i.e. inclusion in strategic business forms. Therefore, the overall concept of HRM is based on management and business oriented philosophy, and it implies a holistic approach dealing with the overall interests of an organization.

1.3 MODERN TRENDS IN TOURISM AND HOTEL INDUSTRY RELEVANT FOR HUMAN RESOURCE MANAGEMENT

Starting from the end of 20th century and in the early 21st century, numerous trends in tourism and hotel industry have been affecting HR management. In addition to numerous changes, the fourth scientific and technological revolution has taken place, and the industry technology has rapidly given way to information technology. At the same time, conditions have been created for further democratization and humanization of production and service relations. Greater involvement of employees in managing the company and its resources has been provided, and working and employment conditions have become more favorable.

On the other hand, technical, technological, information and communication progress have significantly influenced the concept, structure, and appearance of traditional hotel and tourism enterprise. Era of robotics, computers, and the internet has caused traditional tourism and hotel enterprises to increasingly transform their operations into service operations based on concept of activities that provide overall psychological and physical satisfaction to the service users. Many business activities have been performed via e-mail, mobile phones, and video conferences, thus making office work a redundant and far-fetched way of doing business.

Modern environment has been under the influence of great changes, many of which have been reflected in the organizational reality, that is, HR management. All those important changes can be organized into five sets: (Jovanović-Božinov, M., Kulić, Ž, Cvetkovski, T., 2004., str. 23)

(1) rapid scientific and technological progress:

- it is estimated that the overall human knowledge is doubled every three years and that in the field of scientific and technological progress, every three or four years there are such improvements that, considering their characteristics and significance, would have taken centuries to be developed in the past, which inevitably reflects to people's awareness, way of conducting business and HR management;

(2) tightening of market competition:

- number of countries with competitive tourism offer is increasing, thus imposing an obligation of almost daily review of HR management and operation methods, tourism and hotel product quality, work productivity, work motivation, and the like;

(3) increased consumer demand:

- tourists have become very picky, thus forcing hotel companies to increasingly be aware of their demands and expectations in order to tie them to their products and services, which increases manager's duties and causes corresponding changes in management process.

Changes in demand are characterized by: (Čerović S., 2006, str. 1-12)

- a) intensifying specific (selective) demands of tourism consumers for the increased ecological quality and health and recreational functionality of the reception areas;
- b) expanding demands regarding an increase in technical and technological levels and service quality;
- c) radical changes in the structure of tourism offer and expansion of the hotel services (sport and recreational activities, cultural, religious, entertainment, ecological and other activities);
- d) increase in travel safety;

(4) changes in lifestyle:

– increase in standard, improvements in quality of life, more free time, higher education levels, greater communication opportunities, motorization, traffic technology progress, airline deregulation, more meaningful use of working time, flexible employment forms, emergence of virtual organizations, and the like, are just some of the assumptions, that is, confirmation of a changed lifestyle and work life, that also reflect in HR management;

(5) need for constant reflection, change and adjustment of an organization:

– rapid changes in the environment, increased scientific and technological progress, higher education levels, work intellectualization, increased competition, higher consumer demands, fast pace of life, emergence of new professions and occupations, changes on the labor market, and other appropriate processes impose the need for constant review, change, and adjustment of an organization, its structure and culture, business and strategy, as well as the need for constant review, change and adjustment of the ways human resources are managed.

Generally speaking, it is obvious that a series of changes happening in the environment reflects to the HR management as well. On the other hand, modern organizations, in increasingly complex business surroundings, are forced more than ever to rely on an individual, their competence and abilities. Vice versa, due to this, the organization itself becomes a knowledge organization ready and equipped for new challenges and successful business.

Tourism is an industry that creates the most jobs worldwide. WTTC (1998) stated that in the following decade of this century most probably there will be at least 98 million vacancies. At present, tourism is the main source of vacancies in the developed and developing countries. World Travel and Tourism Council (WTTC) argues that employment in tourism is of utmost importance for development of national economies both in the developed and developing countries (tourism accounts for 8.2% of all jobs in the world – WTTC, 1992).

The continuous need for positioning and repositioning requires that sustained competence of personnel be realized, which, according to a great number of authors, become the most important resource of a hotel enterprise.

Hotel enterprises and tourism companies in general face rather serious problems in recruitment, development and maintenance of loyal, competent, well-managed and motivated workforce focused on providing quality service to increasingly demanding tourists – guests prone to criticism.

Tourism is characterized by a strong demand for flexibility and mobility of employees. Flexibility demand is reflected in the increased pressure on employees to possess multiple skills combined with different qualifications, or with specific skills generally related to different qualifications. This causes development and emergence of new hybrid forms of professions where an employee performs several jobs that require specific training and vocation. (Stefanović V., Blagojević, S., 2009., str. 506)

Table 1 Knowledge required in tourism

Knowledge and competences	Managers	Expert associates	All employees
– planning and organization – user orientation – communication – knowledge of foreign languages – intercultural understanding – team work – flexibility – troubleshooting – training skills – personnel management	– computer literacy – business planning – management skills – change management – results-based management – decision-making – human potential management – destination management – project management – education in teaching others	– expert competences – troubleshooting – basic computer skills – knowledge innovation – project management and work processes management – communication – expertise competences – presentation skills – creativity and innovation	– expert competences – technical skills – in-service training – personal development – health and safety at work – user orientation and results orientation

Source: Stefanović V., S. Blagojević, Human Resource Management in Tourism, Faculty of Sciences, Novi Sad, 2009., pp. 505

Quality of hotel services is crucial to positioning a hotel enterprise on the market. The fact that hotel industry is characterized by low salaries of the employed who are not highly positioned in the company, high level of job routines, and limited possibilities for career advancements result in high staff turnover, especially in the countries with relatively numerous job opportunities. Hotel enterprises with high staff turnover are less likely to position themselves well on the market. Therefore, management of many hotel enterprises strives to achieve employee loyalty by increasing employee satisfaction resulting in a positive outcome regarding the hotel services quality and customer's satisfaction.

It is practice of many hotels to have highly standardized operating procedures but without an integrative management approach. High competitiveness on the global tourism market imposes the need for constant quality improvements, as one of the best methods for better market positioning. Understanding the role of organizational culture and climate characterized by the focus on human resources in delivering high quality services in hotel industry is critical to hotel performance as well as employee satisfaction. Key to effectively positioning a hotel company is to select a market niche catering for specific needs not fully met and based on which the hotel would offer a differentiated – special “package offer”. (Čerović S., 2006, str. 8). This would enable the hotel company to establish its relative position with respect to competition; to learn how tourists receive hotel products and services offered, and to define its advantages and disadvantages. (Čerović S., 2006, str. 8)

The choice of an HR management approach in hotel industry certainly depends largely on the size of an organization (that is, the number of employees). For instance, in 1994, 87 % of UK hotels and restaurants hired between 1 and 10 employees, and the main task of HR management within these small hotel organizations was to recruit and select employees, as well as to retain them in the organization. The main problems of management in these organizations were finances, production and marketing, and much less attention was paid to HR management, especially since a large number of the hotels employed members of the same family. Over the last decade, the situation has somewhat changed due to the increasing number of international hotel chains that hire a respectable number of employees and in which HRM departments play an increasing role. (Hadžić O., Nedeljković M., 2008, str. 41).

Practice of many hotel enterprises indicates that, although they have the same approach to capital and similar technologies, better market positioning is the result of better service quality, which is also a result of organizational culture that focuses on HR management, climate of innovation and service quality.

Importance of human resources in achieving a lasting and sustainable competitive advantage is illustrated by an example of Sofitel Accor relating employees’ motivation and satisfaction to the increased quality of service and tourist satisfaction.

Example 1 Delegation as a way to motivate employees and satisfy tourists

Trying to improve service quality, guests' satisfaction, profitability and employee satisfaction, top management realized that the key factor in this re-engineering process is employees support. In order to gain their trust, Sofitel asked for volunteers for a programme, thinking that the staff that care about improvements could take on a role of "ambassador" and pass on new ways of thinking and new procedures to their colleagues. The process of volunteering and enabling the employees to express themselves made it possible to review several systems and procedures within the hotels and to learn how they could be improved. Thus, over the next three years, employees were encouraged to analyze problems, develop opportunities, and modify behaviour of employees. This made them feel empowered to make decisions that guests would benefit from. In addition, given that proposals for methods of achieving greater guest satisfaction came from the employees, resistance of their colleagues in some departments was low. The report shows in detail how guests' satisfaction has grown over the three-years' period from the average of 82% to over 90%. This increase was reflected in greater employee satisfaction. Staff turnover went down from 58% to 39%, which is significantly below the average in US tourism. Another positive effect of creating such a high level of trust, with no boundaries of what could be done for a customer, was increase in morale and number of promotions. Crucial to the success of this re-engineering process was the management's understanding that the technical staff must believe in themselves and in the company's commitment. The faith was fostered by enabling employees to feel that "they also took part in the transformation process, thus creating an atmosphere where change could be successfully implemented."

Source: L., Moutinho, *Strategic Management in Tourism*, Masmedia d .o.o., Zagreb, 2005., pp.264

Box tekst 1 Education institutions in the field of hotel industry

Importance of quality staff in tourism and hotel industries brought to development of a wide network of education institutions worldwide – colleges, academies, and faculties.

When it comes to universities, in addition to bachelor studies, they offer graduate studies as well: specialist, master, and PhD study programmes.

These several levels of education cover the needs of four levels of management structure:

- operational manager (supervisor) (college, polytechnic academy)
- middle manager (bachelor degree, a university degree - BA)
- strategic manager (Senior Executive) (university degree - BA and graduate studies - MBA)
- leader (Chief Executive) (university degree - BA, graduate studies - MBA, doctoral studies - PhD) (Bakić O., 2008., str. 42)

Various organizations and institutes, consulting firms, and chambers of commerce take part in the education process. It is common for a university to cooperate with certain tourism companies in creation of programmes at different levels of education in the management profession. There are also independently organized educational centers of the companies that own entrepreneurial universities for education and training of employees, as well as all management structures (Bakić O., 2008., str. 42).

Models for education, training and development of staff:

I “Model of complete separation”

II “Model of long-term cooperation of education and other institutions in tourism industry” (Bakić O., 2008., str. 43)

Management staff in tourism industry within the first model “is obtained” from formal system of education, whereas training during a managerial career is minimal (characteristic of Eastern European and Central European countries: Romania, Bulgaria, Poland, Czech, etc.; the model loses its importance).

The second model implies a significant cooperation between formal and non-formal education institutions. The examples are the so-called “dual system” of education in Germany, where the young upon completing a secondary education could continue their studies and work at the same time. (Bakić O., 2008., str. 44).

“British partner model operates at two levels. One involves formal education and cooperation of the tourism industry with colleges, polytechnic colleges and universities, that have been operating for years at local as well as at regional and national levels, and the other starting from the national level and the need for different levels of managerial qualifications in the UK tourism industry.” (Bakić O., 2008., str. 44)

“There is also a model of increasing involvement of certain tourism corporations, i.e. formation of their own *entrepreneurial universities*. An example is the large *Forte Hotels* group in the UK, which offers a complete training and education programme at its *Academy* for all management structures of this renowned hotel business”. (Bakić O., 2008., str. 45)

Club Mediterranean in house, which is not a part of formal systems, conducts training of their staff. Also, there is a well-known *McDonalds Hamburger University* in the USA. (Today it exists in Japan and some other countries, as well.)

In House education can be organized only by a large tourism system, whereas small and medium enterprises get their staff from the formal education systems organized by the state in cooperation with tourism associations.

“Within the European Union, there is an aspiration to achieve education with uniform accreditation and diploma equivalence. The Bologna Declaration, adopted by the European Ministers of Education on June 19th, 1999, seeks to establish a unified educational space in Europe.

One idea is to create a European *Diploma in Tourism* (EURODIP), and concrete joint programmes already exist between many educational institutions, schools, and associations”. (Bakić O., 2008., str. 45)

“Since the establishment of the Lausanne Hotel School (1893), system of educating personnel has been constantly developing. Today, Switzerland is a significant exporter of quality hotel staff and attracts students from all over the world. In Switzerland, within the organization ASEN (association Suisse des Ecole’s Hoteliers) which has the official label of *Swiss quality* (La Label Suisse de Qualite), there are thirteen top schools that must meet high quality standards in order to remain in the Association.” (Kosar Lj., 2008, str. 27)

"USA, as the leader in the high-tech industry within the hotel industry, pay great attention to educating hospitality and tourism staff. The most famous and renowned hotel school in the USA, and worldwide, is The School of Hotel Administration at Cornell University. It was established in 1922 by members of the then American Hotel Association and was presented as a school that created the first college-level study programme in the field of hotel industry in the USA. The famous *Statler Hotel* (named after Ellsworth Statler, the world-renowned hotelier, whose attitude towards the profession and education inspired the mission of the school serves as a teaching base). (Kosar Lj., 2008, str. 28).

"Leading Hotel Management Schools of the World (LHSW) is the result of international cooperation in the field of hotel staff education. Nine faculties in the field of hotel management, which offer degrees at undergraduate and graduate levels, as well as PhD studies, comprise this association. The members are:

- School for Hotel, Tourism and Event Management, founded in 1969, at the University of applied sciences "HAAGA-HELLA" in Helsinki, Finland;
- Hotel school the Hague, as a part of the privately owned Institute of Hotel Management, founded in 1929, is one of the leading educational institutions in the hotel industry worldwide, in the Hague, the Netherlands;
- National institute for professional development in hotel, restauratuership and gastronomy – INACAP, with more than 40 years long tradition, and 25 campuses throughout Chile;
- Bad Honnef University, with its programmes in hospitality and tourism management, is the first university in Germany to offer study programmes that are fully conducted in English, and winner of the "Hotelier of the Year" for institutions in 2004;
- Manchester Metropolitan University, UK, is one of the top three universities in the UK that offers complete education, given that it considers all aspects of hotel industry;
- College for Hospitality and Tourism Management at Niagara University, was the first to introduce a three-year study programme in the field of hospitality and tourism in the USA, Niagara Falls;
- Institute of Hotel Management, Aurangabad, India, that offers a degree in hotel management, as well as in culinary arts and culinary management;
- Hospitality Management School at the University of San Ignacio de Loyola, founded in 1996, Lima, Peru;
- International School of Tourism and Hospitality Management - ISTHM which trains personnel for hotel management, food and beverage management, as well as event management, Caroline, Puerto Rico. (Kosar Lj., 2008, str. 30)

"Basic criteria for becoming a member of the association *Leading Hotel Management Schools of the World* are the following:

- A dedicated, meaningful study programme in hospitality,
- An accredited three-year study programme,
- An established education institution recognizable within a country or in a region,
- Acknowledged preferences by hotel industry when expressing the need for graduates,
- Representatives of hotel industry in advisory bodies,
- At least 70% of graduates employed in tourism over a two-years' period,
- Programmes that involve leading experts in hotel industry as guest lecturers." (Kosar Lj., 2008, str. 30)

"The Association cooperates with international association *Leading Hotels of the World* (LHW). The co-operation reflects in a number of perks for member schools, such as study programmes, special training programmes, student exchange possibilities, internships, research projects, etc.

The elite school International College of Hospitality Management 'Cesar Ritz' – IHCM should be mentioned as a member of the association. (Study programme has been extended for two additional semesters of paid internship in hotel industry where students are supposed to complete 800 to 1000 work hours in order to get their diploma; the internship is organized in the leading hotel chains - Hilton, Radisson, Starwood).

Leading institutions in the field of educating tourism and hospitality experts in the region are the following:

- College of Hotel and Tourism Bled and College of Tourism in Portoroz (Slovenia)
- Faculty of Tourism and Hospitality Management in Opatija, University of Rijeka (Croatia)
- Faculty of Tourism and Hospitality in Kotor, University of Montenegro
- Faculty of Tourism, Hospitality and Trade in Bar, University of Montenegro
- Faculty of Tourism and Hospitality in Ohrid (Macedonia)." (Kosar Lj., 2008, str. 31)

1.4. SIGNIFICANCE OF HUMAN RESOURCES IN HOSPITALITY

PEOPLE ARE MUCH MORE IMPORTANT THAN TOOLS!
IF IN DOUBT, PLACE A GOOD TOOL IN HANDS OF BAD WORKERS

JOHN BERNET

Managing human resources, their potentials and behaviour in the work process, i.e. performing tasks and duties is a very responsible and dynamic process, that helps an organization reach its desired abilities, quality and opportunities, and its management to ensure the desired results and planned goals by influencing behaviour of individuals and groups. Adequate HR management enables that each job and tasks performer is selected from capable and responsible personnel, namely enables that each individual and team achieve maximum results under the given circumstances.

Human capital is defined as knowledge, experience, abilities, creativity and innovation of employees within a company which directs them to perform their work tasks: “Professor Ante Pulić, a well-known Croatian theorist in the field of intellectual capital, introduces a subcategory of human capital. All employees represent human capital, but only those contributing to creation of value are humane capital.” (Vlahović S., 2007)

In the era of the third scientific and technological revolution, it has been increasingly recognized that success of a company does not depend solely on technological modernization, but on the level of education and application of science in training of human resources, as the key source of competitive advantage. A company's business cannot be conceived without appropriate production resources, and people with their abilities represent one of those resources.

Human resources are important to a company for two reasons:

1. people affect economic efficiency of a company. They create and produce goods and services, perform quality controls, place products, manage finances, define overall strategy and goals of organization. Without efficient people, an organization would not be able to achieve its goals;
2. human resources represent significant expenses for the business. In Western countries, especially in large companies, costs of workforce account for 20-30% of the overall expenses, in some cases even up to 50%. In developing economies, due to the lower costs of workforce, this percentage should be a bit lower, but not the least insignificant.³

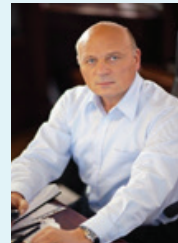
A company is successful and productive only if individuals working for it are successful and productive. As a creative and innovative part of each organization, people have the leading role in creating and maintaining its competitive advantage. Only the high educated and properly motivated employees willing to constantly learn new business skills, can respond to the challenges imposed by new business environment.

The following example brings the thoughts of Miroljub Aleksić,⁴ the president and owner of “Alco Group” from Belgrade, on importance of HR in hospitality.

Example 2 Significance of HR in “A Hotels”

You have the money and you want to build a hotel. You have it designed upon conducting a market research according to your possibilities and by following the standards depending on categorization and type of a hotel you want. The building is built according to the design, it is equipped, the furniture is brought in, IT equipment is installed and everything is ready for you to open the hotel. And now it is just one of the many hotels on the market.

What is it that will persuade guests to come to your hotel, and not some other? What is it that gives you a competitive advantage?



A company is made of people and their knowledge, not technology. This is even more important in hospitality as a service industry. Educated people, their quality, abilities, knowledge, skills, motivation, behaviour, and politeness, along with them adjusting to the changes in people's habits brought by rapid technological development, are basis of either success or a failure of a hotel.

Hotel business is directly related to the way you manage your staff. Managers deal with all the aspects: recruitment, education and training, planning and monitoring their development, personnel strategy, up to firing or retirement, etc. Operations relating to this aspect include HR experts, HR managers, experts engaged in recruitment process, education and training of employees, organization of motivational workshops, gatherings, ... In a word, management that manages all aspects of employees, that is responsible for, and committed to set, coordinate, improve and monitor on daily basis up to the aspect of managing and supervising that data base and files on each employee, as well as feedback from other employees.

- 4 He started his career in Serbia at the IT center of PKB Holding in Belgrade, and then moved to work for PKB Bank. He founded his ALCO Company in 1990 and started trading securities at the Belgrade Stock Exchange and buying out Russian clearing debts. Alco bank was founded in 1995 and was working successfully up to 2007, when it was bought by KBC Bank from Belgium. He bought “Pionir” a confectionary factory in bankruptcy in 1998, and when the privatization started in Serbia, in 2001 he bought some other factories and companies (Tipopolastika, Cobex, Jugotehna, Nas stan, Hissar, Alfa Plam, Forest,...) thus increasing his holding that today employs 2700 people.

Over the decades, his companies and he himself have received numerous recognitions: the most relevant confectionary association in the world European Candy Kettle Club awarded “Pionir” in 2010 with the membership to this prestigious association and declared it as the winner for that year, whereas Aleksić was awarded the reward of the best manager; Journalists’ Association of Serbia awarded him the Businessman of the Year award in 2011, Belgrade Commerce of Trade awarded him the Businessman of the Year 2012 award, he is the recipient of the reward “Najevropljanin” and many others. He is a vice-president of the Chamber of Commerce of Serbia, a vice-president of the national board for tourism development, and president of the Serbian Chamber of Commerce’s parliament of businessmen.

Alco Group invested in hotel industry, they build hotels “Izvor” in Arandjelovac with the water park, hotel “Master” in Novi Sad, “Sloboda” in Šabac, and they plan to open three new hotels: hotel “Park” in Vrnjačka Banja and “Tornik” at Zlatibor

A guest pays the money and for their money they demand adequate treatment, care and service. In this respect, significance of HR in hospitality and skills that staff possess are more significant than in other business spheres. Skills that an HR officer must possess are: awareness of each job and how to improve company's organization, communicativeness, decision making, conflict management, and ultimately ethics itself. Building a brand and reputation, and therefore the value of a hotel, directly depends on quality of people employed and the way they are organized. That is the job of good HR managers.

“Microsoft sees its employees as a source of the company's energy, and one of the priorities in this renowned company is to make its employees, who are their basic and greatest value, feel healthy, happy, and best to step into the future”. (Lončarević R., Mašić B., Đorđević Boljanović J., 2007.)⁵

“Nike company does not hire workers. They look for people to contribute to the company, who can develop, think and create. It looks for winners, leaders, visionaries”. (Lončarević R., Mašić B., Đorđević Boljanović J., 2007.)

In the statements on their values and vision, modern companies bring to the forefront their employees. They talk of them as of the key factor in creating their future success or the greatest value they own. (Lončarević R., Mašić B., Đorđević Boljanović J., 2007.)

“Hal Rosenbluth, the owner of one of the leading travel agencies, has shocked the marketing world when he published a book titled *The Customer Comes Second*”. (Vlahović S., 2007., str. 101)⁶

– “Who comes first, then? – Employees – he said”. (Vlahović S., 2007.)⁷

“This is particularly important in service industries. Companies that have recognized their employees as their best clients are now best in their business”. (Vlahović S., 2007., str. 101)

“Modern hotel industry business implies adjusting hotel products to the needs and wishes of tourists. This can be achieved only with quality and professional staff and adequate business organization. Therefore, culture and education of human resources in the field of tourism are an imperative for further development of the industry”. (Tomka D., 2003.) Quality of human resources in tourism and hospitality is a special dimension. A worker in tourism communicates with consumers. They are required not only to be educated but professional, communicative, kind, patient, to possess personal charm, and to be emotionally stable.

5 (Taken from www.microsoft.com).

6 Project: Education in tourism staff – Hotel business; Singidunum University, Belgrade, 2007,

7 Project: Education in tourism staff – Hotel business; Singidunum University, Belgrade 2007 (taken from: Kotler, P., *Marketing from A to Z*, Adižes Books, Belgrade, 2006).

“Staff is the best selling point of a facility, i.e. services provided in a hotel – which is the correct stance of Coffman, which should be a starting point for each hotel and restaurant business. Coffman stated the following attitudes of a manager in *Best Western International*, thus indicating the role the employees’ relation towards guests has in trying to ensure the company’s optimum quality and overall results:

‘All the luxury and splendor of a hotel in this world could not compensate for what happens if the staff with their attitude turn away people. At the same time, the staff that cater for people are far more important than all the splendor and luxury you could ever imagine in your hotel.’ (Čačić K., 1995., str. 243)

No successful hotel business is possible without people and their potential. Although all the resources of an organization are important, human resources are the most important.

Specificity of human resources in hospitality is reflected in the following:

- human resources can activate all the mental, physical, and all other potentials a company has;
- they make the overall results greater than the individually achieved results;
- work results also depend on motivation of both employees and managers;
- only man can shape a vision;
- in the long run, human resources affect an organization’s business;
- an organization’s relationship towards human resources has multiple effects;
- human resources are capable of development;
- human resources relate to all business functions;
- investing in human resources is more profitable than investing in any other resources.

Management functions are responsibility of the organization’s management. Thanks to these activities, the organization attracts employees that possess the desired qualities and abilities, interested in achieving the planned tasks and goals. At the other end, there are employees, whose behaviour and work are managed, with the aim to direct their mental, physical and other potentials towards achieving the organization’s goals.

HR management function is defined by a number of diverse and interconnected processes, that is, activities, of which particular importance is placed on: (Petković M., Janićijević N., Bogićević B., 2003.)

- planning HR supply and demand,
- operations analysis;
- recruiting potential candidates in order to fill the vacancies;
- selection from the applied candidates,
- socialization of the newly employed;
- employees’ training and development;
- motivation;
- employees’ health protection;
- following legal and other regulations governing employment relationships, and the like.

A task of organization's management is to activate, mobilize and direct all the available potentials towards achieving both the overall organizational goals and individual goals and interests of an employee.

Managerial positioning function is at the highest managerial level, namely at the top level of the organization's management. It is given a strategic character primarily due to its significance and the overall HR importance in achieving the organization's goals and interests. Unlike HR management, tasks done when performing a personnel function are treated the same way as those performed in production, finances, marketing, sales, etc., as they are aimed at creating organizational preconditions for smooth running of both current and future business. Therefore, in many cases personnel functions have been treated as cost factors, and have often been disputed (especially in periods of crisis and difficulties in business), which has not been the case with organizations in which HR management is conducted in accordance with modern standards and principles.

1.5. DEFINING HR MANAGEMENT

In modern business environment, the basic factor of competitiveness and advantage at the market are people (employees), their development, potential, motivation, and job satisfaction. Human resources have become the most important factor of an organization's development and therefore the subject of most attention and greatest interest.⁸ Without people and their potential, there is neither an organization nor successful business, for although all organization's resources are important, human resources connect them to a harmonious whole. HR management (HRM) can also be defined as a strategic and coherent approach to managing the most important resources of an organization: people who work for it, who collectively or individually contribute to organization's goals.

HR management is an intrinsic part of the overall management in a modern company, that is, its inherent but also the most sensitive part (as a part of process which is under supervision of management team that runs the company and is its main support). The way human resources are managed has become a crucial factor of competitiveness of a modern company, a requisite for its survival and progress in all areas. In order to succeed in this, apart from having a good knowledge of numerous factors in the environment and proper organizational structure, it is of utmost importance to have a thorough knowledge of human nature in order to reflect as accurately and as fully all the needs, habits, interests, expectations, values, and beliefs of an individual, groups and teams.

8 The term "human resources" came into use in the late 1970s and early 1980s, first in management literature, and then in everyday speech. It originated in the USA and UK, and it spread from there throughout the world thanks to globalization process. A great number of authors, both domestic and foreign, deal with HR management definition. Almost all definitions take a stand that HR management implies recognized scientific discipline and one of the most important business functions within an organization. The term HR management is also used for determining specific approach in managing people, which is significantly different from personnel management.

On the other hand, given that management, that is, HR management is constantly changing and developing, by following trends, experiencing challenges and changes in business and social environment, it undergoes big and permanent changes.

Modern tendencies in HR management are directed towards cooperation and creative solutions for the goals set within an organization. Conversely, the relation improves and raises the level of personality, integrity, and initiative of every individual within the organization. The more employees identify with the organization and its prospects, the more involved they would be in achieving its goals. In this aspect, traditional models⁹ of HR management and HR development give way to more modern, flexible, practical, adaptable (longer lifecycle), more appropriate and humane forms of management and development, with the aim of addressing numerous operational, tactical, and strategic needs of the organization more rapidly and comprehensively. Modern HR management models primarily put humanities rather than economic values to the forefront, thus gaining opportunities for further humanization of business relations, which is one of the most significant goals in managing HR and their potentials.

The ability of an organization to accomplish its mission is critically affected by the way the organization manages human resources. Efficiency and effectiveness of the organization (which are reflected in its ability to provide products and services that would meet the needs of consumers, i.e. clients) are of vital importance for its survival and progress.

The subject of HR management is the design of formal systems within an organization in order to enable effective and efficient use of human capital in accomplishing the organization's mission and goals. The organization's overall quality strategy includes all employees at all levels and extends back and forth. (Vesić, D., Petrović, P., 2005., str. 596). The result of good HR management is also reflected in alignment of the actual human capital requirements and the available human capital of the organization, namely in increasing the level of productivity per employee. In order to achieve more favorable results in the process, an individual approach is necessary for an individual brings into the organization not only their knowledge and abilities, but their desires and ambitions, hopes and expectations, their positive and negative habits and traits, as well.

Generally speaking, in a functional and practical sense, HR management implies (Kulić Ž., 2002.). measures and activities taken during the process of planning, recruitment, selection, socialization, training and development, performance appraisal, remuneration, motivation, protection of employees, and application of labor law regulations by the organization's management in order to provide the staff with necessary abilities, quality and opportunities, and to adequately train and motivate them to achieve the expected results, and both organization's and their personal goals.

9 These models have become sluggish, cumbersome, inefficient, and less applicable, which, in modern business environment, makes them inadequate and surpassed, especially in the field of training, improvements, and rewards.

McCourt and Eldridge **defined** HR management as the way organizations manage their personnel and influence their development. (McCourt W., 2003., str. 2).

Human resources represent the overall knowledge, skills, abilities, creative opportunities, motivation, and loyalty an organization (or society) has at its disposal. It is the overall intellectual and psychological energy the organization can engage to achieve its goals and develop its business. (Avlijaš R., 2008, str. 202)

HR management is a dynamic process consisting of a series of related management's and organization's activities and tasks directed towards reaching the adequate number and structure of employees, their knowledge, skills, interests, motivation and forms of behaviour necessary to achieve the current, development, and strategic goals of the organization. (Avlijaš R., 2010., str. 202).¹⁰

Dessler Gary indicates that **HR management** relates to practices and policies necessary to perform managerial tasks relating to personnel issues, and in particular to recruitment, training, evaluation, and remuneration of employees within the company and to providing a safe, ethically acceptable and right environment for them. (Dessler, Gary, 2007., str. 2).

Process of managing people is highly responsible, dynamic, complex, and multi-dimensional. HR management should neutralize negative traits of the employees and recognize the positive ones, activate them and direct them in right way. Managers want to get the best out of people they work with. Their goal is synergy.

Some authors make difference between the terms "Personnel" and "Human" management. (Torrington D., Hall L., i Taylor, S., 2002.). Most other authors do not distinguish between the terms, and see the two terms as synonyms. Taking into account that the word "man" includes employees, officers and other staff within an organization, one could claim that it has a wider meaning. In this aspect, the term *human potential management* includes both words.¹¹

HR management must not be identified with the personnel function in an organization. Human potential management is one of the elements of the management function that top-level managers deal with.

10 Taken from Bahtijarević-Šiber F., *Menadžment ljudskih potencijala*, Golden marketing, Zagreb, 1999.

11 *Ibidem*, pp. 5-6.

1.6. GOALS OF HR MANAGEMENT

Human resource management has a number of general, specific, and individual goals. A general goal of HR management is for organization to be successful by using human potentials. HR management systems can be sources of organizational abilities enabling organizations to learn and create capital based on new opportunities.

HR management is successful if the basic goal is achieved, which implies increase in productivity of work in accordance with the company's strategy in an ethical and socially responsible way. Based on this, it can be concluded that it is necessary to align individual, organizational and social goals. In order for this primary goal to be achieved, it is necessary to achieve the following partial goals: (Šušnjar G. Š., Zimanji V., 2006., str. 16)

1. organizational goal – increase in employees' efficiency;
2. functional goal – contribution an HR management function has and the size of the personnel department must be in accordance with the needs of the organization and adopted strategy;
3. social goal – establishing social systems of values and ethical norms (safety and health protection at work, gender discrimination, ecology standards, labor law,...);
4. personal goal – help for the employees to achieve the desired status, reputation, career development, sense of belonging, promotion, economic stability.

Process of managing people is very responsible, dynamic, complex, and multidimensional. HR management should neutralize negative traits of the employees, and recognize the positive ones, activate them and direct them in the right way. Managers want to get the best out of people they work with. Their aim is synergy. From the aspect of achieving the synergy and increasing efficiency, four goals for HR managers to achieve can be highlighted. (Torrington D., Hall L., i Taylor, S., 2002., str. 6-7).

1. Goals relating to employees

Basic goal of a manager is to provide the organization with quality people who will perform jobs efficiently and effectively. In order to successfully achieve the goal, it is necessary to identify: organizational structure, types of contracts the employees sign, quality selection of competent people and their retention in the organization.

2. Goals relating to work

When an organization gets quality people, the main goal of managers is to motivate employees to be committed to the job and maximally engaged. The roles of training and development, motivating employees through rewards, disciplining employees in order to achieve high standards in job are particularly highlighted.

3. Goals relating to the change management

Changes happen in external and internal environment of an organization. The organization causes internal changes and innovations in order to get and keep competitive advantage on the market. Those changes are connected with reorganization of activities and processes in business, with selection and recruitment

of new employees, as well as the need for cultural changes. In order for this goal to be achieved the HR department must recruit the proper leaders, innovators, and creative people who drive the change.

4. Administrative goals

Administrative jobs are rather important and they imply jobs of precise gathering and arranging of employees data (their abilities, knowledge, skills, and career goals) and legal jobs relating to harmonization with the legal regulations. Also, HR management implies achieving the following goals. (Armstrong M., 2001.).

a. *Recruitment and development of the necessary human resources*

Based on this activity, an organization has an opportunity to recruit and develop a skilled, committed, and well-motivated workforce it needs. This implies taking certain steps in order to evaluate and meet the future needs for people and strengthen and develop internal human capacities – their contributions, potentials and possibilities for further advancement, by providing them with opportunities to learn and continuously develop themselves. Furthermore, it often involves development of high performance work systems to increase flexibility, incorporation of strict recruitment and selection procedures, compensation systems aimed at fostering employees (depending on performance) and development and training management activities tailored to the needs of the business.

b. *Valuation of employees in relation to the reported results*

Introduction of policies and processes ensuring people are valued and rewarded for the work they do and goals they achieve (in accordance with levels of skills and competencies they demonstrate) increases motivation and commitment to achieving the set goals.

c. *Establishing good relations within an organization*

It is necessary to create an atmosphere and environment where productive and harmonized relations can be maintained in the form of partnership between managers and employees and where teamwork is in its expansion. In addition, it is necessary to embrace a management practice that recognizes employees as the key stakeholders in the organization, as well as the necessity for development of a good business climate of cooperation and mutual trust.

Basically, the following could be defined as HR management goals:

- help the organization balance and accept the needs of its stakeholders (owners, government bodies or trustees, managers, employees, buyers, suppliers, and public in general);
- managing workforce diversity, recognizing individual and group differences in employees' needs, work style and aspirations;
- taking steps to ensure equal opportunities for all employees and adopting an ethical approach to employee management, based on care for people and fair relation to all in the organization.

In today's context, total quality management (TQM) requires constant changes in an organization that seeks to adapt as efficiently as possible to a rapidly changing environment. (Mathis R., Jackson J., 1997). The goal of these changes is to improve work processes, and that cannot be accomplished unless appropriate workforce is engaged. It should also be kept in mind that each stated goal is not separate from the other, but they rather permeates and represent the common interest of the organization.

Overview 1 HR management activities

Inter-connection of goals and activities of HR management	HR management goals	HR management activities
	Social goals	1. Alignment with regulations 2. Benefits 3. Relation between management and trade union
	Organizational goals	1. HR planning 2. Relation towards employees 3. Selection 4. Training and development 5. Assessment of work results 6. Workforce allocation 7. Control of goals achievement
	Functional goals	1. Assessment of work results 2. Workforce allocation 3. Control of goals achievement
	Personal goals	1. Training and development 2. Assessment of work results 3. Workforce allocation 4. Rewarding 5. Control of goals achievement

Source: G.Š.Šušnjar, V. Zimanjić, Menadžment ljudskih resursa, University of Novi Sad, Faculty of Economics in Subotica,2006.,ISBN 86-7233-134-6, pp.19

It is implied that individual activities contribute to achieving multiple goals. However, individual goals do not contribute to achieving multiple goals, in case of which the existing resources should be reallocated to the activities that will have a more desired effect. The stated indicates that HR management consists of four basic activities: (Šušnjar G. Š., Zimanji V., 2006., str. 19).

- staffing
- training and development
- motivation
- retention.

The second part of the book will deal with this issue in more detail.

1.7. CONTEMPORARY HUMAN CAPITAL

NOAH WAS A GREAT ECONOMIST.
HE FOUNDED HIS COMPANY WHEN THE REST OF THE
WORLD WAS IN LIQUIDATION.

UNKNOWN AUTHOR

In a modern organization “human capital” represents overall quantitative and quality value of all its human resources. This capital is of crucial importance for the modern organization because it directly relates to the organization’s performances.

Index of global competitiveness, measured by the World Economic Forum, indicates that measure of intellectual capital impact on competitiveness of states is between 58% and 70%. The measure indicates that human capital influence (education, skills, and abilities), organization and technology is predominant, and therefore represents the most important parameters that determine the competitive position of states and companies. States that invest in education achieve higher GDP, which also implies that education development and competence of people play the key role in the economy. (Albijanić M., 2011., str. 30) ¹²

Quantum of knowledge defines the core competency of a hotel and tourist company. It is considered that knowledge people possess combined with technical systems represents basis of “essence” of the company’s competence. System, structure and individual learning are intertwined. That is why Edith Penrose had long been pointing to the importance of competence essence in achieving the ultimate competitive advantage. She pointed out that diversification and expansion were based primarily on a high level of competence in technical knowledge in the specialized fields of characteristics production in large companies. This type of competence together with market position provides the long-lasting position that a company can take. (Milisavljević M., 1997., str. 182).

A Swede Karl-Erik Sveiby in his book *New organizational wealth* defined knowledge as individual, silent, action-oriented, based on rules and constant changes.¹³

Human resources include the overall experience, skills, assessments, abilities, knowledge, contacts, risks taken, and wisdom of individuals associated with an organization. (Jovanović-Božinov, M., Kulić, Ž, Cvetkovski, T., 2004., str. 6). The term human resources implies the total human potentials in a competitive modern organization:

- available knowledge and experience;
- abilities and skills that can be used;
- possible ideas and creative solutions;
- degree of motivation and interest for achieving the organizational goals.

12 PhD thesis defended at Singidunum University in April 2011, p.30

13 www.plark.net

This means that human capital is viewed in the focus of overall human values and potentials, and management task is to recognize them and activate them accordingly, that is, to direct them towards achievement of the desired goals. “OECD defined **human capital** as knowledge, skills, competences, and traits embodied in an individual than enable creation of personal, social, and economic well-being.” (Albijić M., 2011., str. 13). **Human capital** implies knowledge and skills that individuals gain from education, training, and experience. (Mankiw, N. Gregory, Taylor, Mark P., 2008., str. 508).

Human resources play the crucial role in achieving the intended goals of organizations. Specificity of the resources, their exceptionality and particularity put them at the forefront of an organization's resources, which should under no means be neglected but put into an integral context. That implies that other organization's resources gain quality if human resources are effectively and efficiently managed. Therefore, the immeasurable importance of human resources for the overall success of the organization is their most important specificity.

1.8. BASIC ROLES OF HR MANAGEMENT

HR management in its development, almost on a daily basis, has been taking on new roles within an organization that strives to be flexible and adaptive to the rapidly changing business environment. Nevertheless, underpinning the development (evolution) of human resources is the fact that there are two basic roles associated with HR management in organizations. These are strategic and operational role. (Mathis R., Jackson J., 1997).

(1) *Strategic role of HR management*

- This role emphasizes that people in an organization are valuable assets demanding significant investment for they could be a source of competitive strength if managed efficiently and effectively.
- Strategic human resources must be seen in the same context as financial, technological and others managed within the organization.
- HR supply and demand must have a strategic role in an organization, that is, strategic focus on human resources must be long-term in order for planning to be effective.

(2) *Operational role of HR management*

- Operational activities are tactical and operational in its nature.
- Consent to equal employment opportunities for all (and to other laws) must be ensured – candidates must be interviewed, new employees must be organization-oriented, supervisors must be trained, problems must be resolved with certainty, wages and salaries must be determined¹⁴ – therefore, a wide range of activities, typically relating to people management within the organization, must be conducted efficiently and in an appropriate manner.

14 This is a set of activities often connected to “personnel function” and newer strategic focus of HR management has not eliminated it.

Table 2 Role of HR management

Role	Focus	HR managers are accountable to	Typical activities
Strategic	Global, long-term, innovative	CEO / President of the company	• Human resource planning • Assessing trends in workforce movement • Assisting in organizational restructuring and downsizing • Consulting with managers and acquisition • Managing employee compensation planning
Operational	Administrative, short-term, maintenance-oriented	Corporate officer in charge of administration	• Recruitment and selection • Conducting employee orientation • Reviewing safety and accident reports • Resolving employees' complaints

Source: Mathis R. – Jackson, J., 1997, Human Resource Management, 8th edition, West Publishing Company, New York..

Considering basic HR management roles, it can be stated that HR management started its mission as an operational function, but that its strategic role has been increasing continuously. Nevertheless, instead of performing both roles, HR managers often perform just the operational one. In some organizations, this aspect of HR management role exists due to the resistance of top management to expanded role of human resources.



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. Can you state genesis of HR management?
2. Name the participants in the HR management process.
3. Explain the difference between HR management and personnel function.
4. How do changes in tourism affect HR management?
5. What types of knowledge are needed to work in tourism?
6. How is HR management important in hospitality?
7. Define specificities of human resources in hospitality.
8. How are human resources positioned in hospitality?
9. Explain the term and define HR management.
10. What are the most important goals of HR management?
11. Explain the difference between HR goals and activities.
12. Define the term human capital.
13. How is human capital important for achieving competitive advantage?
14. What are the basic roles of HR management?

2. COMMUNICATION AS BASIS OF HR MANAGEMENT

UPON READING THIS CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Explain the process of communication.
- ♦ Define communication.
- ♦ Understand the importance of communication process.
- ♦ Understand what elements comprise communication.
- ♦ Understand the role of communication within a company.
- ♦ Significance of communication process for management.
- ♦ Define stages in communication management process.
- ♦ Understand and explain the aspects of communication process.
- ♦ Name the communication types and explain the principles the categorization is based on.
- ♦ Name the most common communication problems and most often mistakes managers make in communication.
- ♦ Learn how to use communication skills and based on that how to manage conflicts.

Human communication is a creative activity as people are able to initiate, stimulate and influence world around them and thereby create and improve their environment that they interpret and to which they respond constantly. Communication is usually defined as giving and exchanging information, ideas and feelings – verbally, in writing or by using signs. It is a personal process that involves exchange of behaviour: (Luthans F., 1989, str. 511).

- communication is perceiving;
- communication is expecting;
- communication is stating demands.

An organization simply cannot exist if its various members do not communicate with one another or with people outside the organization.

Communication processes relate to different ways of transmitting messages, channels connecting people, languages and symbolic codes used to convey messages, means by which messages are received and stored, rules, customs that determine and regulate communication relationships and events. Nevertheless, one does not solely communicate ideas, but many other things (goods, services, information, etc.), and, therefore, communication process is studied as the basis of HR management. Communication is a skill that can be learned and practiced, and as such can be brought to perfection.

Communication skill is a spiritual activity changed in time and with experience. Communicology¹⁵ is present in all spheres of life and work. It is a starting and irreplaceable link in studying public relations, as well as marketing and management.

Communication is a process that helps people try to understand each other by transmitting symbolic messages.

Managerial process of planning, organizing, leading, and controlling could not be accomplished without the communication process. It is the bloodstream of every organization. With no efficient communication between different parties, a relationship model commonly referred to as organization could not meet anyone's. Communication is a mean of connecting people within an organization, i.e. connective tissue of all organizational parts. Communication is necessary for internal functioning of the organization for it integrates all management functions.

It is of particular importance for:

- pursuing the goals of a company - hotel,
- developing plans for achieving the goals,
- organizing human and other resources in the most effective and efficient way,
- selection, development, and assessment of organization's members,
- leading, motivating, and creating an environment in which employees would like to create,
- control of the overall organization's activities. (Hadžić O., 2007., str. 100).

Effective communication is important for managers for three basic reasons.

Firstly, communication is a common thread connecting management processes: planning, organization, leading, and control.

Managers develop plans by communicating with others within their organizations, and they prepare implementation of plans through conversations they have with other people on the best ways to distribute authorities and design plans.

Managers are not familiar with the fact that policies of motivation, leadership, groups, and teams are activated by regular information exchange. Also, communication is equally important for the quality control process in the organization.

Secondly, effective communications skills will provide managers with a wide array of talent that can be found within the multicultural world of organizations. It is clear that business globalization process represents a challenge for communication skills of managers. There is a possibility that managers, faced with foreign and unfamiliar customs, expressions and meanings, may withdraw and try to avoid communication. That would mean an opportunity is lost.

Thirdly, managers spend a large part of their time of communicating. They rarely sit alone at their desks and think, plan or evaluate alternatives. In fact, managers spend most of their time communicating face to face, over the phone or computer with employees, supervisors, suppliers, agents, and tourists. Managers practically almost never stop communicating.

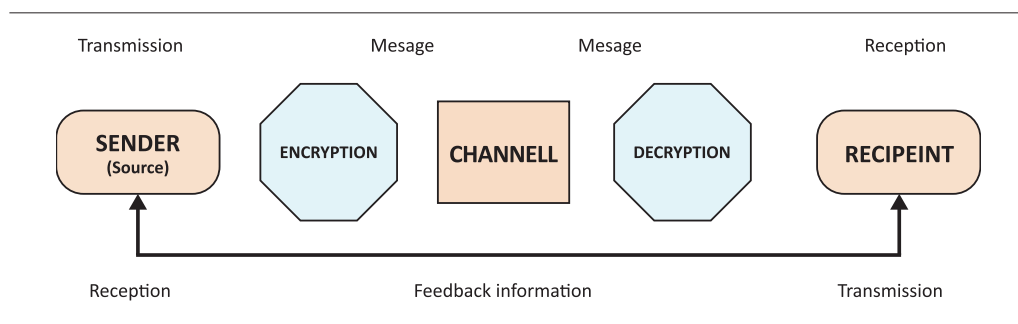
15 Communicology as an interdisciplinary, new science has its origins both in science and skills, such as grammar, linguistics, psychology, sociology, rhetoric, etc.

Communication comprises three significant elements:

1. people and their relations;
2. aligning definitions and terms used;
3. symbols – gestures, sounds, signs, and words represent or approximate the ideas that are conveyed.

Communication is carried out through messages (encrypted information sent by a sender to a recipient) delivered by a sender (initiator of communication) to a recipient (persons who receive sender's message by using their senses). However, in case a message does not reach the recipient there was no communication. Situation is not much better in cases when the message reaches the recipient but they do not understand it. There are three factors that can influence success or failure of communication: encryption, decryption, and noise.

Figure 1 Model of communication process



Source: Stoner, Dž., Friman, E., Gilbert, D., „Menadžment», Želind, Belgrade, 2000., pp.481.

Generally speaking, the most important thing in communication is to transfer information¹⁶ that should be reliable, verified, controlled, dynamic. In the process of information dissemination, one side is a sender and the other a recipient, so the interaction consists of transmitting and correctly understanding the message. Whether the recipient would be able to understand each message, depends on systems of both verbal and non-verbal communication. Sometimes messages are partially or wrongly understood, leading to tensions in communication, misunderstanding, and even conflicts.

IT IS FUNNY, BUT TRUE, THAT IN AN ERA IN WHICH ELECTRONIC COMMUNICATION IS PREDOMINANT, PERSONAL HUMAN CONTACT IS BECOMING RATHER IMPORTANT.

REGIS MCKENNA, *journalist*

Therefore, it is not only important to convey certain information and ideas, namely to pay attention to the content of the message, but the way in which those messages are

¹⁶ In order to convey information of different kind, pre-established signals, codes, and terms are chosen. Public speaking, is, often wrongly, connected with mass media that frees an individual of responsibility in separate contacts, and responsibility is equally important in contact with a single person as well as in appearances in front of a wide audience. Communication is not a mere exchange of sentences, but the exchange of ideas formed in a conversation for it is not enough to have a certain idea, one must convey it to a recipient of the message in a certain way for the purpose of understanding.

conveyed is of crucial importance as well. In this respect, different types of communication are distinguished: intrapersonal, group, and mass communication.

Communicative dynamism is reflected in the way messages are conveyed. The skill of public speaking does not depend on the amount of the information provided, but on the richness of ideas and creation of matter. Speaking reveals the speaker's way of thinking, so one does not necessarily need to use many words to explain something (in speech, quantity does not equal quality), but one should strive to say much with a few words. In communication, the most important stage is preparation.¹⁷ It involves creating a database and then developing a plan that should also allow for improvisation, depending on a situation. In addition, communication implies sending and receiving messages, and therefore is rather important in HR management. The secret to success in many organizational systems is the extent to which a two-way or one-way communication can be ensured. Good communication can improve work performance, help develop greater confidence, and increase business satisfaction. Therefore, good information is a prerequisite for any decision making.

Collecting information is rather important for the work of an enterprise. In doing so communication should be understood as a diverse process in which the aforementioned information of a specific type is combined with other types of data, and this requires taking into account the organizational structure.

Communication also implies acceptance of organizational structure, an effective set of systems, procedures, and learning, as well as personal competence of employees, especially managers. One should be aware of the fact that business expansion is often linked to takeovers, and that employees of the acquired company feel stronger relationship between each other than with those who took over the company. They will understand developments in the organization from their own aspect, and will most likely be cautious and suspicious to what they hear from their new owners, i.e. those in charge. That is why managers play a decisive role in establishing the necessary communication and sharing right information.

Nevertheless, prior to that, HR managers should set the communication goal in the enterprise, i.e. business organization. Communication within a company is directed both to the outside world and to employees. It is used to inform employees about what is happening within the company, but it also serves to form a projected image for the outside world.

Communication in a company plays the following roles:

- to help a manager understand employees' issues;
- to warn a manager about potential problems;
- to point to solutions;
- to provide managers with the information necessary to make decisions;
- to encourage employees' motivation and their own sense of value;
- to provide feedback on the communication level in the company.

17 It is certainly of great importance to set a goal in order to avoid a "blank" speech, and methods of communication imply means of verbal, non-verbal, audio-visual and electronic communication. Communication chain consists of a sender and a recipient. The sender puts an idea into words, images, e-mail and the recipient tries to understand the message thus obtained.

An important element in the process is feedback that round up the process in a sense that a recipient shows indications that they have received and understood the message, whereas it is possible for the feedback to provide a sender with some indication of the quality of the received message. However, it should not be forgotten that employees can easily be influenced by opinions conceived within the group they identify with, namely a reference group. In case a particular group of people share common values, an individual within the group will not easily be able to modify their own values unless there is a shift in the values of the group as a whole. Frame of reference of employees in a company is mostly defined by a group of people working together, and they will, to some extent, develop their own working culture.

A manager often sends to an individual a message, request, instruction, or criticism that would have been answered sooner had it been sent through the representatives of a group of employees.¹⁸ However, one should bear in mind that stereotypes are an extreme norm in allowing expectation to determine the content of communication whereby a certain type of stereotype statement or attitude of an individual is considered.¹⁹ In communication, the effect of stereotype is such that a person in touch with someone they have a stereotype opinion of would begin to see what the person is saying in the light of the stereotype itself.

In addition, another barrier in communication refers to the received information that is considered incompatible with the personal world perspective.²⁰ A somewhat different aspect determining the communication content is a halo-effect that causes an extreme reaction of the recipient: information is either accepted or rejected. One of the best examples in the field of HR management is the initial reaction, positive or negative, of those interviewing job candidates, namely reaction when they see them for the first time and talk to them, which largely determines long-term opinion on candidates, regardless of what they later say or do.

Basically, the choice of communication method will depend not only on the communication direction and speed, but on its specific nature of a message to be conveyed. Many messages are best conveyed by using multiple media communication.

-
- 18 When discussing something, the interlocutors perceive things from their own frame of reference, and when frames of reference of the sender and the recipient differ, there may be great difficulties in clear message transmission and even greater difficulties in receiving the response from the recipient in a way the sender expects. Cultural differences provide a frame of reference through which an individual interprets meaning.
- 19 Stereotypes that portray employees as unreasonable, limited and obstructive are widespread. There are also widespread stereotypes of different types of managers, and a stereotype of managers in general. Stereotypes about men and women are also deeply rooted: men are portrayed as careerists, determined to get ahead, and women are seen as reluctant to stay away from home due to business obligations, that they do not want to rise hierarchically too much, and that they will sacrifice work for the sake of children. There are also stereotypes about age, according to which older people are incapable of following certain pace, are unwilling to change, and slow to think.
- 20 In case someone receives information compatible with what they believe themselves, it is likely they will understand it, believe in it, remember it and act on it. If, however, they receive information incompatible with their comprehension, they will have real difficulties in understanding, remembering, and acting. This happens due to one way of aligning dissonance of message customization so that one hears only what they want, expect and what can be easily understood, rather than providing difficult and demanding information.

Company's rules are most efficiently conveyed to the employees by verbal communication, with a written summary, as well as through the company's website. Modern technology has provided means for the fields of information organization and communication to be developed. Implementation of HR information system is one of the biggest organizational changes.

2.1. COMMUNICATION MANAGEMENT

Elements of communication process are one of the most important HR management aspects. Therefore communication management is rather important for efficient and effective HR management. However, in order to avoid problems in communication in general, and especially in the context of introducing appropriate changes (as well as for communication system to show its positive sides), it is necessary to manage communications effectively and efficiently. Successful communication management implies development of an appropriate communication plan that includes several relevant management activities in communication process.

Communication management, that is, procedure for providing communication system effectiveness, involves six steps:

- (1) identifying key stakeholders**, i.e. people in and outside an organization with whom (due to their interest for the organization's future) one must communicate;
 - the one who initiates an appropriate change (e.g. top management) must be able to assess all the interested groups of stakeholders (e.g. lower management, employees, shareholders, buyers, suppliers, etc.);
- (2) assessing stakeholders' interest for the change itself**
 - in case management is able to identify interests, namely personal goals of the key stakeholders, it would be easier for the management to channel communication, namely to shape it in a way that would align stakeholders' goals with the company's goals;
- (3) shaping communication contents**
 - messages should be linked to strategic purpose of the change initiative for they help better understand the need to change the organization;
 - communications should be fair, that is, communicated information should be correct – covering up possible negative effects will create the belief that information is not fair, and similarly, an honest communication in all aspects, good or bad, will help people believe in the message (explanation of parameters, limits, and goals of change efforts will help people get rid of the conclusion that they are on a badly staged path);
 - besides the facts, efforts should be made to convey to the recipient of the message feelings with desire to stimulate the same feeling towards the information transmitted;

(4) determining the way of communication

- messages can be conveyed in both formal and informal ways, in writing, verbally or non-verbally, by using different communication means;
- regardless of the chosen mean of communication, management must consider the following when launching certain information:
 - a) information should be communicated clearly and precisely;
 - b) when communicating information, use of slang – words of foreign origin and irrelevant words – should be eliminated (or minimized);
 - c) it is desirable to find the simplest and most convincing ways to communicate what is intended (this can be achieved by using general, common terms in communication, using headings in written materials, using short sentences, etc.);
 - d) it is necessary to be aware of the so-called non-verbal communication, where it is important to notice not only one's own reactions but the recipients as well;
 - e) one should be aware of possibilities, advantages, and disadvantages of electronic communication²¹ (e-mail, teleconferences, fax machines, etc.);

(5) communication plan also includes scheduling, i.e. determining the time of communication

- scheduling is used to specify when the communication starts, how long it lasts, and how often it is;
- it is important that information (about the change) is transmitted in a timely manner, and therefore communication must be proactive and not reactive, planned in advance, available at the very beginning of the change and must not be offered subsequently, or as a reaction to the already existing resistance to the change;
- proactive communication contributes to avoiding defensive positions during the change process,²² and communication quality is enhanced by consistency of information and its repetition;
- consistency of information contributes to strengthening of the sender's credibility, and repetition of messages help people understand the importance, namely importance of the contents conveyed through the message;
- similarly to the effective propaganda, new ideas should be presented more than once;²³

21 The fact is that electronic communication means have great potential for advancing the communication process. However, a disadvantage of these means is that they do not provide a complete sense of social presence, i.e. the feeling that living beings are involved in communication that sometimes could be frustrating for the recipient of the information. In addition, these means make it impossible to detect the so-called non-verbal reactions of the recipients.

22 For example, people "affected" by an appropriate change do not possess skills necessary to confront the new tasks (responsibilities) and unless training is proactively planned and presented to the people in timely manner, they will show resistance and will bring the realization of the change into question.

23 For example, a short-term information about a change can be interpreted wrongly by employees either because they have not "heard" it well or they have processed it through their own "filters" thus tailoring the original information. Therefore, if the information was sent more frequently to the target group of recipients, probability of receiving and understanding the contents of communication would be greater.

(6) **feedback** – sender of information learns about recipient's reaction regarding the information received:

- *feedback* enables the sender of information, if necessary, to make appropriate improvements, that is, to correct their actions, but also the information itself;
- successful feedback depends, among other things, on ability of management to “listen”.

In the effective communication management process, many experts (Durbin A., Ireland R.D., 1993, str. 341) claim that “listening” is the key segment of communication. Namely, managers must be good listeners, given that a good portion of their work involves receiving information from others. The basic suggestions for improving “listening” are:

- focus on the essence of information (instead of listening to every word, try to “catch” the meaning that is being conveyed to you);
- focus on the speaker (integrate your thoughts and available information with what you hear);
- listen to the whole message, and only then make conclusions;
- look for – notice signs of non-verbal communication (listening only to what you are served is not an effective listening), try to notice feelings and reactions, such as hesitation, evasion, anger, tension, and the like.

2.2. IMPROVING THE COMMUNICATION PROCESS

Communication and communication process have been constantly improved. Dynamics and modern technology play a special role here. Nevertheless, communication effectiveness depends on how successfully or in a timely manner parties in the communication can resolve the four basic aspects of the communication process: differences in perception, emotions, discrepancy between verbal and non-verbal communication and earlier trust (mistrust) between the parties.

(1) Different perceptions

One of the most common communication disruptions is different perceptions. People with different knowledge and experience often perceive the same idea from different perspectives. In order to overcome the problem, the message must be explained so that it can be understood by a recipient with different views and experiences as well.

Whenever possible, it is necessary to learn something about people with whom communication is to be established. Empathy (being able to see a situation from another person's perspective) and postponing a reaction until the relevant information is interpreted can decrease ambiguity. When a topic is not clear, it is critical to ask questions (Case J., 1993.). Recipients of messages should be encouraged both to ask questions and look for explanations for the messages that are either unclear or incomprehensible.

Thus, there are various alternative ways of shaping the message. For instance, sometimes even irrelevant repetition can have a beneficial effect. Then, seemingly simple changes in the work environment can improve relations so that everyone can work and learn about different perceptions.

(2) Emotional reactions

All emotional reactions (anger, love, defensive attitude, hate, jealousy, fear, confusion) affect understanding of other people's messages and the way they influence others. Recipients of messages can react in a defensive or aggressive manner. The best way to deal with emotions is to accept them as a part of communication process, namely to interpret them in cases when they can cause the expected or unexpected problems.

Prior to a crisis, managers can try to anticipate emotional reactions of workers and to prepare for it. On the other hand, managers should be aware of their own mood, that is, of the effect it has on others in their surroundings.

(3) Inconsistent verbal and non-verbal communication

Managers should be aware that spoken and written language are basic but not the only means of communication. The messages managers send and receive are strongly affected by a series of non-verbal factors such as: body language, clothing, distance between speakers, personal attitude, gestures, facial expressions, eye movements, body contacts, etc.

In order for inconsistencies in communication to be eliminated, managers must be aware of those inconsistencies and keep them in mind. Also, they must now allow false messages to be sent. In addition, gestures, clothing, posture, facial expression, and other significant non-verbal communication must be synchronized with the verbal message. It is useful for managers to analyze non-verbal communication of others and to apply the learned in communication.

(4) Mistrust

Credibility a sender enjoys with a recipient can affect whether and to what extent the recipient would believe the message. The very circumstances in the context in which a manager sends a message affect the credibility of the sender.

However, several factors specific to an organization affect communication effectiveness: organizational structure, authority, and job design.

Organizations are needed to help people communicate. Open, efficient communication can be an important asset for any organization, especially in tourism industry.

Apart from these four basic factors, the process of improving communication can be affected by a change in organizational culture of a company as well. This would also imply predicting changes in people's behaviors when resolving business tasks. Therefore, the instructions themselves must not stifle every employee's initiative.

For instance, management has proved they cared for employees by introducing programme of employee share ownership and profit sharing. In modern environment, there are a number of possibilities developing in this direction.

At the same time, tourism companies are paying increasing attention to internal communication. For example, employees are introduced to the latest developments within the organization through formal publications.

Many companies are developing three-tiered strategy, often with a help from a communication consultant and IT consultant. The first phase involves development and planning of a new corporate identity (including details such as the company's name, logo, letterhead, invoices, etc.). In the second phase, the company represents its new corporate identity both to internal and external audience, namely to the employees and the environment it works in.

The third phase relates to the ongoing process of communication for the purpose of promoting and consolidating the new corporate identity.

In modern business environment, communications play an important role in quality programme. Efficient communications are an integral part of the company's efforts to develop, implement, and maintain the quality system. Meetings with a smaller number of employees, information through instructions, manuals, training programmes, etc. are used in this regard. Many companies publish brochures periodically with the latest developments in the field that is becoming ever more dynamic.

2.3. TYPES OF COMMUNICATION

There are different types of communication within HR management in any company. The types are characterized by heterogeneity resulting from different approaches to the communication phenomenon. Thus, for example, communications are analyzed:

- from the aspect of *direction* of communication and can be: horizontal, vertical, diagonal;
- from the aspect of *form*: formal and informal;
- from the aspect of *content* which is transmitted through communication channels;
- from the aspect of *style* of communication: verbal, written, non-verbal, etc.

1 Direction of communication

This communication aspect represents one of the approaches to analyzing communication structure of organization (vertical, horizontal and diagonal).

a) Vertical communication

These communications in organizations are known as: vertical communications “downwards” or the so-called descending communications, which are established at the higher hierarchical levels – lower hierarchical levels relation, and vertical communication “upwards” or the so-called ascending communications, where information moves in the opposite direction.

Though the two communication systems represent just the opposite directions of the same communication process, in practice, the system of descending communication dominates the system of ascending communication. System of descending communications is highly directive for it is made up of orders, instructions, procedures, and information. Based on the contents which are transmitted in organizations by vertical “downward” communications, there are five categories of communications: (Katz D., Kahn R., 1978., str. 440)

- specific task-related directives (job instructions);
- information that provides understanding of a task and its relation to the other tasks (job streamlining);

- information on job behaviour and the way a job is performed;
- feedback to the subordinates regarding their performance;
- information of ideological nature (indoctrination by goals).

The first category of the stated communications aims to perform all activities intended for specific positions, and therefore it is considered to be the most important for successful functioning of groups and organizations. Somewhat less significance is attached to the second type of communications that aims to contribute to understanding and comprehending importance of the assigned tasks. Employees usually know what they need to do, but do not know why they do it, nor are they aware of the importance their job has for completion of the overall task. Managers generally believe that employees, if they know the purpose of their job, would strive to complete it in a way different than the planned. Information on procedures and ways to complete a job provide description of behaviour required from employees (various additional explanations on rights and duties of workers regarding absenteeism, remuneration, punishment, etc.). Information in the form of response or reaction to the achieved results of the workers, in relation to performing the defined jobs and tasks, represents the fourth category of vertical descending communications. This information is often overlooked because management is concerned that workers might perceive this type of information as a source of control over their work and as a reflection of the lack of confidence in the way they perform their jobs. There is also a fear that any positive assessments would deviate from the prescribed work standards.

The fifth type of descending communications serves to incorporate the basic objective in the overall system or its key subsystems. The role of these communications is to adopt the overall goals as fully as possible and to act as a permanent incentive to work with all employees.

A communication system consisting only of issuing directives and instructions relating to the tasks and goals of an organization (while neglecting movement of the information on the achieved performance and possible socio-emotional problems of the workers) is considered an inefficient communication system. In order for an organization to function smoothly, there must be such communication channels through which information moves from lower organizational levels to the higher ones. Those are the so-called ascending communications or vertical “upward” communications. Contents of the ascending communications can be different: seeking additional information and explanations, submitting work reports, making comments, suggestions, etc. Given that this category of communication has been rather neglected in practice, several methods are recommended to management in order for communication to be encouraged and to function more efficiently: (Luthans F., 1989, str. 521)

(1) complaint procedure:

- it allows all levels to file a complaint to the person who is directly superior in hierarchical structure to their line manager (thus protecting individuals from the will of their immediate superior, which provides support, greater security and satisfaction at work);

(2) “open door” policy:

- formally, this method implies that the doors of the ones at higher positions are always “open” for their associates; this policy is an open invitation for associates to come to discuss any problem;

(3) consultations, discussion on the occasion, and the like:

- due to significance participation in a communication process has on the level of employees’ satisfaction and their work performance, efforts should be made to ensure that each individual takes part in communication process. This is achieved through various forms of either formal or informal involvement of workers in discussion with their superiors.

b) Horizontal or lateral communications

These communications are established among the members of the same hierarchical level, but the content of the horizontal communications can be different. The four most important goals that are achieved through this communication direction are:

- tasks coordination,
- troubleshooting,
- information exchange and
- conflict management.

Many tasks, as a rule, cannot be accomplished without coordination between colleagues in the work process. In addition to formally arranged and anticipated contacts, there are a great number of unforeseen and informal ones that address important issues regarding tasks completion and alignment.²⁴ The horizontal communications system can contribute to resolving potential conflicts among members of an organization who are at same hierarchical level. Interpersonal contacts and negotiations can lower tensions and help find an optimal solution for the parties in conflict.

Horizontal communications provide employees with mutual business and social support. The result of this behaviour can be either a positive or a negative one.

If support is achieved in terms of coordinating tasks, resolving conflicts, resolving current issues, etc., then the effect is a positive one. In case when lateral communication takes a form which is either irrelevant or destructive for organization’s functioning, the effects are negative.

Negative effect of horizontal communication process is particularly pronounced when informally established communications are of destructive nature.

c) Diagonal communications

This type of communications implies the communications that take place “bottom-up” or “top-down” between different organizational units and between people at different organizational levels.

²⁴ Employees in an organization can communicate with each other in order for a work-related or a personal problem to be resolved. In this sense, horizontal communications based on socio-emotional relations are established. The contents of these communications can be stating some personal facts and offering advice when resolving other people’s problems.

2 Form of communications

Communications can be regarded as formal and informal when considering channels through which they flow.

Formal communications, logically, take place through formally established channels of communications and transfer information of formal content. In addition to formal, almost all organizations are characterized by the so-called informal communication system. Such communication system is a result of inherent need of people to communicate with each other on different grounds.

Informal communication system is often referred to as “the system of unofficial news”. This news feeds through the organization moving in different directions and it is characterized by two important features:

- it is usually a rapid form of communication (they spread around fast);
- such information is usually “distorted”.

Informal communications can affect organization both positively and negatively. Those are of particularly subjective character and are reflection of personal attitudes and goals of those who communicate. In case their personal interests are compatible with interests of organization, informal communication system will prove to be very effective in achieving goals of the enterprise or an institution. Vice versa, incompatibility of individual's and organization's interests will serve as an incentive for the informal system to manifest its shortcomings.

Usefulness of informal communication system can be manifested in several directions. Direct transfer and rapid dissemination of information make informal communication system an effective complement to the formal system.²⁵

Informal system, both personal and direct, enables faster transfer of “useful” information. Important information requiring immediate action can be more effectively conveyed through informal communication channels. Unofficial channels can also be used to easily translate formal orders of managers into the language of “executors”, thus enabling the fastest implementation. Nevertheless, due to a frequent misuse, the informal communication system is considered by many as a potential threat for it can be used to convey rumors and destructive information. Unofficial news can adversely affect morale and workforce of employees (rumors on wage cuts, work stoppages in a department, accidents at work, etc.) and greatly disrupt normal functioning of an enterprise or institution. Unofficial news, to a great extent, is a consequence of irresponsibility of those who spread them.²⁶

25 In addition, informal information provides managers with the image on the position and mood of employees and it serves as a “safety valve” of employees' dissatisfaction

26 Even when utterly undesirable, an organization's management is often not in a position to completely prevent spreading of unofficial news. Whether or not unofficial information would manifest its advantage and function for the enterprise, depends on the nature and purpose of the very information, on psychological climate within the organization, on structure of informal group launching such information, etc.

Difficulty in suppressing unofficial news (rumors) is reflected in the fact that informal communication channels are not an integral part of the organizational chart of a company, and thus a lot of effort and skills are required from management in order to identify, control and potentially turn them to their advantage.

3 Content of communication process

Based on the content of communication process, communication can be divided into three categories: (Rot N., 1988., str. 171)

- communications related to current jobs and tasks performance;
- communications on general issues related to work and work organization,
- communications reflecting social and emotional needs of members of organization.

Ongoing tasks performed in an organization must be clearly formulated, well understood, and mutually aligned. Regular monitoring and recording of task implementation are also required. Therefore, communications related to performing current jobs and tasks entail transfer of orders and instructions, as well as requesting notices and providing information relevant for performing a specific job, i.e. task.

In addition to information relating to the ongoing jobs and tasks, for survival and development of an organization is important to have information that allows you to get to know and resolve general issues related to work, as well as to seek and find new and better solutions. In this regard, we talk about communications the content of which consists of information on general issues of work and organization of work.

In order for an organization to function successfully and to increase its organizational effectiveness, it is important that its members contact each other, not only regarding the delegated tasks but also to satisfy their emotional and social needs. People have a need to talk, to exchange experience and opinions. Social and emotional support acquired this way contributes to creating an atmosphere of greater satisfaction at work.

4 Communication styles

In terms of different styles of establishing connections, communications can be verbal, written, and non-verbal.

Verbal communication is realized by words, i.e. speech.

Written refers, mostly, to formal communications in a written form (letterheads, newsletters, reports, etc.).

Non-verbal communications are forms of communicating that, in a sense, complement verbal communications. Those are realized by: gestures, facial expressions, appearance, posture, etc. These ways of communicating are considered more significant than verbal and written for they conceal the true essence of what is being expressed.

2.4. INTERDEPENDENCE BETWEEN MANAGEMENT AND COMMUNICATION

Successful people management, which is one of the basic management functions, implies, among other things, ability to communicate effectively, namely ability to send and receive information, ideas, emotions, and even opinions. Importance of communications for enterprise's management is indicated by a number of experts that consider ability to communicate inside and outside of organization as one of the basic managerial skills, and communication phenomenon itself as a central topic in research, especially in HR management. In no other field are people considered to be working as seriously and as dedicated as psychologists, namely experts in the field of interpersonal relations and management, as is the case with improving communication within organizations. (Drucker P., 1985., str. 481). Importance of communications in a modern organization is crucial. Particularly important is the role of communication system in initiating and carrying out relevant organizational changes. It should be borne in mind that the purpose of communication changes depending on an organizational change. There are different approaches differentiating stages of an organization's change process. In general, any change can be analyzed according to the three phases: (1) change preparation or initiation phase; (2) change implementation phase and (3) change control phase.

Control activities within these three phases can be defined differently. All organizational changes represent a process that can be categorized in nine phases: (Galpin T., 1966., str. 4)

- identifying the need for a change;
- developing and disseminating a change vision;
- diagnosis/analysis of the current situation;
- generating recommendations for the change process;
- making detailed recommendations for the change process;
- making recommendation for a pilot test;
- preparing recommendations for the phase of change implementation;
- implementation, and
- measuring, amplifying, and refining.

At the beginning of a change process, the focus of communication is to inform employees about what is happening and what a change process implies. Start of change implementation shifts the communication focus to providing a complete picture of the change so as to give an overview of the change development and identify the issues that exist or may arise. During phase of the change implementation, communication must be far more specific (concrete) and focused on implications that change may have on different parts of organization or its individuals. Communication at this phase also involves completing the skills of employees through various forms of training.

Upon implementation phase, the focus of communications shifts to refining, i.e. improvement. Refining implies listening and acting on the feedback of other managers and employees on how to adapt the change so as to achieve the desired results. The following table illustrates 4 phases of communication change efforts.

Table 3 Communication phases and change phases

COMMUNICATION PHASE	COMMUNICATION GOAL	CHANGE PHASE
(1) Building awareness	– initiative for strategic position change – reaffirming organizational principles – publishing specificities on the change process – certificates of involvement and support from top management	1. identifying the need for a change; 2. development and expansion of vision;
(2) Giving status to a project	– demonstrating top management engagement – reaffirming strategic explanation – identifying issues relevant for management and employees – getting information from a pilot test – providing a general image with schematic plan of change	3. diagnosis/analysis of the current situation 4. generating recommendations 5. detailed recommendations 6. recommendations for a pilot test 7. preparing recommendations for implementation phase
(3) Communication development	– continuous display of top management engagement – pointing out specificities of the implemented changes – analysis of change implications for those affected by the change – providing training for acquiring new skills, roles and methods	
(4) Continuation	– continuous display of top management engagement – reaffirming organizational principles and strategic focus – listening and responding to feedback so as to make the change as successful as possible – refining change so as to ensure its success	

Source: Galpin, T., 1996, *“The human side of change: A practical guide to organization redesign”*, Jossey-Bass Publishers, San Francisco, pp.4. (adapted).

The table also indicates the goals of each phase, as well as the relationships between communication phases and the respective phases of the change process. Although the communication process has been developed parallels with the change initiative, each phase is characterized by some constants.

The most important is demonstrating support for the change initiative by top management because senior managers must set aside enough time to communicate during all phases in the change process. The significance of their inputs and interactions would greatly influence acceptance of changes in the organization.

Another important constant in the process is raising people's awareness that the change has been aligned with organizational principles and strategic focus. This will help people to see the changes in the context of prospective organizational changes.

2.5. COMMUNICATION PROBLEMS

Communication process in an organization can be accompanied by a number of problems that can interfere with the process and diminish its final effects.

Some of the most common problems are the following: (Durbin A., Ireland R.D., 1993, str. 334)

- different forms of observation – people perceive information and messages in different ways due to different observation frames;
- semantic issues – communication problems can be a result of giving different meaning to the words contained in the messages;
- timeline – due to the lack of time, sometimes, information is not distributed regularly or is not available to all who need it;
- declining credibility of the information's sender – if credibility of the information's sender has been diminished, it is more likely the information would be rejected.

Communication problems can be a consequence of some other communication errors of company's management, and as such are one of the symptoms of poor management of communication process. The following management errors in communication process are provided: (Galpin T., 1966., str. 39)

- belief that keeping information confidential, communications can be reduced to formal frames, that is, in such a way the spread of unofficial, i.e. informal news can be prevented (managers who believe this are mistaken because unofficial communication channels are always active, and therefore unofficial news spread fast and on regular basis);
- delegating responsibilities for communicating with lower levels, i.e. associates²⁷ (who can be useful in formulating messages, establishing communication channels, etc., but must remain under the responsibility of top management when informing about the change process);

27 If a top manager seeks to delegate responsibility for communicating important information relevant for the change, in this way they, actually, subconsciously send message to employees that the change is not that important for them to waste their time on it. Employees could interpret such message as insufficient dedication of the management to the change, and therefore would not take an active part in the realization of the change.

- poor description of key aspects of the information being transmitted, and this error is, mainly, due to non-existence or existence of a poor communication plan²⁸ (a “poor” communication plan results in vaguely defined roles and contents of the communication process);
- qualitative and quantitative poverty of the information provided by higher levels to lower levels can result in weakening desire for the change with lower levels, as senior (top) managers must also demonstrate their desire for the change through frequency of transmitting messages of change being an organizational priority to lower levels;
- in communication process, the “closure” of once established communication channels occurs – managers usually do this after communicating basic information (e.g. about the need of organization to change) because then their focus shifts to the change itself.

In communication process, it is possible for managers’ errors to occur, and therefore should be prevented or brought down to minimum. Nevertheless, even during the change process, people require relevant information because they always need additional information or want to suggest something new, to make some remark, or express their praise. Finally, people also need information about the final effects of the action they are involved in. All this could be ensured if communication on relation higher levels-lower levels, and vice versa, is open, i.e. permanent.

2.6. USE OF COMMUNICATION SKILLS

Modern managers value communication skills extremely well. Their use is particularly important in conflict management.

Conflict is a disagreement about allocation of insufficient resources or conflicts over goals, values, perception, or among different personalities. A conflict can occur at both interpersonal and organizational levels. Almost all types of conflicts are resolved through negotiations. They are the use of a communication skill in conflict resolution, that is, in achieving results at mutual satisfaction. Negotiations are a process during which, through different communication channels, interaction is achieved on all sides, in order to resolve a conflict jointly.

Negotiating is a rather important communication process that is increasingly gaining in significance, especially in turbulent environments. It is an integral part of every manager’s job, as an interpersonal skill. Many factors are crucial for the success of negotiations. The actual negotiation process (a series of offers and counter offers considered to be the essence of negotiations) depends on:

- whether the parties consider their interests to be dependent on each other (regardless of whether that is actually true or not);
- the degree of trust or distrust among the parties;

28 For instance, if it is about a desire for a certain organizational change that should be passed on to employees, key aspects of information could be the following: origin and aim of the change, sequence of events that would take place during the change implementation, positions that would be affected by the change, etc..

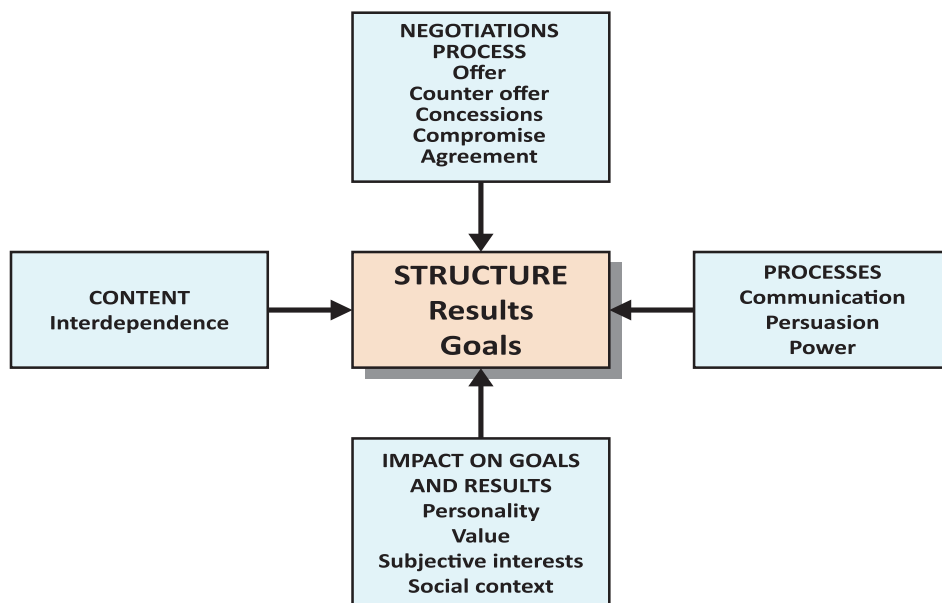
- ability of each party to communicate clearly and to persuade or coerce the other party to accept their point of view;
- personalities and idiosyncrasies of the people who are actually involved;
- goals and interests of the parties.

All negotiation situations have three common characteristics: (Neale M. I Northcraft, 1991, str. 147)

1. *conflict of interests* of two or more parties, what one party wants does not necessarily have to be what other party wants;
2. *established rules* or procedures do not exist as a recipe for conflict resolution, or parties want to bend the rules and procedures in order to find their own solution to the conflict;
3. *a desire to find a common solution* is in the interest of both parties (as well as avoiding open conflict, for only one party to give in, for a contract to be permanently terminated or to transfer the dispute to a higher instance).

Negotiation is a complex communication process, especially if one round of negotiations is merely a part of a long-term relationship. Hereby, negotiator's primary concern is preparation that should include an overview of the earlier negotiations, as well as their outcomes. Managers, that is, capable negotiators, are interested in stability of the negotiation results they jointly shape. Nevertheless, if one or both parties agree to unacceptable results of negotiations, they will have a reason to restart the negotiations, often in a hostile manner. However, if the results of negotiations are valid for some time, it is a stable result. *Stability* is not the only feature of successful negotiations, but it is necessary.

Graph 1 Factors relevant for negotiations



Source: Stoner, Dž., Friman, E., Gilbert, D., „Menadžment“, Želind, Belgrade, 2000, pp.492.

Box tekst 2. Guidelines for conducting negotiations

- Set clear goals for each negotiated issue and understand the context in which goals are set;
- Take your time;
- If in doubt, set up a meeting;
- Be well prepared in a way that clear data support clearly defined goals;
- Maintain flexibility of your position;
- Identify motivation of the other party;
- Don't allow yourself be buried. If there is no progress on an issue, move on, and later go back. Set up environment for an agreement.
- Be aware of the fact that the other party wants to save their face as well;
- Listen carefully;
- Build a reputation of an honest, fair, but firm person;
- Control your emotions;
- Make sure you know how each move in negotiations reflects to all other moves;
- Weigh each move in relation to your goals;
- Pay close attention to the content of each negotiated clause;
- Keep in mind that negotiation is, in its essence, a compromise;
- Learn to understand people – it can pay off during negotiations;
- Consider the effect the ongoing negotiations could have on the future ones;

Source: Richardson, R., *Collective Bargaining by Objectives: A Positive Approach*, Englewood Cliffs, New York, Prentice Hall, 1985., pp.168.

Integrative process is a negotiation process in which there is an equal chance for both parties to gain.

Distributive process is a negotiation process in which both parties strive to maximize their gains, and also to maximize the loss of the other party (those are controversial and volatile processes that can grow into long-lasting ones). Both of these processes occur in all negotiations. It means that instead of having two negotiators choose one process, negotiations represent a tension between these two types of processes. Environment can also encourage the negotiators to reveal more information and work in an integrative manner.

On the other hand, the increasing role of modern information technologies must be kept in mind. In many organizations, managers have made informed choices thus enabling IT to introduce changes in the way people communicate (e.g. e-mail). These changes have further triggered new changes in the management of many organizations.

New communication technologies, usually referred to as groupware, have raised accuracy and timeliness of organizational communications to a higher level, and therefore organizational action poses a challenge to the traditional authorities. This trend has been especially noticeable in tourism enterprises.

In hotel industry, communication process is specific in many ways. Namely, communication refers not only to communication between partners, but also within a hotel among the staff, between the staff and guests, between hotel enterprises and the media, etc. Many hotel enterprises define the rules of conduct in communication process so as to avoid improvisation that could affect the overall communication process between the hotel and all stakeholders.

Example 3 Rules of communicating with the guests and among the staff in hotel Moskva, Belgrade

- Make eye contact with the guest;
- Greet each guest warmly (if you know the guest, address them by their name – *“Good afternoon, Mr. Tomic, welcome back to hotel Moskva.”*);
- Smile discreetly (smile makes conversation more pleasant);
- Listen carefully to what the Guest is saying (do not come up with an answer, but focus on what the guest is saying);
- Use carefully chosen words when speaking (e.g. the guest asks: *“Could you bring me a laptop from my car, a red Ford Focus, license plates 123-456, I’m at the first booth?”*, and you would reply: *“With pleasure!”*);
- When speaking to the guest, use a moderate tone;
- Never reach out to shake hands with the guest first, if the guest offers a shake first, accept it (firm and short handshake);
- Answering a phone call must not exceed three rings;
- It is forbidden to hag, tap on the back, kiss or otherwise similarly touch the guests;
- It is forbidden to wink, point your finger, and use other gestures;
- If the guests asks you for a direction, escort the guest personally to the desired place (except when you need to attend some other guests, and there is no one there to replace you);
- While escorting the guest, and if they follow you, the distance between you and them should not be more than 1.5m. Walk at moderate speed;
- When talking to the guest, never keep your arms crossed, in your pockets, or behind your back. Let the guest know you are listening to them carefully by an occasional nod and/or by saying ‘yes’;
- Do not approach the guest closer than the arm’s length;
- Accompany the guest when they are leaving the facility (hotel, restaurant), wish them a safe journey, and to come back again (e.g. when leaving the hotel: *“Goodbye, Mr. Tomic, have a safe journey! Hope to see you again soon!”*)

Source: Documents from hotel Moskva-Beograd



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. How would you explain the communication process?
2. Can you define communication?
3. What is the significance of communication process?
4. What are the elements of communication?
5. What is the role of communication within a company?
6. How is communication significant for the management?
7. What are the phases in communication management process?
8. How would you explain the aspects of communication process?
9. What are the types of communication process and based on what is categorization made?
10. What are the most common problems and mistakes managers make in communication?
11. In case of conflict, how would you use communication skills and how would you resolve certain conflicts?



3. HR MANAGEMENT ELEMENTS AND ACTIVITIES

UPON READING THIS CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Define, understand and explain the concept of knowledge.
- ♦ Explain what organizational learning and organizational data base are.
- ♦ Comprehend what the knowledge management consists of.
- ♦ Understand basic elements and activities of HR management.
- ♦ Explain and understand the difference between the notions of culture, ethics, organizational culture, employees' culture, business culture of an organization, culture of quality and climate.
- ♦ Define organizational culture and make difference between external and internal components of organizational culture.

3.1. BASICS OF A COMPANY'S KNOWLEDGE

In modern business it is relatively easy to explain the difference between the costs and prices, or cash flow and profit. However, managers often find themselves in difficulty to explain the difference between data, information and knowledge, or implicit and explicit knowledge. Therefore, HR managers should always keep in mind practical definitions of the main terms used in knowledge management, i.e. human resources.

Knowledge can be defined as the whole corpus of cognitions and skills individuals use in solving problems. It includes theoretical and practical, daily rules and instructions for action. Knowledge is based on data and information, but unlike these, it is always linked with people. It is created by individuals and it represents their beliefs about causal relationships.

DIFFERENCE BETWEEN GENIUS
AND STUPID IS THAT GENIUS STILL
HAS ITS LIMITS.
UNKNOWN AUTHOR

Different people have different ideas on the nature of knowledge. In academia and business practice, individuals define their own professional terms appropriate for a particular approach or problem. Nevertheless, a successful HR manager begins this process by describing the differences between symbols, data, information and knowledge. Sometimes additional levels such as wisdom, intelligence, or adequate thinking skills are described.

Practical significance of categorizing knowledge into different levels becomes clear if explained on the example of a particular company's business. For instance, (Probst G., Raub S., and Romhardt K., 2000), tourism company "Kuoni" has a complex database that can be accessed using powerful hardware and software. This database is an essential part of the company's knowledge base, but in itself is insufficient. It can become a competitive advantage on the market only if the skills of competent staff are added to it. Travel advisors working for the company provide a large contribution by transforming data into information and knowledge.²⁹

Instead of describing the sharp differences between data, information and knowledge, many experts find it more useful to place them along a continuum with data at one end and knowledge at the other. HR managers rarely see the problem in clearly defined stages, and more often approach it by taking a large number of small steps. Scattered cues are collected as a whole so as to shape cognitive models on which actions can be based.

An organizational knowledge base consists of both individual and collective knowledge that an organization can use to perform its tasks. Knowledge base also includes data and information based on which individual and organizational knowledge is built. Knowledge base undergoes regular changes. Collectively, these changes comprise organizational learning.

Organizational learning consists of changes in the organizational knowledge base, creation of collective reference frame, and an increase in organizational capacity to perform and solve problems. Managers are primarily interested in the learning processes they can control. The main difference between knowledge management and organizational learning is that the former is an active and guiding process. Organizational learning involves all the changes in organizational knowledge base, whereas knowledge guidance includes an intentional intervention.

Organizational learning is a change in cognitive structures and behaviour of an organization's members, which provides an increase in organization's ability to adapt to its environment (Janićijević N., 2008.). A learning organization is an organization whose members continually increase their abilities to produce the desired results, that nurtures new and valuable ways of thinking, shares common aspirations, and in which people continually learn how to learn together, namely organizations in which people continually develop their abilities to produce the results they really want, in which new and expansive mindset is nurtured, and in which people constantly learn how to see the whole together, and that is a system of long-term perspectives. (Senge P.M., 1990., str. 3,90,92)

Peter Senge identifies five key factors of organizational learning:

1. systemic thinking
2. personal competencies
3. mental models
4. a shared vision
5. team learning

29 The essential job of a travel advisor is to interpret, i.e. organize the data in the context of a user's business travel request. An experienced advisor can gather a wealth of data on flight dates, destinations, and prices and prepare and present them appropriately. The data thus obtain the value of information. The advisor can apply their knowledge and experience and make recommendations to the user on how to manage budget *in the future*

According to the OECD, learning is a natural process for all human beings and is much more than adopting contents and developing cognitive skills. “Learning can be defined as a process of expanding personal abilities. Learning always involves an interaction between cognitive and emotional processes, and it takes place in social contexts through interaction between students and their environment.” (Albijanić M., 2011., str. 258). Learning represents the use of basic cognitive processes, conscious and unconscious, that contribute to a more effective problem solving and performance of tasks in everyday life. Distinction is made between formal learning, which is related to education institutions; learning that takes place outside institutions, in clubs, associations, or at work; and implicit learning, which is not predetermined but is unintended. This approach involves learning as a lifelong process.

Knowledge management includes a cohesive set of interventions that seizes a favorable opportunity to shape the knowledge base.

Companies that have introduced the knowledge base heavily invested in employees' training. This suggests that management recognized the fact that an individual's skills are vital to the organizational knowledge base. The ability to transform data into knowledge and to use the knowledge for the benefit of the company makes an employee the primary agent of the company. Nevertheless, expertise of individuals is not the only quality. Many processes that are fundamental for successful organizational action depend even more on the collective elements of knowledge. In addition to focusing on knowledge (individual and group) base, organizational competencies are essential for an HR manager.

Successful training can rarely be fully attributed to exceptional skills of a particular trainer or a training organizer.³⁰ Likewise, smooth running of a process in an organization depends on successful interactions between many participants. In addition, following trends in intellectual work is important. Managers in companies with intensive knowledge, have a vital task of carefully maintaining intellectual property. This is reflected in changes in the personnel structure in modern industrial countries (according to the statistics, 60 % of all the employees are knowledge workers, and four out of five jobs are in the so-called intensive knowledge industries). The trend for employees to work more intellectual than manual jobs has continued.

HR managers, above all, should provide working conditions for the knowledge workers. This means that companies should retain the expertise of their knowledge workers and help them work efficiently. These workers will clearly demand better working conditions than the average ones. In the long run, important experts can probably be retained only in those companies that introduce innovative policies in personnel management, thus providing possibilities for personal growth and a significant career within the company, and this requires a modern approach to personnel management.

30 For instance, a successful basketball or football team need not only talented players, but a mutual understanding between the members.

On the other hand, HR managers should keep in mind the so-called golden rule that collective competence is more than the sum of expert knowledge. Collective knowledge is the focus. However, individual competencies of knowledge workers form the basis of successful company activities. In addition, success of many projects and strategies also depends on whether different knowledge workers can effectively combine various components of the knowledge base.

The idea of organizational learning originates from the fact that an organization's capacity to resolve problems and to function as a whole cannot be explained solely in the terms of individual skills of its members. Organizational power to resolve problems often depends heavily on collective components of the knowledge basis. Collective knowledge (which is more than the sum of individuals' knowledge) is rather important for survival of the organization in the long run. Modern trend of market struggle is manifested in strengthening of competitive power through organizational competencies.³¹

Constant problem-solving by groups improves efficiency of the ongoing activities and combines organizational processes and individuals' skills into a new form of organizational knowledge. The internal implementation and integration of this new knowledge reduce likelihood for the fresh solutions to become isolated isles of knowledge and increase the probability that best practices would spread throughout the company. Import of knowledge and constant experimenting in groups can keep organizational competencies flexible and focused on the challenges of competition. HR managers should keep in mind the internal accumulation of skills.

Collective knowledge is a vital element of competitive strategy. Organizational competencies generally consist of many different resources and elements of individual knowledge, interconnected into a unit that can sometimes be difficult to define. Unlike raw materials or other elements of production (that competition can procure on the open market), competencies cannot be purchased. They are the result of the often lengthy process of internal accumulation and therefore are particularly valuable as a competitive tool on an increasingly turbulent market.

3.2. HR MANAGEMENT PROCESS

HR management, as one of the most significant functions in functioning of a modern organization, integrates a number of elements, that is, activities, in order for them to be more efficiently and effectively implemented. Modern business environment, and in general, jobs and tasks performances, social and economic changes in the environment and other on-going processes require additional efforts and activities in establishing the function of managing people and their potentials within an organization.

31 According to Harvard-based professor Leonard-Barton, remarkable successes of such diverse companies as CHAPARRAL STEEL, HEWLETT PACKARD, JOHNSON&JOHNSON and 3M can be attributed to the exceptional skill these companies manage their collective knowledge. They are rather efficient in combining isolated resources and individuals into a network of organizational competencies.

Managers are the ones who should identify the conditions and processes appropriately so as to better assess management measures and activities. The basic elements and activities of HR management are:

- ♦ job analysis
- ♦ human resources planning
- ♦ human resources recruitment
- ♦ human resources selection
- ♦ employees socialization and orienteering
- ♦ employees training and education
- ♦ employees assessment
- ♦ employees remuneration and motivation
- ♦ employees health and safety
- ♦ career management, demotion and dismissal.

Figure 2 HRM process



Source - Vlahović S; Modern concepts of managing resources as a determinant for successful management; Employee education seminar; Singidunum University; Belgrade (taken from Vlahović S; Menadžment Hrestomatija; Faculty of Tourism and Hospitality; Bar 2006.)

All the stated elements, that is, activities of HR management, method and manner of their realization, are mainly dependent on mission, vision, strategy and goals of an organization. One should also keep in mind that this is not a definitive final list, but that creating a system and activities of HR management depends on a particular organization, namely its environment. Constant changes on the market pose a challenge for the organization, and therefore their role in the process of creating and functioning of management activities must be taken into account.

This means that when deciding on management measures and activities, adequate and rational solutions as an answer to a situation in the environment should be found. Globalization and a number of new challenges caused by it demand new answers.³² All HR management activities, though categorized in different ways, can be grouped into three separate sections: (Bernardin R., 2003.)

(1) Recruitment:

- job analysis, planning, recruitment and selection;

(2) HR development:

- assessment and remuneration, training and development, career management;

(3) compensations and HR management:

- Direct and indirect compensations, regulation of employer-employees relationships, collective commitment, employees' health and safety.

Although there is a number of other categorizations, that is classification of factors and HR management activities, for the purposes of unifying and comprehensively approaching the issue, another one that all activities groups into five separate, but interconnected sections can be found, in professional and scientific literature and practice: (Casio W.F., 2003.)

(1) employment:

- job analysis,
- HR planning,
- recruitment and selection;

(2) development:

- training,
- performance management,
- career management;

(3) compensations:

- salaries,
- remuneration systems,

(4) relationship between workers and management:

- trade unions and collective commitment,
- righteousness and ethics in relationship with employees;

(5) health, safety, and international dimensions of HR management.

A very important category that relates to data organization, duties and responsibilities within a work unit is job designing. On the other hand, redesigning jobs implies that jobs are made better from the aspect of employees, namely to provide organization's productivity

32 For example, if it is about an increase in the average age of employees, HR management activities should, among other, include additional training programmes for older workers, i.e. staff. It is also important to react quickly when there are other challenges.

Example 4 HR management process at Hotel Palisad Zlatibor

No.	Input	Activity	Output	Description of activity	Responsible person
1.	• Rulebook on organization and systematization of jobs	Approval of requests for human resources	• Record (General manager's decision)	Managers of organizational units monitor the volume of work and the number of employees by workplace, and accordingly assess and inform the General manager of the changes (usually verbally). General manager reviews each request and makes a final decision, in writing or orally	General manager
2.	• Rulebook on organization and systematization of jobs • General manager's decision	Advertising the need for human resources	• Text of the competition	Based on the procurement decision, advertising is made to make public the need for human resources that can be recruited from: - the existing internal candidate base (that comprises of part-time workers who performed the same jobs, candidates with referrals and who successfully completed training and internship programmes at the hotel, as well as of candidates who had already done the job interviews and tests), or - external data bases of potential clients, most often from the National Employment Service. In case the aforementioned data bases do not provide a suitable candidate, a vacancy notice is announced. The manner of advertising is determined depending on the choice of a specific source for the recruitment of human resources (through an employment organization or through the media). At this step, particular attention should be paid to the information provided in the text of the competition (information on the type of the job, conditions and criteria that candidates should fulfill, the manner and deadline for applying to for the competition). Information on potential candidates can also be obtained from the institutions the business system cooperates with, such as faculties, institutes, and other business systems. Candidates recommended by the aforementioned institutions, must also pass all the tests as do the rest of the candidates.	HR manager
3.	• Candidate's CV	Gathering data about candidates	• List of Applicants • CV of the candidates, cover letter	Only the applications submitted by the candidates within the deadline are considered for assessment and selection of candidates. A record is kept on the way the competition has been conducted – A List of Applicants, including: surname and name, whether a candidate meets the requirements of the competition, and explanation in case they do not, and time of the scheduled interview. The List of Applicants is also formed in the case when no competition was announced, but potential candidates were reached through other sources (recommendations, direct contacts of potential candidates, etc.). In case there is only one applicant for a vacancy, the data to be entered into the List of Applicants, such as time of the scheduled interview, opinion on the candidate, etc., is possible to record on the candidate's application (CV).	HR manager

No.	Input	Activity	Output	Description of activity	Responsible person
4.	• Applications from candidates • Lists of all applicants • Rulebook on organization and systematization of jobs	Assessment and selection of candidates	• List of Applicants • Interview report	Applicants who meet all the requirements stated in the competition, are interviewed with the purpose of gathering as much accurate and relevant information as possible about the candidate, which are necessary for making a decision on choosing the best candidate. Based on this information and Rulebook on organization and job systematization, candidates are evaluated in terms of: - assessment of the candidate's knowledge and skills, - assessment of the candidate's experience, - assessment of the candidate's personality, - special checks (e.g. records from the Ministry of Internal Affairs), etc. Priority is to first consider qualifications of persons from the internal data base of candidates (training, internship, recommendations, etc.), for they are operationally capable of working in a well-established organization. In case that the planned testing of professional and work ability (tests or other forms of check), due to specificity of jobs and work tasks, it is necessary to engage or form a committee so as to check the professional and work abilities of the applicant. The Interview Panel is made up of at least three experts with the same type of qualifications or with a degree higher than the level prescribed for the position to be filled. Persons outside the business system may also be appointed to the Panel. Professional and working skills can also be tested in an employment organization or other specialized organization. The final selection decision should be entered into the List of Applicants. The selected candidate is informed (orally) of the admission decision. If the candidate agrees with the decision on admission, they commence employment, and if not, the stage is repeated.	HR manager General manager
5.	• Candidate's documentation (employment record book, health care, diplomas, etc.) • Contract (of employment, service contract or author agreement) • Labor Law	Commencement of employment	• Contract • An employee's record	Employment commences when Contract of Employment is signed between an employee and employer for a definite or an indefinite period of time. Contract of employment is concluded prior to commencement of employment and contains elements specified in the Labor Law. When commencing employment, the relevant state bodies shall be provided with the necessary documentation (National Employment Service, Pension and Disability Insurance Fund, National Health Insurance Fund). Upon employment commencement, both at definite and indefinite period, a file is created for each employee that contains documentation on admission and qualifications, and this file is titled "Employee's Record". A panel in accordance with specific RMs with the people from the sector. Employment can be established even with a person who is employed for the first time as a trainee for the position for which they have obtained a certain degree if this is a prerequisite prescribed by the law for certain positions. Internship can last a year at maximum during which an intern can have all the rights on the basis of employment. A Service Contract is concluded for performing jobs that are outside of scope employer's business, and which are done independently implying production or repair services, or freelancing.	Employee relations officer

No.	Input	Activity	Output	Description of activity	Responsible person
6. In-tern-ship	- Contract - Plan of work with the candidates	Introducing a new worker into the business	- Progress sheet - Employee training records	Upon commencement of employment, the employee should be introduced to the job, i.e. they should get acquainted with business system, management, associates and new work position, in accordance with the standards of the hotel in which the employee starts their first day. It is of particular importance to introduce the new worker to their job position, duties and tasks, all documents used in their work, documents that result from performing their activities, as well as to all the standards in the hotel. The candidate is assigned a training mentor within the sector they are allocated to. Training of the new employee is conducted in accordance with the work plan for the candidates, and line manager and HR manager are responsible for this plan to be designed and implemented. If a person, prior to employment commencement, undergoes probation period, training, introduction to work and candidate's assessment are given special emphasis due to the fact that upon the end of probation and based on the results achieved by an individual during and at the end of probation, a decision is made on termination of employment, as is prescribed by the Contract of Employment. A person responsible for introducing an employee into the business gives an opinion on the employee which is the basis for making a final decision on the eventual employment termination after the end of probationary or apprenticeship. A Progress sheet is filled for each employee, and all the evaluations are gathered by an HR manager and after the probationary or volunteering period are finished, as well as internship or a contract at definite period, with the approval from the General manager makes a decision on hiring the employee.	Person responsible for personnel department HR manager
7.	- Rulebook on organization and job systematization - Changes in environment - Seminar and courses programmes	Professional training of employees	Employee training records	Based on the identified training needs and suggestions provided by an HR manager, general manager decides on the type of training a certain candidate will undergo. Training plan and programme should meet the needs of the business system for specific professional knowledge. Training implementation process involves: - providing the necessary resources, - hiring lecturers - presenters, - informing all the participants on place and time of training, - providing records. Employee training records are kept in the files of each employee. The Certificate of successfully completed training is deposited in an employee's file.	HR manager
8.	- Contract - Labor Law	Termination of employment	Records on termination of employment	Upon conditions defined by the Labor Law are fulfilled, employments is terminated. The employer is obligated to make payments of due wages and other benefits no later than 30 days from the date of termination. Documentation (employment record book and forms) that was certified by competent services and kept in the employee's file at the commencement of employment, is delivered to the same services (signed and certified for termination of employment) so as to be registered.	General manager

Source: taken from M. Ostojić, master thesis, *Upravljanje ljudskim resursima u hotelu „Palisad“ Zlatibor, Singidunum University, Belgrade, 2011., pp. 57-61*

3.3. ORGANIZATIONAL CULTURE AND CLIMATE

Modern HR managers pay particular attention to culture and organizational climate. In an era in which quality is imposed as an integral business standard, the quality system marks a new culture of behaviour of an individual and organization as a whole. Therefore, a particular attention is paid to organizational climate that contributes to continual improvement of business. Organization's top management should possess a multicultural flexibility, namely to be well versed in all cultural segments in its organization. On the other hand, cultural differences between various sectors in an organization can adversely affect implementation of global styles, principles, and rules. The final goal is to raise the work culture in an organization.

Therefore, it is rather important for HR managers to make differences between the various terms in use.

Culture – The term implies all achievements made by humans in economic, social and spiritual life.³³ Culture defines the level of spiritual and social development of an individual, their education, commitment, behaviour, and other interpersonal behavioral aspects of an individual.

Organizational culture – Implies an interaction unit that includes the following notions: tradition, customs, habits, the social value system, beliefs, attitudes, standards, values, norms of behaviour, language, technology, image (style), paradigms (role models, patterns). Nevertheless, it can be defined as a set of important conclusions conceived, discovered, or developed by a group in a troubleshooting process. One of the key subsystems of organizational culture of any economy, organization, and enterprise is the reward system. The reward motivates employees, and motive is the fundamental source and drive of human activities.

Employee culture – This notion implies the need for having an ear for objections, suggestions, observations, experience, expectations in relation to the service received, information on satisfaction or non-satisfaction, etc.

Corporate culture – Determines tradition, habits, attitudes, values, the social value system, behaviour, etc., which are crucial for the success of a complex task such as incorporation and implementation within the HR management.

Quality culture – It is commonly understood as describing how people behave based on traditional habits and standard procedures implemented in organizational behaviour. In most companies, quality culture is the result of tradition and “style” or “image” of people, environment and numerous factors.

Climate - In a figurative sense, it defines living and working conditions for organizations. Climate implies creating prerequisites for introduction of quality system in HR management. It implies that it is necessary to create the right conditions that would ensure the introduction of quality system. Managers are required to adhere to legal principles so as to help improve the quality of life of employees.

33 The root of the word culture is the word cult (idol, role model) that basically reflects the goals of a community.

Business climate of a company – This term defines the way employees understand and experience the current business culture within their own organization, which is conducive to integration and implementation of the quality system. The system of effectiveness and efficiency an organization needs to invest in order to be able to engage in an intricate and risky area of culture is predetermined.

The basic characteristics of business culture are: initiative, dynamism, efficiency, professionalism, cooperativeness, collegiality, loyalty, and the like.

The main elements of organizational culture are: goals, ideas, ideals and the resulting measures.

These elements are of great importance for managing activities that can affect opinions and attitudes.

Contents of company's culture are based on: values³⁴ and norms³⁵ that should be adopted and implemented by all employees.

The main features of climate, as a motivating factor in HR management, are the following:

- creating ideas in your own organization,
- patiently accepting the market demands,
- adhering to the basic principle of business philosophy *just-in-time*,
- pre-planning of communication,
- simple and correct expression,
- use of tools to bring ideas together,
- willingness to respond to changes,
- simulation of other's participation,
- listening carefully,
- planning sufficient time for presentation, discussion, etc.

Communication process is of utmost importance for functioning of any enterprise, that is, organization. A very important issue is how to improve and develop it, and the answer to this may be provided by climate determinants within the enterprise.

Psychological climate which is dominant in an organization can have the biggest impact on the prospects of communication. It can be:

- *democratic climate*, characterized by cooperativeness, and
- *bureaucratic climate*, with clearly established hierarchical relationships in which additional and more significant participation of employees is not expected.

The business climate, in which people work and decide, strongly influences their actions and behaviour, and therefore communication functionality. Culture, as well as religion and upbringing, are the most important factors that influence buyer's (client) behaviour regarding the level of quality.

34 Value in theory of economics possesses a social importance that refers to weight, social awareness, and that is attributed to a product of human labor due to its usable quality, i.e. usable value.

35 Norm defines a rule, regulation, measure, quantity of work, legal commitment, organizational hierarchy. It represents the scope of a work task to be done by a worker or a group of workers, established on the basis of objective criteria, namely it is a rule or a principle of conduct in performing a task.

When analyzing business climate and organizational culture, HR managers must consider the fact that the organization does not only have a task to successfully manage material sources, but to direct its members as well. Therefore, a cultural system has especial impact on behaviour of organization, its goals, and structure. In this context, the organization can influence its environment, as an interaction society.

Environment represents a set of all circumstances under which a system – an enterprise achieves its goals, function, organizational structure and the overall behaviour.

An enterprise must adapt to the environment requests in order to efficiently accomplish its tasks. Otherwise, its economic power may decline.

Determinants in the cultural system include:

- state of spiritual goods
- level of humanization of human relations and dominant social values;
- level of mastery of certain knowledge and skills;
- developing people's needs and institutions to meet the needs;
- development of the overall social upgrade that objectively determines numerous and complex activities of an individual, layers and classes

The following characteristic are important to understand human behaviour fully: mentality, work and life choices of individuals, groups of people and their prevailing views, judgments, attitudes, opinions, beliefs, etc. Within this context, one should consider awareness of prejudices (judgments made based on traditional beliefs, unverified, inaccurate or false judgments) and established and non-flexible behaviour, regardless of the changed circumstance and situations. Process of developing these interpretations is based on principles of ethics which are not definite, but subjective to change and differ depending on a society and times.

Ethics implies all relating to customs, habits, human nature. It is of utmost importance that it should develop:

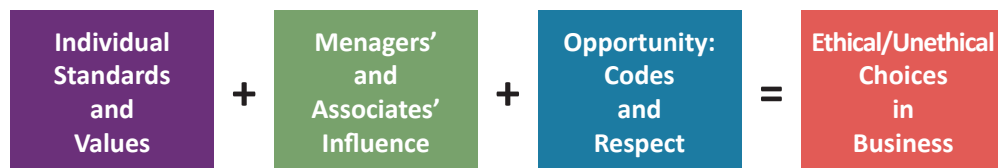
- *ethical virtues* (customs, especially the ones acquired through elementary upbringing and behaviour of role models),
- *diagnostic virtues* (intellectual, i.e. the ones acquired through reasoning and education).

HR managers consider it best when a synthesis of the two types of virtues is created for that is when one acts accordingly to their consciousness and conscious. Class, national, religious, professional and other group characteristics are rather important when it comes to the principles of ethics.

In addition to ethical principles, which are based on legal and other norms (public morality) and which are undoubtedly important for balance of any society as a whole, attention should also be paid to the moral restrictions that can be found in customs, tradition, honor, reputation, trust, responsibility, etc.

The basic characteristics of ethics as a set of principles of ethical behaviour of individuals, a group, an enterprise, or a society that meet the standards and values of a certain community, are: truth, honesty, humanity, solidarity, duty, freedom, etc.

Figure 3 Three factors that influence business ethics



Source: Adapted from Ferrell O.C., Hirt G. A. i Ferrell L.(2009), *Business: A Changing World*, McGraw-Hill Education, pp. 48

Business ethics is present at global level and it refers to standard education of managers so that they form an adequate style and culture of business behaviour,³⁶ both for themselves and for their business associates (partners).

Some of the practical situations illustrating the ethical issues and emphasizing the importance of ethical behaviour in everyday activities in hotel industry are: (Šaulic J., 2017., str. 26-30)³⁷

(1) Not respecting the working hours,

An example of misuse of time spent at work is engaging in activities that are not required for the job to be done. For example, many employees spend an hour a day browsing the social networks websites. In this case not only is the employee wasting the time, but the company's resources as well, by using a computer and the internet access for personal gains (White B., 2008.). Costs of time waste at a workplace are hard to measure, but it is believed that on average an employee "steals" about 4.5 hours per week by showing up late for work, leaving the work early, taking long lunch breaks, faking an illness in order to take a sick leave, excessive socializing, personal activities such as online shopping or watching sports at work.

(2) Workplace bullying,

Workplace bullying can imply anything from physical threats, false accusations, curses, insults, shouting, profanities, as well as unjustified ignoring or irritating behaviour.

Bullying is related to a hostile work environment where an individual or a group experience threats, harassment, disrespect, verbal abuse, or too much criticism. The term bullying is most commonly related to sexual harassment. Although sexual harassment has a clear legal remedy, there are no clearly defined legal solutions for other forms of harassment. When present often, insult and intimidation can cause serious psychological harm and endanger the health of the target person. Research indicates that there is an increase in workplace bullying. The problem is reflected in the fact that 81% of the bullies belong to the management (Ferrell O.C., 2009., str. 42).

36 Considering services and buyers, business culture and climate can affect the defining of the question: What has been done? How do we measure and manage?

37 Master thesis, Singidunum University, Belgrade

(3) Misuse of corporate resources,

The most common but also the mildest form of employees misusing the resources is use of company's computers for private purposes, and in hotel industry consuming various beverages, food, use of phone for private purposes, etc.

(4) Conflict of interest,

Conflict of interest is one of the most common ethical issues identified with the employees. It occurs when an employee should choose whether to act in a certain situation so as to improve their own personal gain, or to act in the company's interest. In order for the conflict to be avoided, employees must be able to separate their personal interests from company's.

(5) Honesty and integrity,

Honesty and integrity, as the general values of a decision maker, are the essence of business ethics. In this context, business people are expected to at least follow and obey all applicable laws and regulations. Contrary, dishonesty is associated with a lack of integrity or disclosure of false or misleading information. One of the most common examples of dishonesty is the theft of office supplies.

Example 5 Study of the Belgrade Open School Education Development Centre

Study of the Belgrade Open School Education Development Centre on corruption in higher education in Serbia shows that up to 85% of students cheated several times or occasionally in the exams during their studies. Perhaps even more disturbing is the fact that 84% of respondents believed that cheating on exams should not be reported, which can be seen as a satisfaction with their personal ethical character.³⁸ If today's students are tomorrow's leaders, it is most likely that the tolerance of acceptable behaviour today will change in the future. This supports the fact that today's leaders must be prepared to accept the risk of a downward trend in ethical behaviour.

(6) Communication

This issue has been addressed in chapter 2 and there is no need to elaborate it again.

(7) Business relations

Ethical behaviour within the company involves keeping the firm's trade secrets, fulfilling the duties and responsibilities, and avoiding situations that would require from associates to act unethically. Due to authority of the position, managers in particular can influence the actions of employees.

38 Corruption in higher education in Serbia (2005), Belgrade Open School Education Development Centre, p. 5

Example 6 Ethical values in hotel industry

In hotel industry, ethical values and business behaviour of the hotel staff, especially those working at the front desk, are critical components of the hotel's business success and the impression it makes on guests. In service sector, and in particular in hotel sector, consumers, namely users of services are not satisfied just with specific components of hotel experience, such as room comfort or food quality. The level of their satisfaction is conditioned by how they perceive the treatment they get from hotel staff in interactions (personalized attention) (Wong S. , 1998., str. 107-115). Service marketing literature refers to this interaction between the guest and hotel staff as "the moment of truth". In case performance and behaviour of an employee is considered as immoral, visitors' experience and assessment of the received service will be lowered.

In his research on hotel staff ethical behaviour, Wong identified four dimensions of behaviour ³⁹:

- (1) harmless (for example, making a phone call from a guest's room),
- (2) unethical behaviour (for example, serving coffee free of charge to a friend in the hotel restaurant),
- (3) active benefits (for example, blaming a guest for the damages the employee has caused themselves, such as broken dishes), and
- (4) passive benefits (for example, extorting a tip from a guest in exchange for a room with a better view).

Research results indicate that employees are more tolerant of harmless and passive benefits dimensions of ethical behaviour than they are of unethical behaviour and active benefits dimensions. Employees at the front desk and in sales department, as well as managers, tend to have lower tolerance for unethical behaviour in relation to the employees in housekeeping, security, or food and beverage departments. The results obtained indicate the need for clear ethical principles of employees, as well as identification of the behaviors that belong to the harmless dimension in work environment. In this way, hotel management will be able to identify the areas in which employees are most in need of guidance and education.

Exploring the same topic, authors Kim and Miller tried to identify the types of ethical climate among hotel employees, as well as how the type of ethical climate affected job satisfaction and commitment to the organization. Six types of organizational ethical climate have been identified: moral concern, law and code, self-interest, efficiency, rules and team spirit. Each ethical climate is differently perceived by employees depending on characteristics of both the organization and an individual (for example, gender or education). The research confirmed once again the relation between ethical climate, job satisfaction, and organizational commitment (Kim N. Y.i Miller G. , 2008., str. 18-24).

Research exploring how guests perceive unethical behaviour of employees is also of relevant for this segment. In his research, Harris emphasized that the misconduct of hotel staff was rather common and frequent, and that guests noticed such actions. There are five ways in which guests believe they have been cheated: overcharging services, charging for unused services, adding extra costs, forcing them to use unnecessary services and not returning the change. The results of the study indicated that there was a certain negative dynamics in service providing, that could be defined as dysfunctional or "dark side" of service delivery. The study indicated that provision of hotel services was in line with guests' perceptions of the unethical behaviour of hotel staff and that such behaviour was far from unusual and illogical. On the contrary, it was rather common (Harris L. C., 2012., str. 1088).

In this sense, instead of personal involvement in creating value, hotel staff often exploits their position and thus unduly diminish creation of the value of the whole organizations.

39 ibid

Harris defined this behaviour as a deliberate sabotage and destruction of value. Hotel staff is not prepared or do not want to take part in the shared creation of value, but are proactively striving to turn value solely to their advantage. Staff at higher levels of autonomy, with lower incomes, or who earn directly from guest tips are particularly prepared for unethical behaviour that is financially motivated (Harris L. C., 2012., str. 1089). In case management is not familiar with this behaviour, a control and monitoring system is required so as to reduce the possibility of staff behaving unethically. Nevertheless, if such practices are tacitly condoned or ignored, the basic question for management is why and how such practices are unnoticed and unregulated. The reason why improper staffing behaviour is neglected or undetected may be related to organizational macro cultural beliefs and practice. However, managers are the ones who have control over punishment or regulation of misconduct. Incentive schemes, mechanisms for informing employees, standardized penalties for misconduct, and employee education are actions Harris recommends as useful mechanisms to avoid such blatant failures to protect guests and customers.⁴⁰

The topic of unethical and debatable behaviour of hotel staff has been identified as one of the basic dimensions when it comes to the perception of this kind of behaviour by tourists and guests. Guests pointed out that they did not like immoral behaviour, but those who consider flexibility in providing the service more important than honesty and that staff should meet their needs at all costs, tend to be more tolerant. In this context, Wong and Chan offer four dimensions of perceiving the debatable behaviour of hotel staff by the guests: breach of guests privacy, making money by charging additional services, breach of work contract and ethical behaviour (Wong C. K. A. i Chan A. , 2010., str. 441). Guests were particularly intolerant of breach of privacy and unethical behaviour, unless when these actions served to meet their increased desires. It was interesting for both younger guests and tourists to tend to tolerate unethical behaviour.

Source: Šaulić J., Etičko ponašanje i poslovna komunikacija u hotelijerstvu na primeru hotela „Izvor“ Aranđelovac i hotela „Moskva“ Beograd, master thesis, Singidunum University, Belgrade, pp.40-42

3.4. ROLE OF ORGANIZATIONAL CULTURE IN HR MANAGEMENT

Modern strategies used in transforming a company, that is, a recovery strategy, must undoubtedly involve the change in organizational dimensions of the company, such as organizational structure, organizational culture, HR management, and often the leadership, i.e. company's management itself. HR managers should keep in mind that organizational culture is a critical factor in transforming the company. The existing system of values and mentality of employees with deeply rooted habits, attitudes, and beliefs are invisible force that can accelerate, but also slow down the transformation towards effective and efficient company's management. Organizational culture, which is significant for it affects strategic decisions and determines the abilities of the company to adapt to the environment by introducing changes, is a mechanism of coordination and control of employees' behaviour by decreasing conflicts and motivating workers.

It is a system of assumptions, values, and norms of behaviour developed and adopted by members of an organization through shared experience that actually guide their thinking and behaviour. It can be defined in different ways:

⁴⁰ ibid.

Eldridge and Crombie point out that organizational culture refers to a unique configuration of norms, beliefs, values and manners of behaviour that characterize the way individuals and groups perform their activities.

Louis emphasizes that it is a set of meanings that divides a group of people.

Tunstal states that corporate culture could be described as a general constellation of beliefs, customs, value system, behaviour and norms, unique for a given corporation that represents a pattern of activities in it and explains a model of behaviour and emotional characteristics within it.

Culture is a model of the shared values that provide employees with institutional meanings, as well as rules of behaviour in everyday life, explains Davis.

Organizational culture refers to a pattern of beliefs, values, and learned ways of managing experience that have evolved through organizational history and that manifest through material objects, as well as through behaviour of members of the organization. (Janićević N. , 1997, str. 39).

Nevertheless, if the attitude that organizational culture is a result of a previously implemented strategy directing the current and determining the future strategies is accepted, then it can be argued that culture, strategy and management represent the “Holy Trinity” of the process of enterprise transformation (Wilsus W., Hardcastle A., 1994), that is, that transformation of an enterprise is not possible without changing its culture. It should be kept in mind that organizational culture represents a system of assumptions, values and beliefs shared by all employees and relating to resolving fundamental problems within the enterprise: problems of external adaptation and problems of internal integration. That is why the culture has two components, that is, two groups of values, beliefs and assumptions: external and internal.

External component of organizational culture involves attitudes, beliefs, and values about how to solve a problem of external adaptation.

Internal component of organizational culture implies attitudes, values and beliefs about how to solve a problem of internal organization.

In order for an enterprise to change its fundamental choices, its management, i.e. HR managers, employees must first change their assumptions, values, and beliefs regarding the choices. That is why adaptability and transformation of the enterprise are impossible without changing organizational culture.

External component of organizational culture is often identified with the “business theory”, according to which any enterprise during its development comes across a set of beliefs and values about how their business function and how the enterprise should act. (Drucker P., 1994.) (This theory includes beliefs and values about customers, competition, quality, innovations, the role of the state in business, etc., and what most often causes a crash or failure of large companies is a theory of business that lost touch with reality.) It is considered that each business theory has three key components, namely three groups of beliefs and values it consists of. The first group consists of beliefs about the environment, market, customer, etc. The second one is made up of beliefs and values about the mission of an organization. The third incorporates beliefs about specific competitive advantage of the enterprise.

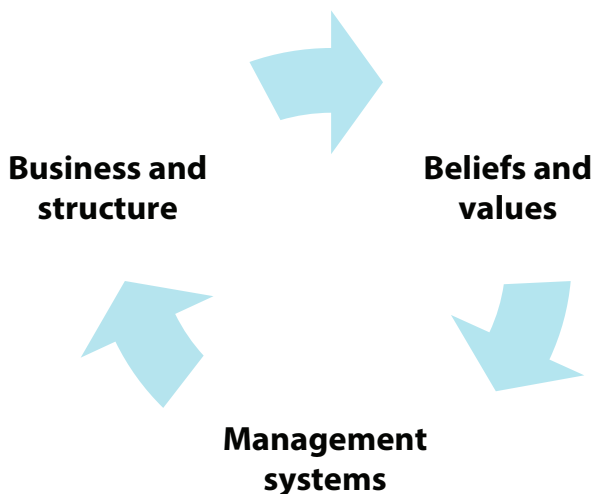
Furthermore, it is considered vital for the enterprise that at all times these three groups of beliefs and values are:

- (1) aligned with reality;
- (2) mutually compatible;
- (3) known and accepted by all within an organization;
- (4) constantly checked and tested.

Internal component of organizational culture determines the way an enterprise would function and arrange its internal relations. Functioning of the enterprise is determined by processes that take place within. (Hammer M., Champy, J., 1993.) After all, the enterprise can be seen as a large network of processes through which it uses its resources so as to achieve its goals. Each process can be represented as a series of successive activities that transform an input into an output.⁴¹ In every enterprise, the way the processes are carried out becomes established over time, thus turning them into a routine.

Routine is a recurring, established way of running processes in an organization. The term **organizational routine** implies a regulated and predictable way of performing activities that ensure order in coordinated actions of the enterprise. (Nelson R.R. and Winter S.G., 1982., str. 9). Whether the enterprise would be more successful than its competitors on the market does not depend as much on its organizational structure or resources it has at its disposal, but on the way it conducts its business, and that means on the process.⁴² The way business processes would be designed in a company depends largely on assumptions, beliefs, and values employees have regarding the value of their enterprise, i.e. their organization.

Figure 4 Internal components of organizational culture Business processes



Source: Hammer, Champy; (1993): «Reengineering the Corporation», Breaaley, London.

41 Certainly, the best-known model of process in a company is Porter's value chain.

42 For example, when it comes to competitive advantage of a company on the market, it is not so important what the *organizational structure* of its sale services is like, but how the company conducts the process of sale. It is important what the company *knows* and *can* do better than its competition, not what it *has* and others do not.

In today's business environment, it is widely believed that organizational culture is the key to understanding why some enterprises are successful and others are not in implementing the selected strategy. Appreciation of culture, as an important factor of enterprise's success, enables managers to successfully manage the enterprise in a period of strategic changes. The content of culture in different ways affects formulation and implementation of the chosen change strategy, that is, its acceptance by the members of organization.

The level of risk involved in entering the transformation process should be proportionate to the enterprise's potential and willingness of the members of the collective to accept it.

Motivation of employees in an enterprise is the basic factor for transformation success. Feasibility of change depends primarily on two characteristics of the members:

- the critical mass of their willingness to change, and
- Ability to make a change.

That means that entering into the transformation process presupposes a change in people's attitudes, which in many cases is more important than changes in organizational structure. Organizations, that is, enterprises with a strong culture have a certain competitive advantage. Under the stable conditions, a strong culture can strongly correlate with successful business of an enterprise. It helps members of the organization by informing people on how they should behave by using informal rules. Also, a well-known and accepted culture prevents false expectations of people from the company, and it has a stabilizing role when minor disturbances in the functioning of the organization occur.

Nevertheless, when business conditions change significantly, the enterprise must have an adequate organizational response to the strategic change. In such circumstances, a strong culture can transform from strategic advantage into strategic burden, and even an insurmountable obstacle for introduction of any change.



QUESTIONS TO TEST YOUR KNOWLEDGE

1. How would you define knowledge?
2. What is organizational learning and what does it comprise of?
3. What is an organizational data base and what does it comprise of?
4. How would you explain what knowledge management is about?
5. What are the basic elements and activities in HR management?
6. Explain the difference between the notion of culture, ethics, organizational culture, employee culture, organization business culture, quality culture, and climate.
7. How would you define organizational culture?
8. What is the difference between external and internal components of organizational culture?

STRATEGIC HUMAN RESOURCE MANAGEMENT



4. EMPLOYMENT – CONTENTS AND JOB ANALYSIS

UPON READING THIS CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Define and explain the process of job analysis.
- ♦ Explain what the tasks, duties, and obligations of job analysis are.
- ♦ Explain what is included and implied by job analysis.
- ♦ Understand all the information necessary to be gathered in order to carry out a job analysis.
- ♦ Understand all the components that are used in job description.
- ♦ State all that should be included in job specification.
- ♦ Name all the factors that are of crucial importance when choosing a job.
- ♦ Explain what is implied by business design.
- ♦ Understand and explain the process of job analysis and state all the modern methods used in job analysis.
- ♦ Know important elements for applying for a job, and what the most significant factors affecting the selection are.

Recruitment, namely job analysis, represents a constant activity of an HR manager. At the same time, this activity is the basis or the starting point for all other HR management activities, and above all the basis for planning recruitment of human resources in every organization.

Job analysis represents a systematic path for both obtaining and formulating information on its content, as well as on executors necessary for the job to be done. In addition, context, namely content in which business is done, is important. In fact, it represents an essential basis for HR management. *Job analysis* identifies duties to be performed at a particular workplace and traits people should possess to be employed at the job. Analysis results are data on activities and demands related to a specific job. The data are used for designing a *job description – workplace* (the duties it involves) and *job specifications* (what people to hire). (Dessler G., 2007, str. 61)⁴³

SUCCESS DOES NOT DEPEND NEITHER ON TIME,
NOR PLACE, NOR CIRCUMSTANCES. IT DEPENDS
ON THE MAN

CHARLES ROUSS

43 Taken from: Frederick Morgenson and Michael Campion, *Accuracy in Job Analysis: Toward and Inference Based Model*.

Job analysis can be defined as a process of gathering and evaluating all relevant information that relate to the job: content and nature of the job, the required knowledge, skills, and other job requirements.⁴⁴ Job analysis identifies the tasks, duties, and responsibilities

of a particular job. *Task* is an identified work activity consisting of movement, whereas a *duty* represents a larger work element consisting of several tasks performed by an individual. *Responsibilities* are obligations to perform certain tasks and duties (this is why management jobs carry greater responsibilities and are generally better stimulated).

Nevertheless, given that tasks and duties have been described as activities, it is not always easy to distinguish between the two.⁴⁵

Job information is directed in two directions:

(1) towards workplace:

– job title, description of job, duties, and responsibilities;

(2) towards executor:

– education and qualifications, work experience, knowledge and skills.

The goal of job analysis is to produce multiple effects for the benefit of the organization in which the job is performed, as well as the general social interest. A well-conceived and successfully conducted job analysis, among other things, includes: (Jovanović-Božinov, M., Kulić, Ž, Cvetkovski, T., 2004., str. 28) (Mathis R., Jackson J., 1997)

1. determining job *description* and *number* of executors for each workplace;
2. determining *conditions* that must be fulfilled to perform a particular job;
3. defining relative *value* of the job, so as to provide internal and external fairness of the reward system;
4. defining *relations* of superiority and subordination;
5. defining *general* principles, rules, and methods of work and the like.

Jobs and work tasks performed by individuals within an organization are the focus of HR management, that is, the managers in charge. In doing so, managers must take into account the nature of the work that changes in time. On one hand, requirements placed in front of employees by new jobs and work assignments, that is, managers in charge, and on the other, responses of individuals to work requirements are also changed over time. Depending on how the jobs are designed, they can provide employees with more or less opportunities to satisfy their needs in relation to the job they perform.

IF YOU WANT TO HARM YOUR COMPANY,
OVERLOOK THE INNOVATIONS!

ROBERT HELLER (1933) - writer

44 Taken from: Bogićević, B., *Menadžment ljudskih resursa*, Faculty of Economics in Belgrade, Belgrade 2003, pp. 35, Schuler, R. S., *Managing Human Resources*, 5th ed, West Publishing Company; 1996, McCormick, E. J., 1979, *Job Analysis: Methods and Applications*, New York, AMACOM: pp. 20; De Cenzo, D. A., Robbins, S. P., 1996, *Human Resource Management*, 5th ed, John Wiley & Sons, pp. 136; see also Tiffin J., McCormick E. J., 1958, *Industrial Psychology*, Englewood Cliffs, N. J.: Prentice Hall.

45 For example, in the process of hiring people, if one of the manager's responsibilities is to interview candidates, a task connected with the duty is to ask questions

On the other hand, training can satisfy the need of an employee to become an expert in a certain field. On the contrary, a small-scope job can have a negative effect on an employee who strives to fulfill creative or innovative needs. Due to the changes in the job essence and due to the fact that every job should be aligned with the real situations, both managers and employees reveal that not only analysis but the job design require HR managers to be more creative and engaged.

Defining contents of the job and conditions, that must be met in order to work at a particular position, are the basis on which almost all HR management activities are created. Recruitment of new executors of jobs and work tasks, their selection, development, reward and other activities are directly related to the job content analysis. That is why modern management attaches the increasing importance to the activities related to the job analysis.

Typically, job analysis involves gathering information on job characteristics that sets it apart from other jobs. The information, indicating certain differences, relate to the following elements:

- work activities and behaviour;
- interaction with others;
- performances standards;
- equipment and tools used;
- work conditions;
- supervision;
- Knowledge, skills and necessary abilities.

Most of the methods and procedures implemented in job analysis require an individual involved in the job to provide a job description or to make a series of assumptions regarding particular activities to be performed within the job under consideration. These types of information are gathered from:

- an employee performing a specific job,
- a supervisor, and
- a trained job analyst.

They all possess necessary information,⁴⁶ however, quality job analysis requires a high level of coordination and cooperation. Job content is influenced by the goal of an organization or an organizational unit, special demands to be met in order to achieve the goal, structural organization, process and activities performed within the organization, organization's technology, and its environment.

⁴⁶ For example, managers can be the best source of information on what should be done, whereas an employee knows the most on what is actually being done.

4.1. JOB DESCRIPTION AND SPECIFICATION

Job analysis aims to gather necessary information needed by an HR manager. All the information is classified in two major groups relevant for development of job description, on one hand, and job specification, on the other. Then, in most cases, both of the components developed by job analysis are combined, and thus a single document consisting of several different sections is created.

4.1.1. JOB DESCRIPTION

Example 7 Importance of Job description in hotel industry

Marija Bjelić, manager at the Institute for Hospitality Management for South-eastern Europe AIFH

When planning staff, positions must be planned at the same time. After defining a position, a person to meet the criteria is looked for. To us, fair play is the basis of everything. Just as we propagate and implement fair play towards external guests (the ones who stay with us), we treat our internal guests, that is, our associates, in the same way. Our hotel has a pyramidal hierarchical structure. In order to be clear about the responsibilities and scope of work of each individual, a job description is a common thing for us. Job description is an integral part of the employment contract signed by all employees. Job description is a document consisting of job title, workplace, scope of work, persons to which an employee is responsible to in hierarchical structure and for which he is in charge. In addition, job description consists of clearly stated basic duties and responsibilities, administrative and general duties. This legal document has benefits both for the employee and for the hotel: an individual knows what is expected from them and what standards must be complied with, and it is easier for supervisors to carry out the task control, which is later important for evaluation as well. However, some hotels, as far as we know, do not use this document at all for they do not want to bind the employees to specific tasks. Job description here is not used to make it easier for someone to say: "That is not my job.", but to install order. In our company, general manager can also roll up their sleeves when it gets crowded and clear the table, for the hotel is special type of collective. If we want to sell it as a house for our guests, then every employee should act as a host.

A job analysis component that refers to the job description identifies *tasks, duties, and responsibilities* the job itself carries along. Job description identifies what has been done, why it has been done, where it has been done, and how it has been done. The given job description directly sets the standards for job performance. Standards are to define what work should be done and what performances, that is, opportunities for executing the work, are considered satisfactory in each area of job description.⁴⁷

⁴⁷ There is a clear reason for it: if employees know what is expected from them, that is, what comprises a job well or badly done, they will have more opportunities to perform the job well. However, performance standards are often left out of the job description. Even when job performance standards have been identified and aligned with the job description, they can be obscure to employees in case job descriptions were not provided for employees, but are only used by HR department and management

The job description can be twofold, meaning it can be:

a) general job description:

- describing basic (key) tasks at a workplace, without going into details to explain, list and describe them;

b) detailed job description:

- implies marking of all jobs and work tasks required at a particular workplace, from the most complex and most significant ones, to the simplest and the smallest ones;
- such a description is used to eliminate dilemmas that sometimes arise regarding the division of jobs between certain workplaces.⁴⁸

There is a series of components used for job description which are, usually, grouped into five sets: (Mathis R., Jackson J., 1997)

1) identification:

- first part of job description provides a job title, department, location and date of analysis;

2) general overview:

- general responsibilities and components that make the job different from others (the job essence is briefly described);

3) basic functions and duties:

- contains clear and precise statements regarding the basic tasks, duties, and responsibilities performed (processing this part requires the most time);

4) job specifications:

- Qualifications required performing the job in a satisfactory manner, and those specifications are divided as follows:

- a) knowledge, skills, and abilities;
- b) education and experience;
- c) physical demands and/or work conditions;

5) denials and approvals:

- employer can change the duties of an employee, or an employee (at their request) can be allowed to perform duties that were not listed.

⁴⁸ Due to such and similar dilemmas, employees sometimes refuse to perform certain jobs thinking that they do not fall within the scope of their work. In fact, such understandings are mostly wrong because, as a rule, an employee, apart from the jobs their workplace requires, is obliged to perform other jobs for which they are qualified and trained, in case this is needed and they receive such orders from the supervisor. Nevertheless, the fact remains that each employee should know their duties at work and what is expected from them for dilemmas regarding the scope of work can have major consequences, especially in the public sector.

Overview 2 Questionnaire for a job analysis at a hotel which is used to develop a job description

Workplace _____ Date _____
Workplace code _____ Department _____
Job title of the supervisor _____
Work hours from _____ am to _____ pm.
Name of the person conducting the analysis _____

1. The basic purpose of a workplace

2. If the duty of the employee consists of supervising others, state their job positions, and if there are more than one employees performing the same job, provide their phone number in brackets

3. Mark the managerial responsibilities of that employee's workplace

- ☐ Training
 - ☐ Performance assessment
 - ☐ Work control
 - ☐ Budget planning
 - ☐ Giving instructions and/or advice
 - ☐ Others (indicate what)
- _____

4. Describe how and to what extent the work of the employee is monitored.

5. **WORKPLACE DUTIES:** briefly describe WHAT the employee does and if possible HOW they do it. Duties should be divided into the following categories:

a) daily duties (the ones performed regularly every or almost every day)

b) periodical duties (the ones performed once a week, a month, or once in every three months, or in any other regular interval)

c) duties performed at irregular intervals

6. Does the employee at their workplace perform duties that they deem unnecessary? If so, describe the duties. _____

7. Does the employee perform duties that are not included in the job description? If so, describe the duties. _____

8. EDUCATION: Mark the fields indicating what level of education an employee must have in order to work at the workplace (this does not refer to education of anyone specific who is employed here).

- | | |
|---|--|
| ☐ No formal education | ☐ Primary school |
| ☐ High-school diploma | ☐ Bachelor Diploma from a college (or an equivalent two-year college) or equivalent education |
| ☐ University diploma | ☐ Graduate studies, master studies, PhD |
| ☐ Professional license (specified) | |

9. EXPERIENCE: Indicate how much experience is required to perform the job duties

- | | |
|--|---|
| ☐ None | ☐ Less than a month |
| ☐ 1 month to 6 months | ☐ 6 months to a year |
| ☐ 1 year to 3 years | ☐ 3 to 5 years |
| ☐ 5 to 10 years | ☐ More than 10 years |

10. PLACE: Indicate where the workplace is located and, if necessary or appropriate, describe it briefly

- | | |
|--|---|
| ☐ Outside | ☐ In closed space |
| ☐ In heated rooms | ☐ Under a lot of noise |
| ☐ In the open | ☐ Other (indicate) |

11. NEGATIVE ENVIRONMENTAL FACTORS: Indicate negative factors when performing a job and then indicate how often they occur (rarely, occasionally, constantly, etc.).

- | | |
|--|---|
| ☐ Dirt | ☐ Dirt |
| ☐ Heat | ☐ Cold |
| ☐ Noise | ☐ Smoke |
| ☐ Unpleasant smell | ☐ Moist |
| ☐ Vibrations | ☐ Sudden temperature changes |
| ☐ Dark or poorly lit spaces | ☐ Others (indicate) |

12. HEALTH AND SAFETY: Indicate unfavorable health and safety conditions under which an employee must perform their job and indicate how often they occur

- | | |
|--|---|
| ☐ Work at height | ☐ Danger from machines and devices |
| ☐ Stressful situation | ☐ Danger from electrical machines |
| ☐ Danger from fire | ☐ Working at night |
| ☐ Others (indicate) | |

13. MACHINES, TOOLS, EQUIPMENT, AND WORK EQUIPMENT: Briefly indicate what machines, tools, and working aids that an employee uses on regular basis. _____

14. Have accurate work standards been established (allowed mistakes, time necessary for specific task, etc.)? If so, describe them. _____

15. Are there any particular problems an employee can come across while performing the job under normal circumstances? If so, describe them.

16. Does the job require certain personal traits (special talents, physical characteristics, etc.)

17. Describe a successful completion and/or job results.

18. How serious are consequences of a mistake at a workplace Who or what is influenced by the mistake made by an employee?

19. If an employee proves successful, what kind of promotion could they expect?

Source: G. Dessler, Osnovi strategijskog menadžmenta, Data Status, Belgrade, 2007., pp.105 and adapted by the author

4.1.2. JOB SPECIFICATION

Unlike a job description, that contains a whole range of activities to be done at work, specifications consist of list of knowledge, skills, and abilities an individual should possess in order to perform work satisfactorily.⁴⁹ Knowledge, skills, and abilities include education, experience, necessary work skills, personal requirements, and mental and physical requirements. For example, a job specification for a particular workplace can involve:

- adequate education level;
- certain work experience,
- high level of visual concentration,
- ability to work under pressure,
- having a driver's license and more.

In accordance with the organizational structure, workplaces are differentiated and categorized in sectors, services, departments and other organizational units. Each workplace has a title (e.g. HR manager, assistant finance director, manager, driver, doorman, plant manager, etc.) by which it is identified and distinguished from other workplaces in an organization. The number of executors should be determined for each workplace, that is, a job, since certain jobs require more than one executor. In addition to these general conditions, certain organizations are increasingly insisting on additional requirements, for example: knowledge of one or more languages, computer skills, organizational skills, creative skills, communication skills, etc.

49 KSA – knowledge, skills and abilities.

However, in addition to these requirements related to knowledge (job knowledge) and intelligence, candidates should also meet the requirements relating to personality traits: vigor, determination, responsibility, consistency, principality, and the like.

Although there are no precise research results, some authors state that the following factors are decisive when choosing a job: (Noe R.A., , 1994.)

- salary, that is, wage, as the main source of income for an individual;
- challenge and responsibility, as a way to reassert personal identity;
- job security, especially in environments where people lose their jobs easily;
- promotion opportunities (especially for managers, experts, young and talented employees);
- geographical location of work, travels, etc.;
- employee benefits;
- Other job characteristics (dynamism, attractiveness, ability to establish communication with certain personalities, impact on lifestyle, etc.).

Example 8 Example of a job description with a specification of executors in the hotel “Zlatnik”- Belgrade

- DIRECTOR Conditions:	
a) Qualification level	VII/1 qualification level
b) Work experience	3 (three) years, knowledge of a world language, communication skills, organizational skills
c) Executors	1 (one)
d) Job description Manages, organizes and runs business of the company - Represents the company - Concludes contracts and performs other tasks in relations with third parties - Prepares execution programmes and oversees their execution - Proposes business politics and measures for its implementation - Performs the duties of a person in charge of material and financial operations - Prepares job tasks and oversees of their execution - Prepares and adopts general and individual acts - Authorizes other workers to be representatives in certain jobs - Ensures full daily employment of workers - Takes care of rational use of working time and means of work - Performs environmental and occupational improvement and protection - Decides on individual rights and obligations of employees in the field of work relations - Is responsible for legality of work within the company - Performs other tasks determined by legal regulations and acts of the company	

e) Responsibility

- For the legality of the company
- For work organization
- For stable, rational and efficient business operations of the company

- HEAD OF RECEPTION - Requirements**a) Qualification level**

IV level of vocational qualification level in tourism, hospitality or general education

b) Work experience

3 years of work experience at the same jobs, knowledge of two world languages, communication and organizational skills

c) Executors

1 (one)

d) Job description

- In charge of organizing the work of the front desk staff (receptionists and concierges)
- Responsible for smooth operations at the reception in accordance with the rules of the profession and legal regulations
- In charge of daily and weekly staffing at the reception
- Keeps all the necessary records of the reception
- Performs all necessary requisitions in order for the reception department to run smoothly
- Participates in taking reservations for accommodation and other types of services
- Supervises and performs checking-in and checking-out activities
- Ensures proper billing of hotel services, invoicing, and issues fiscal receipts in accordance with legal regulations
- Keeps and controls the book of domestic and foreign guests
- Maintains daily, monthly and annual statistical reports on hotel occupancy, number of guests, as well as average overnights costs
- Responsible before inspection, judicial and other bodies for the legality of his work arising from the profession and the type of workplace
- Performs other jobs within the profession and workplace at the behest of the director
- He is responsible to the hotel director for his work

Source: Hotel Zlatnik

Example 9 Job description for the position of a receptionist in the Hotel Holiday Inn-Belgrade

Job position: Receptionist

Workplace: Reception

Scope of work: ensuring coordinated and efficient work of hotel reception, providing high quality service in accordance with the hotel standards, and achieving maximum predicted results.

Responsible to: The Director of the Rooms department, the Front Office manager, the Front Office manager assistant

Duties and responsibilities:

- Performs guest reception and accommodation jobs
- Manages room occupancy and administrative billing activities and records those billings
- Receives daily guest bookings
- Provides guests with all the necessary information regarding the use of hotel services (prices, recreation, telephone, ...) and other information (taxi services, events in a city, tickets, ...)
- Deals with guests complaints and in cooperation with the Receptionist – the shift leader resolves them
- Keeps the front desk cashier on shift
- Keeps the hotel diary and the guest book
- Performs duties of an exchange office
- Handles credit cards
- Keeps the book of payments, cheques, and cash according to the prescribed procedures
- Keeps in balance all payment methods and cash flow with day-to-day banking business before leaving the shift
- Ensures that reception/lobby areas and back offices are clean and tidy
- Ensures an efficient handover of shifts and daily revenue
- Helps at the reception during the nightshift
- Ensures the daily quota of GST list is reached
- Supervises guests accommodation and provision of services in accordance to the hotel categorization

Source: Hotel Holiday INN

4.1.3. JOB DESIGN

Content and job analysis are significantly narrower in focus than job design because job analysis is about gathering data in relation to what people do in their jobs. Job designing, in its nature, is a wider notion than job analysis and primarily is focused on coordinating the needs of an organization for productivity with the needs of employees performing different jobs.

Job design includes⁵⁰ deciding on job contents and the impact the job has on employees. Identifying the behaviour components relevant for certain job is an integral part of job design. Job design has several interrelated goals, but two basic ones stand out:

- (1) meeting the organization's need for productivity, operational efficiency, and quality of product, namely service delivery;
- (2) meeting needs of individuals for an interesting, challenging job by ensuring the job is done in the best possible way.

Basically, both of the goals are aligned with the general goal of the organization, so that the overall goal of job design is to integrate the needs of individuals with the needs of the organization.

Job design process starts with the analysis of the contents of the work that should be done. It is, actually, analysis of the tasks that should be done in order for the goals of an organization or an organizational unit to be accomplished:

- (1) organize the business in such a way so as to provide the maximum level of inner motivation of people who carry it out by considering performance and productivity improvements;
- (2) fulfilling social responsibility of an organization towards people who work in it by improving the quality of their work life.

Increasingly, the key goal of a job design is to provide conditions for individuals to perform the job that they are satisfied with and that effectively fits into the organization. Job design is a process that primarily focuses on change, simplification, increase, enrichment, and different ways that allow for the job to be as such that efforts of each worker would be better aligned with the other jobs.

50 Although the terms job and position are often used as synonymous, there is a slight difference. **Job** is a group of similar, interrelated tasks, duties and responsibilities. **Position** includes a job performed by a single person. Therefore, if there are two persons performing quality control, there are two positions (one per person), but only one job (quality control). **Job family** is a group of jobs with similar characteristics.

4.2. JOB ANALYSIS PROCESS

Job analysis is a rather complex process. The basic steps in job analysis can vary depending on a method used and number of jobs included in the analysis. However, usually, this analysis process is done in five steps:

(1) identifying jobs and review of the existing documentation

- For example, whether the analysis will research a specific type of job, all jobs within a division, or it is necessary to identify all the jobs as a part of organization?
- one part of this phase represents review of the existing documentation, such as the existing job descriptions, organizational schemes, information gathered from previous job analysis, etc.;
- it is necessary to identify all the employees who will conduct the job analysis and methods that will be used;

(2) explaining the process to managers and employees

- the most important step is to explain the process to managers, employees and other people included in the analysis;
- questions to be addressed refer to the purpose of job analysis, basic steps, time plan, the way managers and employees would take part, how the analysis would be conducted, and who to address in case of any questions;

(3) carrying out the job analysis

- this step refers to gathering data through the job analysis: giving the questionnaire, conducting interviews, making observations;
- reminding managers and employees to return the questionnaires and the like;
- when all information is gathered, an analyst goes through it in order to check whether the data are complete (it is often necessary to explain some information, usually through interview);

(4) preparation of job description and specifications

- all information gathered by job analysis is classified, and if needed modified
- corrected and used in sketching (planning) of description and specifications for each job (plans are usually prepared by HR department, and then sent to appropriate managers and employees for review);
- the review is followed by implementation of necessary changes and preparation of the final versions of job descriptions and specifications;
- when jobs descriptions and specifications have been finalized, managers should provide feedback to contractors, especially those included in the analysis;⁵¹

51 One of the ways employees is to give copies of job description and specification to employees for a review. This way they are given an opportunity to make corrections, to ask for explanations, and to talk about their responsibilities with managers. When a trade union represents employees, it is necessary to include the union representatives into review of description and specification, thus lowering the possibility for future conflicts.

(5) maintaining and updating job descriptions and specifications

- employees (who execute tasks) and their managers play an important role at this stage because they, as the closest to the business, know when a change occurs (the whole process can be repeated in several years);
- managers should review jobs descriptions at each performance appraisal (whether the job description is valid or it should be altered).

Figure 5 Job analysis process

Job identification and review of the existing documentation

Explaining the process to managers and employees

Conducting a job analysis interviews, questionnaire, and observation

Preparing job descriptions and specifications

Maintaining and renewing of job description and specifications

Source: Mathis, R., Jackson, J., 1997, Human Resource Management, 8th edition, West Publishing Company, New York, 1997.

In many organizations, a job analysis process is reviewed completely once in every three years. HR manager is usually the one responsible for the accuracy of job description and specification.

The previous review provides a look into goals of job analysis for it is performed in order to prepare or correct: job description (of a workplace) and job specification at a particular workplace.

4.2.1. MODERN METHODS IN JOB ANALYSIS

In modern job analysis, an HR manager uses several general and individual methods, i.e. procedures. General methods are: observation, interview, questionnaire, and specialized analysis methods (quantitative techniques).

(1) Observation

This method implies that a manager, a job analyst, or a responsible manager observe an individual performing a job and record the procedures and duties they perform. Observation can be *continuous* or *sample-based*.

The method of direct observation implies the immediate monitoring, observing, and recording the data relevant for the analyzed job.

These activities are performed by an observer who has undergone training that should have provided him with objectivity. An observer is often expected to fill out a standardized form, which helps them focus on the increasingly important segments of the observed work.

(2) Interview

This method requires a manager to visit each workplace and talk to each job executor. In doing so, he uses a standardized interview format to record the necessary information. Often both an employee and their supervisor must be interviewed to gather complete information. In applying this method, group interviews can also be used. Group members are usually individuals in charge of a specific job – those who execute it and/or supervisors. This method is an expensive one given that it involves many people and often requires presence of someone from HR department. Group interviews are best suited for specific difficult-to-define jobs.

A job analysis interview can be structured, semi-structured and unstructured, as well as individual and group. Each interview requires certain preparation, and preparations for a job analysis are of particular importance. It must be known in advance which persons will be interviewed. As a rule, that should be successful workers or managers who know their job well. People designated for interviewing should be informed why they are being interviewed.⁵²

(3) Questionnaires

Questionnaires are the most commonly used method for collecting job information. An HR manager first develops a questionnaire to be given to employees and other managers. It consists of well-defined questions (close-end and open-end types of questions) relevant to the job being analyzed.⁵³

Typically, a job questionnaire contains the following questions:

- ◆ responsibilities and time spent on them;
- ◆ special duties less frequently performed;
- ◆ external and internal contacts;
- ◆ work conditions;
- ◆ material and equipment used;
- ◆ decisions made;
- ◆ prepared reports;
- ◆ knowledge, skills, and abilities used;
- ◆ necessary training;
- ◆ physical activities and their characteristics.

52 On the other hand, in order for an interview to be as successful as possible, proper preparation of its facilitator is required. It is desirable for the facilitator to be informed as much as possible about the job being analysed, to have the necessary information about the interviewee, and to structure the interview itself in an adequate manner. The authenticity of the interview and the results obtained is confirmed by the signature of the interviewer and interviewee, and the entry of place and time of the interview.

53 The questions asked are usually answered by all executors of a particular job, as well as their managers, thus enabling for the data about the specific job to be gathered and compared in a short period of time by many people. This way, differences regarding the understanding of the job can be observed. If those differences are large, interview is often used as a supplement method

The greatest advantage of the questionnaire method is that information, related to a great number of jobs, can be gathered with low costs and in a relatively short time. In practice, however, subsequent follow-up observations and discussions are often needed.

(4) Specialized job analysis methods – quantitative techniques

a) Position Analysis Questionnaire (PAQ)

This method allows you to determine quantitative results of each job based on its characteristics. The results are also used to compare jobs, which can be the basis for determining compensation for each job. PAQ is focused on employee-oriented elements that describe behaviors necessary to get the job done, rather than on job-oriented elements that describe technical aspects of the work. An assumption in PAQ is that it is more useful to compare worker behaviour than technological similarities between different jobs in different areas of work. PAQ can be completed by a job analyst interviewing the workers and monitoring the work that has been done, or it can be completed by the worker themselves.

b) Functional Job Analysis (FJA)

This method represents a comprehensive approach to a job analysis and considers five thematic units from the aspect of HR management: (Dessler G., 2007, str. 123)

1. goals of an organization,
2. the work workers perform within their jobs in order to achieve the goals,
3. level and orientation of what the worker is doing,
4. standards of execution, and
5. contents of training.

c) Managerial Job Analysis (MJA)

Management work is different from the jobs with clearly identifiable routine and procedures, thus making some specialized methods for its analysis necessary. An important method was developed by Control Data Corporation and is widely used. The method is referred to as the Management Position Description Questionnaire,⁵⁴ and it consists of over 200 statements exploring various managerial dimensions including decision making and monitoring.

⁵⁴ MPDQ – Management Position Description Questionnaire

4.3. JOB SEARCH PROCESS

Contemporary labor market is characterized by increasing number of quality candidates so that over time the competition is raised to a higher level. On the other hand, organizations are also becoming more fastidious. It should be borne in mind that what an organization considers a process of recruiting candidates to be, it is actually a job search process for a candidate. This process was, and in modern environment, is a focus of attention of experts from different professions. Thus there are a number of studies and monographs dealing with how to look for a job, successfully present one's qualifications and qualities, effectively go through the interviews, tests, etc.

Nevertheless, a first time job-seeker most certainly would have many dilemmas, and also need for advice and information (making this type of literature very popular, but also commercial). On the other hand, along with popular books, there are numerous public and private agencies for counseling, employment, and the like. Many agencies, especially in the developed countries, provide advice on choosing a job, that is, on identifying needs and job vacancies in organizations and companies. Taking into account that a candidate makes an impression not only based on their qualifications but also based on appearance of some insignificant signs, it is rather important how a cover letter is written.

Figure 6 Possible content and form of a cover letter

Address

Date

Recipient (person or a company)

The first paragraph should provide the reason for sending the letter.

It is, usually, a response to an ad, a result of the previously made agreement, a suggestion from someone, and the like.

The second paragraph emphasizes a thing or two relating to the previous work experience, namely experience or skill, that a candidate believes qualify them for the job or that they are needed by the company he is addressing.

The last paragraph should be concluded by providing an interview application and necessary information (for example: phone number, time at which they can be called, and the like).

The letter should be rounded off with a polite greeting (for example: "sincerely") and a signature above the typed name and surname.

Source: Jovanović- Božinov, M., Kulić, Ž, Cvetkovski, T, 2004, «Menadžment ljudskih resursa», Megatrend, Belgrade, pp.101.

In the job search process, a candidate should bear in mind that whether they would be invited for a specific job interview or not often depends on the contents of the letter (its technical characteristic, spelling, and other, at first glance, irrelevant details).

Overview 3 CV form

PERSONAL DATA			
Name and surname		Milorad Simić	
Date of birth		25.02.1973.	
Address		Blv. Kralja Aleksandra br.25	
Marital status		Married	
Citizenship		Serbian	
EDUCATION			
2010		M.Sc. in Economics	
2007		B.Sc. in Economics	
1999-2003		X Belgrade high-school	
WORK EXPERIENCE			
2007-2009		Hotel Moskva Belgrade	
2009		Hotel Holiday Inn Belgrade	
FIELD OF PROFESSIONAL INTEREST			
Marketing management in hotel industry			
Promotion and sales of hotel product			
QUALIFICATIONS			
Driving license: "B" category			
Working with MS Word, MS Excel, Power Point			
LANGUAGES			
	SPEECH	READING	WRITING
English	Excellent	Excellent	Excellent
French	Excellent	Very good	Very good
Russian	Very good	Good	Good

Provided by the author

A good and attractive job is not easy to come by, especially in times of high unemployment rate and high quality candidates. On the other hand, many candidates have a particular problem to get their first job, even if it is not attractive enough. Taking this into account, and based on numerous researches, the following is important when looking for the first job: (Bloch D.P., 1997.)

- ♦ identify and assess personal interests, abilities, and skills;
- ♦ determine the extent to which skills (acquired and developed through educational and professional programmes) are related to career goals;
- ♦ determine the extent to which educational results and life experience are related to professional opportunities;
- ♦ identify institutions that deal with career planning and job search;⁵⁵
- ♦ identify, interpret, and use information on job vacancies and job opportunities;
- ♦ establish a job search network through colleagues, friends, and relatives;
- ♦ make sure you check knowledge and skills when preparing application, CV, and alike;
- ♦ develop skills and behaviour needed for successful job interviewing;
- ♦ Develop skills to assess job opportunities and career development.

Nevertheless, it should be borne in mind that a series of factors can influence the choice of job, namely the decision to accept a certain job. In modern circumstances, the choice of a job represents interrelation, i.e. interaction of three key factors:

- (1) candidate characteristics and traits,
- (2) job characteristics and requirements, and
- (3) Characteristics of an organization, i.e. company.

The extent to which certain job characteristics would have an impact on decision whether to accept the job or not, depends on series of individual factors characterizing each individual. Basically, organizations that recruit human resources should always be aware of the needs and expectations of individuals, that is, potential candidates for a specific job position. This is necessary in order to better evaluate their offers, and attract and possibly hire an individual.

Nevertheless, impact a certain factors have on the choice of a job changes over time, especially in relation to the situation that prevailed in the 1980s and 1990s. For example, it can be noticed that young and talented staff value flexible programmes more, as well as open communications and quality management.

⁵⁵ Those could be faculties, universities, schools, business organizations, institutions and employment agencies (both public and private).

Overview 4 Influence of individual reasons on the choice of a job

Reasons	in %
Open communications	65
Impact on personal life	60
Nature of the work	59
Management quality	59
Supervisor/Chief	58
Job content control	55
Gaining new experience	55
Job security	54
Quality associates	53
Job location	50
Job stimulation	50
Family support policies	46
Benefits	43
Control of working hours	38
Promotion opportunities	37
Salary	35
Availability of decision makers	33
Did not have any other offers	32
Opportunities to become managers	26
Size of the company	18

Source: Carrell, M., Elbert, N., Hatfield, R., 2000, "Human Resource Management: strategies for Managing a Diverse and Global Workforce", 6th edition, Dryden Press, Harcourt College Publishers, London.



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. How would you define and explain the job analysis process?
2. What are tasks, duties and responsibilities of a job analysis?
3. What is included and understood by a job analysis?
4. What information must be gathered in order for any job analysis to be conducted?
5. What are components of job description?
6. What elements must be included in job specification?
7. What are the key factors of job selection?
8. What is included a job design?
9. Explain the process of job analysis.
10. What modern job analysis methods are you familiar with?
11. What elements are important when applying for a job and what are the most significant factors that affect the job selection?

5. FORMULATING HR MANAGEMENT STRATEGIES

UPON READING THIS CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Understand relationship and interdependence of enterprise strategic orientation and HR management.
- ♦ Explain the term strategic HR management.
- ♦ See the difference between the terms HR management and strategic HR management.
- ♦ Understand the process and content of HRM strategic planning.
- ♦ Explain operational process of HR planning.
- ♦ State methods for forecasting the demand for human resources.
- ♦ Understand and explain method of Markov analysis.
- ♦ Understand and explain mathematical (quantitative) methods.

5.1. CONTENT OF STRATEGIC HR MANAGEMENT

A hotel enterprise has the internal forces that should enable it to gain a competitive advantage. The internal forces are reflected in the competence of internal resources that can be: **physical** (equipment, geographic position), **organizational** (organizational structure, planning, control, system coordination, relations between groups) and **human** (experience, skills, intelligence of employees).

The goal of strategic management in an organization is to develop and allocate resources in a way that will provide it with a competitive advantage. None of the stated internal forces of competences can be marketed without being adequately merged with the human factor. The interrelationship of competency factors requires that HR management must be integrated in the strategic management process of the company. Based on the above, it can be concluded that HR managers should: (Šušnjar G. Š., Zimanji V., 2006., str. 57)

1. Exercise influence on development and implementation of the strategic plan, on selection, allocation, training, promotion, rotation, demotion and dismissal of employees;
2. Know and understand the adopted strategic plan and strategic goals of the hotel enterprise;
3. Know what skills, behaviour, and attitudes of workers are necessary to support the strategic plan;

4. Develop programmes that should enable employees to master and apply the stated skills and knowledge.

Strategic HR management can also imply the adopted procedures of an employment plan and HR activities in order to successfully achieve strategic goals of a company. Ever since the concept of HR management emerged, it has been more often paired with the term *strategic*. However, the term can take several different meanings in relation to the notion of HR management.

- ♦ Strategic HR management clearly emphasizes interaction between an external strategy and HRM decisions. External strategy of a hotel enterprise includes a chosen, formulated method of achieving competitiveness. Internal strategy provides organization, implementation, motivation and control of internal resources. Internal and external strategies must be aligned. Such aligned internal and external strategies imply implementation of appropriate strategic management methods and techniques.⁵⁶
- ♦ some authors point out that rationality of HRM strategy may lie in the advantage arising from alignment and agreement on the basic elements of a long-term approach to HR management. In addition, integration of the needs of organization and individuals should be integrated into the HRM area. (Šušnjar G. Š., Zimanji V., 2006., str. 59)

Strategy of managing HR and HR management strategy are often used interchangeably, though a distinction between them should be made in the following sense. **Strategy of managing HR** proscribes the general direction an organization intends to take in order to achieve the prominent goals thanks to its staff. It is a general, principled, global approach to human resources that deals with long-term and macro issues, such as: structure, values, culture, quality, loyalty, performance, competence, development.

Nevertheless, HR **management strategies**, in accordance with specific intentions of the organization, are focused on what needs to be done, namely what needs to be changed. HR management strategy defines how the organization directs people towards achieving business goals by defining action priorities. Like any other strategy, HR management strategy can be a roadmap for actions in change management.⁵⁷

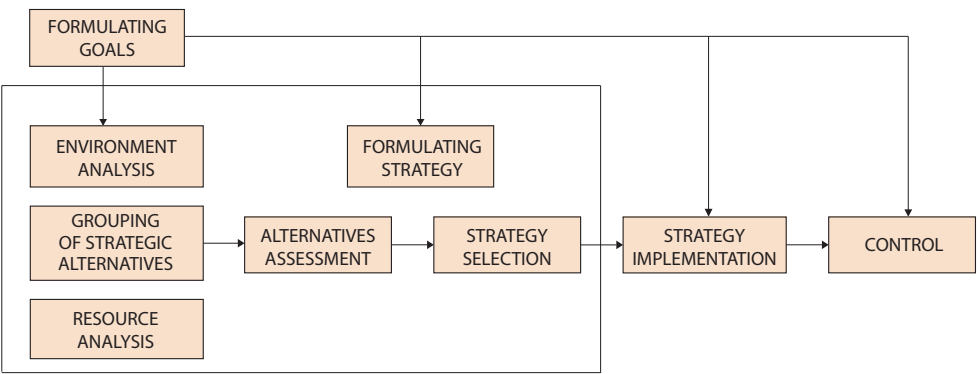
⁵⁶ See more S. Čerović, *Strategijski menadžment u turizmu*, Singidunum University, Belgrade, 2009, pp. 207–236

⁵⁷ Ibid, pp. 59–60.

5.2. STRATEGIC HR PLANNING

Strategic management process consists of two separate, yet interrelated (dependent) phases: strategy **formulation** and strategy **implementation**. Both phases of strategic management must be effectively implemented. In addition, it is important that this process does not occur sequentially. The following figure shows a strategic management process.

Figure 7 Formulating a strategy and strategic management



Source: Janićijević, N., Proces odlučivanja o strategiji i strukturi preduzeća, Economic Annals, Belgrade, no. 102/89. pp. 68.

There are five main components of a strategic management process that are relevant for formulating a strategy. The components are shown in the previous figure.

The first component is **the mission** of an organization. It is an idea-guide focused on prospective events, namely on aspirations in the future business related to the primary task of the company.

Goals of an organization are what the organization hopes to accomplish in the near and far future. They reflect on the mission's operationalization. An important goal of the most profitable companies is to maximize the well-being (wealth) of stakeholders. However, in addition to this goal, companies must set other, long-term goals to maximize the wealth of the shareholders. For example, one of the goals of digital equipment corporations is to be a leading PC manufacturer.

External analysis involves organization's operational environment testing in order to identify strategic opportunities and threats. Some opportunities examples are: undersupplied (under saturated) market segments, technological advantages that can help a company, etc. Threats can arise from potential material shortages; new competition on the market, laws that are being prepared that will adversely affect the company, technological innovation of the competition, etc.

Internal analysis seeks to identify the strengths and weaknesses of a company. They emphasize quantity and quality of resources available to the organization: financial, technological, and human. Organizations must objectively and precisely assess each resource and then classify them as strengths or weaknesses.

Internal and external analysis together make what is called SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats).

Once the SWOT analysis is performed, a strategic management group has all the necessary information to generate a certain number of strategic alternatives. Strategic managers compare the alternatives in reaching the strategic goals of an organization in order to make a strategic choice afterwards. The result of strategic choice is the strategy of an organization. It describes ways how the organization will seek to fulfill its mission and to achieve the personal goals.

A task of strategic management is to enable the company in tourism industry to rationally and timely react to changes in the environment in which it is doing its business and wider range activities. Strategic management includes:

- Strategic planning as its essential part (analysis and selection of the strategy);
- Strategic change (implementation and control of the strategy).

It is common that the strategic management process is seen as a continuous, iterative process that includes:

- 1 environment analysis,
- 2 organization direction (mission and goals),
- 3 formulating strategy,
- 4 implementing strategy, and
- 5 Strategic control.

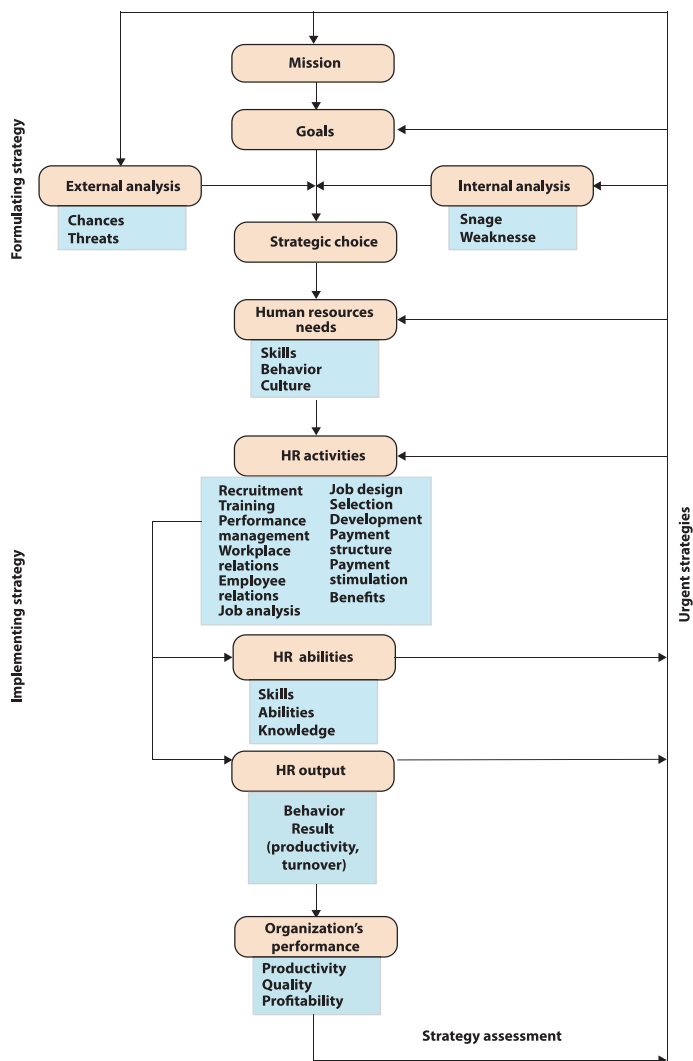
This process is illustrated in the Figure 8.

Human resource planning is a process that anticipates needs for human resource based on the predicted changes in both internal and external environment. It is a process which transforms organizational goals contained in the mission and business plans into appropriate HR management goals. Human resource planning has a multiple roles within an organization. HR planning enables an organization to:⁵⁸

- reduce costs by forecasting and matching supply and demand for human resources before redundancies or shortage of employees become a serious problem for an organization;
- optimize the use of available skills and knowledge and improves the overall business planning process;
- identify the specific knowledge and skills available, as well as the demand for them;
- Predict and analyses effects of alternative HRM policies.

58 Taken from: Bogićević, B., Menadžment ljudskih resursa, Faculty of Economics, Belgrade, ISBN: 86-403-0543-9, Belgrade 2003, pp. 67, Vetter, E.W., 1967, Manpower Planning for High Talent Personnel, Bureau of Industrial Relations, Graduate School of Business, University of Michigan; also see in: Milkovich, G., Dyer, L., Mahoney, T., HRM Planning, in: Rovvland, K. M. , Ferris G.R. (eds.), Personnel Management, Boston,. 1982, Mss: Apup & Bacon: 52–77.

Figure 8 Model of strategic HR management process



Source: G.Š.Šušnjar, V. Zimanjić, *Menadžment ljudskih resursa*, University of Novi Sad, Faculty of Economics in Subotica, 2006., ISBN 86-7233-134-6, pp.58

The overall human resource planning within an organization is based on the belief that people are actually its most significant strategic resource. In HR planning, each manager should take responsibility for their part of the job, that is, everything is done in order to create appropriate prerequisites for providing adequate staff needed for the future business activities of the organization. Also, no part of the process is incompatible with the organization's vision and business strategy.

Human resource planning is particularly pronounced when anticipating changes in a hotel company and when it is necessary to implement a total quality management policy. “Measuring the quality of hotel services is far more demanding and more difficult than measuring the quality of tangible products, for in addition to material components in the hotel, great importance is attached to the process of providing services in which employees play the key role” (Knežević M., Čerović S., Džamić V., Radojević T., 2017, str. 124-141), because guest satisfaction with the service provided is one of the basic goals that companies strive for. (Knežević M., Čerović S., Borovčanin D., Unković S., 2017, str. 245-254).

Developing company's image is an indispensable factor in the process of creating the company's competitive advantage, and it is mainly achieved by improving the quality of products and services. Setting up corporate social responsibility plan helps build strong long-term relationships with customers, employees, investors, local communities, suppliers, and other stakeholders. A company can achieve the desired reputation and attain a sustainable competitive advantage by providing quality services. (Blešić I., Čerović S., Dragičević V., 2011, str. 273-286)

Human resource planning process and business strategic planning are directly interdependent. Any description of HR planning must start at a higher level – with the overall strategic plan of the organization. Strategic planning is defined as a process of identifying long-term organizational goals and actions to achieve the intended goals. Therefore, organizations are particularly analyzing key business areas: finance, marketing, and human resources. This is necessary in order to identify opportunities an organization has so as to achieve its intended goals.

Human resource planning should be an integral part of business planning. On the other hand, strategic planning process should define changes in the scope and types of organization's activities.⁵⁹ It should also be borne in mind that HR management process is also a decision-making process combining three important activities:⁶⁰

- ♦ identifying and obtaining the right number of people with the right skills;
- ♦ motivating people to achieve high performance, and
- ♦ Establishing interactive connections between business goals and people planning activities.

59 Upon defining the changes, it is possible to identify the core competencies necessary for an organization to achieve its goals, and therefore the needed skills. Human resource planning is related to strategic business plans, in terms of people needed for the plans to be realized. Nevertheless, it can affect the business strategy by emphasizing the direction in which human resources should be developed so as to be more effective in achieving business goals, as well as predicting any problems that may arise, and that should be resolved in the future.

60 Armstrong, M., Murlis, H., *Reward Management: A Handbook of Remuneration Strategy and Practice*, Kogan Page, London, 1991.

In organizations with no clear business strategy, human resource planning process can be directed towards specific areas within the organization where it is possible to anticipate future demands for the right people (in terms of their number and necessary skills). Taking this into consideration, the usual human resource planning concept has three basic steps:⁶¹

- (1) Anticipating future demand for people – forecasting the demand;
- (2) Anticipating future supply of human resources – forecasting the supply, and
- (3) Making plans to match supply to demand.

Example 10 Strategic priorities in IHG: Hotel Crown Plaza Belgrade

1. Improving brand performance
2. Using a gained insight in order to make their brands the first choice of guests
3. They are consistent in customers experience
4. Creating excellent experiences for the guests of their hotels
5. Improving revenues by encouraging guests to always return to their brand.
6. Improving efficiency in hotels and business processes
7. Using a market scale and knowledge for good purposes
8. Using a global presence and experience to turn more hotels into their brands
9. Create a global presence – guests choose a brand on their travels
10. Strengthening of the organization
11. Investing in human resources and business abilities
12. Building a strong partnership within the company, as well as with their owners from around the world⁶²

⁶¹ However, it is not good if HR management is considered as a prediction of a long-term demand and supply of human resources given that such assessment is almost impossible to make accurately due to the severity of forecasts and external events. Today, human resource planning is more focused on skills that will be needed in the future. Such forecasts will often be based on broader scenarios rather than on specific supply and demand predictions.

⁶² Information taken from the official website of IHG (<http://www.ihgplc.com/index.asp>)

5.2.1. OPERATIONAL PROCESS OF HUMAN RESOURCE PLANNING

Operational human resource planning must be coordinated with top management plans.⁶³ This planning, that is allocation, requires knowing about the future job expansion or reduction and about any other technological changes that may affect the organization. Based on such analysis, plans are made for deployment (relocation) of employees within the organization, dismissal or redundancy of employees in some other way (e.g. retirement). Operational process of human resource planning involves a number of factors, including: current level of knowledge, skills, and abilities of employees in the organization, future vacancies resulting from retirement, promotions, transfers, and departures due to illness or discharge.

The following example shows how they understand the human resource planning in “Holiday Inn” Hotel in Belgrade.

Example 11 Importance of human resource planning in hospitality

MARIJA BJELIĆ, MANAGER AT THE INSTITUTE FOR HOSPITALITY MANAGEMENT FOR SOUTH-EASTERN EUROPE AIFH

The goal is to find the right person for the right job. A very important step that enables a company to optimize its costs, use of skills and knowledge, to improve the overall process of planning business and future activities so as to achieve the set goals. The planning process includes not only the HR department, but the top management as well. Given that the hotel owns the hall Belexpo where many events take place, sometimes there is a need to hire additional staff through a youth cooperative. We try to hire the staff with the previous experience of working with us. As for other departments, it is known from the practice how many workers are needed to operate a hotel with 140 rooms, a restaurant, a bar, a spa & wellness center, and 7 banquet rooms, all in three shifts 365 days a year. We strive to maintain the optimum number of workers in such a way that everyone is entitled to a holiday and two days off per week.

People contact us often, regardless of whether we have announced a job vacancy, and ask if they can start working with us. We always inform them of the true state of affairs, since we do not wish to mislead anyone. Nevertheless, when we need to recruit 2 out of 8 people, we go through our data base that we have created. We are honored that people recognize us as a place with positive, but rather fair and professional atmosphere.

Given the low staff turnover, the promotion of personnel is done primarily internally, and only if we do not find anyone internally do we look for external sources. Each of the workers who have been with us from the beginning has already proved themselves in certain activities and we find it right to offer them more.

63 For example, when planning human resources, an organization must consider how people will be allocated to jobs over a long period of time – not just in the next few months or the next year.

Researching external environment can particularly affect human resource planning because the organization is sourced from the same market that supplies all other employers. Many factors affect the supply of workers available to a particular employer.

Organization's reputation is an important factor (one of the measures of organizational efficiency is its ability to compete for the critical human resources), but in external environment there are four crucial factors:

(1) *workforce composition and structure of work:*

- The difference in workforce are ever increasing: age, race, physical abilities, ethnicity, sexual orientation, etc.;
- Permanently or temporary employed, or contract employed;

(2) *government's influence:*

- there is an increasing number of laws passed by the government that have to do with human resources activities, i.e. with business regulation;

(3) *economic impacts:*

- Availability of workers and shaping of organizational plans and goals are influenced by macroeconomic factors (GDP, economic growth, inflation, etc.);
- Decisions relating to compensation, overtime, recruitment or dismissal of workers depend on economic conditions;

(4) *geographical and competitive impacts:*

- Level of net migrations from specific countries, regions and areas, from countryside to cities;
- Other employers in the area or scope of business;
- Resistance of employees to geographical relocation, regardless of promotions;
- Direct competition in the field;
- International (global) competitiveness.

Internal analysis of jobs and people is important when planning human resources and it refers to employees currently available to the organization.

The needs of an organization must be compared with the available workers. Internal analysis covers two areas:

- (1) *jobs review* – it is a starting point in assessing internal strengths and weaknesses;
- (2) *Skills review* – a “skills list” is used for identifying the existing skills of employees.

Overview 5 Necessary elements in internal potential analysis

In internal review, it is necessary to analyse the following data:

- Number of employees
- Qualification and age structure
- Length of service (in the company and prior to it)
- How many workers perform the same job?
- Can they be replaced?
- Representation of career development of individual workers and groups
- Work-based education
- Development
- Performance evaluation
- Workers with special skills for advancement
- Workers soon to be retired, etc.

An external analysis will record a whole different set of data that

- a company already has in its records or collects them separately
- employment rate in the city or region
- unemployment by profession (registrations made with the National Employment Service)
- high schools and universities in the city and region
- percentages of expert's transitions between the companies or into or from a foreign country

Source: *Stefanović V., Blagojević, S., 2009., str. 145*

5.2.2. HR DEMAND FORECASTING METHODS

Forecasting is made based on the information gathered from external environment analysis and internal strengths and weaknesses assessment. It is the basis of forecasting HR supply and demand, considering goals and strategies of an organization. Forecasting process uses past and present information to identify expected prerequisites in the future. Different demand forecasts methods are based on different presumptions, some of which are, for example, that past trends and variables will continue, that productivity ratio is constant, etc. Demand forecasting methods can be divided into two groups: subjective (qualitative) and mathematical (quantitative).

Subjective (qualitative) methods (Bogićević B., 2003., str. 73)⁶⁴ are based on considering the quantitative data, but with a dose of intuition and expertise. These are commonly used in **smaller hotel companies or larger ones that are just introducing HR planning function**. Three methods that are explained in detail below, are commonly used. (Bogićević B., 2003., str. 71)

Bottom-up forecasting is a method in which each organizational unit anticipates its future needs for human resource. The plans may also be revised by senior management.

⁶⁴ Adapted by the author

Top-down forecasting means that the senior management plays the key role in planning this method. They first meet to discuss future strategies and business plans and how those can reflect on needs for human resources. Most often they make optimistic and pessimistic scenarios and decide on the most optimal – the realistic scenario and realistic HR demand forecast - somewhere between the two.

Delphi technique is a structured subjective method based on the expertise predictions and achievement of group consensus on the predicted demand. It can take up to several months for this method to be completed, so it is not advisable when swift planning is required.

Hotel companies, primarily, due to their seasonal character of business and significant staff turnover often apply a quantitative method of planning. When planning internal human resource supply, the most commonly used method is the Markov method.

Table 4 Markov analysis

Transition probability matrix						
Staff turnover for the last year	Restaurant <Dunav>	Restaurant <Sava>	Night club	Casino	Outcome	
Restaurant <Dunav>	0,60	0,15	0,05	0,05	0,15	
Restaurant <Sava>	0,15	0,55	0,05	0,10	0,15	
Night club	0,00	0,00	0,80	0,05	0,15	
Casino	0,00	0,00	0,05	0,85	0,10	
Transition probability matrix applied to an individual						
	Initial number of employees	Restaurant <Dunav>	Restaurant <Sava>	Night club	Casino	Outcome
Restaurant <Dunav>	62	37	9	3	3	9,30
Restaurant <Sava>	75	11	41	4	8	7,50
Night club	50	0	0	40	3	8,00
Casino	45	0	0	2	38	4,50
Planned number of employees at the end of the year		48	51	49	51	29

Markov analysis is defined by employees transition probability matrix based on staff fluctuation from the previous year, namely it analyses a number of workers relocated to another department – sector, as well as external outflow of workforce (dismissals, leaving the company voluntarily, death, retirement). Probabilities are calculated based on the previous experience. For example, it can be established that in the previous year 15% of workers initially employed at the “**Dunav**” restaurant left the organization, and that 10% of those went on to work at the “**Sava**” restaurant and 5% of them to the **Night club**.

Nevertheless, it would be better to define transition probability matrix not only based on data from one year, but to consider the average values for several years. Thus, more stable indicators are produced.

Markov method is not suitable for forecasting HR supply when data vary significantly across years, and thus should not be used.⁶⁵

Mathematical (quantitative) methods⁶⁶

When predicting HR demand, hotel companies use several simple and complex mathematical methods.

Productivity ratio is the average annual number of rooms per worker (or meals prepared). For instance, a certain hotel company has a productivity ratio of maids of 10 rooms per day. Suppose the management anticipated a 10% increase in capacity utilization that would lead to an increase in the number of rooms used by 3 per day namely, now there is a need to hire an additional worker with 1/3 of employment or to increase the workload of the existing employees by 30%. The number of direct workers can be predicted this way.

The direct employment ratio relative to the indirect one is used to calculate the number of indirect workers. For example, in case of the stated hotel company, for each of the new 10 maids (or waiters) one more room supervisor (or the head of a sector) would be required. The existing experience in the hotel business indicates that for every 100 employees in the housekeeping or food and beverage sectors, it is necessary to hire 7 administrative workers (sale, finance, accounting, legal services, etc.).

Alignment of HR demand and supply is an important phase in the human resource planning process. The supply is measured by a number of people likely to be available to the organization, internally and externally (including the turnovers, leaves, internal transfers and promotions, changes in shifts and other working conditions).

Forecasting supply and demand is based on:

- ♦ analysis of the existing human resources – the number of employees in each profession, their skills and potentials;
- ♦ forecasting losses in the existing resources due to high turnover;
- ♦ forecasting changes in the existing resources due to internal promotions;
- ♦ effects of changing working conditions and absenteeism;
- ♦ sources of supply within the organization;
- ♦ Sources of supply outside of the organization (at the national or local labor market).

The demand-supply relationship is then analyzed so as to determine a surplus or a deficit. In this way the basis for recruiting, retaining, and reducing the number of employees is formed. Nevertheless, if the analysis proves that there is an imbalance between supply and demand, the way in which it is demonstrated is determined: in the form of surplus or deficit.⁶⁷ When there a balance between supply and demand, two types of programmes are applied in practice, namely, programmes to deal with surplus or deficit.

65 Ibid, pp. 76; adapted by the author

66 Ibid, pp. 71

67 Surplus occurs when supply is greater than the predicted demand, and deficit when demand is greater than the anticipated supply.

In operational terms, programmes dealing with surplus are used to assess whether the number of the existing employees will exceed the estimated demand. In such a situation, organizations seek to react in a timely or advance manner to the expected imbalance occurring between specific supply and demand for human resources. They usually opt for the following set of measures:

1. providing incentives for early retirement;
2. not filling the vacancies left after some employees left the organization;
3. transferring or redesigning jobs with redundancies;
4. using excess time for training and equipment maintenance;
5. reducing wages and other incomes;
6. reducing working hours;
7. Dismissals and the like.

This means that if the existing workforce is estimated to exceed the estimated demand, an organization must react timely in order to make a rational use of the existing resources.⁶⁸ Deficit-solving programmes are implemented when it is necessary to compensate for the lack of supply. As a rule, they envisage the following measures and activities:

- ♦ providing new people to work full-time and for an unspecified period of time;
- ♦ offering incentives and other benefits for not retiring;
- ♦ employing retirees on a part-time basis;
- ♦ reducing percentage of staff turnover;
- ♦ organizing overtime work;
- ♦ recruiting new workers on a fixed-term basis;
- ♦ outsourcing some parts of business;
- ♦ retraining and additional training of employees;
- ♦ Relocating employees to deficit jobs, and the like.

A survey has been conducted at the three- and four-star hotels in Belgrade in the form of a questionnaire consisting of 16 questions referring to the employees. The survey was completed by 61 of employees. (Šekarić M, Stanić N, Kostić M, Šekarić Sotirovski J., 2015)

68 Stimulating retirement, facilitating the process of leaving the company, introducing rationalization measures, declaring redundancies, reducing wages, suspending hiring of new workers, etc., all depending on specific situation and assessment of what is best and the least painful to be done (e.g. reducing work hours for critical job positions rather than dismissing or declaring redundancies, not only for moral reasons but also for the interest of the company that is unwilling to pay severance pay).

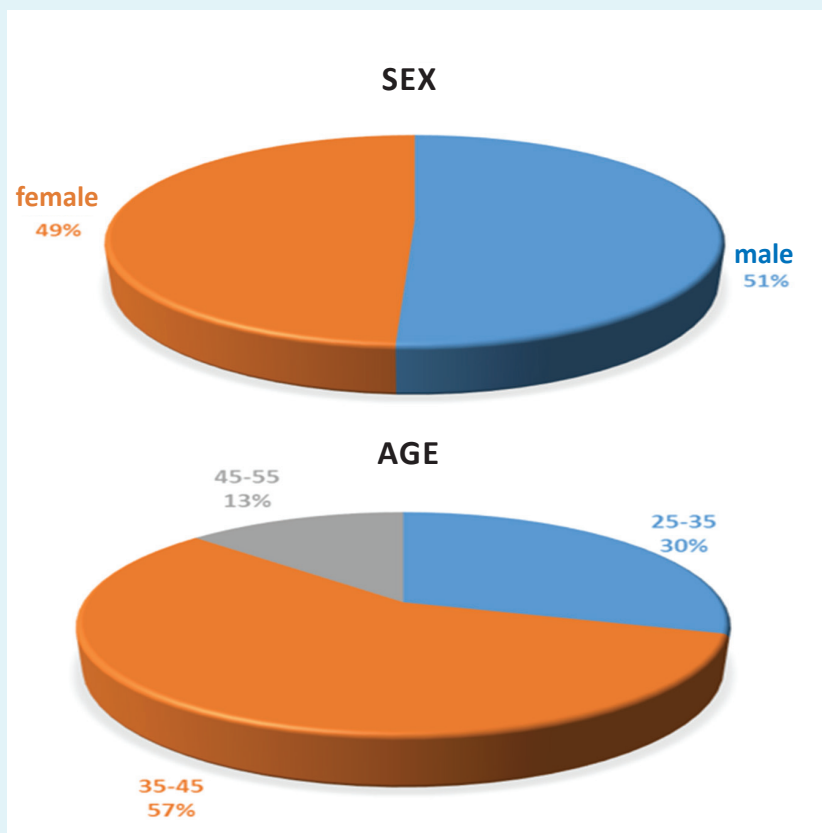
Example 12 Complexity of human resource planning in the Hotel Mona Zlatibor

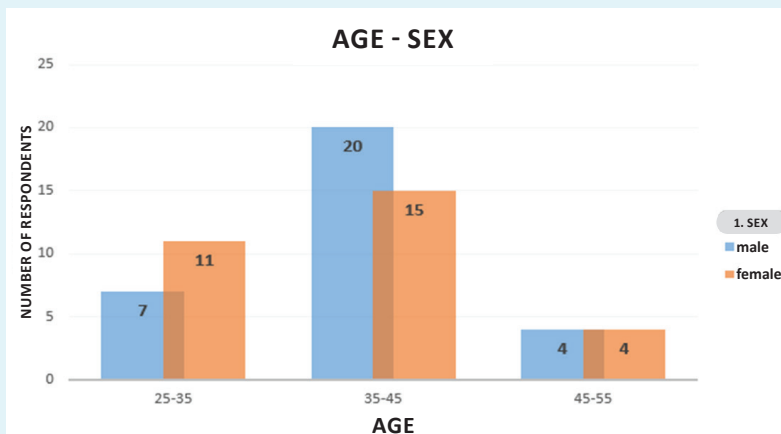
Human resource planning in the hotel “Mona Zlatibor” is a rather complex job for the competent management. Primarily because of employment of seasonal workforce (cooks, waiters, maids, receptionists). Namely, the hotel needs additional manpower in summer season (from June to September) and in winter season (from December to March). Up to 20 people are recruited. The seasonal workforce that is employed consists mostly of younger generation: temporary unemployed, students, the young permanently unemployed or who have not taken up employment so far. They regularly sign fixed-term contracts, meaning they exercise the same rights as the rest of employees, except that they do not have the same status and are not permanently employed.

Plans are made based on the results (primarily financial ones) from the previous season, which, if proven to be good, serves as a good base for the next one. Before the season starts, the competent departments (mostly in the catering sector) determine the number of workers that they would need for the upcoming summer, i.e. winter season, and inform the general manager who makes the final decision on the employment.

Source: the published interview with the hotel director

Example 13 Structure of employees in the observed Belgrade hotels





Graph 1 and graph 2 indicate that 51% of employees are men and 49% are women. Age structure is as follows: 25-35 accounts for 30%, 35-45 accounts for 57% and 45-55 for 13%. We can say that more men than women are employed, and that age group 35-45 accounts for 57% which is rather favorable. Graph 3 indicates that most of women employed are in 25-30 age group and men in the 35-45 age group. This can be interpreted with the fact that women older than 35 have other priorities, such as family.

Education of employees is rather important for quality performance of all tasks in the hotel industry, for only educated staff can successfully meet all the set requirements. Thus, 8.19% of employees completed secondary level of education, 73.77% have a higher degree education, and 16.39% a master's degree. It can be said that qualification structure of employees is very good, and that the three- and four-star hotels management take care of education of their staff at higher positions in the workplace structure. In order for jobs to be performed professionally and workers to be promoted to experts, modern HR management emphasizes employees' education for that is the only way to successfully resolve the challenges they face. It is also very important whether the education employees have is related to the jobs they perform. Therefore, the survey results indicate that 72.13% of employees do possess the education in direct relation to tourism and hospitality, and 22.29% not directly related, which represents a high level of alignment between job requirements and the education. Survey participants have not had any additional training or retraining for the job positions they occupy.

Regarding the work experience in the hotel industry, the survey indicates that 14.75% of employees have been working up to 5 years, 67.21% from 5 to ten years, and 13.11% of employees working more than 10 years. It can be concluded that most employees have prior experience, thus contributing to better task execution.

Knowledge of world languages is very important for the three- and four -stars hotels because of communication with guests that visit the hotels. One of the basic requirements employees must meet, from the lowest to the highest positions, is to know a foreign language. It has been established that 73.77% speak one language, English predominantly, and 26.23% use two foreign languages. Based on the responses, it can be concluded that all the employees speak at least one foreign language.



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. What is the interdependence between strategic orientation of an enterprise and HR management?
2. Explain the term strategic HR management.
3. What is the difference between the notions of strategy of managing HR and HR management strategy?
4. Explain the process and content of HRM strategic planning?
5. Explain the operational process of human resource planning?
6. What are the forecasting methods of HR demand?
7. Provide your own example of Markov analysis.
8. Provide an example of productivity ratio and ratio of the direct in relation to the indirect employment.



6. HUMAN RESOURCE RECRUITMENT

UPON READING THE CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Explain the basics of recruitment process.
- ♦ Understand and explain the types of recruitment.
- ♦ Understand advantages and disadvantages of internal and external recruitment.
- ♦ Analyze the most common sources of recruitment.
- ♦ Explain candidates' perceptions and company's wishes.
- ♦ State and explain recruitment process.

People are the key factor for the success of an organization and that is why great attention is paid to the recruitment and selection process. Choosing the right candidate to hire is one of the most important and most complex business decisions. The term human resources refers to the totality of human potentials in an organization. In this context, the term resource has priority meaning of source, strength, opportunity, that is, potential.

Describing people as a resource emphasizes the fact that people are at least as equally, if not more important, as other resources, and in modern hotel industry they play an indispensable role in making important business decisions and in the total company's profitability. Recruitment is the process of attracting qualified candidates in a number that would allow the organization to select the best to fill the vacancies. It is a two-way process – partners are the organization and the candidate, and both sides are entitled to choose. The organization can search for potential candidates to fill vacancies both inside and outside of organization – at the external labor market. Goal of recruitment is not only to find the best candidates for a job but also to keep them in the organization for the long term.⁶⁹

The essence of recruitment is to find as many possible qualified and capable candidates who could perform a job adequately. (Mašić B., 2009., str. 247). Prior to the beginning of recruitment process, it is necessary to determine the number, namely, how many new people should be employed at certain positions, then conduct the job analysis, which implies description of the workplace and position. Depending on a type, importance, and level of responsibility at a workplace, a thorough or general job description is provided. Once the job and position description have been defined, the corresponding specification according to which the employment is made. Managers need clear information on duties and specific qualifications that would be desirable for a candidate to have.

69 Taken from: Bogićević, B., Menadžment ljudskih resursa, Faculty of Economics in Belgrade, Belgrade 2003, pp. 91; Schneider, B., Schmitt, N., Staffing Organizations, 2nd ed, 1986, Glenview, IL: Foresman; also see Breaugh, J.A., 1992, Recruitment: Science and Practice, Boston: PWS-Kent.

The organization must provide the candidate with the clear picture of the job offered, the same way the organization should demand a realistic picture of the candidate and their potential. It is very important to match the candidate and their attitudes with the culture and values of the company, as well as match the personality of the employee, their style, energy with the appropriate profession.

Example 14 Recruitment in Hotel Crowne Plaza Beograd⁷⁰

Internal recruitment refers to promotions and employees transfers

1. IHG future leaders – this programme offers training that lasts for 24 months in order to improve one's career. Application for the programme is made through the official IHG's website.
2. Young leaders – is an innovative programme in the Delta Holding. Application and testing are done through the internet, that is, over the official website of the company. Then the best solve a case study. The best applicants are given chance to work for a year at three or four different sectors at Delta Holding.
3. Recommend a friend – a special programme where employees can recommend their friends.

External recruitment methods are as follows:

1. Advertisements – advertisements for an open position are announced through media, the internet, newspapers, and the like. An ad can contain information relating to: job title, requirements, work tasks at a particular position, and information that relates solely to what the company offers to employees.
2. Youth cooperatives – in situations of increased volume of work, a hotel recruits people on temporary employment contracts. Usually they look for young people with experience in a given sector, mostly in kitchen, food and beverages sector, and front desk.
3. LinkedIn Professional Network - LinkedIn is a business social network that allows employees to grow their business contacts and thus find a possible employer.
4. Employment fairs – fairs make it possible for HR management to make a direct contact with candidates. On the other hand, candidates are presented with an opportunity to introduce themselves, present their professional features, make an impression, get shortlisted, or agree on employment conditions on site.
5. Crown Plaza Open day – at the Open Day, HR management makes a data base with candidates CVs both for temporary and full employment.
6. Hotel Crown Plaza cooperates with certain education institutions, namely schools and faculties. As a part of their internship programme, students perform auxiliary jobs and learn how a sector functions in practice. Best students are presented with a job opportunity.

It is well-known that, among other things, a basic goal of strategic HR planning is to connect human resources with organizational strategies. Therefore, it is important that recruitment, as the key activity in HR management, be viewed and treated strategically. In addition, recruitment efforts should reflect organizational culture of a specific organization.

⁷⁰ Information taken from the HR coordinator in the hotel Crown Plaza, Nikolija Mićunović

Basically, organizations meet their HR needs in two ways:

- ♦ by hiring new people⁷¹ and
- ♦ by developing potential of the existing workers.

Recruitment is a two-way process for it involves two parties:

- ♦ an organization that needs to fill the vacancies, and
- ♦ a candidate interested to work for the organization.

Both parties have the right to choose, given that candidates do care where they would work and what would their job be. During the recruitment process, a candidate must be introduced to the work conditions so as to have enough information to make decisions whether to accept or decline the offered job. Nevertheless, in countries where the supply of labor is far greater than demand, there are few situations when the candidate declines the conditions presented to them. On the other hand, in countries where there is a balance between the supply and demand of human resources, such behaviour is expected from the candidates.

6.1. HR RECRUITMENT METHODS

Recruitment can be done in two basic ways. *Internal sources of recruitment*, namely when recruitment is done through promotion of people already employed at a company. However, when people outside of organization are hired to fill job vacancies, this is *external sources of recruitment*, they are recruited from the labor market, outside of the organization. Each of these two sources of recruitment have a number of advantages and disadvantages, which are represented in the following overview.

Overview 6 Advantages and disadvantages of internal and external recruitment sources

INTERNAL SOURCES OF RECRUITMENT	
Advantages	Disadvantages
♦ Better knowledge of the candidate's advantages and shortcomings ♦ Candidate knows better about the organization and its positive and negative aspects ♦ Have a positive effect on employee morale and motivation ♦ Open space for good workers to thrive ♦ Strengthen the organization's image that it cares about the good workers ♦ Use past investments in human resources ♦ Finding a candidate is faster and cheaper	♦ People can get promoted to a position where they could not perform their job well (limits of human abilities) ♦ Internal struggles and conflicts for promotion can have an adverse effect on employees' morale ♦ Can lead to stifling new ideas and innovations ♦ Can consolidate the steady-state mode of operation and thus slow down and even prevent the change

71 Decision to hire new people is usually related to the job expansion, technical and technological improvements, staff turnover, retirement of older workers, and the like.

EXTERNAL SOURCES OF RECRUITMENT	
Advantages	Disadvantages
♦ Greater opportunities to find and select the best applicants ♦ New people bring in new ideas, as well as different views of the organization ♦ Increase chances of change ♦ Internal tensions, conflicts, and misunderstandings are reduces ♦ Chances of changing internal relations, ways of thinking and doing business are increasing	♦ Attracting, contacting and securing job applicants is much harder and more expensive, ♦ The adjustment and orientation time is longer ♦ Dissatisfaction of staff within the organization who consider themselves to be more qualified to fill the vacancies is increasing ♦ There is a constant threat of selecting the inadequate and wrong candidates

Source: Byars, Rue, 1994

Internal recruitment, i.e. promotion, is generally considered positive within an organization for it seen as a reward for prior good performance. On the other hand, promotion act has one basic drawback – the use of old modes of work.

External recruitment can contribute to the implementation of new ideas in the organization.⁷² However, it also carries risks for selecting inadequate workers instead of promoting those currently employed may unduly affect them.

Overview 7 The most common recruitment sources according to job categorization (in %)

Source	Clerks	production/services	experts	manager
Internal recruitment	94	87	89	95
Recommendations from the employees	87	84	77	64
Direct applications	86	86	64	-
Advertisements		77	94	85
Employed by a public sector	66	68	-	-
Faculties	-	-	81	-
Recruitment agency	-	-	-	63
Private employment agencies		-	-	63

Source: Carell, M.R., Elbert, N.F., Hartfield, R.D., 1995, "Human Resource Management", Englewood Cliffs, Prentice Hall, New York.

72 At the same time, it may be cheaper to hire professionals (e.g. accountants or programmers) externally than to train people from the organization for those jobs so as to get promoted.

In addition, sources of recruiting depend on the nature of a job, that is on category and importance of vacancies (internal sources of recruitment are more used for certain jobs, and for some the external ones) and on providing the desired candidates.

Nevertheless, regardless of the source the candidates are recruited from, when interviewing them they should be given a realistic picture of the type of work and organization. On the other hand, one should expect a realistic picture of the candidate and their possibilities.⁷³

Results of recruiting in education institutions (schools and universities) are lower than the expected due to insufficient work performance and negative attitudes of the newly hired talents and experts towards the job. According to research (Bergmann T. and Taylor M., 1994.), half of them quit their jobs in the first five years because of unsatisfaction and disappointment with what they received. Thus, a student's perception of what organizations provide are shown to differ from what they really want.

During the recruitment and selection process, both organizations and candidates strive to present themselves in the best possible ways by creating an image (that is often far from reality), and this can be one of the key reasons for the later misunderstandings at work (in the form of worse work results, negative attitudes, unsatisfaction, fluctuation, conflicts, etc.).

The following table presents the "gap" between characteristics preferred by companies and applicants' perceptions of those companies.

Overview 8 Company's desires and perceptions of applicants

COMPANY	APPLICANTS
◆ Verbal communication skills ◆ Motivation ◆ Initiative ◆ Self-confidence ◆ Loyalty ◆ Leadership skills ◆ Maturity ◆ Enthusiasm ◆ Accuracy ◆ Appearance	◆ Verbal communication skills ◆ Motivation ◆ Enthusiasm ◆ Appearance ◆ Work experience ◆ Written communication skills ◆ Maturity ◆ Self-confidence ◆ Leadership skills

Source: Schultz, D., 1996, "Psychology and Industry Today", 4th ed., Mac- Milan, New York.

73 One should understand both aspects of the "picture", which requires special skills of people who design and conduct the interview.

For effective recruitment, in the aim of overcoming certain disadvantages, both in the processes of recruitment and selection and in the work later, it is necessary to have a better conceived approach to recruitment. Such an approach entails meeting at least three important requirements:

- (1) thorough preparation of recruitment plan and programme;
- (2) providing competent and well-trained recruiting people, and especially for conducting interviews and creating a realistic picture of a candidate;
- (3) providing accurate and non-sophisticated information about the organization and the job, but also requiring such an information on the candidate and their abilities.

The main objective of recruitment is to provide qualified people who will successfully perform the tasks given and stay at the organization with the lowest costs possible. Therefore, upon completing the recruitment process, it is necessary to assess its effects. However, most organizations rarely do this.

6.2. HUMAN RESOURCES RECRUITMENT PROCESS

Recruitment process starts by making a decision on filling vacancies and considering the required demands. Once these requirements have been identified, the search for potential candidates to fill vacancies, i.e. intended positions, starts. At the same time, potential sources for recruiting suitable candidates for old or new jobs are being evaluated.

After the decision is made, a candidate recruitment programme is adopted. It should specify the number and category of people needed by the organization, and this information is obtained from the HR plan. In addition, there may be requests for replacement or completion, and these requests should be verified for the justification. In the process of recruiting human resources, an organization analyses its strengths and weaknesses. Therefore, the organization should permanently analyze its strengths and weaknesses in recruiting candidates in comparison to its competitors.⁷⁴ This analysis should include the following areas: national or local reputation of the organization, salaries, employee benefits and working conditions, job importance, job security, education and training opportunities, career advancement, office or manufacturing facilities locations. All these elements should be compared to the competitor's, namely, their offer.

The process of recruiting human resources includes eight interdependent stages, i.e. there is a feedback between them.

⁷⁴ In certain sense, candidates "sell" themselves (offer themselves on the labor market), but they also buy what an organization offers at the market. If the labor market is, actually, a customer market, the organization selling itself to the candidates has to learn their needs, i.e. what would attract them.

Overview 9 Recruitment process (with the selection process)

- 1. HR plan
- 2. Recruitment process
- 3. Managers inform HR department about a vacancy by sending a request
- 4. HR recruiter and manager go over the job and necessary qualifications
- 5. Internal sources are being checked (promotion, etc.)
- 6. External sources are used
- 7. Selection process
- 8. Monitoring and assessment and linking with the HR plan

Source: Mathis, R., Jackson, J.,1997, Human Resource Management, 8th edition, West Publishing Company, New York, 1997.

In modern environment, the process of recruiting candidates is a continuous and intensive one. Continuous recruitment efforts have the advantage reflecting in the continued employer’s presence on the labor market, that is, potential employees market.⁷⁵

Modern business environment implies that many organization use traditional methods of attracting and recruiting candidates. The following overview refers to the percentage of ten methods of attracting and recruiting candidates used by organizations.

Overview 10 Traditional methods of attracting and recruiting candidates

advertisements in local newspapers	94%	business scouts – HR managers	53%
ads in professional publications	94%	trade fairs	48%
ads in national newspapers	83%	the internet	47%
employment agencies	79%	business contacts and communication	46%
notices within the company	79%	notices outside the organization	23%
business centers	79%	job vacancies ads	22%
education associations	64%	local radio	15%
applications with no ad announced	63%	leaflets distribution	7%
business counseling services	51%		

Source: „Menadžment ljudskih resursa“, Derek Torrington, Laura Hall, Stephen Taylor, pp.174

75 For instance, when recruiting students, some organizations have a recruiter on a particular campus each year, which has been proven to be an advantage.

Internal recruitment sources have a number of advantages⁷⁶ over external ones because they:

- (1) allow management to monitor for a certain period of time a candidate who could be promoted, namely to assess potential candidates and specific performance of their work;
- (2) motivate employees to improve themselves and fill new work positions.

Nevertheless, if management's policy is to mostly hire external candidates, that may demotivate employees, and is the primary reason why organizations first consider internal sources when looking for suitable candidates.

The benefits of filling vacancies through internal recruitment are numerous: (Jovanović-Božinov, M., Kulić, Ž, Cvetkovski, T., 2004., str. 77)

- 1) greater assessment reliability;
- 2) knowing candidate's abilities and qualities;
- 3) motivational effect of the offered chance of promotion;
- 4) candidate possesses a good knowledge of organization and how it works;
- 5) developing employees' potential by providing them with opportunities to master skills needed for other jobs;
- 6) speed and lower costs of recruitment and selection, and
- 7) sense of belonging and company's concern for the good workers.

In addition to a number of advantages, the internal recruitment process has certain disadvantages:

- 1) lower offer of qualified workers, less opportunities to select talented and above-average candidates;
- 2) selecting candidates from the organization to fill the vacancies leaves the positions they previously occupied vacant;
- 3) the organization becomes closed to new people and new ideas, which in the long run is not good for the organization;
- 4) there are problems due to absenteeism (due to interviewing, testing).

The internal recruitment of candidates is done in many ways, but the following five modalities are characteristic and most often applied in practice:

- *Internal advertising of jobs and tasks:*
 - the organization's bulletin board,
 - audio-visual aids,
 - special bulletins,
 - e-mail (via computer),
 - telephone, or similar means;

⁷⁶ Internal recruitment sources can be:

- currently employed,
- friends of the currently employed,
- former employees,
- candidates who earlier applied for a job in the organization, and
- Promotions, transfers and demotions.

- ♦ *promotions and transfers:*

- recommendations from the immediate managers managing the career of an employee;
- managers discover talents and potential candidates for management positions;

- ♦ *recommendations and suggestions from HR department:*

- HR department has a well-developed system of information and records on needs and interests of employees in all services, sectors, departments, and other organizational units;⁷⁷
- these recommendations are considered to be more relevant because they are more objective than recommendations from the immediate managers (who sometimes can be biased and subjective in evaluating certain candidates);

- ♦ *friends and relatives of employees:*

- recommendations from relatives and/or friends of the currently employed at the organization (external candidates are obtained based on the information from an internal source);
- this method provides a lot of qualified people at low cost;

- ♦ *recruitment of former employees and former applicants:*

- the advantage is that it saves time because of the information about the potential candidates that is already known.

External recruitment sources are usually applied if the internal recruitment sources provided no acceptable candidates. An organization then uses numerous external recruitment sources. The following are advantages:

- ♦ opening of the organization to the labor market;
- ♦ increasing opportunities to recruit good candidates, in conditions of higher supply and greater choice;
- ♦ influx of new people, new potential and new ideas;
- ♦ exchange of information on the methods and results of the competitors' recruitment process;
- ♦ seeing the organization's position through the eyes of the candidate;
- ♦ not having a problem of the left vacancies as the case is with internal recruitment, and the like.

Nevertheless, when compared to the internal recruitment methods, the main disadvantages of external recruitment process are:

- ♦ increased costs when using the external sources;
- ♦ longer time necessary to obtain suitable candidates;
- ♦ increased risk when making a decision on selection due to the unknown and uncertainties related to qualifications, abilities and personality traits of the potential candidates.

⁷⁷ The need to fill the vacancies requires an analysis and search of the HR information system, as well as identification of those who, by their abilities, knowledge, quality, and interests fulfill the required conditions.

Overview 11 Candidate recruitment

Main sources of potential candidates in recruitment	Source	Advantages	Disadvantages
	The internet	Allows contact with a great number of people, possible immediate feedback	Creates a large number of nonqualified candidates
	Recommendations for employees	Knowing about a company based on the information from an employee, best candidates can be obtained because a good recommendation speaks about the person who gave it	Not enough different worker's profiles
	Company's website	Wide distribution; it can be directed towards specific groups	It provides many non-qualified candidates
	Finding a candidate at a university	Wide centralized candidate corpus	Limited to beginners' jobs
	Professional employment	Thorough knowledge of tourism challenges and needs	Small obligation towards specific

Source: S. P. Robins, M. Coulter, *Menadžment-osmo izdanje*, Pearson Education, Inc. Upper Saddle, New Jersey, 07458, Data status, Belgrade, 2005., pp. 287

Considering all the advantages and disadvantages of internal and external recruiting, organizations generally opt for combined methods in the recruitment process, that is, they implement both internal and external recruitment sources. The efficiency of external sources is affected by two circumstances:⁷⁸

- Labor market situation,
- attractiveness of the organization for the suitable candidates.

Main sources and methods of external candidate recruitment are:

♦ *external advertising:*

- vacancies are advertised through media (daily and weekly newspapers, specialized professional journals, radio and television, the internet and websites, direct mail, billboards, special manuals and bulletins, and special promotion materials);
- in modern environment there are direct addressing of candidates and internet advertising;

♦ *agency mediation:*

- state-owned agencies,
- private agencies,
- professional recruitment firms ("talent hunters"),
- temporary assistance agencies;

⁷⁸ When a supply of the qualified personnel is significantly higher than demand on the labor market, efficiency of external sources comes to the fore, especially if attractive and well-paid jobs are to be filled. In modern environment, job vacancies are being advertised more and more through billboards, the internet, and websites.

♦ *education institutions:*

– selection of good students, young talents, gifted postgraduates, people from the organization;⁷⁹

– Universities and faculties offer student career centers (to coordinate activities for the needs of the organization),

– recommendations from professors and teachers;

♦ *direct applications from the interested candidates:*

– mailed or presented in person,

– usually refer to production, assistant, and lower administration or office positions;

♦ *other sources and methods of recruitment:*

– internships for students and pupils;

– professional gatherings;

– conferences, symposiums, congresses, etc.

Advertising is a standard method of formal recruitment that is most commonly used in practice. The target market consists of all job seekers, and the aim of advertising is to maximize the number of potential candidates interested in applying for a job in a particular organization. Ads reach the general public. As a rule, only 10% to 20% of people reading the job ads are potential candidates – the unemployed looking for a job, whereas more than 75% of readers are already employed, but still read the ads to stay informed about the jobs available on the market. Even when they do not want to change jobs, ads are a means of developing an image of a particular organization. (Bogićević B., 2003., str. 100).

Example 15 Possible ads

RECEPTIONISTS NEEDED AT THE HOTEL «X»

Required work experience of minimum one year. Graduated from a Faculty of Economics or Tourism and Hospitality Management or a college of the same orientation. Active knowledge of English and another world language. Knowledge of working on computer (MS Word and Excel). Knowledge of labor law is an asset.

Travel two days a week on average; Excellent opportunities for development and career advancement within our company. Submit your CV to «Y»

79 Organizations use different ways to attract talented students: create special programmes to attract prospective students, print and distribute brochures providing information about the organization, quality of work life, jobs; send invitation letters to establish contact; film and show movies at the universities or student dormitories.

Figure 9 HR recruitment at the hotel „Zlatnik“

The recruitment process occurs when there is a need to fill a vacancy. The need is publicized it is applied internally first, and if there are no available candidates at the hotel, it is published externally. The method that will be applied depends primarily on the human resources available to the organization and on the assessment of the head of department.

If they are recruiting internally, it is done verbally, by conducting interviews. The following methods are applied: promotion and transfer of employees; recommendations and suggestions from the departments heads; friends and relatives of the employed and recruitment of former employees and candidates.

External recruitment at the hotel Zlatnik:

- ◆ External advertising through the press and the internet;
- ◆ Agency mediation (state-owned agencies);
- ◆ Direct applications from the interested candidates;
- ◆ Other sources and methods of recruitment (internships for students and pupils).

Recruitment agencies represent a standard method of formal candidate recruitment. The role of agencies is to link supply and demand at the labor market. Their primary goal is to find a suitable employment for the job seekers.

Nevertheless, they are often hired by the companies looking for suitable candidates to fill the vacancies. One of the advantages of such candidate recruitment is certainly the fact that the company does not have to do some activities itself, such as pre-screening, interviewing, and testing of candidates – the company gets the names only of the several best candidates for the final interviews. However, at the same time this method of recruiting can have a number of negative consequences that reflect in the following: high turnover rate of the thus selected candidates, their low morale and loyalty, low productivity. To some extent, this can be prevented by a more active attitude of the company itself towards the recruitment process by providing the selected agency with more thorough job descriptions and specifications of the candidates needed and even to provide the agency with certain selection tests. (Bogićević B., 2003., str. 103)" (Bogićević B., 2003., str. 103)

Recruitment through universities is mostly used by large hotel companies that need highly educated trainees (Example 16). It is common practice for students to do internships at certain hotels during their studies and, based on their results and preferences, upon graduation, they are employed in the companies. (Singidunum University – Faculty of Tourism and Hospitality Management, College of Hotel Management from Belgrade, Faculty of Sciences of University of Novi Sad have all signed agreements with hotel companies to conduct student internships.)

One of the popular recruitment methods in the hotel industry is the method of **hiring former employees**. It is a recruiting method usually applied by hotel companies with high seasonal operations (mountain hotels, coastal and spa resorts).

It is relatively inexpensive and efficient for the organization already has information about employees and their abilities, and they are trained for the job they need to do (chefs, waiters, porters, maids, etc.). When deciding whether to choose this recruitment method, the costs should be weighed against the benefits.

The main disadvantage of this method is the extremely low level of loyalty and commitment of employees to the organization, and very often workers are employed by the main competitors. However, many organizations establish long-term relationships with their seasonal workers and employ them every year for a fixed period, and thus they become committed to high quality work. (Caudron S., 1993, str. 104-109).

Example 16 Report on the interviews conducted at a University

Name and surname_____

When do you plan to graduate_____

Current address_____

Workplace you apply for _____

If it is important (use the comment section if necessary)

Driver's license Yes ☐ No ☐

Some special factors that could affect the decision to move:

Are you willing to travel _____ If yes, how often _____

Assessment:	Excellent	Above average	Average	Below average
Education: courses needed for the job performance? Do their university results indicate a possibility for them to perform their job well	_____	_____	_____	_____
Appearance: Is the candidate dressed accordingly and properly?	_____	_____	_____	_____
Communication skills: Was the candidate attentive? Did he express his ideas clearly?	_____	_____	_____	_____
Motivation: Is the candidate energetic? Are his interests in alignment with the job?	_____	_____	_____	_____
Attitude: Did the candidate leave an impression of a pleasant person, people-oriented	_____	_____	_____	_____

COMMENTS (if necessary, use the other page of the paper)

Application provided	Yes ☐	No ☐	Approved to use the data
Recommendations	Call ☐	Decline ☐	

Interviewer_____ Date _____

College/University_____



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. What is the basics of recruitment process?
2. What types of recruitment do you know?
3. What are main advantages and disadvantages of internal recruitment?
4. What are main advantages and disadvantages of external recruitment?
5. What are the most common sources of recruitment?
6. How would you explain candidates' perceptions and company's desires?

7. HUMAN RESOURCE SELECTION

UPON READING THIS CHAPTER ONE SHOULD BE ABLE TO:

- ♦ Understand and explain the process of candidate selection.
- ♦ Understand and analyze what individual traits affect the selection process.
- ♦ Explain what three groups of human abilities are important for the company.
- ♦ List the human resource selection methods.
- ♦ Know what aptitude tests are applied in the hotels.
- ♦ List activities in the selection process.
- ♦ List criteria and references of selection candidates.
- ♦ Explain the types of interviews and the basis for using them.
- ♦ Understand the unconventional human resources selection methods

Human resources selection is a process in which, by applying the predetermined standards, namely, standardized methods, rules, and techniques, a selection between more qualified candidate is made. The end goal of the selection is to employ the ones best suited for a specific job. Selection is a significant part of every conceived organizational strategy. In doing so, the organization is not in position to succeed without hiring the qualified personnel.

Selection is one of the most important areas of HR management for it is used to select quality, capable, ambitious, and promising young people. The importance of selection stems from the fact that all other actions and activities in an organization, that is, in HR management system depend mostly on quality and competences of those selected.

It should be borne in mind that recruitment process provides a group of candidates out of which the future employees are selected. Therefore, the choice of those to be employed represents the selection process.⁸⁰

THREE WORKERS ARE WORKING AT A CONSTRUCTION SITE. THEY WERE ALL ASKED THE SAME QUESTION:
WHAT ARE YOU DOING?

THE FIRST ONE ANSWERED: I LAY BRICKS!
THE SECOND REPLIED: I EARN MY PAYCHECK!
THE THIRD ONE SAID: I HELP BUILD A CATHEDRAL!
WHAT TYPE ARE YOU?

Charles SCHWAB (1982) - writer

⁸⁰ For example, the choice what 10 applicants would probably be best to hire out of the total 100 applicants is a selection process.

Nevertheless, the selection process is more than “selecting the best” and it basically represents a process of alignment. *Selection creates groups of knowledge, skills, and abilities that each individual possesses and represents an endeavor to “align” what a candidate can and wants to do with the needs of the organization.*⁸¹ The candidate-organization alignment has an effect not only on the willingness of the employer to make a job offer, but also to the candidate’s willingness to accept the offered job. The extent to which a newly recruited employee has aligned with the work will reflect in the employee’s quality of work. This alignment directly affects the costs of training (training and operational costs), and workers who are not capable of delivering the expected quality and quantity of work can directly cost the organization time and money.

The decisions made in the selection process directly affect the future business of organization, and especially the level of its future costs. Although the costs of selection depend on complexity and importance of the job which people are being selected for, some costs are direct because they relate to the application of various methods and hiring of experts, and some – the indirect ones because they relate to the future problems arising from recruitment of low quality candidates. The former are tangible and easily measured, whereas the latter are abstract and difficult to evaluate. Therefore, selection is a process of choosing individuals with relevant qualifications to perform a job in an organization. The selection process starts from the moment a decision is made that a manager or a supervisor should hire individuals to fill a vacancy. In modern organizations, the request is sent to the employment services or the HR manager. A job description based on a job analysis indicates a vacancy. The job specification statement (that can, also, accompany the request) then describes knowledge, skills, and abilities necessary for a person to fill the vacancy.

Nevertheless, the process of selecting the manager is more complex than selecting an ordinary clerk. Managers selected outside the organization are generally chosen by senior managers based on references, oral recommendations, and interviews. Often, in the selection process are involved not only selection experts and employees in the HR sector, but also managers supervising the jobs for which new people are chosen. In addition, in some organizations, apart from these entities, employees who work with the selected candidates take part in the selection process. In general, individual differences affecting the selection process can be grouped into three basic categories:

- ♦ abilities
- ♦ personality traits, and
- ♦ competencies.

81 This is even more difficult when considering the fact that an individual cannot always express clearly what they actually can and want to do. Gaps between an individual’s skills and job requirements are factors that lead to rejection of candidates. Appropriate compliance is also significant for an individual applying for a job for the wrong selection of calls or improper transfer to another position can have a serious consequence of wasting the employee’s time. Individuals who have not been properly aligned will be miserable at work and can be transferred or dismissed if they confirm this non-alignment.

Abilities can be defined as a set of characteristics of people that make general personal prerequisites for achieving successful results in a particular field. Overall abilities are developed on inherited capabilities, influenced by personal activity and the environment.

In HR management, knowing and identifying the resources is crucial in the selection process, namely, allocation of people to jobs, professional orientation and career development, education, promotion, motivation and a number of other activities. Human abilities are divided into three large groups: intellectual, perceptual and psychomotor.

♦ **Intellectual abilities**

Intelligence is an individual ability to solve problems that cannot be solved in a learned, standard and routine way (the ability to solve new problems).

Intellectual abilities are also called the mental faculties of a personality. These relate to people's potential to process verbal, numerical and other information, as well as to understand and solve various problems.⁸²

♦ **Perceptual abilities**

It refers to the ability to quickly and accurately identify forms and detect small differences in visually affected structures.

♦ **Psychomotor abilities**

It is a whole mix of psychological and physical activities.

Creativity is a special form of human abilities. This trait is a rather important and current area of the set of human abilities and individual differences, relevant for selection and work performance. Creativity is the key to solving problems and introducing innovations and changes. From the aspect of HR and segment of human abilities, it can be defined as an ability to spot problems and find new solutions. Nevertheless, if considered in a broader context, creativity can be understood as an ability to see a situation, things, and phenomena from a different perspective and to find new, original solutions. Thus, this is ability to see situations and things in a new way.⁸³

82 Intelligence is often defined as an ability to reason, the speed of mental comprehension, or the ability to think logically, that is, as a good reasoning, good understanding, and right thinking. The generally accepted nature of intelligence is matched by a definition according to which it is identified with general resourcefulness in problem solving.

83 For example, it is usually said that someone is creative when they see new relations between the previously connected things and "produce" new ideas and new solutions. Due to its utmost importance, creativity has been the subject of study of numerous researchers in many scientific disciplines.

Table 5 Individual creativity factors

KNOWLEDGE • General knowledge • Specialist knowledge	INTELLECTUAL SKILLS • Intelligence • Divergent thinking • Fluidity of ideas • Imagination • Intellectual flexibility • Sensitivity to problems • Creative generalization • Intellectual openness • Perceptual abilities
PERSONALITY TRAITS • Tolerance of uncertainty • Non-conformism • Curiosity • Self- confidence • Independence • Flexibility • Perseverance • Persuasiveness • Skepticism • Humor	MOTIVATION • Motive for self-actualization • Motive of achievement • Motive of curiosity • Motive of diversity • Motive of daring ventures • Material motives • Organization conditions and environment

Source: Bahtijarević-Šiber, F., 1999, *Menadžment ljudskih potencijala, Golden marketing, Zagreb.*

This review points to the conclusion that creativity, from the perspective of individuals, is the result of interdependence, that is, interaction of four basic factors: knowledge, intellectual ability, personality traits and motivation. However, focusing on individual factors, from the aspect of analyzing individual differences, does not mean negating or neglecting objective factors in development of creative abilities.

Individual personality traits represent the second important area of individual differences important for selection, in addition to abilities. This importance is particularly enhanced in the process of selecting candidates for management, high-level and other complex jobs. Broadly speaking, personality traits encompass all the psychological traits of individuals, that is, all that makes one personality different from others.⁸⁴ In fact, it is a relatively stable set of characteristics and tendencies that, with the right temperament, are shaped by hereditary, social and cultural factors as well as environmental factors that determine individuals' behaviour. All these characteristics and circumstances have a decisive impact on similar or different behaviour of people in specific situations.

84 From this aspect, a personality is seen as a specific structure of relatively stable and interrelated traits, which provides a comparatively lasting and distinctive style which characterizes a person and allows for their behaviour in certain situation to be recognized.

Table 6 *Impact of hereditary factors to personality traits*

PERSONALITY TRAITS	DESCRIPTION	Percentage
Extraversion	Communicative, talkative, center of attention	61
Conformity	Follows the rules, respects tradition and authority	60
Concern, stress	Easily gets upset, feels vulnerable	55
Creativity	Vivid imagination, lost in thoughts	55
Alienation	Avoids company, consider themselves used	55
Optimism	Reliable, thoughtful, optimistic	54
Caution	Avoids risk and danger, prefers safety	51
Aggressiveness	Aggressive, vindictive, physically aggressive	48
Ambition	Works a lot, goal oriented	46
Control	Rational, cautious, plans carefully	43
Closeness	Prefers emotional closeness	33

Source: Wagner, J.A., Hollenbeck, J.R., 1995, Management of Organizational Behaviour, 2nd ed., Englewood Cliffs, Prentice Hall, New York.

The previous review suggests that different personality dimensions are associated with different performance. Nevertheless, it is a separate question how they arise, namely, how personality traits are formed. In modern business environment, the prevailing opinion is that the key personality traits are predominantly dependent on biological, i.e. genetic heritage. This implies that the hereditary factor is decisive for personality traits.

Competencies of a candidate represent the third important area (along with abilities and personality traits) significant for identifying individual differences in the professional selection process. Competence is the ability of an individual to successfully perform a particular job or task. In fact, it is a person's ability to complete certain tasks or activities according to the pre-set standards. Competences, especially in combination with abilities and essential personality traits, are crucial for raising individuals' work performance levels.

7.1. ORGANIZATION OF SELECTION METHODS AND INSTRUMENTS APPLICATION

One of the most important functions of HR managers is the process of professional selection of candidates in the organization. Therefore, HR managers are required to be well aware of the methods and instruments of professional selection. In this context, a significant segment is the choice of adequate methods for testing individual traits and establishing balance between job requirements and individual opportunities. Based on the individual traits and behaviour, that were checked in the selection process, and by applying various methods and instruments, the future work performance of a candidate is predicted. HR managers have at their disposal a variety of methods to determine balance between candidate potential and job requirements, as well as various sources for gathering necessary information and establishing relevant facts.

Basically, all selection methods, as well as procedures for gathering relevant information, can be divided into two large groups:

- (1) standard – conventional, and
- (2) alternative – unconventional.

Conventional methods and data sources are: job application, candidate's CV, diplomas, and other proofs of education, recommendations, psychological tests, interviews, work sample tests, trial period, situational tests, medical examinations.

Unconventional methods and data sources are: polygraph tests, graphology tests, drug tests, astrology, etc.

For the sake of transparency, all these methods are classified into several categories according to the appropriate common characteristics, the four most important being:

- 1) standard sources and instruments for gathering information about the candidates,
- 2) testing of candidates,
- 3) interview, and
- 4) unconventional selection methods.

Thanks to these sources of information, a great deal of candidate information is available from the very beginning of the selection process. Distinguishing between standard sources of information about candidates, which are rather simple and widespread, the following three are the basic ones:

- **job application:**

- the most common one is in the form of standardized questionnaires (forms), but also in the form of special forms (requiring additional information about abilities);
- the most popular and most appropriate way of collecting data;
- it contains basic personal information, information on education, work experience, etc.;

- **CV:**

- enclosed with the application form and it can be in the form of a standardized questionnaire that is subject to verification;
- candidates may be required to provide data on their financial situation, additional activities, hobbies, social status, etc.;

♦ **recommendations:**

- almost mandatory when hiring for they provide relevant data about a candidate and their potentials;
- provided by professors, associates, earlier employers, and others who know the candidate and their performances in the previous period.⁸⁵

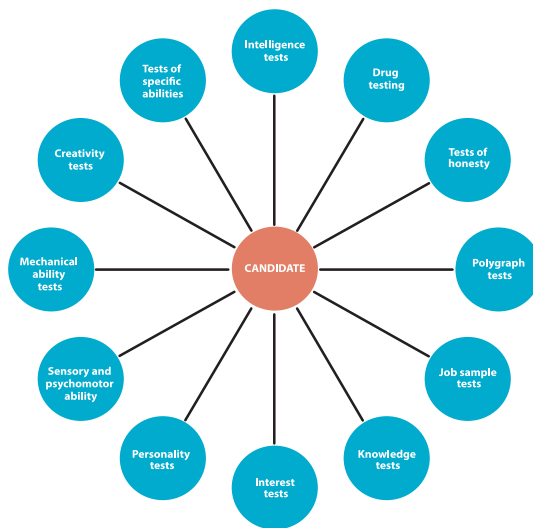
Candidate testing is a crucial instrument in the process of selecting candidates. Different types of tests can be used, whereas most of them are focused on specific job-related abilities and skills. For example, some tests require for candidates only to have a pen and a paper, whereas others refer to motor skills, and some are directly related to the use of machines and equipment. Therefore, some employers buy pre-made tests (general type tests), whereas others create their own of special type.

Nevertheless, two basic types, i.e. groups of tests, that candidates complete during the selection are:

- a) psychological tests, and
- b) job-specific tests.

Each of the test groups also includes a series of interrelated individual tests.

Figure 10 Test types used in the selection process



Source: Schultz, D.P – Schultz, S.E., 1996, *Psychology and Industry Today*, 4th ed., Mac-Milan, New York.

85 Recommendations satisfy two goals: verify whether the information provided by a candidate is accurate and provide information about the previous work performance of the candidate. However, despite the recommendations being highly used and popular, research suggest that their reliability and validity are rather low; they are subjective, subject to errors, and sometimes misused.

In order to eliminate the deficiencies, it is necessary:

- to develop standardized forms for job data;
- to seek them formally through HR department;
- to treat them as an official document that is handled responsibly and professionally;
- to introduce the practice of checking the gathered information;
- to affirm the practice and culture of performance appraisal and to argue for the candidates;

Psychological tests are one of the two basic test groups.⁸⁶ Actually, they are one of the most important and developed candidate selection tools. Their purpose is to assess the intellectual development, numeric and creative abilities, as well as other important traits of people, namely job applicants. A psychological test is also a standardized procedure that induces an activity with the aim to measure and evaluate its performance in order for separate result to be compared with the results achieved by other individuals under the identical conditions. Development of specific psychic category is decided upon based on the number and complexity of the problems solved. Regardless of the criteria according to which the tests may be divided, they mostly require a pen and paper for they primarily consist of written materials in any form: verbal, numeric, graphic, etc.

Some tests are performed using specific tools to check specific abilities (e.g. sensory and psychomotor skills). Abilities for a managerial job are most commonly tested with special tests – personality tests.

APTITUDE TESTS

These tests are applied to evaluate a person's ability to perform certain tasks, i.e. to perform specific work activities. Aptitude tests are aimed at comprehensive traits that depend on a person's predisposition, general activity and experience, which are not the result of specific training in a particular field. In practice, there are many tests to examine general and specific intellectual abilities. However, all these tests, as a rule, simulate a problem that has been found to be activated by different types of abilities.

In the selection process the following aptitude tests are most commonly used:

- ♦ intelligence tests, the best-known and the most often used, which test:
 - general ability to cope with different situations, including the problematic ones, and
 - differences that a candidate develops during these situations;
- ♦ tests of specific abilities,
- ♦ creativity tests,
- ♦ mechanical ability tests, and
- ♦ sensory and psychomotor abilities tests.

Intelligence tests consist of a series of tasks that simulate adequate situations of different content and different complexity. Respondents solve them by discovering the basic principles, the legitimacy of mutual relations, emphasizing the essential, similarities and differences, finding complex solutions, and the like. These tasks can be verbal, numeric, graphic, etc., but it is important that the candidates are presented with problem that they can solve on their own, with logical thinking.

⁸⁶ Much of psychology as a science is aimed at creating adequate tools for establishing psychic traits of people, that is, their individual differences, in order to improve the selection process of candidates.

Creativity tests are increasingly used in the selection process due to the fact that the level of personality's creativity becomes a key prerequisite for success in a number of jobs. Typically, these tests are conceptually positioned between intelligence tests and tests of specific mental abilities. Creativity is increasingly becoming a significant precondition for organizational success, namely the success of its business.⁸⁷ These tests are designed in such a way that they can relatively easily determine the extent to which the tested person is able to produce new ideas.

Mechanical ability tests are aimed at determining the ability to comprehend mechanical principles in the machines operations and to solve technical and practical problems (regardless of whether it is a special or independent ability or a complex of intellectual abilities, their identification is significant because of suitability assessment for engaging in engineering, structural, mechanical, and other jobs). Nevertheless, it should be borne in mind that these abilities, unlike other types of abilities, are highly dependent on experience gained during the work process. Mechanical abilities of individuals cannot be expressed without practice and practical experience.

Tests of sensory and psychomotor abilities are used in the selection process to determine various sensory potentials relevant for many jobs, and they include various tests in the form of apparatus and tools designed for the purpose. For example, these abilities are often tested within medical tests. Candidate selection process through the sensory abilities can verify a whole range of abilities of the tested persons. For instance, in the case of vision tests, the following can be checked: visual acuity, absolute visual sensitivity of day and night vision, color differentiation, differential sensitivity to light and hues, field of view width, etc.

In the case of candidate hearing, the following is usually tested: hearing acuity, ability to localize sound, etc. Nevertheless, for specific jobs, it is necessary to test ability to accurately identify and distinguish the shapes, structures, and characteristics of surfaces, based on touch, movement, feeling, and the like.

Psychomotor tests relate to identifying the speed, ease, accuracy, precision, and coordination of motor skills, i.e. manipulation of objects. This is important because many work activities are performed manually.

Psychomotor is usually defined as a directed purposeful activity that is used to perform some dynamic or static work (Fleishman E.A., Quaintance M.K., 1984.), and it is comprised of a series of specific psychomotor abilities of each individual.

87 However, professional public still has differing opinions about creative skills. The biggest disputes arise from the dilemma of whether it is a special, i.e. unique ability, or a combination of different intellectual abilities, including personality traits as well. In contrast, creativity indicators do not provoke such controversy. These are new and unusual solutions. In addition to specific creativity tests, personality tests are also used as a source of information and indications of creativity.

PERSONALITY TESTS

Personality can be defined as a unique mixture of individual characteristics that influence interaction with the environment and help determine each individual, in relation to the environment and to themselves.

Personality tests represent the second important group of tools that reveal both many key individual traits and differences between the candidates during the selection process. However, unlike ability tests, they measure more lasting and complex traits of individuals. Thanks to them, the style of behaviour and the way people react in certain situations are determined. In this regard, it is estimated that these tests provide relevant information for predicting the future behaviour at work of the person tested, which is of utmost importance in the selection process.⁸⁸

Implementation of personality tests for prognostic, i.e. selection purposes, is based on their nature, which is characterized by:

- examining qualitative and not quantitative personality traits;
- complexity and fluidity of traits, subject to change;
- results based on the statements, namely, self-assessment of candidates, who are sometimes dishonest in providing answers;
- non-existence of right and wrong answers, simple interpretation of the achieved results.

INTEREST TESTS

Level of interest and values are rather individual personal traits that need to be examined during the process of selection and professional orientation. These tests use specific questionnaires, which determine how well the candidate's professional interests are aligned with the interests of those successful in performing certain jobs. The results of these tests make it possible to evaluate the area, i.e. the job for which the tested candidate is most interested in.

Interest tests are based on the fact that people are more successful in the job if it is something they like best, i.e. something that attracts their greatest interest. These tests indirectly measure the candidate's individual motivation for a specific job or a specific business activity. The test tasks usually comprise of stating several (usually four) activities out of which an interviewee should choose one they prefer.

88 For example, it is indisputable that emotionally stable people can be trusted with the most responsible jobs in the organization. Personality profiles must be verified by qualified psychologists. However, it should be borne in mind that these tests are not always valid because some people, who may be poor workers, simply do well in tests.

KNOWLEDGE TESTS

This type of tests is aimed at determining specific knowledge of the tested candidates. Knowledge tests check the results of education process and the extent to which the acquired knowledge is in balance with the job requirements. Therefore, in their construction and use, it is rather important to match the content of the tasks in the test with the content of the testing area, namely, knowledge that is assumed for the job, and the validity is most often assessed by experts who are well versed in the job. Knowledge tests are mainly used in the process of checking the training results or the results of some specific education process. They are used in the selection process when some specific knowledge is a necessary requirement for successful job performance, and they can relate to one or more specific areas.⁸⁹ They are suitable for they eliminate the effect of a subjective factor, given that they are implemented in standardized conditions equal for all respondents.

Skills tests are a specific type of knowledge tests, and due to their nature, they are usually separated as a special category of knowledge tests (that many do not consider to be an integral part of the standardized psychological tests), and are treated as job sample tests, skills tests or job performance tests.

7.2. ACTIVITIES IN THE SELECTION PROCESS

There are numerous management activities in the selection process and apart from the HR managers, many other actors are involved. The candidate selection process cannot take place without the applicants and experts from the organization, as well as a number of other entities depending on the selection methods and tools used. It all depends on the selection phase, that is, the part of the selection process.

Job offer is one of the most important phases in the candidate selection process. The selection is done for the very reason to hire the best candidates, that is, to obtain conditions for taking over the jobs for which the candidates have applied. However, decision on hiring a particular candidate is not the same as starting the employment, for, usually, the employment starts after the following three conditions are met:

- decision on hiring the candidate has been finalized;
- the candidate has accepted the job offered;
- the employed candidate physically showed up for the job.

Not all the admitted candidates start employment. This happens because even after the decision has been made, a candidate may decide not to accept the job offered (which is not rare in the countries with the developed market with low unemployment rates) in the same way that an organization chooses, which is one of the basic principles of supply and demand for the workforce, that is, the recruitment process.

89 Knowledge from specific fields is the most common selection method at different faculties

If the accepted candidate accepts the job offered, a contract of employment is signed, which closely defines the amount and the method of payment of salary, working hours, vacations and absences, rules of work ethics, etc. However, if a candidate with whom a contract of employment is concluded does not show up for work at the defined time, an organization may determine an additional period during which they must come to work because physical presence in the workplace is necessary for the establishment of the work relation.

The candidate's health is checked given that it is one of the crucial factors of the future work performance. Health and physical fitness are important for many jobs. In addition, if the candidate's health is substantially compromised, their ability to start work is questioned,⁹⁰ taking into account that difficult, responsible, complex, and sensitive jobs can only be entrusted to a healthy and competent person.

Practical experience of many companies confirms that a candidate's health needs to be checked in the selection process (by using an interview method or some other methods or tools) when it is assessed that their health could be problematic. Therefore, in many countries, a medical certificate is required when applying for a job or when starting a job.

Evaluation is a very important phase in candidate selection processes. The selection process should be confirmed by monitoring and analyzing the ways newly employed workers, i.e. managers, are included in the new work environment. HR managers monitor and analyze performance of the newly employed, as well as their career advancement. Apart from them, special responsibility for this lies with other experts, line managers of the newly admitted members, who were also involved in the recruitment and selection process.

In selection activities, the monitoring phase is rather important and it usually lasts for several months.⁹¹ Therefore, the goal of monitoring of the newly employed is to supervise their performance and work results so as to have an effect on the future candidate selection processes.

Responsibility for the selection results mostly lies with the HR managers though responsibility in an organization can be distributed in various ways, depending who makes the final decision on the definite selection of candidates.

a) *Responsibility of HR specialists or HR managers*

It can be mutual or individual, which does not depend only on organization but on the type of a job for different organizations differently define responsibility in the selection process (though selection is often unplanned in many organizations), and many managers demand that they perform selection independently. It is a common practice in smaller organizations.

Many organizations have a department, sector, or HR unit within their structure, whereas managers in charge (and often supervisors) perform the final selection of the interested candidates. The more managerial ladders, the more certain it is that before an HR specialist, the final choice is given to managers, i.e. top management.

90 Sickness, disability, and work ability impairment are determined by medical examination, in accordance with the applicable rules and principles.

91 If new employees perform worse than expected, it is the best sign that selection was not successful and that the choice of candidates was wrong for without work performance there is no successful selection. Good results alone can serve as confirmation of a successful candidate selection.

Overview 12 Usual responsibility in candidate selection

HR unit	Managers
◆ Provides the initial recruitment reception ◆ Conducts the initial interview ◆ Performs appropriate employment testing ◆ Gathers information about the candidate's past and references ◆ Directs the best candidates to managers for final selection ◆ Arranges physical tests if used ◆ Evaluates success of selection	◆ Require employees with specific qualifications to complete the jobs; ◆ Take part in the selection process if necessary; ◆ Interview the final candidates; ◆ Make the final selection decision; ◆ Provide feedback on how adequate candidate selection process was;

Source: Mathis, R., Jackson, J., 1997, *Human Resource Management, 8th edition*, West Publishing Company, New York, 1997.

b) Responsibility of the central employment department

All operational selection tasks may be centralized within a special organizational unit which is a part of the HR sector depending on the size of the organization. Employment department only performs some of the tasks (or even all of them) that may be:

- receiving applications,
- interviewing candidates,
- testing candidates,
- conducting background research,
- preparing for physical examinations,
- allocation and assessment of the newly employed,
- coordinated monitoring of the employed,
- final interviewing (when terminating the employment), and
- keeping the proper records and reports.

A centralized employment office has a number of advantages (both for candidates and managers), the biggest being that better selection is expected because it is managed by a specialist and the whole process produces lower costs.

c) team members who need to work with a new worker

In larger organizations, a team is used to raise the selection process to a higher level for the team members are intensely involved in the process, are very interested to see the selected candidates achieve success in their jobs. Team members need a lot of training (and time because a decision is, usually, made by consensus) in order to carry out the selection process reliably and qualitatively, namely to become active participants in selection, testing, interviewing, and reviewing all legal regulations.

7.3. HR SELECTION PROCESS

Professional selection process in HR management follows recruitment process. These two processes are practically inseparable, namely, they are interdependent and compatible. Selection process implies that characteristic needed for efficient performance of a specific job (gathered from the job analysis) are determined, and then each of the candidates is evaluated according to the extent to which they meet the required characteristics. Based on the test results and impressions during the interview, managers make decisions about who to hire for a specific workplace. (Bogićević B., 2003., str. 123).

Prior to the beginning of the selection process, organizations set the selection criteria, as well as decide on what references are relevant for a specific job. On modern environment, qualification, skills, and abilities (QSA) are crucial to the performance of specific jobs and thus become standards for the whole selection process. (Bogićević B., 2003., str. 123).

Selection criteria are those standards that are so significant that an individual, if they intend to get the job, simply must possess them. Those can be identified through careful analysis and job description and should predict the likelihood of successful job behaviour for each candidate.

References of a candidate provide information on the likelihood that the candidate would be able to perform a specific job. In doing so, prior experience, if candidate has any, is rather important for it could predict performance if it is related to the required performances at the current job. In this regard, any selection instrument (e.g. application form, test, interview, necessary education, or experience) should be used if it can correctly predict the success of the future job performance. Nevertheless, no reference could be 100% accurate, but if one reference is 75% reliable, and other 50%, the use of these two references can significantly increase the likelihood of selecting the right employees. Adding any other valid reference can only increase this likelihood. Basically, references can be obtained from several sources, the most important being:

- academic references,
- references from earlier employments,
- financial references,
- criminal record certificate,
- personal references and recommendations.

Some of the aforementioned references may be more effective than others, which mostly depends on the type of job the candidate applies for. The most important are the job-related references, that is, references got from the previous employer, whereas recommendations from friends and relatives play the least important role and are often neglected. Nevertheless, when selecting a candidate, an HR manager should at least check the key references in a number of ways (by phone, an e-mail, mail). This involves that information suggested by the candidate should be confirmed by facts, such as period of work, types of business activities, business responsibilities, etc.

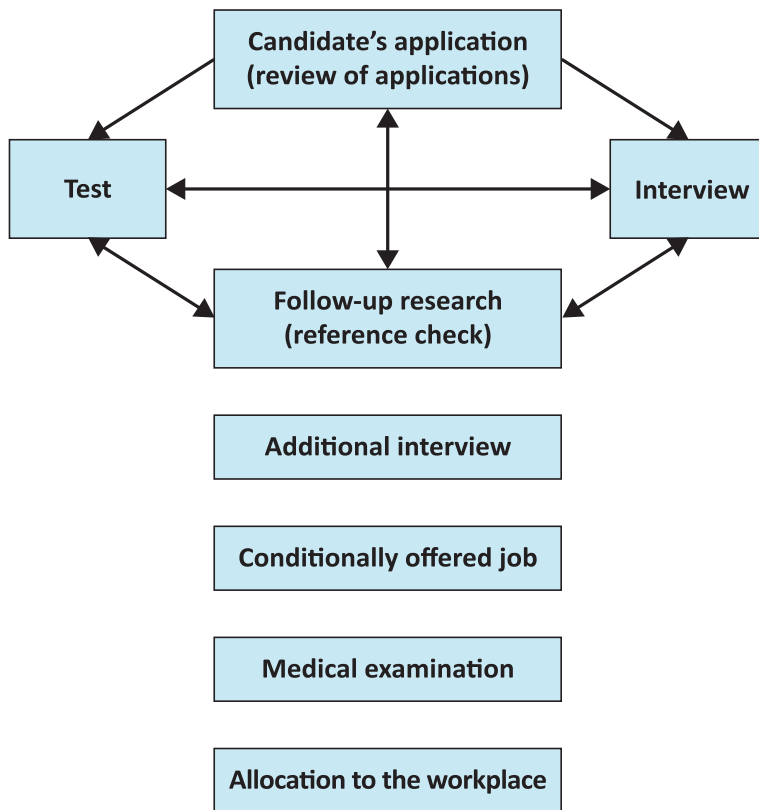
Upon reviewing and operationalizing selection criteria and determining the scope and quality of the required references, the first step in the selection process relates to the candidate application. Along with the application, they should submit the required documentation that proves they meet the requirements stated by the organization in the job advertisement. Recruitment and selection professionals, i.e. HR managers, analyze the received applications and the following documentation. Candidates' applications that do not meet the minimum requirements in terms of education and the like are returned to the senders and are left out from the further procedure. Candidates that meet the minimum requirements are called for testing or a business interview or the combination of those two, (a candidate can take a test first and then the ones with high results are called for an interview, or they can be called for an interview first and then the positively evaluated ones can go further for testing).

Certain authors indicate that the selection process consists of a series of steps that candidates go through. Though the steps in the selection process vary between organizations, the general model consists of the following ones:

1. receiving applications,
2. tests
3. interviews,
4. recommendations and verification of documentation,
5. medical assessments,
6. interview with the manager,
7. job description, and
8. employment decision (Šušnjar G. Š., Zimanji V., 2006., str. 166).

Some companies need not follow the listed order of the steps, but they still may opt to use all the steps.

Figure 11 Diagram of the candidate selection process flow



Source: Mathis, R., Jackson, J., 1997, *Human Resource Management*, 8th edition, West Publishing Company, New York, 1997.

Therefore, if the selection process shows that a candidate possesses the right qualifications, an appropriate CV, an additional, more serious interview is conducted with them. This implies that the qualified candidates are interviewed by experts, line managers, and members of a team, i.e. a work group, to determine possibility to adapt to the prevailing method of work within the organization. Nevertheless, employment is not established with the candidates who overcome all the obstacles (among others, physical and medical requirements), unless they accept the job offered. This would further mean that employment is established with the candidates that meet all the requirements, including physical and medical ones provided they accept the job offered.

FORM

Positive aspects:

- Relevant biographical data and facts that can be proven to be a reliable measure of successful job performance for some jobs.
- When items in the form are evaluated to show job affiliation, they have proven to be a reliable indicator for different groups.

Downfalls:

- Usually only a few items in the form serve as a reliable indicator of work performance, and only for specific jobs.
- Composing items in the form based on which a candidate is evaluated is expensive and difficult to maintain.

WRITTEN TESTS

Advantages:

- Tests of intellectual ability, spatial and mechanical abilities, perception and motor skills are medium reliable indicators for many semi-qualified and non-qualified jobs in organizations.
- Intelligence tests are rather reliable indicators for the position of controller.

Downfall:

- Intelligence and other tested traits may not be relevant for the actual work performance and thus insisting on such indicators may impair test reliability.

TEST OF SIMULATING JOB PERFORMANCE

Advantages:

- It is made based on workplace analysis data and is easily related to a job. It has proven to be a reliable indicator of work performance.
- Tests of simulating job performance are the actual job performance. The best known simulation tests are based on the work sample and assessment centers.

Downfall:

- It is expensive to create and maintain it.

INTERVIEWS

Advantages:

- Those must be well-designed and organized in order to be effective indicators.
- Interviewers must use the same questions for everyone in order for the questions to be effective indicators.

Downfalls:

- Interviewers must be aware of the legitimacy of certain questions.
- They are subject to certain prejudices, especially when the interview is not well-designed and standardized.

CV RESEARCH

Advantage:

- Verification of general data is a valuable source of information.

Downfall:

- Reference check is essentially a useless way of choosing.

PHYSICAL LOOKS:

Advantages:

- Is of certain significance for the jobs requiring specific physical fitness.
- It's done only for the insurance.

Downfall:

- It has to be established whether the fitness physical requirements are job-related, and not discriminatory

Source: S. P. Robins, M. Coulter, Menadžment, 8th edition, Pearson Education, Inc., Upper Saddle, New Jersey, 07458, Data status, Belgrade, 2005., pp. 290

7.3.1. INTERVIEW WITH THE CANDIDATE AS THE MOST SIGNIFICANT SELECTION INSTRUMENT

Interview can be defined as a designed conversation between two or more persons, which is organized in order to get to know the candidate and their skills, abilities and other traits in order to decide whether they meet the requirements of the job they are interested in. It is also an evaluation and assessment process during which the interviewer, based on the information gathered in the interview, decides to what extent the candidate meets the requirements and how successful they will be.

Interview is rightfully considered to be the most important selection instrument because integration implies a direct contact with the candidate, i.e. face to face, during a conversation.

During the candidate selection process, HR manager uses the interview as an instrument in order to achieve the following three goals:

- (1) to gather information about the candidate;
- (2) to provide the candidate with information about the job and organization;
- (3) to evaluate the ability of the candidate to successfully perform a specific job.

In addition, HR manager should keep in mind the necessary dynamics of interviewing. The interviewer is seeking to gather as much information about the candidate and their potentials, whereas the candidate strives to leave the best possible impression by providing information in small “dosages” in order to qualify for performing a specific job. An HR manager uses the interview to identify the following candidate’s characteristics:

- ability to act,
- individual possibilities, that is, potential of the candidate,
- interest in business and organization,
- education and expertise,
- relevant interests,
- the ability and skills to connect with others,
- skills in dealing with the authoritative personalities,
- skill to make an independent decision,
- possibility for professional and expert fitting in, and the like.

In general, interviewers look for evidence that the candidate is qualified and can be successful in performing the intended job. A number of characteristics, namely variables, is observed and analyzed, such as: emotional stability, appropriate responses, enthusiasm, trust, maturity, appearance, work experience, fluency, body language, career goals to which they aspire, and the like.

Operational research of organizational practice, in relation to the use of different types of interviews, indicates that the number and type of interview are significantly related to a type of job in question. Individual interviews are usually used for simpler jobs, whereas panel interviews or sequential interviews are used for the more complex ones.

1. INTERVIEW TYPES ACCORDING TO ITS FORMATS

a) *Unstructured interview (free interview)*

- ♦ without predefined questions or structure,
- ♦ content of questions is left for the interviewer to decide, but the goal to be achieved is taken into account.

b) *Structured interview*

- ♦ uses the same group of questions that all the candidates must answer;
- ♦ it is like an oral examination and offers great consistency and accuracy;
- ♦ it is less flexible than the traditional formats and may be less suitable for later interviews;
- ♦ procedure for determining results and candidate's evaluation has been pre-designed.

c) *Semi-structured interview*

- ♦ partial planning of questions and areas to be discussed;
- ♦ partly allows the interviewer to ask certain questions at their discretion.

2. INTERVIEW TYPES ACCORDING TO THE NUMBER OF PARTICIPANTS

a) *Individual interview*

- ♦ direct interview of two participants: interviewer and interviewee, enables a good rapport to be built between the interlocutors, creating mutual trust, and providing relevant information for both;
- ♦ a drawback can be subjectivism for only interviewer assesses and evaluates the candidate

b) *Sequential interview*

- ♦ a series of two or more individual interviews that take place one after another;
- ♦ conducted with a psychologist, in the HR sector and with a direct manager present.⁹²

c) *Panel interview*

- ♦ several person are interviewing the candidate simultaneously (all hear the same answers);
- ♦ more assessors get more objective and valid evaluation about the candidate and their abilities as it is reached by consensus of interviewers;
- ♦ possible drawbacks: large number of interviewers can create an atmosphere and tight relationships during the interview, possible inconsistency of interviewers, their manners of questioning, and the like;

⁹² As a rule, a series of interviews is conducted with the candidates interested in managerial and other responsible and complex jobs. Many organizations also opt for interview with an employee, that is, a manager the candidate would work with. This type of interview has the benefits of an individual interview, but overcomes the problem of subjectivity, which is considered to be the biggest drawback, by including more people in the assessment of candidates and their abilities (which is common for all of them).

- ♦ candidates may feel uncomfortable when answering to more people (discomfort and stress of the interviewed are increased);
- ♦ sometimes, gathering panel members at the same place at the same time can be difficult;
- ♦ in order for certain goals to be achieved, a panel interview should be well designed, structured, and organized, and interviewers should be trained and introduced to the pre-determined strategy and their role in the interview.

d) Group interview

- ♦ one or more interviewers interview a group of candidates at the same time;
- ♦ some personality and behaviour traits can be better assessed in comparison with some other interview formats (assessing self-esteem, aggressiveness, asociality, and the like);
- ♦ interviewer cannot get to know and monitor behaviour of each candidate in detail.

3. INTERVIEW TYPES ACCORDING TO ITS ROLE IN SELECTION PROCESS

a) Preliminary (initial) interview

- ♦ it is conducted at the beginning of selection process in order to eliminate the candidates who, in the interviewer's assessment, are not suitable for the job.

b) Diagnostic interview

- ♦ in-depth interview with a candidate (deciding on their expertise, other qualities and their compatibility with the job requirements, organizational culture and goals).

c) Final interview

- ♦ the final goal of the selection process, interview with the candidates who passed all the stages;
- ♦ used to make the final decision on the choice of more than equal candidates.

4. OTHER TYPES OF INTERVIEW

a) Situational interview

- ♦ structured interview consists of questions about how a candidate would act in specific job-related situations;
- ♦ interview questions are based on the job analysis, and are checked for the content relevance by experts at work.⁹³

b) Behavioral interview

- ♦ a candidate is required to provide a specific example of the way they did a certain procedure in the past or the way they dealt with the past problems;⁹⁴
- ♦ provides greater validity than the unstructured interview.

⁹³ Situational interview consists of three types of questions: (1) hypothetical, (2) knowledge-related, (3) requirements-related; experts in the field determine what are "good", "medium", and "bad" answers to the question in order to assess candidates.

⁹⁴ For instance, candidates may be asked the following questions: How did you deal with a situation for which there were no rules or guidelines relating to the employees discipline?
Why did you choose this approach?
How did you supervisor react?

c) *Nondirective interview*

- ♦ uses general questions which bring to other questions, provoking the candidate to discuss, and then the next question is formed;
- ♦ a problem arises in directing the candidate towards job-related questions and obtaining comparative data from different candidates.

d) *Stress interview*

- ♦ it is designed to create discomfort and put pressure on the candidate to monitor their reaction;
- ♦ the interviewer takes a very aggressive and offensive stand, thus making this type of interview highly risky for the employer (it can generate a rather poor image both of organization and employer) for the candidate can withdraw their application and choose not to be included in selection.

Interview as an interactive social relationship is followed by a series of problems relating to communication, assessments, expectations and other individual factors that refer both to the interviewer and candidates. In addition, their mutual interaction is also affected by an objective situation in which they find themselves and communicate, namely, business and social environment.

Example 17 Interview at Holiday Inn Hotel-Beograd for the position of the head of accounting

Interview – Questionnaire		
Date:		
Time:		
Interviewer:		
Other committee members:		
Position: HEAD OF ACCOUNTING		
Interviewer:		
Other committee members:		
Applicants name and surname:		
Required qualifications:	Comments:	Points:
Education:		
Previous work experience in the field of accounting:		
Knowledge of English:		
Knowledge of computer suites and accounting software:		
Personality (communicative,		
Flexible, team-oriented person):		

Managerial abilities						
Organizational skills:						
Ability to work under pressure:						
Overtime possibilities/work at night/ weekends:						
Points:						
Comments:						
Legend	Satisfies	2	partially satisfies	1	does not satisfy	0

Source: Internal documentation in the Hotel Holiday Inn –Beograd

After the interview, the final decision on selecting a candidate is made. The final decision is made based on references, knowledge, and skills that they possess and based on the observed behaviour – appearance, impressions, traits, showed enthusiasm, and communicative abilities during the interview. Thereafter, an employment contract, that regulates the mutual obligations of both the employer and the employee, is signed.

7.3.2. UNCONVENTIONAL HR SELECTION METHODS

The process of selecting human resources, namely, the candidates for a job and work task within an organization, can be performed, in addition to most commonly used traditional methods and instruments, by applying unconventional selection methods. Nevertheless, use of unconventional methods does not exclude the traditional ones, nor does the others, selection methods and instruments relevant for the process of selecting the interested candidates. Methods which are most often applied and can be labeled as unconventional ones are:

- ♦ polygraph testing,
- ♦ “honesty tests”,
- ♦ testing for the use of drugs and other opiates,
- ♦ graphology and astrology.

Polygraph testing is performed using a polygraph (lie detector) as a special instrument that determines whether statements of a person are true or false based on their physiological reaction (heartbeat, blood pressure, respiratory rate, and depth of breathing, adequate skin reaction, and the like).

Employers are very interested in checking honesty and reliability of those to be hired. This especially applies to the categories whose work is related to dealing with money, securities, trade secrets, and the like. However, use of polygraph for candidate selection process in organizations is opposed by some psychological and other organizations,

emphasizing, among other things, that its application is unacceptable from an ethical standpoint, and rather debatable from the professional aspect.⁹⁵

Honesty tests are applied due to very frequent disputing of lie detector, that is, due to the shortages related to its application.

The primary goal of the tests is to try and identify candidates prone to theft and other forms of inappropriate and harmful behaviour in the process of work and performance of a job.⁹⁶

In practice, different types of honesty tests are applied, most common being:

- those directed towards the stated views,
- those that broaden personality traits,
- those focused on determining the stands on work behaviour and specific issues of organizational reality (being late for work, absenteeism, alcohol and drug abuse, etc.).

All these tests⁹⁷ share a common characteristic, namely, a goal to identify candidates that organization should not rely on in the future, that is, such candidates are eliminated from the selection process. Many companies use the honesty tests that can help them reduce the losses incurred from the thefts committed by employees.

Testing for the use of drugs and other opiates is gaining in importance every day, namely, their importance is increasing due to the increased use of drugs and its detrimental effects on the work process and work contribution.⁹⁸ Nevertheless, testing for the use of drugs still raises a number of dilemmas and controversies, and many associations and institutions are involved in the debate, thus emphasizing that these tests are an attack on personality and dignity. Therefore, in many cases, these tests are conditioned with an approval. However, despite the numerous disputes, drug testing programmes contribute to selecting better candidates during the selection process.

Graphology is a specific analysis, namely, identifying handwriting, which is based on the fact that one's handwriting is rather stable and recognizable. Use of graphology in the selection process is based on the belief of graphologists that handwriting reveals certain characteristics of personality which then can be used to assess a person's behaviour.⁹⁹

95 Opponents of polygraph testing of candidates particularly point out that these tests, basically, examine the state of emotion and nervousness, and not the degree of honesty or dishonesty, as well as that the results obtained by it do not differ much from chance guessing

96 For example, unnecessary absenteeism, use of false doctor's notes to cover a sick leave, shirking at work, and the like.

97 Candidates participating in this test answer "yes" or "no" to the questions from the list, and the questions may be:

Would you tell your boss if you knew that an employee was stealing from the company?

Is it ok to borrow company's equipment to use at home, if you return it?

Have you ever uttered a lie?

Would you like to be more physically attractive?

98 Research has shown that, for example, in the USA more than 90% of large companies have used these tests.

99 Graphology supporters emphasize that similar characteristics of handwriting (such as the slope, letter size and thickness, regularity, spacing between the letters, and the like) can help to establish personality profile, virtues and flaws, hidden motivation, etc. In Western Europe over 80% of the companies use graphology as a selection tool.

Astrology (horoscope) is also used as an instrument in the process of selecting candidates interested in a job. It plays an important role in the work of managers, that is managers attach more importance to it. They believe it is important for it affects their beliefs and stands, as well as their behaviour. However, all the efforts made by scientists to establish the connection between astrology and personality, i.e. horoscope, have been negative.

Example 18 HR selection at the Hotel “Zlatnik”

HR selection process at “Zlatnik” hotel:

- ◆ Candidate application (the head of the department reviews applications and documentation);
- ◆ Diagnostic interview (includes English language test – spoken and written parts);
- ◆ Follow-up checks, if necessary (reference check – checking credibility of information provided in the CV);
- ◆ Additional interview (as needed and exclusively at the request of the hotel owner);
- ◆ Conditional job offer;
- ◆ Medical examination (all employees of the hotel, regardless of the position, are required to pass medical and sanitary examinations. It is important because of the job rotation);
- ◆ Allocation to a workplace (part-time or full-time).

Hotel “Zlatnik” uses standard methods and instruments for candidate selection (those are actually conventional methods – job application, candidate’s CV, diplomas, recommendations, interviews, medical examinations, probation work, etc.).

A standardized application form, i.e. questionnaire is used. (see the practice example on page)

QUESTIONNAIRE		
Name and surname		
Date of birth		
Place of birth		
UMCN and personal ID number		
Address and telephone		
Title and education level		
Work experience		
Languages		
Jobs you apply for		
Smoker	YES	NO
Date, _____ _____ signature		



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. How would you explain the process of selecting the candidates?
2. What individual differences affect the selection process?
3. What three groups of abilities are important for a company?
4. Name the methods used in HR selection.
5. What types of ability tests are used by hotel enterprises?
6. What are activities in the selection process?
7. What criteria and references are important when selecting a candidate?
8. What interview types do you know and what is their main purpose?
9. What are the unconventional methods of human resources selection?



8. SOCIALIZATION AND ORIENTATION OF EMPLOYEES

UPON READING THIS CHAPTER ONE SHOULD BE ABLE TO:

- ♦ Define the process of socialization.
- ♦ Explain the purpose of socialization.
- ♦ List the phases of socialization.

Strategic HR management activities include socialization, namely, professional orientation of the newly employed. Socialization is a process used to introduce a newly employed worker into the job and organization, i.e. its structure, work conditions, rules of conduct, colleagues, contents of organizational culture and climate, and their rights, obligations and responsibilities during the employment. Socialization is a two-way process involving two parties: organization and employees. Responsibility for successful implementation of this process usually lies with HR department and manager responsible for the organizational unit where the new employee will work. Orientation process involves: introduction to organization, its resources, plans, and goals, its history and tradition, and its human resources, as well as training the new employee.

Orientation implies activities related to getting acquainted with the organization, its resources, plans and goals, contents of its culture and tradition, and training of the new employees, i.e. managers, for independent and productive work. Nevertheless, in order to prevent resistance towards the newly employed, other workers should be explained not to see new colleagues as their competition but as people hired to achieve organizational goals and to make things better for everyone.

Socialization can be defined as a continuous process of introducing employees to the dominant values, attitudes, and norms of behaviour in the organization. (Chao G., 1994., str. 740-743). (Mathis R., Jackson J., 1997) Orientation forms can be either group or individual, namely, formal and informal.

Socialization and orientation are a natural continuation of the recruitment and selection process. Therefore, they represent a number of activities that are prerequisite not only for the training of the new worker, but for their future development and advancement.¹⁰⁰ Successful integration into the new environment is an important prerequisite for the unwanted outflow of workforce, work motivation, creation of positive climate for the smooth running of work, and achieving good business results.

¹⁰⁰ For example, if the new worker starts well and thus indicates that they will be a good employee, i.e. successful manager, it is rather important to be recognized for this in the form of praise and support from the colleagues and immediate managers, so that they develop a sense of belonging to the organization and their work motivation is increased.

Purpose and the main goal of socialization and orientation is to introduce the newly employed to the work they are supposed to perform, their co-workers and organization, and it is treated as a two-way process. In addition to the overall goal, which is to assist the newly employed to meet the work environment, namely, to bring their performance to the acceptable level as soon as possible, the process has at least three specific goals: (Mathis R., Jackson J., 1997)

(1) *Making an initial favorable impression:*

- information on when and where the employee reports on their first day;
- effective management of all relevant documentation;
- kind and efficient people who help the new workers;

(2) *enhancement of interpersonal acceptance:*

- allocation to the appropriate group or team;
- getting to know the immediate managers and their expectations;

(3) *reduction of employees turnover:*

- many new employees leave the organization in the first six months;
- new employees should go through more sessions during the orientation.

Stages of socialization and professional orientation of the newly employed

(1) *Preparation phase*

- begins in the period of thinking about the job and gathering the initial information about the organization, work conditions, employment conditions, etc.,
- organization provides information about itself to the candidates in different ways (advertisements – competitions, brochures, catalogues, spoken information – interviewer, manager, etc.),

(2) *Confrontation phase*

- starts with the recruitment of the new worker (new environment, new people, new rules of conduct), adapting to the new environment and work conditions, and it lasts for about two weeks;¹⁰¹
- training the new worker to perform the job successfully.

(3) *Integration or metamorphosis phase*

- mastering the rules and ways of work, as well as their acceptance,
- adjusting values and other stands to the organizational reality,¹⁰²
- permanent information on how to achieve organizational goals and expectations;
- organization undertakes the following activities: draws up an integration programme, appoints a person to welcome and help with orientation of the new worker, defines responsibilities of HR department and immediate manager.

101 For example, a new employee will be confused, surprised, and even disappointed if no one greets and welcomes them on their first day at work, take them to their workplace, and provides them with all the necessary information.

102 In this regard, the new worker finds particularly important talking to managers, obtaining relevant information from their mentor who trains them for independent work, introduces them to the general act of the organization, and rules of conduct, and the like.

Example 19 Socialization process at 5 Belgrade hotels participating in the research

Based on the analysis performed in 5 Belgrade hotels, it can be concluded that the process of socialization and orientation of people on probation and the newly employed is performed on regular basis. These hotels use it as a process of introducing a new worker into the job and organization in details; work conditions, rules of conduct, their colleagues, contents of organizational culture and climate, rules, obligations and responsibilities.

Candidates are introduced to the organization and work conditions as early as selection process. Thus there is no room for disappointment when they start work.

Training for independent work is performed individually and face to face. They use an informal form of orientation (it represents routine, unplanned, and non-formal orientation forms).

Head of a department and employees play the most important role in the socialization and orientation process. They allow the new worker to experience the sense of belonging and importance. They provide them with necessary information according to their integration into the organization. They introduce the new worker to organizational culture, i.e. unofficial information such as: dress code, lunch practices, etc. They provide them with information regarding the organization's policies and work rules.

Including the new worker into the job must be monitored and analyzed, namely: how they progress and what their results are (assessment and follow-up interviews). During the process, the head of department communicated more often with the worker and indicates their success and failures. Success is encouraged and praised, and treats failures with caution and tolerance so that the worker would not feel disappointed and lose their confidence.

Responsibility for results largely lies within the head of the department in which the new worker is employed. Period of monitoring lasts several months, and depends on the job, its complexity and responsibility.



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. How would you define the process of socialization?
2. What is the main purpose of socialization?
3. What are the goals of socialization?
4. What are the stages of socialization?



9. IMPROVEMENT OF EMPLOYEES PERFORMANCE

UPON READING THIS CHAPTER ONE SHOULD BE ABLE TO:

- ♦ Explain how the education function is realized within the restaurant.
- ♦ Define and explain the difference between the terms studying, training, personnel education.
- ♦ List five basic steps in professional training of employees.
- ♦ Know what tools to use to discover types of necessary training.
- ♦ Define organizational learning and list the phases it is comprised of.
- ♦ List types of education.
- ♦ List the types of trainings that are most commonly implemented.
- ♦ Explain the models of training applied.
- ♦ List basic guidelines – primary principles of learning.
- ♦ Explain the difference between employee training and development.
- ♦ List the phases in career development.

9.1. EDUCATIONAL FUNCTION OF AN ORGANIZATION

Modern business environment requires not only the organization to adapt (to the rapid and fast changes in the environment), but the employees to adapt as well (to the workplace changes and work conditions). The time required for knowledge is increasingly shortened, thus generally making a university degree a prerequisite for employment and continuing learning during the work life. Organizations that strive to be efficient and effective in their business, see education and development of their employees become the key and best factor in development of HR, organizational flexibility, and competitive advantage.

Educational functions within an enterprise are achieved through:

- ♦ employee education,
- ♦ educational, professional, and specialist training,
- ♦ employee training,
- ♦ educating while working,
- ♦ professional development, and
- ♦ employee development.

Learning is a process of acquiring knowledge and skills necessary to successfully perform certain jobs or a specific task. It results in a relatively permanent change in behaviour of employees while performing the job (in case there is no change, results of the learning process are not satisfactory), that is, in a change of work behaviour or work performance of the individual. The basic characteristic of learning is to gain and acquire knowledge, skills, and habits through education and practical work.

Training is defined as an effort aimed at improving employees performance while doing their jobs and work tasks. It includes any (more or less organized) programme of practicing and perfecting a physical or an intellectual activity. It should result in changes in specific knowledge, abilities, skills, attitudes or work behaviour. However, in order for training to be successful, it is necessary to align it (plan and design it well) with the real needs of the organization, that is, aim it at acquiring specific knowledge, skills, and techniques necessary for work activities.¹⁰³ Broadly speaking, training is a process of changes in behaviour and attitudes of employees in a way that prospects for achieving the set goals are increased.

Preparation is a process of acquiring knowledge and skills necessary for performing specific jobs and work tasks. It relates to the on-going tasks and present situation, and that is what makes it different from education. Although it may often be used as a synonym for training, it differs from it in a sense that it is not a continuous process (it can be an *ad hoc* preparation for the use of a certain machine, tool, equipment, and the like), but it is organized when the job requires it.

Education is a process of widening the overall knowledge, skills, and abilities to independently make decisions and act accordingly in various situations. Education enables employees to perform different jobs and thus create necessary preconditions for further development. It is a process that requires more time than training and preparation, and it is generally directed at the future job requirements, i.e. work tasks in the organization. Training addresses the current issues and needs, whereas education deals with the development of a more lasting needs of the organization and its work processes.

Development of employees refers to acquiring new knowledge, skills, and abilities necessary for taking over new and more complex jobs and positions, namely to prepare for the future and requirements of the organization that are yet to be defined. Development helps to expand and increase the overall individual potential and to create preconditions for more successful performance of the current tasks, and to prepare employees to successfully deal with future challenges and commitments brought about through job innovations.

The basic differences between employee training and development can be seen by comparing basic characteristics of each process.

103 Training is investing in a person, where an employer invests their money and an employee their time (and sometimes even money). It is rather important in fast-changing industries, and organizations have realized that they should develop skills of all employees and not just managers.

Table 7 Differences between training and development

Characteristics	Training	Development
Focus	Current job	Current and future jobs
Scope	Individual workers	Work group, team or organization
Time frame	Direct	Long-term
Goal	Eliminate the lack in present skills	Preparation for future job requirements

Source: Gomez-Meija, L.R., Balkin,D.B., Cardy, R.L., 1995, Managing Human Resource, Englewood Cliffs, Prentice Hall, New York.

Modern HR managers consider employees’ education to be the basic presumption of transforming workers into experts, that is, of professional job performance. That implies that differences between training, preparation, education, and development are diminishing for in modern and more complex business environment, organizations become more interested in constantly improving the knowledge of employees, namely, in their training to successfully deal with increasing number of current challenges.

9.2. TRAINING AND DEVELOPMENT OF EMPLOYEES COMPETENCE

Practice has shown that a company in modern economy bases its competitive advantage on the knowledge of its employees. Suppose a company is worth as much as its employees know and that intellectual capital of a company is its IQ. It is a reason why all companies are paying more attention to training and learning of their employees. On the other hand, all employees themselves have a constant need, as well as a requirement for permanent learning, training, and development, in order to gain skills and knowledge that would prepare them for new business tasks and challenges. (Mašić B., 2009., str. 262).

New workers need to learn new skills. Given that their motivation is generally high, it is relatively easy for them to master the skills and behaviour expected of them in a workplace. However, workers who have received training may cause certain problems. Training of such workers is not an easy job, and when the training programme is designed, it happens that a worker does not want to change the established mode of work. (Avlijaš R., 2010., str. 213)

Employee training and preparation can be defined as an organization’s planned effort to improve performance of its employees at their or some related workplace. Training implies changes in specific knowledge, abilities, skills, attitudes, and behaviour of employees. (Bogićević B., 2003., str. 154).

The term training is usually confused with the term development of employees. Development of employees is about creating learning opportunities to help employees in their personal development. Employee development opportunities are not limited to a workplace – the long-term goal is to prepare employees for future job or career requirements. (Bogićević B., 2003.)

Employee training is an increasingly significant activity within the HR management due to world economy globalization, stronger need for leadership, increasing importance of knowledge, the need to attract the talented individuals, a stronger focus on quality and rapid changes. Employee training is closely related to other HRM activities. For instance, function of HR planning identifies the number of employees and skills that are in demand for the planned period. Employee training is also closely related to career development function, given that it is a necessary input for making decisions regarding transfers and promotions. Employee training and programmes delivered can be divided into five steps (as seen in the following overview).

Overview 14 Five steps in professional development

1. ANALYSIS OF TRAINING NEEDS

- ◆ Identify what specific skills are necessary to improve performance and productivity.
- ◆ Ensure that the training programme is tailored to the education level, experience and skills of the workers involved.
- ◆ Set training goals.

2. TRAINING PLAN

- ◆ Provide goals, methods, resources, description and schedule of topics, examples, and training exercise. Include them in the training programme.
- ◆ Ensure that all materials, such as instructor's and participants' guidelines, are complementary, clearly written and that they fit into a common training programme that meets the stated training goals.
- ◆ The result is usually a training manual. It may include a job description, an outline of the training programme, a description of what an employee is expected to learn, and (sometimes) several short self-tests.

3. CONFIRMATION OF TRAINING IMPORTANCE

- ◆ Present and check the training programme in front of a representative audience. In order to ensure the programme efficiency, base the final correction on the results of a trial test.

4. PROGRAMME IMPLEMENTATION

- ◆ If possible, create an instructor training workshop that will focus not only on the training contents, but to the presentation skills. Then implement the training programme.

5. ASSESSMENT

- ◆ Assess what the trained workers have learned, what their reactions are, how they behave and/or what results they achieve.

Source: Taken from Gery Dessler, Osnovi menadžmenta ljudskih resursa, Data Status, Belgrade, 2007., pp.154

Nevertheless, in order for training to be relevant, it is necessary to know the types of training that should be conducted, at what jobs, to what extent and at what level. Therefore, in addition to the task analysis, it is necessary to conduct *a performance analysis* (determining the results and considering whether training would lead to better results).

Overview 15 Choosing the right employee programme

Knowledge level	Instructions at workplace Employees assistance	Role play Formal courses - lectures	Job rotation Simulations Case studies
Abilities development	Job rotation Help from the immediate manager Simulations	Role play Job rotation Assistance from the immediate manager Simulations	Job rotation Help from the immediate manager Simulations Case studies
Operational efficiency	Job rotation Assistance from the immediate manager Simulations Cooperation with external institutions Instructions at workplace	Role play Job rotation Help from the immediate manager Simulations Instructions at workplace	Job rotation Simulations Case studies

Source: B. Bogićević, *Menadžment ljudskih resursa Ekonomski fakultet Belgrade*, ISBN: 86-403-0543-9, Belgrade 2003, pp.167; Adapted according to Von der Embse, T.J., 1973., *Choosing a Management Development Program: A decision Model*», *Personnel Journal*, October, pp.91

Overview 16 Means that help identify what training type is needed for the workplace

Sources of workplace data		Informacije o potrebama za obukom
1.	Job/workplace description	Shows typical duties and responsibilities for a specific workplace, but the representation does not have to be comprehensive. It helps to determine inadequate performance.
2.	Job specification or task analysis	Lists specific tasks performed at any workplace. It is more precise than job description. Specifications may also include assessment of knowledge and skills required to perform a specific job.
3.	Business performance standards	Goals of the tasks performed within a job and standards according to which an employee is assessed. Sometimes reference data is also provided.
4.	Work in the workplace that is being evaluated	The most effective method of identifying specific tasks performed in a job is to spend some time in that workplace. However, the method has significant limitations when it comes to higher level jobs as it usually takes a long period of time between completing work tasks and the final outcome.
5.	Employee observation – an example of work	The same as 4.
6.	Reading literature related to a specific workplace research in other branches professional journals documents government sources doctoral thesis	It may be useful, but there are not many common things with either the unique aspects of a workplace within the organization or the specific requests regarding business performance.
7.	Ask questions about the workplace to other people working at the same workplace to the supervisor to senior managers	When the job is considered from several different perspectives, the need for training can often be revealed.
8.	Training committees or meetings	The same as 7
9.	Analysis of operational problems a. reports on periods of suspension b. damage of goods c. repairs d. delivery delays e. quality control	Indicates factors that impede task completion, environment factors, etc.

Source: Gery Dessler, *Osnovi menadžmenta ljudskih resursa*, Data Status, Belgrade, 2007., pp. str.155

Example 20 Training of employees at Ritz Carlton Hotels

The company Ritz Carlton Hotels comprises of a chain of 28 hotels located around the world. The company motto is “be our guest”, and the statement that can often be heard among the employees is “We are Ladies and Gentlemen serving Ladies and Gentlemen”. The company invests a lot into training its employees. Each of the 14,000 employees must go through both orientation training and specialized training for the workplace they work at and thus obtain a certificate. Given that we respect the individual differences in learning, employees are free to choose when, within the first 60 days at work, they will take the certification test.

The Company makes no distinctions between different types of jobs when it comes to mandatory training. Despite certain jobs, by the nature of it, being exposed more to the public eye, all categories of employees must undergo a training and receive a certificate upon passing the test.

Today, function of employees training is one of the most important levers of the Company's top management efforts to provide continuous quality service improvement. Development of the employee training function is all the more impressive when considering the fact that just ten years ago the Company did not employ a single person that dealt with the employee training.

The Company has applied for the “Baldrige Award”, which is the most prestigious awards in the quality sector in the world. One of the areas of work quality improvements was an attempt to shorten the cycle of reception of guests to 2 minutes. Time needed for a guest from the moment they entered the hotel to the moment they got into their room was analyzed. Also, a survey researching the guests attitudes was conducted with the aim of eliminating the job elements that do not create any additional value and to see if the time needed for the guest to complete all formalities and be accommodated could be shortened. A new practice for all employees to write reports on oversight was introduced: equipment was not in the meeting room, all rooms in which smoking is allowed were occupied when the guest tried to get such a room. All reports are forwarded to the hotel Director on a daily basis, who thus stays informed on all that happens within the hotel, and has more time to identify the causes of possible conflicts and to resolve them.

The Company has several standardized training packages that employees and managers of all hotels must undergo. Nevertheless, training managers can create new and specialized trainings for the needs of their hotels. All successful trainings presented to the top management of the Company and it is a common practice for these packages to later be included into the standardized training packages.

Source: taken from Stefanović V, S, Blagojević, Menadžment ljudskih resursa, Univerzitet u Novom Sadu, PMF, 2009., pp. 2; Bogićević, M.B., Menadžment ljudskih resursa, CIDEF, Belgrade, 2008.

Example 21 Employee training programme at Palisad Hotel Zlatibor

	Plan of work with candidates	
Topics covered for all candidates upon arrival at the hotel		
Topics (outcomes)	Guidelines, recommendations, simulations, practice..	
RECEPTION ♦ Booking hotel services: ♦ Procedure ♦ Methods ♦ Making a booking ♦ Introductory classes (information technology in the hotel industry); reservation system "Morena" - hotel "Palisad"; Comparison with HIS (Stanford) and Fidelio; ♦ Verification, procedure and documentation ♦ Payments and logging ♦ Reception, Check-in ♦ Standards of appearance, behavior and operations - guest welcoming ♦ Business books, guest registration ♦ Legal norms, documents, residence permit book ♦ Bell-desk service ♦ Baggage, concierge, doorman, parking service ♦ Getting to know the parts of the room and the equipment ♦ Getting to know all services at the hotel ♦ Resolving guest complaints ♦ Crisis management, examples ♦ Walk-In booking and booking changes ♦ Worker responsiveness, assessment and exercise ♦ Check-out ♦ Elements of the hotel bill ♦ Hotel bill payment procedure ♦ Examples of cash and non-cash payments ♦ Telephone center ♦ Standard ♦ Hotel legitimation of guests ♦ Cards, extra charge ♦ Giving information ♦ Destination, weather forecast, traffic	Functioning of hotel departments, management, relationship, communication...	

COMMUNICATION WITH GUESTS DURING THEIR STAY IN A HOTEL ♦ Hotel services ♦ Knowing the hotel ♦ Immediate and wider surroundings of the hotel ♦ Legal norms, customs, business partners ♦ VIP guest welcoming ♦ Standards of conduct ♦ Booking ♦ Records the expenses during the stay ♦ Extra consumption ♦ Information on optional services ♦ Specific requests and demands of guests ♦ Troubleshooting during a guests' stay at the hotel ♦ Lost items... ♦ Messages, shipments and wake-ups service for the guests ♦ Gathering feedback on the quality of the provided services. A survey.	Functioning of hotel departments, management, relationship, communication...
Hotel facilities	Getting to know public areas, rooms, different hotel areas.
Dealing with guests	Communication
Importance of properly handling the guests	Culture and standards “Palisad” hotel
Elements of good hospitality practice	Specific examples (reception)
Recognize and anticipate guests’ preferences	Suggestions to meet guests’ needs
Response to complaints and problematic situations	How to solve problems arising from the guest-employee relationship (practical examples, simulation), standard
A way to establish a long-term relationship with the guest	Kindness
How to make a guest loyal	Empathy, guest care
Rules of conduct when dealing with guests over the phone	Standard: Answering a phone call

TOPICS FOR WAITERS	
Equipment and furniture at the reception and guest rooms. Service inventory. Preliminary work in service departments. Clearing tables after meals and banquets. Preparation of buffet and “A La Card” offer. Walk and posture while serving. Welcoming, accommodating and escorting guests. Standards. Serving in the breakfast room. Buffet. Service methods – in practice. Selecting and serving beverages, serving from a draft system, standards for cooling drinks, hot beverages, inventory for serving cold and hot beverages, bottled drinks, wine tasting, etc. Tavern service (terraces, patisserie...). Hotel restaurants service – different facilities. Organization of service in a restaurant based on guests’ choices. Billing, greeting the guest goodbye, and closing tasks in a restaurant.	
EVENT ORGANIZATION (SALES JOBS)	
Prerequisites for an event organization	Accommodation, congress hall, equipment...
Types of events	Concept and types of events
Marketing, lobbying, loyalty	Examples of seminars at the hotel
Group bookings	
Possible scenario of gatherings	Defining a plan of action and events
Coordination of hotel services	Issuing orders to hotel departments
Registration fee payments	Tracking statements and payment records
Organizing optional tours	Creating an excursion programme

Source: HR department, hotel „Palisad“, Zlatibor

Example 22 Training at the Crown Plaza in Belgrade¹⁰⁴

Trainings with a lecturer (Training manager/Departmental trainer):

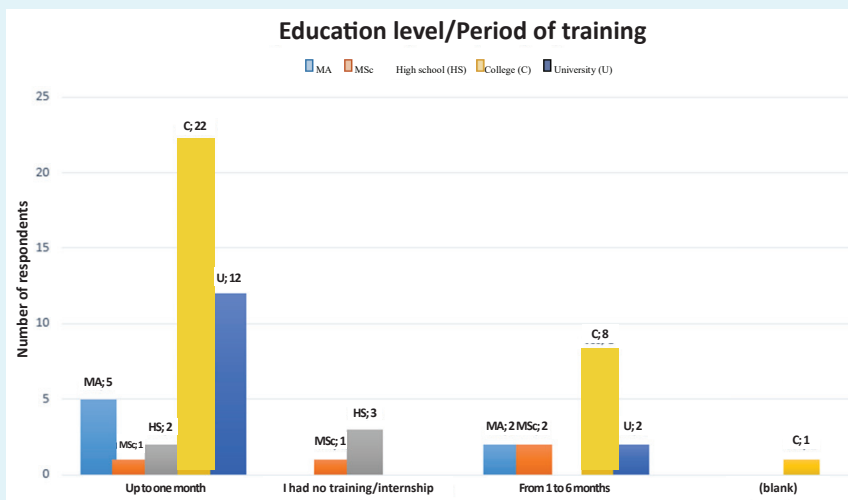
1. Obligatory – Safety & Security
2. Orientational
3. Brand-related
4. Specific trainings

Online & WebEx trainings:

1. Merlin
2. My Learning
3. eCornell
4. Harvard ManageMentor
5. IHG Training Solution
6. The IHG Leadership Academy

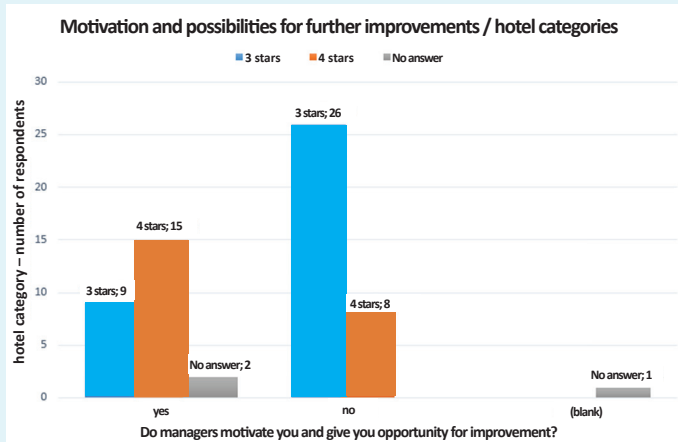
At the Crowne Plaza hotel, management values various types of training and invests a lot in their employees. Management goal is for employees in all sectors to go through and train in other sectors as well, in order to understand importance of all hotel jobs and to improve communication between the employees given that cooperation, team work, and communication are regarded as the heart of success of any major hotel.

Example 23 Training at the analyzed Belgrade hotels¹⁰⁵



¹⁰⁴ Information obtained from HR coordinator at Crown Plaza Hotel, Nikolija Mićunović

¹⁰⁵ Šekarić M, Stanić N, Kostić M, Šekarić Sotirovski J., SYNTHESIS 2015"Tourism and hospitality 541-546., International Scientific Conference of IT and Business-Related Research, Belgrade, Singidunum University, Serbia, 2015, pp. 541-546. doi: 10.15308/Synthesis-2015-541-546



It is rather important for hotels that employees are constantly learning and improving themselves in order to gain skills and knowledge necessary for new tasks. Globalization of the world economy imposes on the HR function strengthening of the need for knowledge, as well as for attracting talented individuals, thus making employees training increasingly important activity within HR management. In the survey, as many as 68.85% of employees received training for up to one month, 22.95% for up to six months, and no training 6.56% of the respondents. None of the surveyed hotels sent their employees to training for a period longer than six months. These data indicate that our managers do not take into account the vision of their hotels in the long run and thus do not motivate their employees to position themselves at a higher level within the organization by training. The survey results indicate that a training lasting for up to a month had 52.38% of employees with a university degree, 28.57% with a college degree, 7.14% with a master degree and 4.76% with a high school diploma. We believe that a month's training is a short period for employees to be trained in the profession and give good results at their respective workplaces.

Graph 7 indicates that three- and four-star hotels do not provide their employees with sufficient training opportunities, which is not to be praised considering that their clients are rather picky and demand superior service. Thus, 55.76% of the respondents answered that they did not have any additional training, with 76.47% of the respondents working in a three-star hotel, and 23.53% in a four-star hotel. Respondents who said that they had additional training make up 42.62%. In this case, four-star hotels accounted for 57.69% and three-star hotels for 34.61%. These percentages may offer the wrong picture, and therefore causes of such a bad picture should be addressed. The same goes to prove that hotel management does not have a clear vision of what might be required for the future business success, and the basis of successful business consists of collective elements of knowledge, whereas individual knowledge does not represent a big profit for the company. Bottom line is that management should maintain intellectual property. Nevertheless, managers in our hotels are afraid of workers who improve themselves, so they do nothing to retain them or help them work effectively, as they will demand better work conditions and better positions. The survey results confirm that management does not give an ear for the collective knowledge which is rather important for survival of hotel companies in the long run.

9.3. ORGANIZATIONAL LEARNING

In today's market conditions, the only permanent source of competitive advantage of a company, in an increasingly globalized market, lies in its ability to gain knowledge. An organization can create a durable competitive advantage if it has the capabilities and resources that:

- a) Provide superior value to a consumer or a client;
- b) Make it difficult to imitate its products or services;
- c) Are applicable in multiple scenarios.

However, a competitive advantage is not created by a particular market position itself, but by the ability of a company to use that position better than its competitors. In the turbulent conditions of rapid change, companies are gaining competitive advantage in the market not because they have something that other companies do not have, but because **they know and they can do** something better than others.

Organizational learning is defined as the process of gaining and using new knowledge that gives a company a competitive advantage in the market.

It consists of four basic stages:

1. Knowledge creation through the collection and interpretation of information;
2. Knowledge transfer (knowledge is shared and made available to all members of the company);
3. Knowledge retention (organizational memory);
4. Using knowledge to modify individual behavior and routines in the company.

Organizational learning is very diverse and can be done in many ways, but there are two basic ones:

(1) **Learning before doing**

- It includes all forms of systematic gathering, interpreting, transferring and retaining information to expand a company's knowledge base:
 - a) Collecting professional and scientific literature, going to lectures, seminars, courses;
 - b) Experiments, laboratory and field research;
 - c) Learning from the others' experiences (imitation, strategic alliances, benchmarking);

(2) **Learning by doing**

- Learning from your own experience or learning from your own trial and error.

In creating a learning organization, in any field of work, the most attention is paid to the following components: organizational structure, systems, organizational culture, as well as the leadership style and tasks that managers have in that type of organization.

*YOUR ABILITY TO LEARN FASTER
THAN YOUR COMPETITION IS YOUR
ONLY SUSTAINABLE COMPETITIVE
ADVANTAGE.*

Arie GEUS - journalist

The organizational structure of a learning organization should be based on the principles compatible with double-loop learning (questioning the basic assumptions underlying business routines). In order to make double-loop learning a day-to-day routine, the organizational structure of an enterprise should have the following characteristics:

- 1) Low work specialization;
- 2) Multiple functions - individuals, groups and organizational units should develop a number of skills, abilities and knowledge in order to be able to perform multiple functions;
- 3) Diversity of work processes and methods;
- 4) A maximum possible decentralization;
- 5) A minimum levels of hierarchy;
- 6) Network structure, team grouping;
- 7) Flexibility;
- 8) Intensive communication;
- 9) Vast use of integrative mechanisms in the structure (product leader, market leader, project leader, etc. –they are in charge of communication and coordination).

The organizational culture of a learning organization should also support the learning process.

Organizational culture is a system of assumptions, beliefs, values and norms shared by members of an organization that significantly influences their behavior.

The human resource management system is also experiencing changes in the learning organization. It needs to change in terms of employee selection criteria, in terms of their development and training within the organization, as well as in the terms of rewarding system.¹⁰⁶ Employees must be rewarded for each new step in the development of their abilities, knowledge and skills. *A leader of an organization* plays a crucial role in building the organization's ability for constant double-loop learning.¹⁰⁷ He or she must create and implement a networked organization structure, build a culture and environment that support learning in the organization.

Leaders have four roles in building a learning organization:

- (1) **Role model** - an example to learn from;
 - His behavior must demonstrate: stability, consistency, reliability and integrity;
- (2) **Mentor** - helps others adjust their behavior;
 - Creates an atmosphere that stimulates learning, supports those who learning and developing, organizes learning and helps employees evaluate their learning outcomes;

106 The recruitment and selection of new people in an organization should not be based of their existing knowledge but on their ability to learn and develop. Their existing knowledge will anyways become outdated very soon. If they do not have the ability and motivation to learn, employees will quickly become useless

107 Generative or double-loop learning is the acquisition of knowledge that examines and changes the basic assumptions underlying the existing routines. With this type of learning, we are not improving the existing routines, but creating entirely new ones, based on completely new assumptions regarding the sources of competitive advantage and suitable ways of making that advantage. Generative learning is based on reviewing and changing standards based on which company's work and performance are controlled and measured. This learning, as opposed to adaptive learning, implies questioning the basic assumptions underlying the existing routines.

- (3) **Manager** - improves the learning process;
- Assigns tasks and responsibilities, rotates the associates to new and interesting positions, gives rewards and penalties, etc.
- (4) **Monitor** - monitors and controls the learning process, takes corrective action.

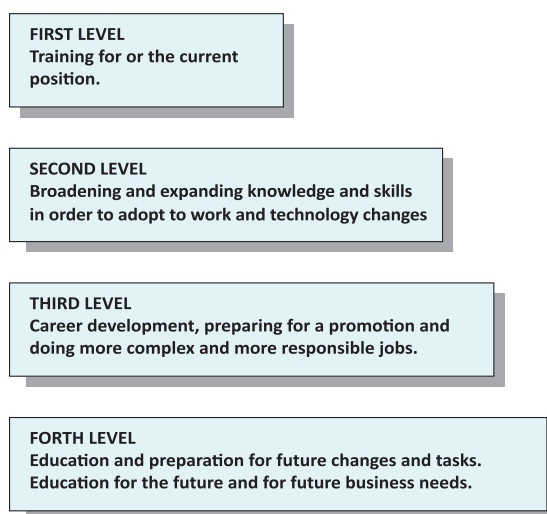
The term “learning organization” refers to organizations that constantly take care of continuous learning and training of their employees, that is, organizations where employee learning and training programs are successfully implemented and constantly reviewed, modified and adjusted.

9.4. EMPLOYEE EDUCATION

Successful education and training of employees is becoming the most significant competitive advantage of an organization, while continuous learning and gaining new knowledge and skills is the most important duty of employees. All types and levels of education are interdependent parts of an integral, continuous, education process. However, each of these levels of education has certain distinctions that define it and make it specific in every organization.

From the point of view of organizational behavior and HR management, employee education is of primary importance. Development must be dynamic, continuous and permanent, and learning should be a constant and lifelong process. Each organization determines its own needs for education of its employees. However, there are four categories of educational needs that can be found in the theory and practice of HRM, with different content, methods and instruments of education corresponding to each category or level. This can be seen in the following picture.

Figure 12 Overview of the levels of educational needs



Source: Bahtijarević-Šiber, F, 1999, Menadžment ljudskih potencijala, Golden marketing, Zagreb.

After determining the level of educational needs, imposing the depth and intensity of needed education, we should determine the type of educational needs, which are strategically important for each organization.

9.4.1. TYPE OF EMPLOYEE EDUCATION

Example 24 Employee education and training at the Hyatt Regency Belgrade Hotel

The hotel organizes numerous in-house training for all employees, with regular scheduling of training in accordance with business needs. Employees are given the opportunity to complete basic training such as General Orientation and Service Excellence I (learning about the company and guest management skills), Service Excellence II, III and IV for employees in direct contact with guests; Sales department employees go through a series of Smart Selling mandatory training sessions. In addition to numerous training, both existing and tailor-made, Leadership Series training has been developed for the management team as well as employees who have the potential for further career growth and advancement within the company.

The hotel sends its employees several times a year for seminars and training abroad, to our sister hotels. This training is led by corporate trainers, and the training is usually part of Leadership Series and Smart Selling training.

Formal education is only the basis for the practical application of knowledge which can be completely irrelevant for a success, even if memorized by hearth, if it is not applied in the right way. The tasks before us all require great responsibility-without judgment, perception, observation, tolerance and coexistence, leading and following.

Source: Hyatt Regency Belgrade HR Team

The types of employee education primarily depend on organization strategy, but also on the goals that should be achieved by different types of employee education. Education and training are important not only for newly hired workers but also for all other employees, especially in the case of technological change, moving to a new position, promotion and so on. Numerous methods, techniques and instruments are applied in the process of employee education and training. However, based on a main feature, and that is the venue, they are divided into two groups: those organized in the workplace and those organized out of the workplace - or outside the organization.

(1) Training and development in the workplace

Nowadays, the funds invested in the employee training and development in the workplace are increasing and constantly growing. In practice, various forms of on-the-job training are used, but the most common ones are:

a) Individual instructions

- A person who has the role of an instructor trains an employee in the workplace (assigning him / her job and demonstrating to him / her how to perform certain activities and tasks),

b) *Job rotation*

- enables employees to gain experience in performing various types of work;

c) *Internship*

- For those who are starting to work for the first time and coming to a new environment, it is, at the same time, a good opportunity for both socialization and orientation;

d) *Mentoring*

- It is used for training young professionals and managers, with experienced professionals and managers as mentors.

(2) Training and development outside of the workplace

Different methods are used in the process of education of employees outside the workplace, but the most important ones are:

a) *Classroom lectures;*

- A convenient method for transferring theoretical knowledge, for complex tasks and for solving complex problems, by presenting information verbally (supplemented by other methods: videos, slides, case studies, conversation, etc.).

b) *Audio-visual techniques* (movies, television, computers);

c) *programmed learning;*

- Pointing out specific issues and facts, allowing participants to answer them, and informing them about the accuracy of the answers.

d) *Computer-assisted learning;*

- Modern information technology brings new forms and techniques of training and learning, i.e. multimedia training.

e) *Conferences and debates*

- Two-way communication, focused on problems of the organization, new ideas, technologies, theories and approaches.

f) *Workplace simulation training* - virtual reality training;

- Education and training outside of the workplace, in a simulated work environment and with simulated equipment, with conditions that are identical to the real ones ¹⁰⁸

g) *Case study method;*

- used for complex professional job training, presented in the form of written description of an imagined or real problem.
- Trainees are required to identify and analyze specific problems and propose solutions to overcome them (applied individually or in groups).

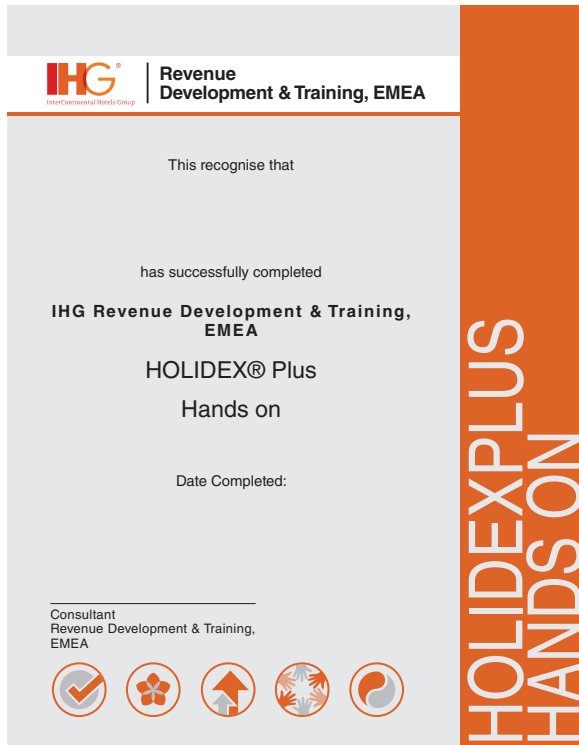
h) *Other methods*

- ♦ Role-play
- ♦ business games
- ♦ sensitivity training or behavior training

108 This training is typical of employees who perform hazardous jobs, as well as jobs that require expensive equipment. The aim of such training is to reduce the danger and damage during training (for example, training of pilots, police officers, physicians, etc.).

Successful employee education at some hotels allows their employees to advance in their careers because they have acquired a higher degree of education-internal qualifications at a hotel company or chain.

Figure 13 Training certificate at Holiday Inn Belgrade hotel



9.4.2. SELECTION OF EMPLOYEE TRAINING AND DEVELOPMENT PROGRAMS

The practice of many global companies as well as other organizations shows that employee training is becoming the key point of human resource management policy.

However, in order to bring a competitive advantage to a company, employee training and development program must support the company's business goals. Effective organization of training can be achieved by applying different organizational models. However, each of the models (functional, customer, matrix, corporate university model and virtual training organization model) can be understood as a successive stage in the development of training activities in the organization.

As the importance of training is rising in a particular organization, measured by the number of training users, by diversity of training programs and by the size of the training budget, the organizational form of structuring training activities is changing.

Example 25 Organization of training and development program at Mona Zlatibor Hotel

The training of animation staff was conducted in June 2008 and lasted for a couple of weeks. For this type of training, we have announced a call within the hotel. Of course, the staff had to meet certain requirements (knowledge of English, age, physical appearance etc.). A number of employees from the hospitality and medical sectors have gone through this training. Indeed, these extraordinary tours are very attractive to the guests. However, there were some shortcomings that were not anticipated by the training plan. Namely, the animators- guides, besides this job, were engaged at their usual positions so it was difficult to fit these extra activities into their working schedule. We will continue organizing this type of activities, but for these purposes, we will train people that will be in charge only of guests' "leisure time". However, being an animator is not an easy job and it requires special knowledge and skills, especially for people with special needs. In accordance with the strategy of attracting foreign guests, the hotel has organized two-week English course for all interested parties. Hotel employees' pay 50% of the course price. Previously, the classes were free of charge, but staff co-financing had to be introduced, as attendees were irregular and would usually quit. The new measure only encourages them to attend classes almost regularly, since they have to pay a part of it. Training for several types of special massages was organized for the physiotherapists and massage therapists.

Source: Internal hotel documents

The choice of training programs depends on the training goals, and these need to be based on the training needs identified during the process of needs analysis. Training success should be measured against the set goals. They can be measured in several ways, such as the quantity of work, quality of work, time savings and cost reduction. The basic training objectives can be general and specific; they must be clearly defined, measurable, apparent, guiding and understandable. It is essential that training contributes to interpersonal competencies by enhancing the specific knowledge and behavior of employees.

After defining the participants, trainers, and types of knowledge required by the training program participants, it is necessary to choose the most appropriate type of training. The types of training vary depending on the venue, which then determines the choice of methods. Depending on the training venue, there are three basic types of training:

(1) On-the-job training;

- Training by an internal or external expert, taking professional exams, training in cooperation with an external institution, training through the provision of direct assistance during working hours in different work positions, job rotation, the assistance of a direct manager, etc.

(2) On-site but not on-the-job training;

- Written materials, videos, intensive use of satellite telecommunications to access training programs organized by selected institutions.

(3) Off-the-job training;

- Formal courses, simulations, role-playing, etc.

Overview 17 Training goals



Source: Stefanović V., S, Blagojević, Menadžment ljudskih resursa, Univerzitet u Novom Sadu, PMF, 2009., p.473

Based on information about the type and the level of competencies that the organization needs, it is necessary to choose the most appropriate training program. The selection should also be based on the experience of other organizations that have implemented different training programs. The past practice shows which training and development programs provide the best results depending on the intersection of two variables: the type of knowledge and the level of knowledge

Table 8 *Choosing the appropriate staff training and development program*

LEVEL OF KNOWLEDGE	TYPE OF KNOWLEDGE		
	<i>Basic literacy and technical knowledge</i>	<i>Intrapersonal skills</i>	<i>Conceptual and integrative abilities</i>
Fundamental knowledge	Job rotation Workplace tutoring Direct help to the employees	Role-play Formal courses-lectures	Job rotation Simulation Case studies
Capacity development	Job rotation Help from direct manager Simulation	Role-play Job rotation Help from direct manager Simulations	Job rotation Help from direct manager Simulations Case studies
Operational efficiency	Job rotation Help from direct manager Simulations Collaboration with external institutions Workplace tutoring	Role-play Job rotation Help from direct manager Simulations Workplace tutoring	Job rotation Simulations Case studies

Source: Von der Embese, T.J., 1973, «Choosing a Management Development Program: A Decision Model», Personnel Journal, October:911. (adopted).

The introduction of training jobs into the organization, and thus into the organizational chart, begins with the introduction of the job position itself - the training associate, who is directly subordinate to the director of the human resources management sector, and who independently performs the training tasks. As the training tasks develop and become more complex, they derive into a separate organizational unit - first, a service or a department, a lower organizational unit, and eventually an independent sector, a higher-level organizational unit.

Example 26 Importance of training and development in Holiday Inn Belgrade Hotel

HERE'S WHAT THEY THINK ABOUT THE IMPORTANCE OF TRAINING AT THE HOLIDAY INN BELGRADE HOTEL :

As proud members of one of the largest hotel chains in the world, we are obliged to properly present the name of the Holiday Inn. To achieve this, our employees attend training sessions dedicated to the brand and corporate identity: directors and their assistants attend "Stay Real" training, and those working with reservations attend internal InterContinental Hotels Group CRS training called Holiday. At the brand level, there is training for all departments. They are organized in one of the headquarters, in our case - Frankfurt and London. Each of these training, even though they are part of our brand and they are mandatory, requires significant financial investments.

We have already mentioned investing in the formal education of associates. The concept of lifelong learning is very close to us and associates in our hotel have full support for their improvement as well as improvement of the organization. When it comes to informal training, our hotel organizes internal training related to fire protection, internal and external communication, delivering customer service, resolving complaints, the English language, etc. Our associates get familiar with work in different departments through job rotation and cross-training. Supervisors or department managers are in charge of training needs analysis. In our opinion, any training is useful and cannot do harm. Of course, we pay a lot of attention who conducts the training, or who develops our associates.

In that sense, the Hotel Management Institute in Frankfurt, our partner since 2008, has provided great support for staff development. With them, we have organized training in English and Serbian, for all positions. Training is practical, with a certain amount of theory, and they are immediately applicable in the workplace. Some of the training that has been performed several times are:

1. Complaints handling: a complaint = a chance
2. Ready for the guest
3. Ready for professional phone communication
4. Guest as the central figure at reception
5. Up-selling at reception
6. Hotel Communication in English
7. Basics of taking reservations
8. Professional sales and up-selling in the reservations department
9. Front Office Management
10. The Basics of Yield and Revenue Management
11. Tactical Revenue Management and Pricing
12. Hotel Sales Basics

9.4.3. CHOICE OF TRAINING ORGANIZATION MODEL

Organizing training, as a significant segment of human resource management, depends largely on the choice of the training model. On the other hand, choosing the right employee training method is an important factor for the success of their training. The learning outcome is a key factor in choosing the right method.

In practice, five models are most commonly used: (Laird D., 1985).

- (1) Functional model;
- (2) Customer model;
- (3) Matrix model;
- (4) Corporate University model;
- (5) Virtual model.

Each of these five models has a significant influence on the features and the quality of training activities in an organization.

(1) Functional model

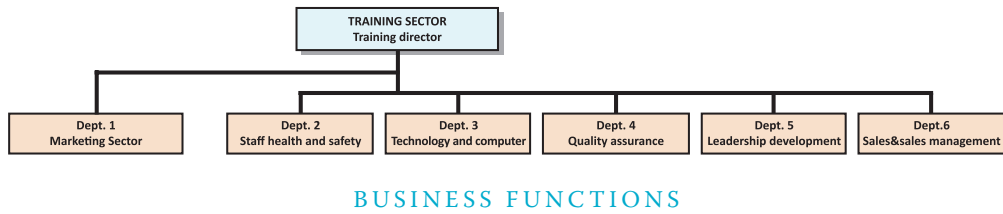
This model implies organizing the training sector as a faculty, i.e., grouping the tasks following specific functional areas of training into lower organizational units - departments, in line with basic areas of knowledge. The Functional model has several important advantages. The employees that conduct training in each department are experts in the field. Besides that, an activity training plan can be easily created based on the individual plans of each department. However, organizing the training sector with the Functional model has some important drawbacks. First, choosing the Functional organization model can encourage the development of expertise in certain areas that the organization does not need at all. Second, trainers can develop training programs that are not based on practical experience, nor can they be applied to specific work situations in an organization.

(2) Customer model

This model of organizing training activities implies that, within the training sector, there are departments directly responsible for meeting the training needs of particular sectors in the organization. Organizing the training sector by using a Customer model overcomes the basic drawback of the Functional model - training programs are tailored to the needs of employees in one sector, and not based on the competences of experts in the training sector. With this approach, all human resource management activities in an organization are based on a common set of knowledge, capabilities, and competencies. That makes training activities integrated, to a great extent, with other HRM activities.

The task of trainers in the Customer model is to continually innovate training programs and materials, and adapt them to the needs of training participants, but also to hire external trainers, if needed. In this way, a greater degree of coherence between the training and the needs of the training participants is achieved.

Figure 14 Customer model of training



Source: London, M., 1994, Managing the Training Enterprise, San Francisco: Josey-Bass

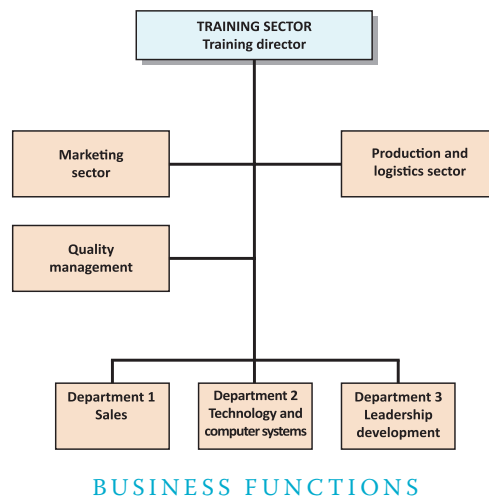
Human resource managers should bear in mind that this model of employee training has significant drawbacks as well. The main disadvantages are:

- It takes a long time for the employees (trainers) in the certain training sector departments to learn enough about the particular business function they are dealing with before they can respond to the needs of its employees;
- There is a high probability of duplicating the same training programs if they are using different designs and methodologies in different sectors of the organization. It can be extremely difficult for the training sector director to monitor whether all sectors within the organization use common design and instructions and whether the organization's philosophy is presented consistently;
- Even though trainers in the training sector are usually employees with extensive work experience and knowledge from specific business areas, they have neither the knowledge nor the skills from the field of training methodology, so they are rather limited in the application of different training methods.

(3) Matrix model

In this model, trainers report to both training director and directors of individual business functions. This means that they are, at the same time, experts in training, but also experts in specific functional areas. For example, a sales trainer reports to the training director and marketing sector director, at the same time.

Figure 15 Matrix training model



Source: London, M., 1994, Managing the Training Enterprise, San Francisco: Josey-Bass.

An important advantage of the matrix model is that it connects the training with the actual work needs. Besides, another advantage is that trainers can develop knowledge in particular functional areas, which improves the quality of training. As the trainer reports to the director of training, it is quite certain that he will continuously update his knowledge in the field of training and methodology of training. However, the main disadvantage of the matrix model is that trainers spend more time and that it creates possibilities for conflict, typical for every multi-line leadership system.

(4) Corporate university model

Besides employees and managers, this model allows other stakeholders outside the organization, like high schools, colleges, and universities to be potential users or training participants. Within the corporate university model, the training sector offers a much broader training and courses program in comparison with organizational models. Numerous companies started establishing their schools or universities because they have proven to have multiple positive effects on the organization's performance development (D., 1999, pp. 95-96), improving the recruitment process, increasing revenue, lower employee turnover, creating a larger talent base. Motorola University is a great example of the university model of organizing training activities.¹⁰⁹ The CEO believed that Motorola could gain a competitive advantage through employees with more specialized knowledge and skills, compared to its competitors. When it was founded, Motorola University employed 110 full-time and 300 part-time associates. The curriculum of the University was designed following the business functions: engineering, production, sales, and marketing. Each curriculum contained three sets of skills: interpersonal skills, technical skills, and business skills.

109 "Motorola University Europe, Middle East, and Africa presents the Empire of the Mind," was founded as a result of an initiative launched by Bob Galvin, the CEO, when he faced increasing competition in the electronics and telecommunications sector.

The University was responsible for training in the field of interpersonal relationships (consumer satisfaction, effective meetings, negotiation, etc.), while the other two curricula, technical and business skills development, have been developed through partnerships with local colleges and technical schools. Training technology should allow participation of as many employees and managers as possible, as often as possible, at the lowest possible cost. In the end, training performance indicators are defined and corporate university values are communicated to training users.

(5) Virtual training organization model

This model was developed to respond to customer needs quickly, providing at the same time a high quality of service. (McIntosh S., 1995, pp. 46-49). The virtual training organization model is based on three principles:

1. Employees, not the company, are responsible for learning;
2. The most effective way of learning is in the workplace, not in the classroom;
3. The relationship between employees and their immediate managers is crucial for transforming the acquired knowledge into better performance, not the relationship between employees and trainers.

Besides applying these principles, employees are responsible for adopting and implementing the training content in their workplace, while managers should remove any barriers to the application of the acquired knowledge at work. Unlike the traditional training sector, the virtual training program organization model has a clear and strong focus on the user. There is a greater degree of responsibility for learning and evaluating the effectiveness of training, s are created to directly meet the needs of users, the time of training is precisely defined and trainers are selected based on the needs of users. Perhaps the most significant difference between the virtual training organization model and the traditional training sector lays in their structure. In the virtual training organization model, the number of trainers varies depending on the training needs. Not only do trainers have expertise in specific areas, but they also work as internal consultants and provide a wide range of services.

9.5. LEARNING MOTIVATION (INTEREST)

This is the most significant factor in the process of employee training and it directly affects the success of the training. Willingness and interest in education and training depend to a large extent on individual abilities¹¹⁰ and motivation. Motivation provides enthusiasm for education and learning and determination not to forget the acquired knowledge, but to apply it despite possible obstacles and pressure. The learning motivation is, without any doubt, associated with the enrichment of knowledge and skills, behavior change, etc. The greatest responsibility for providing the necessary motivation rests with the HR managers. Individual motivation to learn depends largely on the status and characteristics of the organizational culture and climate, and the task of the manager is to design a culture focused on learning and knowledge, that is, a stimulating environment from continuous learning and improvement of individual knowledge, skills, and abilities.

a) Manager's roles and responsibilities in increasing learning and development motivation

The manager is responsible for making learning a constant and essential need, and in order to create the climate necessary for the desired level of learning, he must create the following preconditions:

- Creating a favorable working environment;
- Raising self-confidence and aspirations of employees;
- Raising awareness of the importance of education and training;
- Providing basic prerequisites for learning and development, and so on.

b) Developing a learning culture as a motivation factor in an organization

It is management's responsibility and to create, nurture and develop a culture focused on learning, knowledge, education and training, to provide a climate for continuous learning and discovering something new, an environment in which all employees become trainers and trainees at the same time. The learning process in hotel companies is based on specific - primary principles of learning. These are the basic guidelines that should be applied having in mind the type of trainees, the level of educational needs and the specific traits of the organization in which the training is conducted.

Nowadays, more and more attention is being paid to the engagement of qualified personnel in defining training and development programs, in order to achieve a stronger motivational effect. Employees participating in training and development programs must be capable and motivated to learn and apply the learned. Training programs are easier to accomplish and content is easier to memorize if it makes sense to the learner, and the relevance can be enhanced in at least five ways:

110 Ability refers to the individual's ability to monitor and acquire certain knowledge and skills. It depends, mainly, on the intellectual abilities and prior knowledge of the trainees, therefore it is very important to determine who can be trained, for which area, and to what extent the employee's potentials allow him to undergo a specific training .

- (1) At the beginning of the program, trainees should be informed of the content and duration;
- (2) Use terms and examples understandable to the trainees;
- (3) Implement the program in a logical manner and by a logical schedule;
- (4) Learning should begin with simple skills and content, which compose complex intellectual skills;
- (5) Visual aids should be used as much as possible, for following and memorizing the theoretical part of the program.

Employees learn best if they are familiar with the goals of training and development, and if the goals are clearly and precisely defined. It is very important to inform the trainees about the employee's expectations, anticipated training outcomes and the expected level of performance and work improvements. Coordination of the educational program consists of activities that take place before, during and after its implementation. Before the implementation of the program, all relevant issues should be explained, particularly:

- The purpose and duration of training and development;
- The venue and time of the program;
- Preferred level of prior knowledge;
- Provide competent lecturers, instructors, mentors;
- Prepare necessary materials and provide space, etc.

Additionally, during the training, it should be controlled if all tasks and activities are carried out by the expected schedule and in a satisfactory manner. At the of the training, the application of acquired knowledge and skills should be enabled, as well as an adequate recognition of the trained staff and further improvement of the employee training and development process.

9.6. EMPLOYEE CAREER DEVELOPMENT

Employee development is a continuous process that involves formal education, work experience, relations with other people and personality and ability assessment, which prepare the employee for future jobs. Since development is future-oriented, it involves learning that is not necessarily related to the employee's present workplace. (Bogicevic B., 2003, p. 235). It is important to distinguish between training and employee development. Training implies preparing employees to perform their current jobs, while employee development means training employees for their future jobs. This implies that training is compulsory for all employees, while development implies the education of those employees who believe to have or are believed to have the potential for growth and more responsible positions.

Table 9 *Difference between employee training and employee development*

Features	Employee training	Employee development
Time focus	Present	Future
Use of work experience	Low	High
Goal	Preparing for the current position	Preparing for a change
Employee participation	Mandatory	Voluntary

Source: B. Bogićević, Menadžment ljudskih resursa, Ekonomski fakultet Beograd, ISBN:86-403-0543-9, Beograd 2003., p.235

The aim of Career development is connecting the needs, knowledge and skills of employees with the existing and future needs of the organization - the right people at the right time in the right place. It is a continuous, organized and formalized process based on the assumption that people are the most important resource in an organization. (Bogićević B., 2003, p. 258). Career development is not a single-time event, but a continuous process and a steady career growth generally happen in stages (although there are examples of instantaneous career developments, usually not based on employee's competences, and these examples are generally a result of the prevalence of other factors rather than economic ones). While working, each employee faces a variety of challenges and their career growth depends on the extent of his-her creativity in solving the emerging challenges. At the same time, the support and willingness of management to embrace creative and new employee initiatives are also required. In this sense, the management must plan staff development, that is, the career development of employees, which means:

- ♦ Staff recruitment and hiring;
- ♦ Creating organizational and professional prerequisites for staff promotion
- ♦ Staff promotion

Staff promotion planning includes discovering and identifying high potential employees, then supporting and guiding their development and putting them in the right positions - promoting them. It is important to create an interaction that is mutually beneficial for both the organization and the high potential staff. There are several stages of development : (Vujić V., 2008, p. 402)

- ♦ Obedient executor;
- ♦ Effective executor - faster advancement and promotion;

Table 10 Career development

Career development phases					
Lifelong learning	1. Phase Preparation	2. Phase Formation	3. Phase Development	4. Phase Maintenance	5. Phase Retirement
	Upbringing	Choosing the field of work, profession or studies	Choosing the right job	Stable and confirmed status	Influencing the strategy of a company
	Gaining required knowledge	Testing personal abilities	The most creative phase of life and work	Loyalty to the company	Consultant in specific processes
	Alternative choices	Professional Orientation	Family changes	Maintaining a Personal Identity	Slowing down the activities and resistance to change
	Choice of profession	Entering the job market	Personal Lifestyle Development	Improving relationships	Withdrawal and preparation for retirement
	STUDENT	INTERN	ASSOCIATE	MENTOR	SPONSOR
	Age 6 to 15	16-25	26-45	46-60	61-75

Source: V. Vujić, *Menadžment ljudskog kapitala, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski menadžment Opatija, 2008., p.280*

Different education programs essentially mean that employees have to learn, and in the hotel industry this generally applies to different levels of managers - front-office managers, mid-level managers (restaurant managers, housekeeping managers, chefs, etc.) and top managers (hotel managers, marketing managers, financial managers, etc.). To this end, appropriate programs are organized within hotel companies and chains (involving experts: engineers, technologists, computer scientists, etc.). Managers are also sent to other hotel companies, for various types of training, lasting few months, or more, to pre-arranged symposia, courses, specializations, and the most common topics are leadership, entrepreneurship, e-commerce, global business and change management.



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. How to achieve the educational function of a company?
2. What is the difference between the concepts of learning, training, development and education of employees?
3. What are the basic steps of the professional training of employees?
4. By which means do we determine the types of needed training?
5. How would you define organizational learning?
6. What are the phases of organizational learning?
7. What types of employee education do you know?
8. What types of employee training are most commonly applied?
9. What types of training models are used?
10. What are the basic principles of learning?
11. What is the difference between the training and development of employees?
12. What are the phases of career development?



10. EMPLOYEE PERFORMANCE EVALUATION, MOTIVATION AND REWARD

UPON READING THIS CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Define and explain the employee performance appraisal;
- ♦ List the steps of the employee performance appraisal;
- ♦ List the job evaluation methods;
- ♦ Explain what motivation is and its importance;
- ♦ Understand the process of motivation;
- ♦ List the types of motivation and methods for measuring motivation;
- ♦ List and explain motivation theories;
- ♦ Understand the system of material and non-material rewards;
- ♦ Understand what the basic goals of the payroll system are;
- ♦ Know how to manage labor costs;
- ♦ Explain and apply various payroll systems.

In human resource management, performance appraisal, employee motivation and reward are considered the most complex and sensitive functions or activities. Managers have become a decisive factor in motivating the employees because

of their constant and direct communication with them (as well as because of the guiding role they play concerning employee behavior). They represent the way an organization behaves towards employees. The essence of management is to influence the behavior of others.

A MAN SHOULD NOT BE JUDGED BY WHAT
HE DOES NOT KNOW, BUT BY WHAT HE
KNOWS.

*Etienne CONDILLAC (1715),
economist*

10.1. EMPLOYEE PERFORMANCE APPRAISAL

In human resource management, employee performance appraisal is one of the most important activities but also one of the most important preconditions for organizational success. Employee performance appraisal is a process of organized and continuous monitoring, evaluation, development and improvement of employees' results and their work behavior, to achieve organizational goals, and it is based on appropriate assessment criteria, methods and systems.

“Employee performance appraisal is the process of evaluating employees' contribution to the achievement of organizational goals over a defined period of time. Employee performance appraisal can also be defined as a formal, structured system for measuring, evaluating, and influencing an individual's characteristics, behaviors, and performance related to the job he or she performs in a given organization. The performance or accomplishments can be any measurable achieved result, behavior or personal characteristics necessary to perform a particular activity in a defined period of time.”¹¹¹

By monitoring and evaluating work performance, it becomes clear to the employee what is expected of him or her and what results he or she has achieved. On the other hand, performance evaluation provides feedback on work behavior. That information is particularly important because many decisions and processes in the human resources management system are based on it. Employee performance appraisal is a formalized and structured process that relates to a specific period of time (as opposed to the day-to-day and more or less common process of evaluating individual employee contributions from immediate executives).¹¹²

Performance is defined as a measurable accomplishment or behavior necessary to perform a particular activity within a defined period of time. By monitoring, evaluating and directing employee performance, two very important goals are achieved:

- Increased work motivation;
- Establishing the future employee development plan.

The system of employee performance appraisal, that is, the appraisal of employees' work achievements, consists of several levels, i.e. activities:

(1) *The goals of performance monitoring and appraisal*

- ♦ The main goal is to raise the overall organizational capacity and achieve strategic goals;
- ♦ Performance appraisal is used to make quality decisions regarding remuneration (the variable part of salary and different incentive forms are determined by it);
- ♦ Professional guidance and job placements that are more appropriate to employees' capabilities.

(2) *Performance appraisal components*

- ♦ Different aspects of work accomplishments, i.e. work success;
- ♦ Scores depend on a number of indicators, related to the type of business and the strategic goals of the organization;

111 Source: Bogićević, B., *Menadžment ljudskih resursa*, Ekonomski fakultet Beograd, Beograd 2003, p. 189; Lawler, J. J., Anderson, W. R., Buckles, R. J., *Human Resource Management and Organizational Effectiveness*, 1995; u Ferris, G. R., Rosen, S. D., Barnum, D. T., (eds.) *Handbook of Human Resource Management*, Blackwell Publishers: 630–649, p. 630;

112 Source: Bogićević, B., *Menadžment ljudskih resursa*, Ekonomski fakultet Beograd, Beograd 2003, p. 189; Schuler, R. S., Jackson, S. E., 1996, *Human Resource Management: Positioning for the 21st Century*, 6th ed, West Publishing Company, p. 344.

- ♦ General assumptions for success are:
 - Quality of a performed work;
 - Quantity (amount) of work;
 - Attitude towards work, managers, colleagues and clients;
 - Reliability (required supervision, absence from work, disciplined behavior);
 - Ability and interest to do the job successfully.

(3) *The performance appraisal process includes the following actions and activities:*

- ♦ Identifying global tasks and key activities;
- ♦ Setting work performance standards;
- ♦ Defining goals.

Overview 18 Basic rules for setting performance improvement goals

- ♦ Do not set too many goals
- ♦ Define the goals together with the associates, those to whom they refer to
- ♦ The goals must be linked to legitimate personal goals
- ♦ They must be measurable and quantifiable
- ♦ They must be clear, unambiguous, concrete and challenging
- ♦ They need to be realistic and achievable and they must be based on real opportunities and potential
- ♦ Identify restrictions that may affect work performance
- ♦ The goals must address the need to improve the quality and the quantity and reduce costs
- ♦ Defined goals should be incorporated into the appraisal and action plan
- ♦ Determine the rules for getting the necessary information on how to achieve the goals

Source: Evenden, R., - Anderson, G., 1992, Management Skills: Making the Most of People, Working-ham, Addison-Wesley, Eng.,

Performance appraisal is the second (after establishing the criteria) activity in the process of monitoring and evaluating work performance. It consists of two stages:

- a) Identifying sources of information for determining work performance;
- b) Evaluation procedure.

The third stage of the performance monitoring and appraisal process is a discussion about accomplishments, which is an integral and inevitable part of the entire process of performance appraisal, that is, its final act. The manager plays a key role in it.¹¹³ The development of performance monitoring and appraisal system is a complex and demanding task for managers and HR, and its most important activities are:

- ♦ Identifying work performance requirements;
- ♦ Selecting the appropriate assessment method;
- ♦ Education and training of managers;
- ♦ Choice of methods in cooperation with employees;
- ♦ Performance assessment against set standards;
- ♦ Discussion with the employee about performance appraisal results;
- ♦ Setting future work goals.

(4) *Implementation of performance appraisal methods, classified into four basic groups:*

1. Assessment methods by category

- ♦ Assessment scale (graphic and verbal)
- ♦ Check-lists, free-choice and forced-choice lists

2. Comparative methods

3. Narrative methods

4. Special methods

- ♦ Behavior assessment;
- ♦ Management by Objectives (MBO).

(5) *Determining the people in charge of performance assessment*

- ♦ Direct managers, executives;
- ♦ Associates and colleagues;
- ♦ Subordinates;
- ♦ A person subject to assessment (self-assessment);
- ♦ Consumers and clients.

(6) *Identifying problems and errors in performance appraisal*

- ♦ Unclear work performance standards;
- ♦ Favorable scoring tendency;
- ♦ Evaluation errors.

113 In this role, his communication skills and his incentives for increasing and improving the work performance and overall development are expressed.

(7) *Measures to improve performance appraisal*

- ♦ Training of assessors;
- ♦ Providing feedback on the assessment quality ;
- ♦ Use of multiple assessors;
- ♦ Horizontal evaluation;
- ♦ Improving assessment methods and the like.

(8) *Conversation about performance assessment results.*

Overview 19 Assumptions for feedback and conversation about assessment results

1. Performance assessment

Performance assessment done by a manager
and determining key problems and

Employees' self-assessment and determining
the key problems and strengths

2. Conversations about performance results
and setting the goals

3. Creating activity plan

4. Performance development

Source: Bahtijarević-Šiber, F., 1999, Menadžment ljudskih potencijala, Golden marketing, Zagreb.

A performance results conversation should be well prepared to fulfill the purpose of the conversation, that is, employee development and success. Performance appraisal aims to analyze the previous achievements and performance of each individual and to improve them in the future.

Example 27 Evaluation form at Palas Zlatibor hotel

Department: _____						
Date: _____ Evaluation period: _____						
Assessor: _____ Candidate: _____						
Descriptive assessment		WORK EVALUATION				
WORK FACTORS	The quality of work	Always low	Sometimes not satisfying	Always satisfying	Sometimes high	Always high
	Daily accomplishments (productivity)	Always low	Sometimes not satisfying	Always satisfying	Sometimes high	Always high
	Job knowledge (efficiency)	Constantly being informed on job duties	Sometimes not satisfying	Knows the answers to questions about work	Understands all work phases	Excels at all work phases
	Work independence	Needs continuous monitoring	Needs occasional monitoring	Can be trusted	Needs some supervision	Needs minimal supervision

Employee performance assessment test	SCORE				
ACTIVITIES	Excellent	Successful	Average	Satisfactory	Poor
Work discipline (knowledge of standards, regularity and punctuality)					
Work commitment (showing motivation)					
Self-initiatives (self-confidence, inventiveness)					
Responsibility (punctuality, precision, thoroughness at work)					
SCORE	Excellent	Successful	Average	Satisfactory	Poor
Intrapersonal skills (ability to work with others and for others)					
Creativity (improving the quality of work)					
Communication skills (guest relations)					

Source: HR service, hotel „Palasad“, Zlatibor

10.1.1. WORK EVALUATION

In the employee evaluation process, managers generally use one or more methods. These methods can be divided into two main groups: **objective methods** (number of served meals, revenue per table, number of sold menus, drinks, rented rooms, number of absence days, working overtime, complaints) and **subjective methods** since in the hotel business, not all activities can be expressed numerically (kindness, attentiveness, dedication, communication and persuasion skills, creativity, proactivity, etc.). The main problem of this method is the need for the constant presence of the assessor, his neutrality and expertise. This method is significant in evaluating the overall hotel service by hotel chain management when they send unannounced and secret experts to assess and evaluate the quality of service.

Assessors generally evaluate employees' performance in the following ways:

- ♦ Rank the performance of employees (kindness, quality, customer service speed);
- ♦ Compare performance with defined standards (number of tables served, number of rooms cleaned, number of menus prepared);
- ♦ Compare individual workers with defined performance (the language knowledge, creativity, contracts made by a sales agent).

In this regard, the following methods of employee ratings are applied.

GRAPHIC SCALE RATING METHOD - The scale lists several traits and the evaluator chooses values from unsatisfactory to exceptional.

Overview 20 Graphic Rating Scale

PERFORMANCE APPRAISAL FORM		
Employee name _____	Title _____	
Department _____	Employee Payroll number _____	
Reason for review ☐ Annual ☐ Merit	☐ Promotion ☐ End Probation Period	☐ Other ☐ Unsatisfactory performance
Date employee began present position _____		
Date of last appraisal _____ Scheduled appraisal date _____		
Instructions: Carefully evaluate employee's work performance in relation to current job requirements. Check rating box to indicate the employee's performance. Indicate N/A if not applicable. Assign points for each rating within the scale and indicate in the corresponding points box. Points will be totaled and averaged for an overall performance score.		

O=Outstanding - Performance is exceptional in all areas and is recognizable as being far superior to others

V=Very Good - The results clearly outweigh the majority of job-related requirements. The effect is of high quality and consistently achieved.

G=Good - Competent and dependable level of performance. Meets performance standards of the job.

I=improvement needed - Performance is deficient in certain areas. Improvements are necessary.

U=unsatisfactory - Results are generally unacceptable and require immediate improvement.
No merit increase should be granted to individuals with these ratings.

N=not Rated - Not applicable or too soon to rate.

WORK ASPECTS	RATING SCALE					
	O	V	G	I	U	N
Quantity: The volume of work produced and its compliance with quality and productivity.						
Quality - the accuracy, thoroughness, and acceptability of work performed.						
Productivity - The quantity and efficiency of work produced in a specified period of time.						
Job Knowledge - The practical/technical skills and information used on the job.						
Reliability - the extent to which an employee can be relied upon regarding task completion and follow-up.						
Attendance - The extent, to which an employee is punctual, observes prescribed work break/meal periods and has an acceptable overall attendance record.						
Independence - The extent to which an employee performs work with little or no supervision.						

Source: Gery Dessler, Osnovi menadžmenta ljudskih resursa, Data Status, Beograd, 2007, p.190

After completing the questionnaire presented in the previous review or at the same time, the questionnaire presented in the following table is completed, assessing the possibilities for further education and human potential development.

Table 11 Assessment of education possibilities

☐	Has achieved the optimal performance in the current job position.
☐	Has potential for improvements and another job placement.
☐	Can make progress with additional education and experience.
☐	No visible limitations.

Source: V. Vujić, *Menadžment ljudskog kapitala, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski menadžment Opatija, 2008., p. 263*

Performance and level of performance can be assessed also using the methods shown in the following table:

Table 12 Performance profile assessment

PREFORMANCE PROFILE			
High-quality work		Low-quality work	
Performs tasks on time		Does not perform tasks on time	
Successful in planning		Not successful panning	
Successful use or resources		Irrational use or resources	
Accepts responsibility		Avoids responsibility	
Good decision making		Bad decision making	
Good reputation		Bad reputation	
High personal motivation		Low personal motivation	
SVEOBUH VATNA PROCENA REALIZACIJE POSLA			
Successful in his/her job			
Assessed by:		Does not fulfill job requirements	
Approved by:			

Source: V. Vujić, *Menadžment ljudskog kapitala, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski menadžment Opatija, 2008., p. 263.*

Having in mind that employee performance assessment is based on different criteria, the following table shows appraisal based on 5 principles.

Table 13 Performance appraisal base on 5 principles

I. WORK PERFORMANCE					
Poor performance of work tasks, low quality of work.					Successful performance of work tasks, excellent quality of work.
1	2	3	4	5	
Does not have required professional competences, corresponding to his/her level of education and work experience. Not able to fulfill job requirements.					Has enough professional competences, fulfills job requirements exceptionally well.
1	2	3	4	5	
Not independent in performing work tasks. Needs to be controlled and supervised.					Extremely independent in work.
1	2	3	4	5	
Has difficulties handling work tasks, very slow worker.					Handles work task very quickly, notices important aspects, fast working.
1	2	3	4	5	
II. WORK HABITS AND DISCIPLINE					
Not diligent and persistent, performance below average.					Very diligent, much better performance than other employees
1	2	3	4	5	
Irresponsible towards work duties, blames others for his or her mistakes.					Responsible, always striving to fulfill his obligations, as well as to accept responsibility for his actions.
1	2	3	4	5	
Not conscientious.					Extremely conscientious.
Frequently absent from work and late.					Regular at work and punctual.
1	2	3	4	5	
III. BEHAVIOR TOWARDS WORK ENVIRONMENT					
Creates conflicts, intolerance or poor interpersonal relationships at work and does not behave properly towards others					Behaves well towards others and has a positive effect on interpersonal relations in the work environment.
1	2	3	4	5	
Has difficulties cooperating with others, does not accept suggestions and criticism or resents them.					Works extremely well with others and initiates cooperation, accepts suggestions and criticism.
1	2	3	4	5	
Instills distrust, unreliable and reckless.					Instills confidence, is very trustworthy and thoughtful.
1	2	3	4	5	

Extremely unstable personality, gets easily upset and loses balance.						Stable and balanced personality. Reacts with calm in critical situations.
1	2	3	4	5		
IV. PROFESSIONAL DEVELOPMENT AND GROWTH						
Not interested in his work. Passive						Extremely interested in all work related tasks. Active.
1	2	3	4	5		
Does not want to improve his or her professional competences, either on his or her own initiative or by accepting education from a company.						Enhances his or her knowledge and makes progress in all fields of work.
1	2	3	4	5		
Does not show initiative required for his/her job position.						Show exceptional initiative in his/her work.
1	2	3	4	5		
Does not have the creativity necessary for his/her job position.						Extremely creative in work.
1	2	3	4	5		
V. HEALTH ASPECTS						
Does not have required physical strength, too weak for the efforts required by the job.						Has required physical strength for the job.
1	2	3	4	5		
Prone to alcoholism, which visibly affects his /her work.						Not prone to vices (alcoholism, etc.)
1	2	3	4	5		
Very weak, not suitable for the current position because of his/her health condition.						Has good health.
1	2	3	4	5		
Has some difficulties or disabilities that prevent him/her from successfully performing in his/her current job position.						Has no particular setback preventing him/her to perform successfully.
1	2	3	4	5		

Source: V., Vujić, *Menadžment ljudskog kapitala, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski menadžment Opatija, 2008., p. 264*

Based on all of the above mentioned, an OVERALL SCORE is given.

Table 14 Overall score

OVERALL SCORE			
Unsatisfactory	I	Above average	IV
Barely satisfactory	II	Outstanding	V
Satisfactory	III		
Date.....	Score.....		Total.....

Source: V, Vujić, *Menadžment ljudskog kapitala, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski menadžment Opatija, 2008., p. 265*

In the process of managers’ assessment , managers should be also evaluated by their associates. Manager assessment is showed in the following table.

Table 15 Manager assessment

Use this questionnaire to evaluate various qualities of a manager. The list is composed of statements (characteristics) among which you should choose only those statements that most closely describe the manager you are evaluating. To do this, circle the letter before the statement. Mark only those statements that you are sure of, and that are referee to the manager. It is desirable to rank the selected statements at the end.	
a)	He is fair. He is not influenced by its "favorites". He treats all of his associates equally.
b)	He is not fair. He is influenced by his "favorites".
a)	Gives clear and legit orders.
b)	His orders are vague and often unjustified.
a)	He tends to punish for every little mistake.
b)	Estimates well when to give punishment. He does not punish for every little mistake.
a)	Motivates people to work better with his leadership style.
b)	With his actions, he destroys the will and interest in working among his people.
a)	Needs to be constantly warned about the shortcomings in the work organization and encouraged to improve them.
b)	On his initiative, seeks to improve working conditions and develop them.
a)	Insists on the correct execution of tasks and the following of regulations.
b)	He does not insist on the correct execution of tasks and the following of regulations.
a)	He often makes quick decisions, without thinking.
b)	He does not make quick decisions but thinks rationally beforehand.

a)	He tries to maintain discipline using "force".
b)	He maintains discipline without using "force".
a)	He is a good organizer.
b)	He is a poor organizer.
a)	He has a clear opinion on most things - he can distinguish the important from the unimportant
b)	He does not have his own opinion - lead by others.
a)	He cannot be relied on when it is needed to finish the planned task faster and do something on time.
b)	He can be relied on when it is needed to finish the planned task faster and do something on time.
a)	He only complains when something is wrong and does not praise the good.
b)	He can acknowledge a job well done.
a)	Rationally uses human resources in the department.
b)	He does not rationally use human resources in the department.
a)	Often gives only temporarily good solutions.

Source: V. Vujić, *Menadžment ljudskog kapitala, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski menadžment Opatija, 2008., p. 266-267*

Based on the performed evaluation and summary of all A's and B's and A / B ratio, the manager is evaluated with the following grades: above average, satisfactory, barely satisfactory, unsatisfactory.

Performance appraisal based on work results using MBO method (Management By Objectives) is conducted based on a well-developed job description. Assessing a manager's performance using MBO method is shown in the following table.

Table 16 Management Performance Assessment using the MBO method

Name and surname				Personal ID number:				
Job position				Job position code:				
DATE	TASK	IMPORTANCE	DUE DATE	RESULTS				
				1	2	3	4	5

Source: V. Vujić, *Menadžment ljudskog kapitala, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski menadžment Opatija, 2008., p. 266-267*

Based on the table shown, we can conclude that performance appraisal is based on the following criteria: time, tasks, importance of individual tasks, deadline for their completion and results that are evaluated, ranging from 1 to 5. The numbers mean:

- ◆ Unsatisfactory
- ◆ Barely satisfactory
- ◆ Satisfactory
- ◆ Above average
- ◆ Stands out exceptionally

Performance appraisal with the MBO method is applied at all levels of management and it is usually conducted twice a year. The board of directors of a hotel company is interested in reviewing the performance of the hotel management and the following table can serve for their evaluation.

Table 17 Hotel management performance appraisal

CRITERIA	INDICATOR OR BASIS
Profit before and after tax	Per return on stock Per product / service Per employee Per sales market
Market position	% of a total market share or per products/services % of capacity utilization increase Conquering new segments of market
Sales volume and value	Per product / service Per market segments (national, international) Per way of job execution (direct sales, tour operators and travel agencies...)
Business costs	Per type of costs (savings) Per product / service Per place of origin
Customer satisfaction	Product / service Quality Price Design Deadline
Innovation	New ways of serving Enriching the range of products New ways of sales Number of new products under development

Liquidity	Average current account balances Taken short - term loans and long - term loans Given short - term loans and long - term loans Inventory turnover ratio Debt collection ratio
Profitability and business economizing	Per markets (national, international) Per product / service Per sales locations, centers or regions
Investments	In improving existing products / services In introducing new products / services In expanding production capacity In expanding sales network

Source: Author

ALTERNATION RANKING SCALE METHOD - The evaluator ranks employees from best to worst by indicating the best worker as No.1 and the worst worker as No.10 , and then the best of the remaining workers as No. 2 and the worst of the remaining workers as No. 9 and so on, as shown in the following overview.

Overview 21 Alternation Ranking Scale

ALTERNATION RANKING SCALE

For the trait: _____

For the trait you are measuring, list all employees you want to rank. Put the highest-ranking employee's name on line-1. Put the lowest-ranking employee's name on line 10. Then list the next highest ranking on line2, the next lowest ranking on line 9, and so on.

Highest ranking employee

1.		6.	
2.		7.	
3.		8.	
4.		9.	
5.		10.	
		Lowest ranking employee	

Source: Gary Dessler, *Osnovi menadžmenta ljudskih resursa*, Data Status, Beograd, 2007., p.191

RANKING BASED ON THE PAIRED COMPARISON – In this method the assessor ranks the employees by making comparison of the overall performance, or other defined trait, for all possible pairs of employees. This ranking method is usually more reliable than direct ranking method, but it is not always easily applicable, especially for hotel chains or large hotels (over 500 rooms) due to a large number of employees. This method involves making comparisons of all possible employees with their co-workers. As shown in the following overview, plus or minus marks are used for indicating which is the better employee of the pair, after which, the pluses are added up.

Overview 22 Paired Comparison Method

FOR THE TRAIT "QUALITY OF WORK"					
	Employee rated:				
As compared to:	A Art	B Maria	C Chuk	D Diane	E Jose
A Art		+	+	-	-
B Maria	-		-	-	-
C Chuk	-	+		+	-
D Diane	+	+	-		+
E Jose	+	+	+	-	
MARIA RANKS HIGHEST HERE					

FOR THE TRAIT "CREATIVITY"					
	Employee rated:				
As compared to:	A Art	B Maria	C Chuk	D Diane	E Jose
A Art		-	-	-	-
B Maria	+		-	+	+
C Chuk	+	+		-	+
D Diane	+	-	+		-
E Jose	+	-	-	+	
ART RANKS HIGHEST HERE					

Source : Gary Dessler, *Osnovi menadžmenta ljudskih resursa, Data Status,Beograd,2007.,p.192*

FORCED DISTRIBUTION METHOD – This method implies that assessor places a predetermined number of employees into categories ranked by performance, based on pre-defined norms.

Most of the time, the largest number of employees is placed in the middle category. The number of employees who should be in each category is pre-determined. The assessors are not required to rank the employees within each category, but just place them in the appropriate category. A disadvantage of this method is that, for example, a certain number of waiters are placed in the appropriate category and they share the same results even though their personal contribution is less than or greater than average, which leads to demonization. The plus side of this method is that it is easy to use and it is mainly used for group rewards or promotions

Overview 23 Forced distribution scale

			1		
			2		
		1	3	1	
	1	2	4	2	1
	2	3	5	3	2
	3	4	6	4	3
Category	1	2	3	4	5
	Low				High
Frequency	(3)	(4)	(6)	(4)	(3)

Source: B. Bogićević, *Menadžment ljudskih resursa, Ekonomski fakultet Beograd, ISBN: 86-403-0543-9, Beograd 2003, p.204*

In practice, hotel companies also use the **Method of comparing employee performance with adopted standards**. The appraiser compares employees' performance with defined standards and this method is very widespread in the hotel business (speed of providing service, way of communication with guests, serving speed, creative serving ability, etc.).

Example 28 Employee performance appraisal at Holiday Inn hotel in Belgrade

 Holiday Inn		Holiday Inn Beograd EMPLOYEE PERFORMANCE APPRAISAL FORM				
Employee's name and surname						
Work position/ department						
Date of employme						
Evaluator's name and surname						
Reason for evaluation						
Evaluation period						
Evaluation date						
Grading scale						
1	„unsatisfactory“	<i>Significantly below average</i>				
2	„satisfactory“	<i>Needs certain improvements in order to meet the standards</i>				
3	„good“	<i>Meets the standards, performs well</i>				
4	„very good“	<i>Performance often exceeds the standards</i>				
5	„Exceptional“	<i>Performance far exceeds the standards, exceptional results</i>				
Criteria		1	2	3	4	5
1. Expertize/ Job knowledge (professional knowledge of methods, techniques and skills; rules and procedures required for the job)						
Comment:						
2. Amount of work performed (The volume of work produced in relation to the amount of planned, determined, agreed upon work)						
Comment:						
Criteria		a	b	c	d	e
3. Quality of work (work efficacy , neatness, precision and reliability towards workplace requirements)						
Comment:						
4. Work accuracy and attendance (conscientious performance of work within the given time limits, respecting foreseen and required quality and volume of work)						
Comment:						
5. Responsibility (reliability in the performance of work responsibilities, accepting the work as a whole responsibly)						
Comment:						
6. Motivation (expressed interest, will and effort to achieve the best results)						

Comment:					
7. Initiative (involves proposing, making initial moves, engaging in finding solutions, making suggestions and proposals that contribute to improving overall results)					
Comment:					
8. Rationality (Way of working that implies reducing time and materials, increasing profit, while staying in line with the foreseen quality standard and volume of work)					
Comment:					
Criteria	a	b	c	d	e
9. Grooming (assessing if overall appearance adheres the existing hygiene standards and dress code)					
Comment:					
10. Discipline (implies compliance of behavior with regulations, rules and requirements of the company, as well as consistent execution of work tasks)					
Comment:					
11. Stability (implies the ability to work under increased pressure, perform multiple tasks, and stay calm in difficult situations)					
Comment:					
12. Collaboration (implies compliance with standards of conduct necessary to achieve good work results)					
Comment:					
13. Attitude towards superiors (implies attitude towards superiors, following instructions, politeness and reactions in case of disagreement with superiors)					
Comment:					
14. Attitude towards guests/clients relations (includes care for the guest, kindness, courtesy and nice behavior)					
Comment:					
Overall score: _____ : 14 = _____ Suggestions for future work and development: _____ Comment/note of department manager(if applicable): _____ _____ Employee's comments: _____ Employee's signature: _____ Supervisor's/evaluator's signature: _____ Department manager's signature: _____					

Example 29 Criteria for Performance appraisal at Moskva Hotel in Belgrade

(Mark the appropriate grade)

1. ATTITUDE TOWARDS WORK

Performs job duties on time	1	2	3	4
Work pace (how fast are the tasks completed)	1	2	3	4
Grooming and personal hygiene	1	2	3	4
Efficiency	1	2	3	4
Adherence to employer’s rules (organizational behavior, respecting employer)	1	2	3	4

TOTAL/ sum of all grades / _____

AVERAGE GRADE / _____: 5 = _____

2. ATTITUDE TOWARDS WORK DISCIPLINE

Respecting working hours	1	2	3	4
Attitude towards colleagues from the team and in workplace in general	1	2	3	4
Team work (team player)	1	2	3	4

TOTAL/ sum of all grades / _____

AVERAGE GRADE / _____: 3 = _____

3. INITIATIVE

Providing realistic proposals for improving the quantity and quality of work, saving time, materials, equipment and trying to reduce costs in general	1	2	3	4
---	---	---	---	---

GRADE.....

4. INOVATIONS

Proposing ideas for improving the work conditions, quantity and quality of work and improving existing work procedures	1	2	3	4
--	---	---	---	---

GRADE.....

AVERAGE GRADE BY CRITERIA 1 TO 4

EMPLOYEES PRATICAL WORK / composed of the following tasks/

_____	grade	1	2	3	4
_____	grade	1	2	3	4
_____	grade	1	2	3	4
_____	grade	1	2	3	4
_____	grade	1	2	3	4

- All the criteria in the Performance appraisal questionnaire are of equal importance
- All the criteria have the same 1 to 4 grading scale

A final grade is a sum of all tasks _____ divided by the number of tasks ____ = ____

The average grade represents the result of employee's performance appraisal

DESCRIPTION OF THE GRADES:

- Rating 1 - unsatisfactory (the results achieved by the employee are below the level expected in this workplace)
- Grade 2 (average over 1.5) - satisfactory the results achieved by the employee meet job requirements)
- Grade 3 (average over 2.5) - good (employee performance achieved in certain areas of work is above the agreed (standard) job requirement)
- Grade 4 (average over 3.5) - outstanding (employee's work performance is good; the job tasks he has accomplished are significant for the work of the Department / Hotel).

Evaluator's Signature _____

Evaluator's Signature _____

Evaluator's Signature _____

FOREIGN LANGUAGE KNOWLEDGE

English: /underline one of the following/ Does not speak passive knowledge basic conversation.....advanced

Another foreign language / _____ /passive knowledge.....basic conversation.....advanced

Employee's signature regarding the level of foreign language knowlege _____

The employee agrees to have his/her knowledge level practically checked by the employer.

Employee's signature _____

COMPUTER SKILLS

- MS OFFICE /underline/ – word.....excel.....powerpoint.....outlook.....other office program.....

- Level of knowledge

1. none

2. can work with _____

3. has a certificate _____

4. advanced knowledge _____

Employee's estimation of PROSOFT program knowledge:

1. Weak

2. Average

3. Good

4. Excellent

Employee's signature regarding the level of knowledge _____

The employee agrees to have his/her knowledge level practically checked by the employer.

Employee's signature _____

Overall employee evaluation, based on all criteria, practical work and other shown knowledge, abilities and skills DESCRIPTION/ _____

NOTE: _____

Evaluation date: _____

Signatures _____

Manager/ Head of department _____

Independent member of committee for practical skills evaluation _____

HR Manager _____

Employee _____

General manager _____

Source: Internal documents from Hotel Moskva

10.1.2. MOTIVATING EMPLOYEES AS A FACTOR IN ACHIEVING DIFFERENTIATION OF A HOTEL PRODUCT

Motivation is a human psychological characteristic that influences an individual's level of commitment. It consists of factors that cause, channel, and support human behavior in a particular desired direction. Managers and management researchers have long believed that organizational goals cannot be achieved without the loyalty of members of the organization. In contemporary conditions, motivation is a great challenge for managers.

Answering questions about what motivation really is was initiated by the need to encourage employees to work the way they are asked to. As a rule, managers ask for a quick and practically applicable answer to this question. However, there is no such answer because the problem of motivation is very complex, and therefore the motivation theories are so different that they do not have any or have very limited compatibility, therefore, there is no unique theory of motivation. All theories of motivation study the process of motivation. They explain why people behave at work the way they do. In their search for an answer, the authors wonder what is the simplest, most reliable, and most direct way to motivate someone to work. Is it asking him to do more or to do better, is it persuading him, is it stimulating him with money, or using others as an example?

First, it is a generally accepted rule that motivation is a good thing.

Second, it is just one of many factors that influence an individual's behavior (ability, resources and working conditions are also important).

Third, managers believe that there is less than enough motivation and that it needs to be renewed from time to time.

Fourth, motivation is a mean by which managers can regulate relations within an organization.

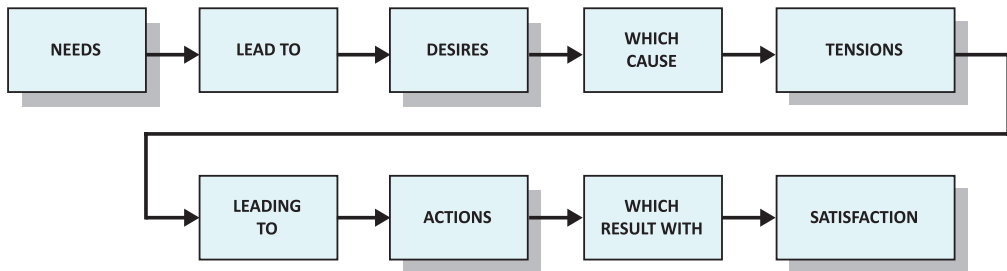
In management, motivation is equally important as strategic planning because they both serve as an input in the process of creating relations in the organization and power distribution in work relations. Motivation is a complex phenomenon, so it cannot be determined unambiguously. When describing motivation, related to work and to a company, it is emphasized that motivation is the complex of forces starting and keeping a person at work in an organization, i.e., driving a person to begin an activity and maintain it in the intended direction. (Vroom. H., 1984, p. 33).

Motivation is a management process used to channel the way people behave, based on the knowledge of "what causes certain human behavior." Motivation and motivating are different forms of human behavior between two extremes: reflex actions and acquired habits. Basic assumptions about the role of motivation and motivating in management are based on several key premises. (Stoner J., Freeman E., Gilbert, D., 2000, p. 408).

Motivation is a common term for all internal factors that consolidate intellectual and physical energy, initiate and organize individual activities, guide behavior and determine its direction, intensity and duration. This definition combines different aspects of the concept of motivation and it is based on human needs, values and interests, which are different for different people, different situations and different periods of human life and development.

Motivation can be seen as a chain reaction of the needs that people feel: they lead to the desires and goals that they aspire to, all of which created tension that drives goal-directed actions, which ultimately results in satisfaction. Such chain reaction sequence is shown in the following scheme.

Scheme 1 Chain of needs, desires, tensions, actions and satisfaction



Source: H. Wehrich, Koontz: Menadžment. Mate. Zagreb, 1994. p.463.

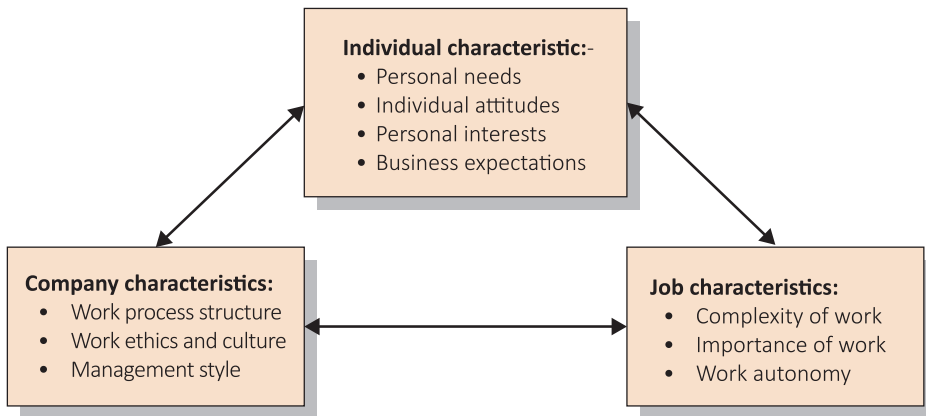
The chain: need - desire - action - satisfaction is quite complex. Namely, needs condition behaviors, but they can also arise from behaviors. The satisfaction of one need may cause a desire to satisfy other needs. For example, the need for achievement may be driven by the satisfaction that results from the accomplishment of the desired goal or may be diminished if the individual has failed. Motivation is influenced by many factors, which can be divided into three groups:

- Individual characteristics,
- Job characteristics and
- Company characteristics.

Individual characteristics represent the needs, values, interests and attitudes held by individuals. These characteristics are different in different people and affect their motives for completing work tasks, so some are motivated by money, some by job security, some by job challenges, etc. Management must take into account the individual characteristics of the workers in order to encourage those who contribute to the achievement of the company's objectives.

Job characteristics are job attributes such as autonomy, complexity, responsibility, etc. When allocating jobs, management must strike a balance between individual and job characteristics. **The characteristics of the company** relate to the rules and procedures in the company, personnel policy, management practices and the reward system that contributes to the efficiency of the company. These instruments must be designed to attract new employees while retaining the existing ones. The following figure shows the interaction of these characteristics that affect the motivation system in the company.

Scheme 2 Interaction of motivational characteristics



Source: Buble, M.: Management. Faculty of Economics Split, Split, 2000, p. 494.

In modern business, knowledge of these motivational characteristics is important for directing an individual's behavior, as well as for predicting the achievement of individual and entrepreneurial goals. The motivation system can be understood as a system of factors that influence behavior of people in the company (but also outside of it). It involves development and implementation of a variety of employee motivation strategies for achieving individual and business goals. It is, at the same time, a system of measures taken in the enterprise; employees reward and compensation, career advancement and development opportunities, self-confirmation, gaining respect and the like.

The motivation system of a company should:

- attract and retain the highest quality staff,
- achieve business excellence,
- encourage creative and innovative work activities,
- ensure that planned goals are met and
- build participative relations inside and outside the company.

Work motivation is a term for all the factors that organize, direct and determine the intensity and duration of work activity. The term refers to a group of methods and procedures for initiating, maintaining, and increasing work activity. Work motivation can be defined as a willingness to take action toward the company's goals. Motivation and motivation system should be established in each company and aimed at increasing the satisfaction of all interested parties, all for the sake of the better quality of work and achievement of goals, whether individual or joint.

The creator of the motivation system in a company must know the interests of different people and he must react differently because of those different interests because they react differently to motivation factors, though more or less they equally affect all employees, or at least they should.

This requires a combination of different motivational factors in order to have a motivation system that stimulates all employees. (Mathis R., Jackson J. 1988).

In the following example, we will see what Milka Ruvidić, HR manager at Radisson Collection Old Mill,¹¹⁴ says about the importance of motivation of hotel employees.

114 She graduated from the Faculty of Law in Belgrade and completed her master's studies at the Faculty of Organizational Sciences where she earned the Master of Human Resources degree. She started her professional development in the field of human resources in 2005 as a professional associate in the National Employment Service. She became Director of Human Resources at Hotel Moscow in 2010. Covering all areas of HR, she develops an HR department in order to identify talents, successfully lead teams, and grow and develop the hotel in general. Since May 2014, she has been Human Resources Manager at Radisson Blu Old Mill Hotel (now Radisson Collection Hotel, Old Mill). As HR Manager, she joined the Management team in the Preopening phase where she took an active role in defining and planning costs, setting the strategy and business goals, establishing procedures, and successfully conducting the organization of the entire selection and recruiting process.

Example 30 Employee Motivation at Radisson Collection Old Mill



One of the most challenging tasks of the modern HR department and management, in general, is employee motivation. Motivation is a driver that encourages employees to invest in their development, to work more diligently, to be more productive and therefore to be satisfied with the company they work for. The Hotel Radisson Collection Old Mill pays great attention to this task, using material and intangible rewards. Financial compensation is certainly a great motive and there are several rewards we use at the hotel. In all operating departments, there are rewards in the form of bonuses for a job well done or for achieving better results than intended (i.e. if a maid cleans more rooms than planned for a certain day, she will receive a bonus for every extra room). Also, every month at the hotel we choose the worker of the month, as well as the worker of the year. Rewards are monetary in both cases.

I would emphasize that in both cases the greater motivation comes from the non-monetary part of these awards, i.e. at the celebration organized for the proclamation of these rewards, we celebrate and acknowledge the employee's hard work and achievements, thereby motivating other employees to strive to succeed in their jobs. At the same time, on these occasions, we also celebrate the birthdays of employees in the current month, which creates and maintains a friendly bond between employees and strengthens the team spirit.

All our employees are entitled to a 30% discount on food and beverage services as well as to special rates at all Radisson Group hotels worldwide. As far as monetary motivation is concerned, I would point out the advancement opportunities. Employees who show talent and desire for career advancement and development have the opportunity to attend training and coaching organized by the hotel. In addition to the mandatory legal and corporate training, we also have online training, on-job skills training as well as training tailored to the needs of the job, which are organized both in-country and abroad. The latter is an opportunity for employees to broaden their knowledge, see the way other hotels work, learn something new and create stronger relationships with colleagues from other countries.

The employees' interest in advancement and investing in their own career development combined with all the education and training opportunities offered by the Radisson Collection hotel has led to the promotion of a significant number of hotel employees. For example, Reception staff is now in the Sales sector, employees from the Housekeeping sector have moved to Reception or the example of employees from the Laundry Department who are now in the Procurement sector. There is, of course, the possibility to go to another chain hotel outside our country, and the human resources sector provides support in those transfers.

Motivation is a process, not a random case of recognizing and rewarding good work. This process starts from day one at the Hotel. Each manager, with each employee in his department individually, creates an Employee Development Plan, that is, a Career Plan, where they set goals together and the employee gets a clear picture of what is expected of him. In this process, feedback from the manager is crucial, because as we motivate an employee by rewarding them, we also motivate him or her by pointing out mistakes or failures. We motivate the employee by trying to find the best solution to overcome all obstacles together. This type of motivation is important because the employee should feel supported and should know that his / her Mentor will help him/her and be supportive in any situation. The employee knows that the Career Development Plan interview is an opportunity for him/her to express his interests and the direction in which he wants to develop his further career.

One of the nicest types of motivation, and certain employees' favorite, is organizing events outside of work. Radisson Collection hotel has organized, so far, several gatherings and celebrations for all employees, a lot of charity events involving most of the employees and inspiring them to take part (voluntary blood donation, basketball and football tournament, fundraising for orphans, etc.). All of these activities strengthen the team spirit, the employees are more relaxed and the connections are strengthened between individuals as well as between departments in the hotel.

10.1.3. MOTIVATION PROCESS

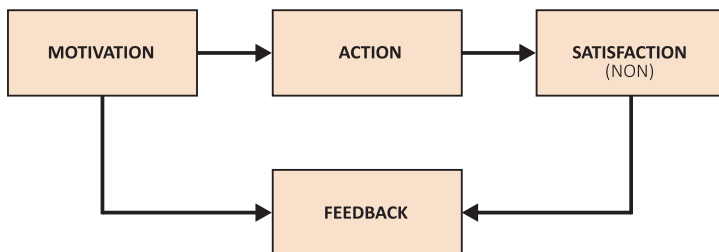
The key principle of motivation says that performance is based on capabilities and motivation of an individual. This principle is often illustrated by the following formula:

$$\text{PERFORMANCE} = F (\text{CAPABILITY} \times \text{MOTIVATION})$$

According to that principle, a task cannot be successfully completed unless a person in charge has no capability to do so. Capability is a person's ability to complete the tasks related to the goal. However, no matter how intelligent, skilled or capable person is, capability itself is not enough. A person needs to have a desire, i.e. motivation to achieve a high-level performance. The motivation process begins with identifying the needs of a person. Needs are shortcomings that a person feels at some point.

There are certain stages in creating motivation. The first stage is the creating a motive, that is, initiating the activities of an employee towards the achievement of a specific goal. In the second stage, these activities produce a certain result, and in the third stage, the employee is satisfied with the result, since the logical consequence of the result is a certain reward, which is most often expressed with money. It is assumed that the satisfaction of workers with the results of their own work, that is, reward re-produces the motive and thus closes the circle and the motivational cycle begins again.

Scheme 3 Motivation cycles model



Source: F. Bahtijarević-Šiber: Menadžment ljudskih potencijala. Golden Marketing, Zagreb, 1999.

In the modern practice of large global companies there has been a certain modification of the motivational cycle, so its last stage is often dissatisfaction instead of satisfaction. Namely, managers of large companies, in order to make the most of the physical and psychological characteristics of their employees (especially in production), keep them in a state of constant tension that they can do "more and better". Thus, when a worker in the second stage of the motivational cycle achieves a certain result, which may even correspond to the predicted norm, he does not receive adequate reward or recognition for it, the manager tells him that he did well, but that he can do better.

As a consequence of this attitude of the manager, the reward for the effort is not maximum, but below expectations. Wanting to earn more, but also to reassure his superior that he can do better, the employee puts in some extra effort. This type of motivation can have very bad consequences if the manager "does not know when is enough", that is when he should stop with such motivation. If this motivational cycle is repeated for a long time, the worker may completely lose his or her work motivation, become apathetic and permanently dissatisfied. After two cycles of negative motivation, in the next cycle, it would be best to replace the last phase with satisfaction (instead of dissatisfaction), that is, to give an adequate, high, reward for performance. This way, the worker will truly believe that he can "do more and better" and that he is given the appropriate recognition. After that, it is possible to repeat (but for a short period) the negative motivation.

When determining how far to go with a worker's negative motivation, it is very important to determine the level of effort the worker can handle. In order for a manager to understand this, it is crucial to know what effort is. A free definition of effort would be "the sum of all physical and mental work, monotony and fatigue, as well as all other unpleasant factors in the work process." Therefore, the manager has to consider all these unpleasant aspects, and only then to decide to what extent he will go with the motivational cycle, which in its final phase ends with employee dissatisfaction.

Every organization, including the hotel company, is characterized by its tradition and big names. Basically every employee knows about famous people who used to work there because it is something that is told from generation to generation. David Wheelhouse brought attention to the following interesting and true story.

In the early days of the Amway Grand Plaza Hotel (Grand Rapids, Michigan), a kid asked for a peanut butter sandwich at a hotel restaurant and a waitress ran to a store across the street in a snowstorm and bought the peanut butter. Not only was she not punished for leaving her workplace, but she also rewarded for putting the guest's needs first.

Still, this is just one of the examples with a happy ending. The question is how often this happens in everyday situations in 3 or 5-star hotels.

In the modern hotel business, the quality of service is a basis for differentiating a hotel product and achieving a competitive advantage. Therefore, one of the basic tasks of a modern manager is to identify and open up new opportunities and alternative solutions for efficient and effective work, which is vital in hotel companies. In this sense, the current view is that there is no alternative to a satisfied employee, on the one hand, and a hotel reputation on the other. Since hotel is a place where people come for different reasons, for business, adventure, education, for fun or pleasure, or to satisfy certain desires, it is necessary to find an organizational model that meets the needs of both tourists and employees. Employees need to have a smile on their faces, to be kind to guests and humble in relation to their superiors. They are exposed to the judgment of both sides, as well as their peers, which only intensifies the existing stress.

The modern view of the hotel industry is that people are a priority. The main issue for the competency of the hotel business is how to create an organizational culture and climate that will favor effective and efficient work. Receptionists, waiters, bartenders and housekeepers are the creators, and at the same time, followers of vision, strategy, and they are the ones who, under the guidance of modern leaders, execute and implement the set goals. Every hotel company has to care about the feelings of its employees, which, regardless of professionalism and experience, reflect on the guest. Assuming that a human resources management strategy is good, there is no need to teach hotel employees when and how to smile.

The work of hotel employees also requires them to be very proactive, creative, pervasive, persistent and patient. It is of utmost importance to implement programs and carry out activities aimed at increasing employee satisfaction in hotel companies in accordance with modern human resources management standards. (Vlahović S., 2006).

10.1.4. TYPES OF MOTIVATIONAL TECHNIQUES

Motivators are the means by which individuals are encouraged to act in a certain way. Obviously, in every company, managers need to take care of the motivators and be prepared to use them. The task of management is to use the motivators that will lead the employees to successfully fulfill their needs in the organization, at the same time working to meet the needs of the organization.

People should be motivated by offering them to do the work that will be rewarded, i.e., paid. Work rewards can be material and moral (non-material). Therefore, motivation can be material and non-material as well.

Material motivation is one of the basic factors on which the organizational practice of work motivation is based. It is directly influenced by the organization, its policies and practices. Advancements, status symbols, recognition, salaries, and other material compensation are visible mechanisms for allocating specific awards and evaluating work within policies and practices of every organization.

Material or financial compensation consists of various forms of motivation, aimed at securing and improving the financial position of employees and financial compensation for work. Given the level of material or financial income, there are two basic types of financial compensation:

1. Direct financial gains that an individual receives in money, and
2. Indirect material gains that contribute to raising the material standard of employees and which they do not receive as a salary or any the form of money.

Money is the oldest, the most obvious and at the same time the most universal way to motivate someone to work. However, it is also, without doubt, one of the very significant problems and it is receiving increasing attention due to its great impact on work and work relations.

When the immediate function of the salary is increasing work productivity, we will come to the fact is that not every increase in salary will lead to an increase in productivity. Therefore, it is necessary to follow the effect of material factor and payment system on the efficiency of individual work and work performance:

- ♦ Material rewards must be based on the performance indicators that can be influenced by an individual, and work standards must be achievable;
- ♦ There must be a clear link between performance and rewards;
- ♦ Reward system must be based more on the positive than the negative consequences of work behavior;
- ♦ Increase in material compensation must be high enough to justify the additional effort ;
- ♦ Increase in salary must directly and immediately follow the increase in work performance and improvement of work efficiency;
- ♦ Material remuneration must be adequate to the work invested and fair in comparison to others;
- ♦ The pay gap between good and bad workers must be significant to stimulate good work.

In addition to the material compensations that form the basis of the motivation system, it is also necessary to develop a system of intangible work incentives that meet the diverse needs of people in organizations. For most people, the so-called higher-order needs such as development and validation, appreciation, status and more, are becoming increasingly important.

10.1.5. MEASURING MOTIVATION

One of the basic questions of the work motivation strategy research and implementation is how to measure motivation. This can be done by applying methods of three basic motivation techniques.

1. **Employee surveys** are the easiest technique for measuring work motivation. It is enough to create a questionnaire that, in addition to the usual standard data, such as gender, age, respondents' work experience, etc., will also have a seven-point scale, where number 1 will indicate the lowest level of motivation, i.e. "I am completely unmotivated", and number 7 the highest level of motivation, i.e. "I'm very motivated." Respondents mark the number on a scale that corresponds to their own perception of personal motivation.

2. **Assessment of worker's behavior** is much more delicate, as a technique for measuring motivation, than the previous one. More accurate results can be ensured by collecting data through interviews, surveys and staff personal records.

3. **Performance appraisal** is the most accurate but not the most reliable technique for measuring work motivation. Performance standardization is a very sensitive area of management, so mistakes are very common. Mistakes happen if the standards are too low or too high. In both cases, the work efficiency is decreased. In the first case, the worker will easily reach the set standard, maybe even after 3 to 4 hours of work, which means that he will achieve full work performance with just half of his actual possibilities. This is indisputably harmful to the enterprise as the available human resources are not fully utilized. In the second case, the worker will not be able to reach 100% of the norm, will be paid less, and if other positions in the same work process have proper norms - he will represent the so-called bottleneck in the process. Therefore, it is very important to determine the effort that a worker can really make during an eight-hour workday.

10.1.6. MOTIVATION THEORIES

All motivation theories are trying to explain what human beings are and what they can become, so every motivation theory has its own views about people. Therefore, the motivation theory helps us understand the dynamic business world in which organizations work, by describing the managers and employees who are daily engaged in these organizations.

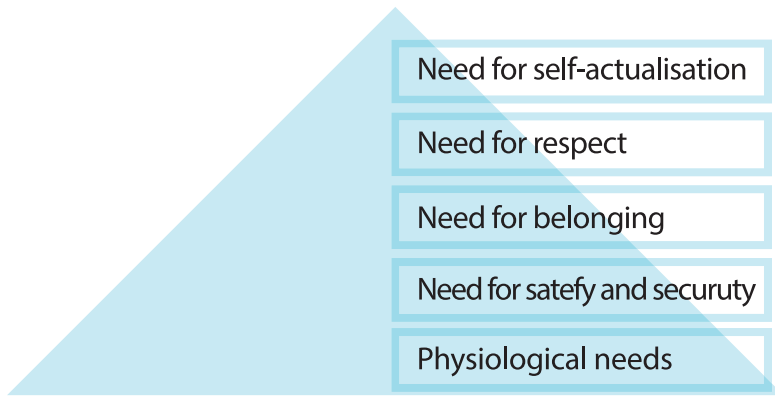
The traditional model is often associated with Frederick Taylor and scientific management. Managers determine the most efficient way in which repetitive tasks should be performed and then motivate workers through a system of monetary rewards. Employees were thought to be motivated only by money, with the acceptance of managerial authority.

The human relations model sees social contacts as positive factors, while boredom and repetition of tasks are seen as factors that really diminish motivation. Managers can motivate employees if they acknowledge their social needs and support their sense of being useful and important. Under this model, employees are expected to accept the authority of management because supervisors treat them with respect and they can influence the work situation created by managers.

The HR model is based on two different sets of assumptions regarding employees. It is assumed that most people prefer getting guidance from others and avoid responsibility. Many people do want to work, and even take immense pleasure in working. In this view, people are capable of accepting, even seeking responsibility, and they use imagination, ingenuity and creativity to solve organizational problems.

Theory of needs is a modern motivation theory that analyzes what people need or what should they do, in order to fulfill their life goals, especially in relation to work. Managers nowadays pay a lot of attention to the hierarchy of needs. The following picture illustrates five key needs.

Figure 16 Hierarchy of needs



Source: Maslow, A.H., Motivation and Personality, sec.ed., New York, Haper & Row, 1970., p.35.

According to this theory, individuals are motivated to meet the need that is strongest or most evident at a given moment. The strength of a need depends on the individual's current situation and previous experience.

Text box 3 Maslow's hierarchy of needs

Physiological needs - needs for food, air, water, shelter, sleep are physiological needs and are at the lowest level of Maslow's hierarchy. People focus on meeting these needs before moving on to higher-order needs.

Safety needs - the need for security, stability, absence of suffering (pain), threat or illness, are all safety needs. If these needs are not achieved, people are preoccupied with them, the same as with physiological needs.

Need for belonging - the need for a company, love and sense of affiliation are needs for belonging. These needs arise when physiological and safety needs are met.

Need for respect - a personal feeling of achievement, self-worth and recognition, or appreciation by others, correspond to the need for respect. People with these needs want others to accept them as they are (and they are qualified, confident, etc.) and perceive them as competent and capable. They work on achieving certain qualities, but they also want those qualities to be recognized by their environment. This is a case of deserved respect.

Need for self-actualization - confidence comes from the realization of the need for self-actualization. A person has to be true to his own nature and therefore has to achieve self-actualization by working on his talents. A born painter should paint, a writer should write, etc.

The three lowest needs - physiological needs, safety and social needs - are known as **deficiency needs**. According to Maslow, if these needs are not met, the person will develop into a physically and mentally unhealthy person. On the contrary, respect and actualization alone are known as **growth needs**. Meeting these needs helps a person grow and develop as a human being.

Lower levels of needs must be met before higher-level needs are activated, enough to direct behavior. There are more ways to meet higher-level needs than the lower level needs. In 1970, in the second edition of his book, *Motivation and Personality*, Maslow supplemented the original hierarchy of needs with two more needs. To the five basic needs, he added the **need for knowledge and understanding**, and above that, **the need for beauty** (aesthetics).

He added the need for knowledge and understanding because the above mentioned basic needs did not answer what is the motivational role of curiosity, learning, experimenting, philosophy, and the like. The history of mankind is full of examples of people searching for facts and truth, giving various explanations, even at the cost of their lives. People are attracted to what is mysterious, unknown, unexplained. When a person has a need for knowledge and cannot satisfy it, psychopathological effects occur. Maslow says he has seen a couple of cases in which boredom, loss of life fervor, a general decline in life functions, depression, stagnation of intellectual life, etc., have occurred in intelligent people doing insignificant jobs.

As for the aesthetic need, it has not been sufficiently researched. However, Maslow says: "I was reassured that some people have a need for beauty, as a basic need. They get sick (in specific ways) due to ugliness and are cured when surrounded by beauty; they actively crave, and their craving can only be satisfied with beauty ... "(Maslow, 1970). The basic objection to the hierarchy of needs model is that the hierarchy of needs is based on USA cultural values.

ERG THEORY - is a theory of motivation suggesting that people are trying to meet existential needs, needs for belonging and growth.¹¹⁵ If efforts to meet the needs at one level are unsuccessful, individuals will regress to the lower-level need. According to this theory, needs are classified into three categories: Existence, Relatedness, and Growth.

If the higher-level needs are not met, lower-level needs will appear again, despite the fact that they have already been met. People do not always climb the hierarchy of needs, but occasionally go up and down depending on the situation. This phenomenon is well known to people who have experienced corporate downsizing in recent years.

Box tekst 4 ERG model

Clayton Alderfer agreed that individuals have a hierarchy of needs; however, instead of the 5 categories of basic needs given by Maslow, the Alderfer's ERG model points out 3 groups of basic needs: Existence needs Relatedness needs and Growth needs. Alderfer described them as follows.

- ♦ **Existence needs**, or material needs, are the needs for food, air, water, salary, certain benefits and working conditions.
- ♦ **Relatedness needs** are met by establishing and maintaining good interpersonal relations with co-workers, superiors, subordinates, friends and family.
- ♦ **Growth needs** are expressed by the individual's intention to find opportunities for personal development, providing at the same time a creative or productive contribution to the business.

The hierarchy of these categories of needs is similar to the Maslow's. The Existence needs correspond to Maslow's Physiological and Safety needs, the Relatedness needs correspond to Maslow's Belongingness needs, and the Growth needs correspond to Maslow's needs for Esteem and Self-actualization.

The difference between these two models is the way people seek to meet those needs. Maslow argued that unmet needs were motivators and that next, higher-level, need is not activated until the lower-level need is met. On the other side, the ERG model suggests that **both fulfillment - a progressive process and frustration - a regressive process** occur at work. Specifically, if a person is continually frustrated in his/her efforts to meet Growth needs, the need for Relatedness re-emerges as a motivating force. The individual will return to meet this lower-level need instead of meeting the Growth needs and frustration will lead to regression (return to the previous state). For example, if a person is unable to meet the Growth need at work due to the lack of challenging tasks, the importance of the Relatedness need increases. The same behavior (performing routine tasks) that led to unmet Growth needs now becomes a mean to satisfy the Relatedness need.

115 ERG is an acronym for Existence, Relatedness, and Growth.

THEORY OF THREE NEEDS - suggests that motivated people have three basic urges: need for achievement, need for power and need for affiliation or close connection with others. These needs, however, are not equally manifested in all individuals (David McClelland). A person with a strong achievement need is, as a rule, very motivated in challenging and conflict work situations, and vice versa, a person with lower need for achievement, in the same situation, accomplish poor results. Many evidence show the connection between strong need for achievement and good results.

According to McClelland's theory, there are three types of needs: (Petković M., Janićijević N., Bogićević B., 2003., p. 275)

1. Need for achievement
2. Need for power
3. Need for affiliation

The need for achievement is a human need for success. Every person has a need to be successful. Upon successful completion of a job task, a person feels very satisfied. Therefore, a job itself can be a strong motivational factor, because those who have a strong need for achievement are successful in the business, not only because of the expected reward but also because of their personal satisfaction. This need can be constantly stimulated. People with a strong need for achievement are very hardworking, creative and valuable for every organization. Employees should be constantly motivated by new and challenging tasks; they should be given more work independence and continuous improvement opportunities through education and training s and career development.

The need for power is a need for influencing other people so they would act in a certain way. As we will see later, power is one of the basic human motivators, especially for managers, but also for other employees, and in this sense, individuals strive for informal power for the sake of gaining influence.

Need for affiliation is one of the needs mentioned in previous theories as well. It expresses the human need for developing interpersonal connections, the human desire for friendly relations.

The two-factor theory explains that job satisfaction or dissatisfaction is caused by two different groups of factors (F. Herzberg Theory).

Negative factors cause dissatisfaction and include earnings, working conditions and company policy (as the most serious cause of inefficiency).

Positive factors cause satisfaction and include achievement recognition, responsibility and advancement - all of which are tied to job content and rewards for performance at work.

In the light of planning motivational approaches, this theory takes into account the differences that exist between people.

Table 18 Herzberg's two-factor theory of motivation

Internal (intrinsic) factors, motivators	External (extrinsic), hygiene, factors,
• <i>challenging work</i>	• <i>interpersonal relations</i>
• achievement and success	• salary
• responsibility	• management and managers
• <i>possibility of growth and self-actualization</i>	• work conditions
• advancement	• job security
• recognition	• company's business policy

Source: Vuourcejić D, Menadžment ljudskih resursa i kvalitet, drugo izdanje, Centar za primenjenu psihologiju, Belgrade, 2003, p.205.

EQUITY THEORY - is a theory of work motivation that highlights the role that an individual's belief in the fairness and correctness of a reward or punishment has in determining his or her result or satisfaction.

This theory is based on the assumption that an individual's understanding of legit or fair reward is an important factor in work motivation. Equity can be defined as the relationship between an individual's investment in work (effort and knowledge) and reward (pay or promotion). Individuals are motivated knowing from their own experience they will receive a reward that corresponds to the *invested effort*.

EXPECTANCY THEORY - is a theory of motivation according to which people choose one of the several models of behavior, depending on what they expect to receive from a particular behavior.

The expectancy model, created by Viktor Vroom, examines the reason why people choose to act in a certain way. People are motivated to do their jobs if they expect to achieve the desired goals. The basic premise of the expectation model is that employees are rational human beings. Before they start doing their job, they think about what they need to do to be rewarded and how much the rewards mean to them.

The expectancy model points out that people have specific needs and ideas about what they want from their job (rewards). They rely on them when deciding where (which organization) and how hard they will work. These assumptions became the basis of the so-called expectation model, which consists of three important, related, components:

- behavior - outcome (consequences of behavior),
- valence (the outcome has the power to motivate),
- effort - result.

According to this theory, individuals are motivated to understand that there is a favorable *combination of what is important to them and what they expect* as a reward for their hard work and then they behave appropriately. Some outcomes act as **internal rewards** - rewards that an individual can "feel directly", e.g. a sense of success, heightened only by the appreciation and satisfaction of developing new skills.

External rewards are incentives, praise or promotion given by an external agent. Each level of behavior can represent a combination of internal and external outcomes, each with its own valence.

Expectancy theory indicates that managers must pay attention to a number of factors in the relationship with their employees, and those are:

- ♦ Determining a reward (motivational power) appreciated by all employees;
- ♦ Determining what performance, result, the employees want to achieve in order to receive a reward;
- ♦ The result must be achievable;
- ♦ Establishing a link between performance and reward;
- ♦ Analyzing which factors may invalidate the effectiveness of the reward;
- ♦ Ensure the reward is adequate.

THE SUBSTANTIVE THEORY - is a theory of motivation that is based on the law of effects - the idea that there is a tendency to repeat behavior that has produced good results, that is, not to repeat one that has produced negative consequences. It is (like expectancy theory) a way to bring motivation and behavior together. For example, in a particular company, management's willingness to accept associate proposals is a support that can encourage associates to make new proposals.

Change of behavior is the application of the substantiation theory to change human behavior. So a manager who wants to change the behavior of a worker must change the consequences of the behavior.¹¹⁶ There are four common methods of changing behavior:

- ♦ positive support
- ♦ use of positive consequences to encourage desired behavior (salary increase or praise);
- ♦ learning by avoiding: individuals change their behavior to avoid unpleasant consequences (criticism and poor assessment score);
- ♦ extinguishing method - lack of support for undesirable behavior to prevent such behavior;
- ♦ punishment: Applying negative consequences to stop or correct inappropriate behavior (from criticism to pay cuts and dismissals).

¹¹⁶ For example, someone who is often late may be motivated to arrive on time (behavior change) if the manager clearly praises him for arriving on time or earlier (change of consequence), or if his arrival on time is not ignored.

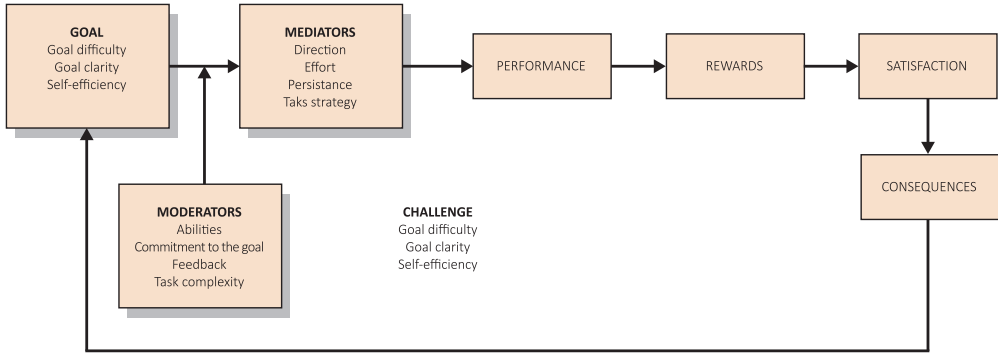
GOAL-SETTING THEORY - is a process theory of motivation that focuses on the goal-setting process. The goal-setting model was developed by Locke and Latham. The figure shows a simplified version of this model. It provides key variables and general relations that can lead to high individual performance (job execution). The basic idea of this model is that the goal serves as a motivator because people compare their performance with those needed to reach the goal.

People's natural inclination to set goals and strive to achieve them is only useful if an individual, at the same time, understands and accepts the specific goal. This way, goal setting theory, as well as expectancy theory and substantiation theory, can offer, another way in which human behavior can be explained. The process of setting goals, as a way of one person's thinking, can have four stages:

- ◆ setting target standards,
- ◆ assessing the possibility of achieving those standards,
- ◆ assessing whether the standards meet personal goals,
- ◆ the standard is accepted, the goal is determined, the behavior leads towards the goal.

When goals are determined and challenging, they function much more effectively as a motivating factor of both individual and group behavior. Motivation and commitment are much stronger if workers participate in the goal-setting process. (Erez M., Earley P. C., Hulin C. L., 1985., pp. 55-60).

Figure 17 Goal-setting model



Source: Erez, M., PC Earley, C.L. Hulin, «The Impact of Participation on Goal Acceptance and Performance: A Two-Step Model», Academy of Management Journal, No.28, 1985., p. 51

10.1.7. MATERIAL AND NON-MATERIAL MOTIVATION OF EMPLOYEES

All types of motivation can be simply divided into material and non-material. There are two different views on money as a motivator of employees. Namely, some consider that money as a motivating factor is somewhat suppressed, but that it still plays a significant role in motivating employees.

Research conducted by Locke and his associates indicates that money, as a factor of motivation, including its impact on productivity, has the highest average growth of as much as 30% in correlation with all other motivational factors. However, for this reward system to truly result in genuine motivation and consequently concrete productivity, the following is suggested:

- money must be directly related to the required behavior, e.g. to the increased productivity;
- monetary reward is paid immediately,
- consistency in monetary rewards.

However, research conducted at the University of Bonn shows that people are more or less satisfied with their salary when placed in the context of their colleagues' earnings. Specifically, the study included pairs of male respondents who were promised a payment for the successful completion of simple tasks.

MR imaging examined brain activity during work, and participants who received more money than their partners reported greater brain activity at the "reward center" than when both participants were equally rewarded. However, the activation of the reward system reached its peak only when the participant triumphed, i.e., successfully completed the task that their partners did not.

"These results are at odds with traditional economic theory, which sees the absolute amount of reward as the only important factor, and according to it, comparison with other people's awards should not play any significant role. This hypothesis is seriously compromised by this research. Of course, the importance of the absolute amount of the reward is still not denied, but the importance of the relative amount is now being noticed."¹¹⁷

In developed economies, employers, after taking care of the rational needs of their staff, work on their emotional involvement. In countries with economies in transition, employers should first address the fulfillment of basic human work conditions before dealing with emotional engagement strategies.

PRAISE MAKES GOOD MAN
BETTER - AND BAD MAN
WORSE!

Thomas FULLER (1608)

"MOST AMERICANS SAY THEY WANT
MORE MONEY. YET NON-CASH AWARDS
APPEAR TO BE MORE EFFECTIVE
MOTIVATORS."

Jerry McADAMS

117 <http://www.psihologija-blog.com/home/psihologija-plate-zadovoljstvo-vece-kada-su-drugi-placeni-manje/>

When it comes to facts that are in contrast to one another, we may also look at the assumption that for our hotel companies, paid summer holiday for an employee and his family members would be *too much* as a reward, which is not the case in economically more developed countries. However, a weekend break is a luxury that we can afford without invoking the recession because we are all aware of it. Employees will share memories from the trip not only with colleagues but also with people outside their work environment, friends and relatives, and such *sweet-and-useful package arrangement* is free promotion for the company, i.e. hotel. At the same time, the award-winning worker knows that organizing a trip requires little more than a black and white calculation of how much money is currently available.

With an unexpected and exciting weekend arrangement, we will encourage not only the employee but also his entire family to rejoice with him on every new business endeavor, supporting him to persevere in exhausting crisis situations, which it is almost impossible to survive without the unreserved support of loved ones.

Example 31 Ranking of motivational factors in hospitality industry in Belgrade¹¹⁸

Hotel Balkan, Beograd (Miloš Kostić)

- working conditions (work atmosphere and available work resources)
- salary
- development opportunities
- brand

Hotel Hyatt Regency, Beograd (Jovan Mladenović)

- brand
- development opportunities
- adequate and simulative income
- excellent conditions

Hotel President, Kovilovo (Svetlana-Stanković-Vujčić)

- salary
- location
- brand
- development opportunities

In hotel, Beograd (Ružica Dedijer Petrović)

- salary
- development and advancement opportunities
- positive and fair team atmosphere

All that brand image is - the perception of a hotel in public, is a good part of internal PR. Ružica Dedijer Petrović points out that today's employees are not easy to keep, you need to gain their trust. In this regard, she says: *"We are constantly investing in staff and then, some big promises and real offers with 200 euros higher salaries come from somewhere. Young people are avid for big promises, they accept small wage increases as the start, and when that start becomes a constant, they most often want to come back, which barely any serious institution can afford, thus the staff is gone, and in a constant search of something new, they are creating a reputation of an inconstant employee. "*

Holiday Inn, Beograd (Thomas Pavlović)

The brand and development opportunity are most often linked as No. 1, and the work atmosphere is categorized as a more important element than the earning;

Material motivation is directly influenced by the organization, its policies and practices. The mechanism for allocating specific rewards and evaluating work within each individual organization is visible.

118 Serbian association of managers about human resources in hospitality industry in Serbia, 2008. <http://www.ekapija.com/website/sr/page/221346> (p. 4)

Regardless of whether it arises as a direct financial gain in cash or as an indirect contributor to the improvement of the employee's material standard, which is not earned by salary or, in general, money, a mechanism for allocating specific rewards and valuation of work within each individual organization is visible.

When it comes to the non-material incentives, in practice, the primary focus is on the more active role of employees in assuming responsibility for business advancement and the authority to make meaningful business decisions without excessive bureaucratic procedures. One of the intangible incentives for the hotel industry is choosing the best worker of the year.

Text box 5 Choosing the best worker of the year procedure in Holiday Inn-Beograd Hotel

Belexpocentar - Holiday Inn by promoting the Employee of the Year selection process, works on recognizing and rewarding employees, as well as developing their daily work, communication and team spirit

Belexpocentar - Holiday Inn recognizes and rewards employees:

- ♦ who set a positive example in complying with company policies and procedures
- ♦ whose performance is high
- ♦ who are dedicated to the business and the company and who positively influence others in their work environment
- ♦ foster positive relationships with colleagues at all levels.

Employees are required to select one representative from each of the below-mentioned categories, by secret ballot. An employee representative may not be one of the managers or assistant managers, that is, an employee holding a manager-on-duty position (MOD). The name of the selected candidate must be submitted to the Department of Human Resources and Legal Affairs latest by __, 20__, at __: __ o'clock.

For the employee of the year selection, employees are divided into the following categories:

- ♦ Kitchen
- ♦ Service
- ♦ Finance and administration
- ♦ Sales and marketing including Hall sales
- ♦ Technical service including the technical part of the Hall and security
- ♦ Reception and Reservations
- ♦ Housekeeping including the Hall housekeeping

The Department of Human Resources and Legal Affairs is obliged to present the results of employee voting and briefly present the candidates at the next management meeting. Present managers are obliged to publicly vote for one candidate at the meeting, by one-managerial-vote-per-each-employee-group principle. The General Manager and the Human Resources representative also have the right to vote.

In case two or more candidates have an equal number of votes, the voting shall be repeated at the level of all employees, by secret ballot, within two days from the date of the initial vote, and it shall be conducted by the Human Resources Department.

The elected worker of the year will be announced at the annual celebration of the hotel, with recognition in the form of a goblet, plaque and prize - voucher for the extended weekend. Other shortlisted candidates receive plaques and a dinner voucher for two at the hotel.

Source: Internal hotel documents of Holiday Inn

If we are looking for *evidence* of the primacy of the material over the non-material, perhaps we need to consider Peter Drucker's way of thinking. In the future, the main challenge for managers will be to motivate the people they work with and, as he points out, in a global economy where money flow is absolutely free, everything else will be easily bought. It is well known that in life, the most valuable things cannot be bought with money.

Text box 6 Can we even divide the needs into material and non-material?

However, the division of motivational factors into the material and non-material ones should be analyzed in more detail. Namely, the author's opinion is that this division has its limitations in spatial and temporal dimensions and is directly influenced by organizational culture. Let's start with the temporal dimension and mutually conditioned material and non-material factors. Such division is, certainly, completely correct for a short period of time, but the author's opinion is that, for a longer period of time, this division cannot be maintained because material factors act only to the extent of existential needs, and are subsequently followed by non-material ones. Reaching a salary that allows financing needs beyond existential ones, such as the need for self-actualization, is essentially a non-material need arising from having material needs satisfied. On the other hand, when a certain need is fulfilled by non-material factors, such as belonging to a particular social group or acquiring prestige, then those factors have an impact and result in certain material incomes. We have a similar situation with the interaction of motivating factors depending on the culture of a particular society or social group. For example, certain non-material factors, such as the best writer of the year award, although at first only a matter of social prestige and reputation, lead to the increased publicity of the award-winning writer and an increase in sales of his books.

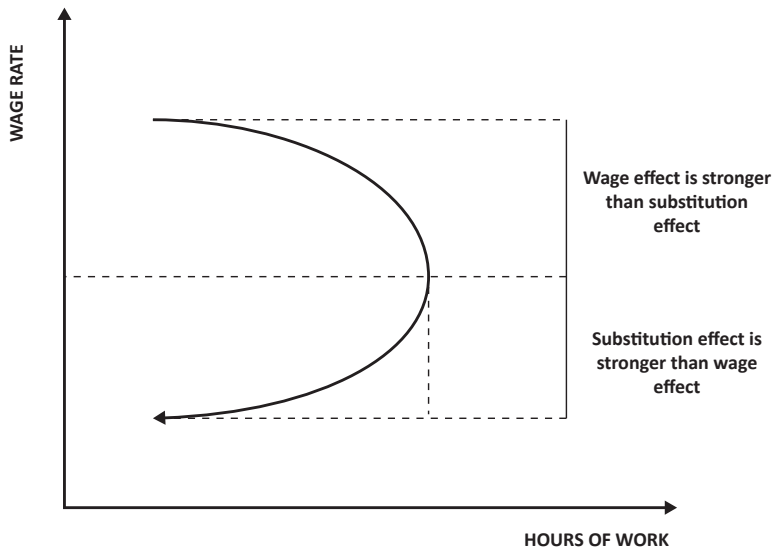
An employee who is satisfied and happy in his workplace will more easily identify with the goals of the company, so he will work for the company, not in the company. If basic prerequisites are implied, nowadays the focus is on special measures for employee motivation, and non-material recognition and autonomy are a creative version of these measures.

The fact that an employee prefers non-material incentives in a given situation can also be explained by the known effects of income and substitution when an employee chooses between higher wages and more work or slightly lower wages but also more free time (Veselinović P., 2011., pp. 168-170)¹¹⁹

We have a similar situation with material and non-material motives. Namely, when an employee with his wage meets his basic life needs (existential needs, education, culture, clothing, housing), then the need for achievement, creativity, social status, recognition, etc. comes to light and then the non-material motivating factors are emphasized.

119 For more details see Veselinović P

Figure 18 Wage and substitution effect



Source: P. Veselinović, Ekonomija, Singidunum University, Belgrade 2011.,p. 169

The primary task of managers is to motivate employees to achieve optimal work results. Different approaches to management have been created as well as corresponding motivational approaches: (Steers R. M., Porterr L.W., 1985.)

- ♦ traditional management model and the traditional approach to motivation,
- ♦ model of interpersonal relationships,
- ♦ model of human resources, i.e. human potentials.

The overall system of motivation and reward is based on a number of goal-aligned factors. This can be seen when they are compared to the way they are accomplished.

Management style greatly influences employee motivation: For example, democratic and consultative styles have a much more favorable effect on work motivation than autocratic and paternalistic management styles.

Overview 24 Objectives of the remuneration system and how to achieve them

Objectives of the remuneration system	How to achieve them
1. Attract good candidates 2. Retain quality employees 3. Motivate employees 4. Comply with legal norms	1. Determine the level and trends of wages in the labor market 2. A job evaluation system that employees consider to be "fair" 3. Rewarding good work performance. 4. Provide stimulation. 5. Documentation of the human resources sector. 6. Legislation.

Source: Carrell, M., Elbert, N., Hatfield, R., 2000, “Human Resource Management: strategies for Managing a Diverse and Global Workforce”, 6th edition, Dryden Press, Harcourt College Publishers, London.

Example 32 Remuneration of employees at Hyatt Regency Belgrade Hotel

The hotel has a well-developed employee reward system. There are several ways for an employee to be nominated, such as guest comments or suggestions from colleagues or managers. Our programs include *Hystar Recognition* programs, where employees can collect points based on the nominations mentioned above, which they can convert to rewards at the desired moment. Prizes change from year to year, and vouchers for e.g. dinner at the restaurant or use of our spa and fitness center are already a tradition.

In addition to *Hystar program*, there are *Employee of the Month* programs as well as *Manager of The Quarter*, and for these awards managers nominate employees, and employees nominate managers, and photos of the winners are displayed on the *Wall of Fame*. The teams at the hotel department, as well as the hotel as a whole, are encouraged to find innovative business methods by *Hyatt International* as well, with their *Hyachievers Award*, which is awarded to hotels that achieve great results.

The motivation of our employees is also positively influenced by the good atmosphere that prevails in teams, socializing outside the hotel and working hours, as well as numerous sports and social activities.

Demotivation factors vary depending on position and job description. These may include limited training and advancement possibilities for certain positions, stress, potentially poor communication with the manager or within the department, and interpersonal relationships.

The most valued traits are: diligence, adaptability, communication skills, orientation towards quality and customer, professionalism, integrity, collegiality and ability to work in a team, business and organizational ability. ”*

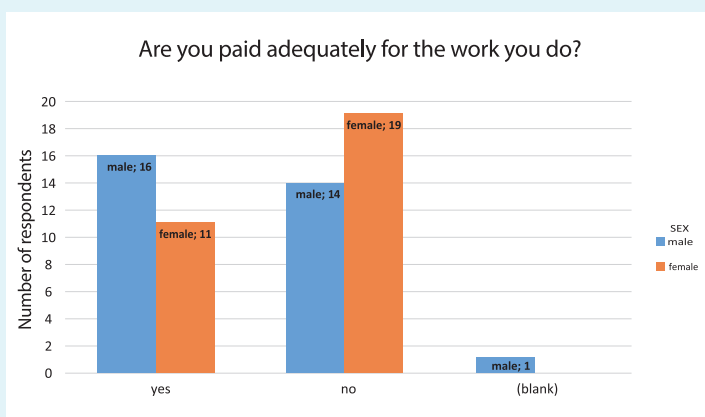
Considering the preferences of *Hyatt Regency Hotel Belgrade* -their connection with chain hotels abroad is very attractive. It is also necessary to insist on study trips and sending employees to destinations from the offer in order for them to get to know the local specifics as much as possible. Employee competencies are viewed today from a different angle.

Source: HR team of Hyatt Regency Belgrade Hotel

Example 33 Rewards and benefits of Crown Plaza Belgrade hotel employees

1. Employees have a discounted room rate at all IHG hotels
2. Worker of the Month Award (BOH and Front)
3. Quarterly Managerial Award
4. Award EMPLOYEE / MANAGER OF THE YEAR Award
5. One a month birthday celebration with a cake at the canteen
6. Annual staff party
7. Gift for a bath of a child to new parents and a baby

Example 34 Pay satisfaction in hotels in Belgrade



The question of earnings in the hotel industry for the work performed by employees is complex and the answers were as expected. Thus, 55% are not satisfied with their earnings, 57.57% are women and 42.42% are men. This can be seen in the graph. It can be concluded that women are paid less than man, for the same work. More attention should be paid to this matter, and we need to start valuing the actual job done at a certain position rather than a person who is doing the job. Low earnings in this industry are evident. There are numerous causes, but one of the main ones is the low accumulation and reproductive capacity of this type of business. The consequences can be seen in the great fluctuation of the workforce, the unattractiveness of the job positions in the hotel industry, the lack of employee motivation and the lack of participation in decision-making when making new solutions. Low wages are a big problem in retaining an educated and skilled workforce in the hotel industry. This fluctuation of labor creates additional costs for hotel companies, which will have to train new workers, that way losing time while they are getting used to customers and losing productivity.

MATERIAL REWARDS AND STIMULATIONS - refer to salaries, benefits and other tangible forms or rewards for the performed work.

Due to their importance, these compensations are considered a key factor in human resource management. They can be observed in two ways :

- ♦ according to the regularity of material income:
 1. direct material (financial) rewards, usually in cash;
 2. indirect material rewards not expressed in cash;¹²⁰
- ♦ The role of individual work and behavior in their achievement (the level and extent of their organization and distribution in the organization): they consist of two parts because they depend on individual work and performance but also on organizational programs, and success in achieving the set goals.

Table 19 Classification of material compensation, rewards and incentives

		DIRECT MATERIAL COMPENSATION	INDIRECT MATERIAL COMPENSATION
Levels	Individual	• Salaries, income • Stimulations • compensation for innovation and rationalization • compensation for expanding knowledge and flexibility • other incentives	• scholarships and tuition fees • study trips • specializations • paid leave of absence and days off • company car • managerial benefits

Source: Bahtijarević-Šiber, F., 1999, *Menadžment ljudskih potencijala, Golden marketing, Zagreb.*

The method of determining individual salaries is a significant activity in the system of material remuneration of employees and an important segment of encouraging good and successful work. Other stimulations, incentives and benefits are closely connected to the determinate individual earnings, which is why their effect often depends on how the basic form of remuneration is conceived, which, above all, depends on the job assessments.

Job assessment or evaluation provides a systematic basis for determining the relative value of work within an organization. This assessment is derived from the job analysis process and it is based on the job description and specification. The essence of job evaluation comes down to establishing a job hierarchy in which it is easy to check the relative position of each job. In addition, job evaluation can be used to explain how employees' basic earnings are determined, and the basis for assessing and evaluating jobs is job analysis.

In the process of rewarding and motivating employees, it is important to make sure that the amount of remuneration they receive for the work they perform is aligned with the remuneration received by other employees for the work they do. Modern organizations use a number of methods and procedures to determine the relative value of jobs and basic earnings of employees.

120 They are acquired through employment: pension and disability insurance, health insurance, meals, scholarships, forms of life insurance, paid days off, vacations, recreation and so on.

They can be quite simple (egg ranking and job classification methods) but also complex, such as factor comparison methods and the scoring method,¹²¹ and for managers some specific methods (for example Hay method¹²²).

Establishing a wage structure, which indicates the salary for each job, is done after determining the relative value of the jobs. Basic earnings are considered the basis for upgrading all forms of incentives based on individual, group (team) and organizational work performance. The structure of wages and salaries is the starting point and basis of the overall system of remuneration and compensation. Equality and fairness are of particular importance.

There are three ways to stimulate work performance:

- (1) with increasing earnings based on work performance;
- (2) with various individual rewards and incentives;
- (3) with one-time (special) stimulation programs.

Group simulation systems are based on multiple modalities but these are the three basic ones:

- (1) employee participation in revenue;
- (2) employee participation in profit;
- (3) employee participation in ownership.

Indirect material compensation (benefits) include:

- (1) safety and health benefits;
 - (2) paid leave benefits;
 - (3) other benefits:
- benefits that improve the quality of work and life (scholarships, business uniforms, transport to work, business car, recreation, etc.)
 - benefits related to indirect privileges and benefits (additional health insurance, vacations at exclusive places, additional payments of pension contributions, access to exclusive clubs, etc.).

Managerial compensations

The general manager remuneration system, as a rule, consists of four parts:

- (1) basic income,
- (2) annual cash awards,
- (3) long-term stimulation,
- (4) special benefits.

121 The most popular and most used method; it is a complex analytical method because scores for every job are assigned based on the presence of key parameters established for the evaluation of all jobs. This method defines a relative relation of jobs within an organization.

122 It was named after the consulting firm that developed it. It is based on three evaluation factors: (1) know-how, (2) problem solving; (3) liability.



Source: Internal documents/ hotel Moskva Belgrade

10.2. SALARY SYSTEM

The established employee remuneration system in the hotel industry is crucial for the successful functioning of the hotel community. The remuneration system is not a system that needs to be put in place once and then it works by itself. The remuneration system is a dynamic system that, under the influence of internal and external factors, undergoes and requires constant change and adaptation to the new situation. The hotel company salary system is crucial for employees because the earnings directly affect the standard of living of all employees, and if not properly and fairly set up, can represent a disruptive factor in the company and cause many unforeseen problems. This can lead to passivity, lack of diligence, unkindness, lack of engagement in the execution of tasks, and even strikes. This implies that the salary system is both the creator of the working atmosphere and an integral part of the hotel organization culture.

The remuneration system, *in the narrow sense*, includes money, goods, status and/ or services provided by the employer to its employees in exchange for the work invested. There is an exchange relationship between the employee and the employer: the employee offers specific behavior that is desirable and necessary to the organization in order to achieve its goals in exchange for money, goods and / or services.

In a broader sense, the remuneration system may also include an employee performance appraisal system, since appraisals, in addition to developmental purpose, often can and do play an important role in determining pay, raises and various types of incentives. (Bogićević B., 2003., p. 267).

10.2.1. SALARY SYSTEM GOALS

Direct forms of income include the elements of income that employees receive in cash: a basic salary, an increase in the basic salary to maintain purchasing power, and performance-dependent earnings. **The basic salary** is the most important element of income that an employee receives on the basis of the job they perform, regardless of their performance in the workplace. **Increasing the basic salary to maintain purchasing power** is a part of the income that ensures the maintenance of the purchasing power of the basic salary over the long term, through a permanent increase of the basic salary based on a retail price index, a cost of living index or some other indicator that a particular organization chooses. Performance-based earnings are a part of the income that takes into account the individual's contribution to the achievement of organizational results, the result of the organizational unit or team in which the employee works, and they cover various forms of short- and long-term incentives. **Indirect forms of earnings** include benefits and perks.

Benefits are a part of the income that aims to provide employees and their families security. They include two types of programs:

- (1) employee protection programs: health insurance, pension insurance, social security, disability insurance, life insurance, etc. and
- (2) paid leave: military service, vacation, sick leave, maternity leave, etc.

Perks are indirect earnings related to status and status symbols. They come in various forms, such as: free meals or meals at affordable prices, use of a business car, free recreation, use of a mobile phone, etc.

When creating and implementing salary system in a hotel company, it is necessary to define the basic strategic goals of that system, as a subsystem of human resources management. In its development, it is necessary to align the interests of the owner, the hotel product, which by providing hotel services should satisfy the interests of guests and employees. These interests are generally opposed and this system will work only if all parties are satisfied. That is why the salary system decision-maker must also define the goals of the employees, because it is a realistic assumption that the goals of the owners and guests are known.

Employees generally start working to meet the following goals.

Standard of living - The main goal of an employee is to achieve a level of income that will provide him with adequate purchasing power and standard of living. Employees are usually not satisfied with their income due to the impact of inflation as well as the constant growth of their expectations.

This is a basic goal, up to the point where an employee's earnings provide a standard of living that goes beyond basic existential needs and enjoying leisure time prevails upon work engagement..

Fairness - The fair determination of the salary range is very important for every hotel company. It is one of the most important factors in the organizational culture of the hotel community. Employees would rather accept lower salaries than an unfair system of salaries and stimulations. When employees feel they are not paid enough, there is a threat they will reduce the quality and quantity of work, attention and work morale, while abstinence and fluctuation will increase.

There are two basic forms of fairness. Internal fairness is when employees feel that they are justly rewarded in comparison to other employees within the organization. External fairness is when employees feel that they are justly rewarded in comparison with their colleagues in other companies.

Rights - This goal presents the right of employees to participate in the distribution of the profits of the enterprise. These rights are more characteristic in developed economies than in transition economies. Issues related to employee rights are also included in negotiations with trade unions.

Relativity - comparison. - Employees usually compare their earnings with those of other employees (with colleagues in the company, with competitor's employees, with the earnings of workers of the same profile, etc.). Due to the diversity of the salary systems, comparison of the salaries is a very complex process.

Acknowledgment - Financial and non-financial benefits express recognition of the employee's work. They affect employee satisfaction and its future performance.

Composition - earnings structure. - Employees pay special attention to the structure of their income. Although individual preferences are present, the general principles are as follows:

- younger workers prefer direct benefits and the older ones prefer medical or social security benefits;
- an incentive pay system is useful because employees feel that the level of their earnings depends on their performance while also avoiding the subjective evaluation of managers;
- overtime work is usually preferred by lower-paid workers, while women with young children usually do not accept it;
- additional health and social security are becoming an increasingly common part of the salary system.

Employer's goals. - Employers have the following expectations from the salary system. (Šušnjar G. Š., Zimanji V., 2006., p. 315).

Prestige: The salary system can affect the reputation of employers. Those companies that provide higher salaries to their employees will have a better reputation, while those companies that are known for lower wages will create the image of being in a difficult financial situation.

Competition: Adequate remuneration system allocates human resources and it is a factor for achieving differential advantage and market positioning, which is of utmost importance for hotel companies. It has long been known that only an adequate level of earnings retains valuable and quality workers. It is common knowledge that low salaries adversely affect the performance of all employees and thus reduce the competitiveness of the organization. At the same time, high salaries of employees bring a good reputation to the employer as they prove that the hotel company is operating successfully.

Control: companies are able to organize and structure the salary system so that it also serves as a control mechanism in achieving the company's goals.

Motivation and Performance: Employers use salary systems that motivate employees to perform better. In particular, the system of stimulations plays an important role.

Costs: The level of salaries directly affects costs and, through them, the profit of the company. The share of salaries in the total cost of an enterprise significantly influences the attitude of the company towards the salary system.

Change management: The salary system is one of the available possibilities the companies can use to facilitate change in the organization. Earnings can also serve as rewards for the employees' adequate behavior or attitude toward work.

10.2.2. LABOR COSTS MANAGEMENT

Labor costs are a key element of total costs (very important for a hotel company because the hotel industry is labor-intensive) and must be kept under control. In this regard, important aspects of controlling and managing earnings budgets are: (1) labor cost management, (2) built-in control mechanisms - inherent control, and (3) cost control through the introduction of variable elements of earnings. Managing labor costs or wage budgets essentially involves managing the individual components of these costs. Total labor costs comprise all the components of the salary that an employer pays to employees based on their work and are calculated according to the following formula: average salary includes basic salary and a portion (if any) of performance-based earnings (raise, incentive). Starting from the elements of labor costs, the management of the wage budget comes down to the control of one of the three mentioned elements. (Bogićević B., 2003., pp. 291-293).

- I. Controlling the number of employees.** - One of the common methods of managing a company's wage budget is managing the number of employees or the number of hours worked. Paying the same salary to fewer employees is certainly a cheaper strategy for the organization. However, sometimes legislation, especially in European countries, significantly limits organizations in terms of job cuts. Very often, the number of working hours is controlled instead of the number of employees. Overtime is often extremely expensive, since one hour of overtime work is usually 50% more expensive than an hour during normal working hours (40 hours per week). Therefore, sometimes it costs less to hire new people than pay overtime.

II. Controlling the average earnings. - Control of average earnings means control of average base salary and control of average earnings based on performance (bonuses, incentives, bonuses, etc.). The status and number of employees are taken from the employee records, or according to their list. Workers are classified according to the degree of qualification structure from the official statistics. Employees are classified into administration, hospitality and hotel sectors, technical support services and managers at all levels. Employee turnover data are also obtained from employee records.

Information on salaries and benefits contains information on employees' salaries as well as other benefits. Data on paid gross and net salaries are taken from the accounting, payroll services, for the whole previous year, and for the current accounting period. Indexes are calculated for analytical information only, and this is done for the entire business year. The number of employees is determined mainly on the basis of hours worked. The monthly average wage is obtained by dividing the wage mass with the months of individual observable periods that can be compared with each other, which makes it possible to calculate the index.

Overview 25 Report on salaries and contributions

N.	CATEGORY	Data for the period of				Index
		Past year		Accounting period		5/3
		amount		amount		%
1	2	3	4	5	6	7
1.	Paid salaries					
1.1.	Gross mass of paid salaries					
1.2.	Net mass of paid salaries					
2.	Number of employees					
3.	Average paid salary per employee (per month)					
3.1.	Gross					
3.2.	Net					
4.	Highest and lowest salary					
4.1.	Highest average gross salary (per month)					
4.2.	Lowest average gross salary (per month)					

Source: adopted by the author, based on: Vujić V., Menadžment ljudskih resursa, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski Menadžment Opatija, 2008., p. 323

10.2.3. SALARY SYSTEM MECHANISM

The wage system should be comprehensive, acceptable and functional. The ultimate goal is to determine the monetary value of each job in the organization at a basic level, as well as to establish a scheme to increase earnings. The basic requirement for the salary system is that employees with more experience, who perform more complex tasks and have greater responsibilities, also have higher salaries. This is only possible if their work tasks are known in detail. (Bogićević B., 2003., pp. 291-293) That is why the following factors act in determining the salary system: (Bogićević B., 2003., p. 294)

- ♦ updated job description,
- ♦ job evaluation,
- ♦ Information on incomes in the labor market, and
- ♦ salary structure.

An up-to-date job description provides information on the important characteristics of each job, and thus provides information on the compensation factors by which the employer values the job. The value of each job can be determined by a number of techniques. The company obtains data on incomes by analyzing the labor market situation. It is important to determine in advance the relevant markets and jobs that are going to be examined. The last stage in the development of the salary system is the construction of the salary structure, for which various methods are available to the company - traditional and new approaches.

10.3. TRADITIONAL SYSTEMS OF SALARIES

10.3.1. DETERMINING SALARIES BASED ON SENIORITY

The salaries are still being determined by a traditional model based on seniority. This implies that longer the employees work, the higher their salaries will be. For example, junior officer will be paid 6 euros per hour, while senior officer will earn 8 euros for hour for the same job. This approach is based on the fact that employees become more experienced and trained during some period of time, and therefore they can perform better. Traditional system of salaries is used in public service, in economies in transition and in hotel industry. Traditional systems of salaries also includes determining salaries by points and salary classes.

10.3.2. SALARY CLASSES AND POINTS RANGE

Salary classes and ranges give the managers flexibility to react to competition, but also within the organization. Jobs of the same significance are being grouped in the same salary class. For the employer, this means that he can move one employee from one job to another without changing the basic salary.

There is no optimal number of the salary classes, but in hotel business there are nine to twelve in most cases. For easier administration and calculation of earnings, jobs of the same significance are grouped in the same salary classes. Let's take an example on determining the earnings by points range along with the salary classes. The following table represents possible way of grouping the jobs.

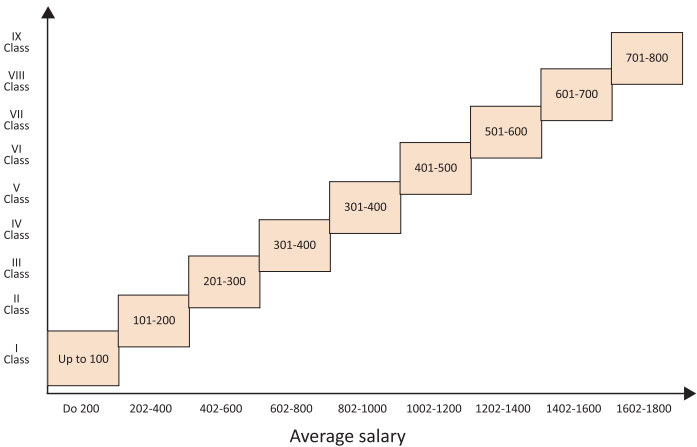
Table 20 Points by salary classes

Class	Points range from - to		Average monthly salary in euros from - to	
I		100	0	200
II	101	200	202	400
III	201	300	402	600
IV	301	400	602	800
V	301	500	602	1000
VI	501	600	1002	1200
VII	601	700	1202	1400
VIII	701	800	1402	1600
IX	801	900	1602	1800

Source: done by the author

Along with the salary classes we need to determine the salary itself, the amount of money. That way, lowest and highest amounts for salary classes are determined. Every salary class has its own range, to be more exact, the lowest and highest income for the jobs within.

Graph 2 Pay structure and salary classes of the jobs showed in the previous table



Source: done by the author

When determining lowest and highest income of salary classes we have two possibilities.

First possibility is to determine the lowest and the highest income as the average salary decreased or increased by defined percentage (25% for example).

Second possibility is to determine the lowest income for every salary class by the following formula:

$$\text{LOWEST SALARY} = \text{AVERAGE SALARY} / (100 \% + \frac{1}{2} \text{ OF THE SALARY CLASS RANGE}).$$

The highest salary of the salary class is calculated based of the lowest salary, by the following formula: (Bogićević B., 2003., pp. 289-290)

$$\text{HIGHEST SALARY} = \text{LOWEST SALARY} + (\text{RANGE OF SALARY CLASS} \times \text{LOWEST SALARY}).$$

Salary classes can overlap and in those cases that overlap is calculated by following formula:

$$P = 100 \times (\text{HIGHEST SALARY IN SALARY CLASS A} - \text{LOWEST SALARY IN SALARY CLASS B}) / (\text{HIGHEST SALARY IN SALARY CLASS A} - \text{LOWEST SALARY IN SALARY CLASS A}),$$

where: O = Overlap

When forming salary classes and determining the corresponding financial value, i.e. salary, it is necessary to ensure that the range of salary class is wide enough so the employees can be differentiated in terms of salary by their capability, devotion and results.

The salary is also influenced by external factors, such as job market (the offer and demand for employees, average wages and the salaries offered by the competition), cost of living and other. It is necessary to acquire all the information about all the factors before establishing and determining proper system of evaluation of the results and calculation of salaries.

Table 21 Sources of information in income comparison

Source of information	Advantages	Deficiency
General research of salaries	General, wide specter, easy to acquire	Difficult to compare, short term solution
Special research of salaries	Detailed analysis of some categories, comparison is more accurate	Short term solution
Research of salaries for the specific group of companies	More accurate comparison, more detailed	Very often the sample is not big enough, depending on the companies providing the information
Own research of salaries	More accurate comparison	Time consuming and a lot of effort needed, difficult to provide valid sample
Publications in professional magazines and newspapers	Easy to acquire, can be used as a valuable additional information	Not always comprehensive, comparison not accurate
Job listings	Easy to acquire, clear picture of situation on the job market, up to date information	Difficult to compare, the information of the salaries might be invalid

Source: G.Š.Šušnjar, V.Zimonjić, *Management of human resources, University of Novi Sad, Faculty of Economics Subotica, 2006., ISBN 86-7233-134-6, p.320*

Basic advantage for integration of salary classes is that the managers have more autonomy in determining the hourly rate. The system makes easy to move the employees from one job to another within the organization because it eliminates unnecessary salary differences between similar jobs. This model brings positive effect on team work since it eliminates numerous problems in communication and development, resulting from titles and the status of the employees.

Disadvantages of integrated salary classes are that the system of salary determination can be confusing for the new employees, and the cost of the manpower is often increased because the jobs once done with the employees with different salary classes are now in the same, usually higher, salary class.

Another way of determining salaries, very often used in hotel business, is the plan realization system. This system is especially used in restaurant businesses.

On the annual basis there is yearly and **monthly expected revenue plan** for every hospitality unit. Based on that plan and the actual revenue every month, the **percentage of realization** of the planned budget is calculated. On the other hand, every work position has its own salary for a specific **percentage of realization**. Work positions are divided into job titles (maitre d', assistant to maitre d', head of the sector, assistant to the head of the sector, waiter) and every position is additionally classified.

Table 22 Percentage of revenue plan realization in hotel restaurants

Job title	Percentage of realization						
	120%	110%	100%	90%	80%	70%	60%
Maître d' 3	54.000	50.000	46.000	42.000	38.000	34.000	30.000
Maître d' 2	50.000	46.000	42.000	38.000	34.000	30.000	26.000
Maître d' 1	46.000	42.000	38.000	34.000	30.000	26.000	22.000
Maître d'	42.000	38.000	34.000	30.000	26.000	22.000	18.000
M.d'Assistant 3	40.000	37.000	34.000	31.000	28.000	25.000	22.000
M.d'Assistant 2	37.000	34.000	31.000	28.000	25.000	22.000	19.000
M.d'Assistant 1	34.000	31.000	28.000	25.000	22.000	19.000	16.000
Waiter 2	32.000	30.000	28.000	26.000	24.000	22.000	20.000
Waiter 1	30.000	28.000	26.000	24.000	22.000	20.000	18.000
Waiter	28.000	26.000	24.000	22.000	20.000	18.000	16.000
Waiter x	26.000	24.000	22.000	20.000	18.000	16.530	14.530

Source: Done by the author

This means the following: International restaurant has the **expected revenue plan** for March in the amount of 3.000.000 RSD, and in the end of the month achieves 2.760.000 RSD. This means that the **percentage of realization** will be 92% and that the employees will be **paid for percentage of realization** of 90%. If that restaurant employs Maître d's 1, M.d'assistant 2, Waiter 2 and Waiter 1, they will be paid the amounts of 34.000, 28.000, 26.000 and 24.000 RSD.

To motivate employees additionally, another system can be applied, if in some restaurant the percentage of realization is higher than the round number by 5% or more (meaning 75%, 85%, 95% etc.), this will be calculated as a credit of 5%, and if in next period the realization is higher than the round number by more than 5%, the worker will be paid the higher percentage rank. This means the following: the budget for the international restaurant for March is 3.000.000 RSD, and the realization is 2.910.000 RSD. Therefore, the percentage of realization is 97%, and the employees will be paid for the percentage of realization of 90%, with the 5% credit. If the realization is 5% or more than the round number, in any of the following months, employees will be paid for the higher category (for example they reach 87% and are paid 90%).

10.3.3. BASIC ELEMENTS OF INCOME

Basic elements of income usually consist of basic salary and stimulation, which is based on performance of the employee, groups (teams) or organizational units. The amount of this part of the salary is directly connected to the contribution, which is expressed in shown performances.

Rewarding exceptional performances is aimed at achieving multiple goals, which can be defined like this:

1. achievement of strategic goals of the organization, which refer to raising the quality of general hotel product
2. establishment of the projected organizational culture, and desired behavior in hotel
3. motivation of the employees, through establishing direct connection between performances and rewards, thus increasing job satisfaction in the hotel, which eventually increases the guests satisfaction
4. establishing the difference between acceptable and non-acceptable performance.

Hotel businesses usually calculate the salaries using the following systems:

- **basic rate** represents the minimum level of earnings, in some cases this is the standard salary, while in others it is supplemented with other elements of earnings;;
- **supplement** for working conditions or skills, qualifications or managerial position of workers;;
- **benefit** - addition income for working conditions or other circumstances. In everyday business, hotels give different forms of benefits: meals, transport, possibility to buy company products at lower price etc.
- **night hours or public holidays** - addition usually regulated by the law for working night hours or during public holidays.
- **overtime** - if the employee works after regular working hours, he/she usually gets 10 - 50 % higher hourly rate for overtime hours.
- **incentive** - it is determined based on employee or group performance
- **bonuses** are not directly related to employee performance, but to the success of the company. Usually those are Christmas bonuses, profit sharing and other forms of share holdings.

Supplements and contributions are usually fixed elements of salary that are being paid on a regular basis, and are included in the work contract. Bonuses, overtime and incentives are variable elements of salary systems, and are paid from time to time, in variable amounts, and often represent the free will of the employer.

Salary increase - inflation and increase in the cost of living demand increase of salaries. There are several methods, from steady increase to using the stimulation system . A raise represents a form of income whose amount is determined on the basis of individual performances. Giving the raises is considered to be a traditional method, in and in this case the total income of an employee consists of the basic salary and the raise, which represents a small percentage of the total income, and is a reward for personal performances.

One of the ways of determining total salary budget for a hotel is on the basis of total revenue - income, after deduction of expenses. However, since hotel business is mostly influenced by seasons of the year, it is necessary to make savings during the months with higher revenue (high-season months) for the months when revenue is lower than usual (low season months). In that sense there are three models that can be used for calculating the budget for salaries.

Overview 26 Three formulas for salary budget calculation

	Scanlon's plan	Rucker's plan	Improshare
Labor cost (input) Results (output)	Cost of salaries Net sales (with or without reserves)	Cost of salaries Added value	Actual working hours and value of those working hours

Source: Adoption of George T. Milkovich I Jerry M. Newman, MASMEDIA d.o.o., Zagreb, 2006., p. 356

The Scanlon method is based on labor costs and the sales value of products (drinks, groceries, etc.) - SVOP. Based on the calculation from the following example, we can see that the planned annual SVOP is in the amount of EUR 10,000,000. The planned salary budget (payroll) is 30%, the monthly SVOP is EUR 1,000,000, which is higher than the average (10,000,000: 12 = 833,333). Since the revenue is above the plan, one part can go to workers' salaries: a salary supplement and another to the salary budget reserves (50:50%).

Example 36 Scanlon's method of salary budget (payroll) calculation (gain sharing)

Business year			
SVOP			10.000.000
Payroll			30%
			3.000.000
	Current month payments		
SVOP			1.000.000
Allowed salary budget	0, 30*1.000.000 = 300.000		
Paid salaries	250.000		
Savings			50.000
Distribution of savings-for salaries 50%			25.000
Reserves for low season business period			25.000

Source: Adoption of George T. Milkovich I Jerry M. Newman, MASMEDIA d.o.o., Zagreb, 2006., p. 357

Rucker's method (George T. Milkovich I Jerry M. Newman, 2006., pp. 357-358)¹²³ is somewhat more complex than the Scanlon method. This calculation method takes into account the required output (sales value of production) for each EUR of the payroll. Let's suppose that for one EUR of hotel service sales, it is necessary to spend EUR 0.60. This means that per each EUR from the sales, there is an added value of EUR 0,40. Suppose that 0.45 of the added value goes to the labor costs, then the required output (RO) is :

$$RO \bullet 0,40 \bullet 0,45 = 1,$$

therefore

$$RO = \frac{1}{0,40 \bullet 0,45} = 0,5556$$

This means that if a payroll is 100.000 EUR, than the required output of a hotel service (revenue) is 555.556 EUR-a.

Let's assume that the actual revenue for the observed month is 650.000 Euros, than the difference form actual and required output is $650.000 - 555.556 = 94.444$, which means that a bonus of $94.444 \times 0,45 - 42.500$ can be added to salaries.

Since we know that hotel business is seasonal, we can allocate 50% of the saved 42.500 to reserves, and the other 50% we can pay as a salary bonus to employees.

Improshare (Improved Productivity through Sharing) - represents the method which is rarely used in hotel business, because it is applicable mostly in manufacturing companies. It implies setting the standards for production of some product, on that basis, the required number of labor hours to produce the product. If the workers manage to produce more products than expected within the working hours (increased productivity), than the added value is distributed between employees and the company in the agreed ratio.

10.3.4. INCENTIVE WAGE SYSTEM

Incentives are aimed to encourage employees to achieve defined short-term results, usually for up to one year. Short-term incentives include several different types of stimulations: raises, bonuses, special rewards, different types of individual and group incentives. The incentive wage system directly seeks to reward above-average performance. This way of stimulation directly indicates the cause-and-effect relationships in the *ability - commitment - performance - reward* system.

The basic idea is that employees feel like business partners who share business financial risk as well as profits. The advantage is that stimulation is not constant, but must always be deserved with good performance.

¹²³ Adopted by the author

The reasons for applying an incentive pay system are diverse and include the following: (Šušnjar G. Š., Zimanji V., 2006., p. 311)

- ♦ *a reward is an important motivator for employees* - a well-established incentive wage system is an important motivator for employees;
- ♦ *many employees support this system* because they believe that performance should be the main criterion for determining wages;
- ♦ this wage system can attract and retain the best employees - an incentive wage system helps retain the highest quality workers because it enables them to earn more;
- ♦ *represents clear feedback to employees* - an adequately established incentive pay system should define the level of performance expected of employees;

Since the incentive wage system greatly affects the performance of employees and the entire enterprise, it is important to take into account the following principles when designing the wage system:

- ♦ *simplicity* - the incentive rules should be simple, clear and understandable to all employees;
- ♦ *specificity* - every employee should know exactly what is expected of him/her;
- ♦ *feasibility* - employees should have a feasible chance to achieve their goals;
- ♦ *measurability* - The entire incentive program should be measurable to determine the costs and benefits of the program.

Individual incentives are paid to employees if they achieve the set goals within a specified period of time or certain results that are the product of individual creation, exceptional dedication, significant contribution to the results of the company. In order to determine individual incentives, it is necessary to establish certain standards: the number of guests served, the number of rooms cleaned, and the time required for those activities. Taylor's and Merrick's individual incentive plan are examples payment methods per unit and per time.

Taylor's plan is most often implemented as a form of individual stimulation, and it is based on the application of different rates of payment, for reaching the standard, performing below the standard (lower rate) or above the standard (higher rate).

Merrick's plan is an individual stimulation plan that is based on three different rates of stimulation: (1) high - for the results that exceeds 100% of plan realization, (2) medium - for realization between 80% and 100% of plan and (3) low - for a realization lower than 80% of what was planned. The hotel industry applies incentives only for exceeding the plan, using different rates (for results that exceed the plan by 1 to 4%, stimulation is 10% of basic earnings; from 4 to 8%, stimulation is 15% of basic salary; from 8 up to 11% stimulation is 18%, and for results that are over 11% higher, the quality of the adopted plan is first reconsidered, and then stimulation is determined). A disadvantage of this incentive system is that, when making a plan, some will try to set non-ambitious goals that are easy to exceed and thereby to achieve stimulation that way.

When a company faces the problem of not achieving the goals of its incentives, it is recommended that employers take into account the following tips when developing incentives for their employees: (Šušnjar G. Š., Zimanji V., 2006., p. 329)

- ♦ **use common sense** - make sure that the system has sense and that employees are really capable of controlling the variables which are the basis of the system

for measuring their performances. It is also important to choose the stimulations really appreciated by employees;

- ♦ **connect the stimulations to the strategy of the company** - it is important that the system of stimulations is contributing to the companies goals;
- ♦ **directly connect the devotion and rewards** - do not forget that the rewards should directly support the devotion of the individuals, their achievement and quality of job done;
- ♦ **make sure that the plan of stimulations is understandable to the employees** - it is important that the employee can calculate their rewards;
- ♦ **establish effective standards** - expectations from employees should be high and challenging but also achievable;
- ♦ **standards should be considered as a contract with employees** - do not change them if not necessary;
- ♦ **achieve employee support** - if employees do not participate the program itself could be in danger of applying;
- ♦ **to use proper measurable system for performance** - it is important that the chosen system of measuring is clear and fair. For the success of the program, it is important to train the managers in order to master the way performances are validated and giving proper feedback to the employees;
- ♦ **to emphasize short term and long term goals of the company** - while making the stimulating system of salaries, short and long term goals should not be left out and must be included in the plan;
- ♦ **stimulating system should be structural component of the organizational culture of the company** - system of stimulations should be in line with the basic values of the company;
- ♦ **develop the approach which is based on loyalty** - stimulating plans do not work isolated, they need specific trainings, proper management, communication and cooperation of the employees.

It is often very hard to measure individual contribution in hotel business, and based on it to determine individual stimulation. In these cases, group stimulation is applied (reception achieved considerable result, more than the planed, kitchen prepared 30% more portions and similar, and in these cases it is impossible to determine individual contribution). In those cases, group stimulation is applied. The goal is to increase productivity and as well the motivation and moral of the employees. It is a necessity that all employees understand how group goals are set, measured and how the salaries are determined.

The biggest advantage of group stimulation is encouragement of group planning and problem solving, and the cooperation as well. It is very important in hotel business in which the work is organized in groups, and where performance of an individual is not dependent on his efforts only but also from the group. Method of group stimulation allows rewarding those employees whose individual results cannot be measured. The advantage of this system is also encouragement the trainings of the employees because the teams need highly trained members. The disadvantage of group stimulation is that the employees do not have feedback for their individual effort, which can degrade their motivation.

Also a big problem are low performance workers, and some employees will lower their efforts expecting that others will do the job for them.

In practice, few variations of applying group stimulations have been developed.

One way is determining business goals and standards for every member of a work group. After evaluation of the group results and some members, the salaries are determined by some of the alternatives: (Šušnjar G. Š., Zimanji V., 2006., p. 333)

- ♦ every member of the group gets the same amount as the employee with the best results;
- ♦ every member of the group gets the same amount as the employee with the worst results;
- ♦ all members get the same amount based on the average score of the group

The second way of determining the salaries is based on detailed standards set for the whole group. The salaries of all individual employees are determined depending on the realization of the group goals.

The third way of calculating the salaries depends on the realization of general goals of the group. In this case, for example, total of working hours spent on some task is measured.

For achieving better performances, companies very often combine individual and group system of stimulations.

Example 37 Incentives at Mona Zlatibor hotel

Hotel "Mona" has been using incentives, as a form of motivation, for several years now. Usually those are group incentives but also the individual ones. All incentives, of course, are given on the basis of the achieved results or product quality. Why, when and to whom the incentive is given are the questions answered by the management of the hotel. Before all, department managers, considering the results achieved by their departments, they give the proposals for the incentives. The proposals are presented to general manager who at the end decides who will get the incentive. Individuals can be rewarded with an incentive, and it can go up to 30%. For example, there are cases when only food and beverage or medical department were rewarded. There were also cases where only one employee was excluded from stimulation, even though his entire department got the stimulations. This was a perfectly justified decision, since he was not fully performing his tasks. Another type of incentive in this hotel is the commission, given to employees in wellness center. They are entitled to a commission from every treatment or massage they do. The procedure is as following: shift leader makes a daily schedule using a special formula, ensuring the treatments during the week are evenly distributed among all employees, so everyone can get their commission. Depending of type of treatment, the commission can go up to 20%. On top of that, every employee in this department has a discount of 10% for all services in the wellness center.

Source: Internal hotel documents

In almost every modern hotel company, human resources are managed using appropriate information software. Therefore, it is necessary to create a specific database, which is updated, on a daily basis, with the results of employees' work. When doing so, managers constantly have certain information about the work of employees, and based on them, they can make meritorious decisions. The employee performance report is usually formulated as in the example shown in the following overview.

Overview 27 Results of employees' work

Name and surname _____	ID Number _____	Date _____
Basis for evaluation	Performance	Standard of the hotel
1. Working hours		
2. Product/service turnover		
3. % of errors/reclamation		
4. Accountability for the job		
5. Relations with guests		

Source: Done by the author

For the manager performance report, the results of the company business and its part is much more important. Manager's contribution and results are determined only after the performance is achieved and recognized on the market. The appropriate management rewards are determined based on that. The Manager Performance Report may look like the following form - Manager Performance Results.

Overview 28 Manager Performance Results.

Name and surname	ID number	Date	
..... (Department) Criteria A	 (Number of employees) Criteria B	 (Annual revenue budget) Criteria C	
..... (Correction index)	 (Correction index)	 (Correction index)	
INDICATOR-CRITERIA	PERFORMANCE	CALCULATION	INDEX
Profit rate before taxes <i>profit before taxes.....</i>			
Profit rate after taxes			
Capital use efficiency Capital employed Revenues from sales			
<i>Cash flow balance</i>			
<i>% of realization in the sector</i>			
<i>% of labor cost in total costs</i>			
<i>% of labor cost in total revenue</i>			

Source: Adapted by the author, based on Vujić V., Menadžment ljudskih resursa, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski Menadžment Opatija, 2008., p. 319-320

10.3.5. INCENTIVES FOR MANAGERS

The hotel management is definitely is the most responsible for planning, decision making, implementation of strategy and achievements of the goals in organization. Every hotel strives to keep successful management teams, for the long term, and managers incentives are aimed at that goal. While implementing the management incentive system it is necessary to keep in mind the following:

- *establishing strategic goals for management incentives*- binding management incentives to company's strategy is a precondition for a long term success of the company.
- *establishing elements of the incentive package for management* - determining share or every salary element in management incentive package
- *establishing individual packages* - determining incentive packages for all managers, based on the set principles, taking care of their individual needs.
- *ensuring the packages are in line with the law and tax regulations* - check if everything is legal.
- *evaluation of the program* - permanently evaluate programs, and do the modifications if needed. (Byars L.L., Rue L.W., 1997., pp. 342-343).

When establishing the amount of salaries for the management, following facts must be considered:

- ♦ *base income* - stimulation is mostly determined as a percentage of the base income
- ♦ *company size* - the impact of company size on the formation of managers' earnings is reflected in the business strategy, the achieved business performance, as well as the planned short and long-term effects;
- ♦ *complexity and uncertainty of work* - the evaluation of managerial jobs is usually tied to the complexity of the decisions they need to make;
- ♦ *industry* - this factor is influenced by the overall profitability of individual industries;
- ♦ *shareholder activities* - greater influence of shareholders on the business of the company reduces managerial incentives (Byars L.L., Rue L.W., 1997., str. 320)

Managers' income is usually comprised of the following elements:

- ♦ fixed salary – does not depend on manager's performance
- ♦ long term incentives;
- ♦ specific payments, benefits and privileges;
- ♦ short term incentives. (Byars L.L., Rue L.W., 1997., str. 320)

Annual bonuses - short term incentive for managers is a yearly bonus, given mostly at the end of the year in cash. Annual bonus is paid for the achieved profit and performance of the managers department. Usually, the whole amount is paid after the annual calculation as the 13th salary. In order for this method to be successful, following needs to be considered:

- *qualifications* - it is important to establish the qualifications of the manager not only by current position in the company, but also by actual competences.
- *the size of the incentives fund* - the company has to determine the total amount of money which will be used to stimulate management. Some companies have precise formulas for calculation, other make those decisions by free will.
- *individual rewards* - it is important to define if the managers are going to receive reward for their personal performance, performance of their department or the company in general.

10.3.6. EMPLOYEE BENEFITS

Benefits are not a direct part of the salary system, and they represent payment beyond basic salaries or incentives. The purpose of using benefits is keeping the employees in the company, satisfying their needs and increasing the loyalty. Benefits are not used for motivating employees, because their amount does not depend on the performance of the employee. They are an important part of income for every employee. They are established as indirect monetary or non-monetary payment which is given to the employee for being loyal to the company. Benefits are paid leave, health care, life insurance, company services, etc.

There are many benefits and different ways to classify them. We will further analyze the benefits which are paid when the employee is absent from work, benefits in terms of insurance, pension benefits, and benefits which relate to employee service.

Benefits related to absence from work, usually represent the highest cost for the employer. Most common benefits are paid leave, which includes vacations, days-off, engaging in a jury trial, absence in the case of death of a family member, military service, sick leave, science project or specialization, maternity leave and insurance for the unemployed who are temporarily or permanently fired. (Dessler G., 2007, str. 232)

Unemployment insurance - Usually all countries have insurance laws or recoupment for unemployed, on the basis of which weekly benefits are provided in case the employee cannot work, not by his own fault. Those benefits come from taxes for unemployment which are paid by employers and they may vary from 0, 1 % to 5 % of taxed personal income in most countries. Every country has its own laws on unemployment. Unemployment benefits are not intended for all fired people, but only for those who are not fired because of their fault. The employee who was fired because he was always late for work has no right for these benefits.

Vacations and days off - average number of days provided for vacation may vary in different countries. For example, in USA vacation in average lasts 10 days, in Mexico 6, in Japan 10, in Sweden and France 25, and in Denmark 33 (Denmark, France and several other countries have a 6 working days week!). In the USA number of paid non-working days may vary from 5 to 13 or more.

Sick leave - The provided salary for the employees that are not working because of illness. Most regulations about sick leave regulates full salary for the employee for certain number of days spent on sick leave, mostly 12 days a year. Number of days for a sick leave can be increased, approximately one day per each month of working. For many employers paying for the sick leave it is the most difficult task. Although many employees use sick leave only when they are really sick, employers think that also many of them use the sick leave as extra vacation days, whether they are really sick or not.

Employers use several tactics to eliminate or minimize this problem. Many use single pay leave plans. Five years ago, 21% of companies implemented these plans, which combine sick leave, vacations and non-working days, and have recently been implemented by as many as 66%.

Severance pay - Many employers give severance pay - compensation for an employee whom they dismiss from service. That compensation can be equal to three or four days' salary, but can also go as high as the value of one or more years of salary. Other companies offer transitional redundancies by keeping employees (especially managers) on their payroll for several months until they find a new job. There are several reasons for such payments. The severance pay is a kind gesture and it is a good for the PR. In addition to that, most managers expect the employee who wants to quit their job, to notify them at least one week in advance. Therefore, it is appropriate, and in some countries obligatory, to provide severance pay at least for some period of time, if the employee is fired. Such payments reduce the chances that the fired person will seek revenge by, for example, suing the company that fired him.

Regardless of the reasons for it, severance pay is a common practice, which was also applied in the transformation of hotel companies in Serbia. It mostly came down to the fact that employees received some compensation depending on their years of service (e.g. 300 euros per year of service).

Benefits may include both cash and non-cash rewards given to employees. They may be current (company vehicle) or deferred benefits (retirement insurance).

It is essential for employers to build a unique salary system, including fixed and incentive earnings, as well as benefits. Before introducing an employee benefit plan, employers need to decide on the following important issues: (Šušnjar G. Š., Zimanji V., 2006., str. 342)

- ♦ What benefits to offer to employees;
- ♦ What is the share of benefits in the salary system;
- ♦ Whether new workers (on probation period) receive benefits;
- ♦ Whether to offer employees to choose from the benefits offered;
- ♦ How to inform employees about the benefits offered;
- ♦ Make sure that everything is in line with legal and tax regulations.

In order for the benefit program to be successful, it needs to be flexible and creative in meeting the needs of employees, increasing direct cash benefits at the same time, being competitive in the labor market and taking into account the costs of businesses. In order for benefits to be successful, they need to be constantly reviewed and, if necessary, modified. It is important that they are in line with the company strategy.

That is why every employer should answer the following questions before determining benefits: (Šušnjar G. Š., Zimanji V., 2006., str. 342)

- ♦ Are all benefits in line with the company's strategy?
- ♦ Do benefits take into account employee needs?
- ♦ Are benefits in line with the law?
- ♦ Are benefits competitive taking in consideration cost, structure and value provided to employees?



QUESTIONS TO TEST YOUR KNOWLEDGE

1. How would you define and explain employee performance appraisal?
2. What are the stages of employee performance appraisal?
3. What are the methods of performance appraisal?
4. What is the importance of motivation?
5. What is motivation and what are its stages?
6. What kinds of motivation and methods of measuring motivation do you know?
7. What motivation theories do you know?
8. What is the system of material and non-material incentives?
9. What are the basic goals of the payroll system?
10. How is labor cost managed?
11. What payroll systems do you know?
12. What is the payroll system based on seniority?
13. How would you explain the salary class system (make an example)?
14. What are the basic elements of income?
15. What incentive systems do you know (what is Merrick's plan and what is Taylor's plan)?
16. What are the main reasons for using an incentive wage system?
17. What factors must be taken into account when determining managers' earnings levels?
18. Manager's income is usually comprised of what?
19. What are the most common employee benefits you know?

ORGANISATIONAL STRUCTURE OF HUMAN RESOURCE MANAGEMENT



11. ORGANIZATION OF THE HUMAN RESOURCE MANAGEMENT

UPON READING THIS CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Explain the organization of the HR department
- ♦ List the basic functions and work tasks of the HR department.
- ♦ Know how employee records are organized in the HR department.
- ♦ Know what data should be obtained.
- ♦ How to form employee record files.

Every organization is made of people who perform different tasks, who are coordinated to contribute to the realization of organizational goals. The way an organization is organized depends on its plans, i.e. strategy. An integral part of the strategy and its operationalization is the management of human resources, no matter how it is formally conceived within the existing or future organizational structure.

A modern organization creates its organizational structure under the influence of many factors from the external and internal environments. From the aspect of human resource management, the purpose of organizing is that each person in the organization gets a separate and different job, compared to others, and to ensure the coordination between these jobs in order to achieve the goals of the organization. In each organization, the organizational structure indicates the position and the function of not only managers but all other employees. However, the organizational structure does not show the current patterns of communication in the organization, the actual levels of authority and opportunities, obligations and motivation that each position carries.

In that sense, the organizational structure is important for human resource management because it indicates:

- the position of each manager,
- levels of responsibility and their relations;
- the responsibility of managers by units, departments, sectors, etc. .;
- composition and structure of departments within the organization;
- comprehensive "chain of command",
- overview of the position and function of each employee in a particular organization.

In most modern organizations, the human resource management unit is separated from other organizational units and it is managed by a responsible manager. While performing this function, which is placed within a special service, sector or department, the manager must necessarily cooperate with other managers of the organization.

This cooperation is necessary for proper planning of human resources, but also for carrying out a number of other functions within the field of work. On the other hand, cooperation with the top management of the organization is also necessary as it is clear that human resources are crucial and that they will increasingly provide a competitive advantage to the organization in the future. This is indicated by the increasing demand for human resources, that is, the rapid increase in interest in knowledge management, as well as the growth of learning organizations.

The majority of contemporary organizations have a separate HR manager function. They are commonly referred to as staff managers, and are responsible for advising line managers when recruiting, hiring, determining remuneration and other activities.

Almost all managers in contemporary organizations are human resource managers as well since they are involved in a number of activities related to human resource management (recruitment, interviewing, selection of employee training). In the organization of the HRM function, a functional model of structuring professional tasks, operational activities and overall operations is usually established. This model of organization is based on nature, the importance of the jobs that are connected or grouped. In this way, the HR department becomes an organizational form composed of a number of smaller organizational units in which related and similar tasks are performed.

Table 23 Presentation of traditional and contemporary human resources (HRM) sectors within the hospitality industry (Mihić S., 2009, p. 289)

Old HR practice	New HR practice
Employment research	
♦ High turnover of workers ♦ Ad hoc employment without long-term plans and visions, ♦ Recruitment without prior training, high fluctuation of the workforce and from other companies, ♦ No interest in finding the key in reducing employee fluctuation	♦ Careful analysis of the available workforce in the local community long-term cooperation with the labor market, ♦ Employees are carefully selected based on empirically and scientifically created criteria ♦ High fluctuation is perceived as a problem for the work of the company.
Work advancement and career development	
♦ Unclear promotion criteria, Seasonal workers are not trained ♦ The shift in the hierarchy is perceived as loyalty to the company, ♦ Opportunities for advancement are limited for women, minorities, people with disabilities	♦ Planning and following the career of each employee, ♦ Employee development in cooperation with the local community, ♦ Seasonal and part-time workers are actively involved in all forms of training, ♦ Equal advancement opportunities for all employees

Rewards and benefits	
♦ Companies offer minimal rewards ♦ There are no vouchers or other forms of financial incentives or they are inadequate	♦ Well-developed rewards and incentives scale, ♦ Extra benefits and share of profit contracts
Education, training and development	
♦ Education and training are not planned but happen on a case-by-case basis, ♦ Older employees do not participate in training, ♦ Gap between education and direct work in the sector, ♦ Trainings are isolated cases	♦ Planned education and training policies, Training is promoted by management who take an active part in it, Training is related to career advancement, ♦ Partnership between industry and education, Education is based on research and needs
Management culture	
An authoritative culture based on the old hierarchy of decision making and the distribution of power, Employees are treated as a cost, Employees are far from the process of decision-making and power, Employees are perceived as temporary staff.	Employees are treated as a core strength of the company, Participatory management culture based on democratic decision-making, Vital decisions are made in accordance with the general interest of the community.

11.1. HR SERVICE WORK TASKS

The work process requires appropriate functions regardless of the degree, system and form of work organization.

The HR function includes planning, organization, decision making and control of operational staffing tasks. It is the most significant part organization's business functions overall socio-economic functions as it deals with people who are the pillars of development. The operational elements of HR function are expressed in functions or preparations. All elements of human resources functions have a common aim in the optimal and efficient solution of basic organizational goals in society. Although the performance of HR function depends on the breadth of activities and the specific staffing problems of a particular system environment, there is a considerable amount of common methods, techniques and principles for solving them. However, in practice, very different HR techniques, methods and principles are encountered because they are inherited from different environments and systems. In addition, HR is one of the youngest functions and scientific disciplines. Therefore, there are no "standards" in HR.

In the modern sense of the word, the HR function (in organizational and scientific terms) dates somewhere before the end of World War II (Fillipo E. B., 1996., p. 84), when staffing problems caught the attention of scientists and experts. The genesis, creation and development of the HR function, as well as the techniques for its implementation, are very different in individual countries. Today, in many countries, HR is considered a scientific discipline, and staff performing jobs in its domain is becoming increasingly valued. Namely the profession of human resources specialist has developed a number of specificities in the broader aspect of the profile of expertise.

The dynamic model of the HR function connects the following main tasks, i.e. **HR sub functions:** (Stefanović V., Blagojević, S., 2009., p. 48)

- ♦ job classification,
- ♦ estimation of the situation in the organization of work,
- ♦ designing expert profiles,
- ♦ defining staffing needs,
- ♦ planning and programming the development of staff structures,
- ♦ planning staff education,
- ♦ examining staff sourcing and acquiring,
- ♦ research and application of modern methods of successful sourcing, introduction staff into the process of work and adaptation to work,
- ♦ monitoring the development and advancement of staff,
- ♦ monitoring the staff fluctuation(turnover),
- ♦ building a performance appraisal system,
- ♦ education, training, development and retraining of staff,
- ♦ study of inter-personnel relations,
- ♦ measuring staff contributions,
- ♦ analysis of re-election and staff rotation,
- ♦ evaluation of work performance and attitude towards work,
- ♦ motivation research,
- ♦ building decision-making technology,
- ♦ informing staff,
- ♦ monitoring staff engagement in management,
- ♦ cultural uplift of the staff,
- ♦ monitoring the safety and security of staff,
- ♦ monitoring the development of social policy and standards of the staff,
- ♦ labor relations,
- ♦ taking care of the health and recreation of the staff and
- ♦ jobs related to retirement.

Each of the following (and many other) HR sub functions is defined by the appropriate policy as part of the overall personnel policy.

11.2. ORGANISATION OF HR SERVICE

In hotel companies, and especially in hotel chains, considerable attention is paid to human resources management and, accordingly, to the organization of a human resources department, commonly referred to as the HR sector, service, department or office.

In the modern organization of work, the HR function is of particular importance, which goes beyond the framework of one function and becomes the foundation of the future strategic differentiation and positioning of the hotel enterprise, with the synergy of technical, technological and human potential to the continuous essence of competence. The task of the human resources department is to plan, select, socialize and propose the recruitment of new personnel, to organize education, training and development of personnel, to study the behavior of individuals and groups, to inform and direct employees. In addition, the HR department should be examining, creating and applying scientific methods of work organization and staff stimulation. Therefore, the following organizational structure of the HR function is proposed. (Stefanović V., Blagojević, S., 2009., pp. 50-51)¹²⁴

- 1) Hotel companies with 10 to 70 employees should have at least one HR staff member - an expert in human resources, who is qualified and ready to accept certain tasks, perform human resources functions, prepare and implement HR policy decisions. Due to the complexity and responsibility, the profile of the HR position requires as a minimum a college degree with a particular profile, and a university degree if working in complex work processes involving the structure of employees with a higher level of education.
- 2) In hotel companies with 71-200 employees, there should be, at least, an HR unit. The number of HR staff in this unit and their expertise depend on the complexity of the business and staffing issues.
- 3) Hotel companies that have between 200 and 400 employees organize the HR function in the form of a department equal to other departments within the joint framework. When it comes to the number of staff in the HR department and their profile, and way of work, the previous remarks remain valid, except that the head of the HR department should be a highly educated expert.
- 4) In hotel companies with 400 to 1,000 employees, there is an HR service, composed of HR staff, units and departments. It employs experts of all profiles, especially in companies with more than 700 employees, so that they could make HR decisions independently, from the aspect of expertise, of course, with appropriate cooperation with professional institutions. The head of the human resources service should be an expert in a certain area of a broader profile, that is, hold a university degree and additional education in HR-related areas.
- 5) Hotel companies with more than 1,000 employees organize HR function in the form of the HR sector. The sector is divided into sections according to the corresponding HR functions. They employ experts of all profiles, and the Head of the HR Sector needs to have a law degree.

124 Adopted by the author

The HR service holds and keeps records of employees, and based on them, provides information to the management on the number and fluctuation of employees, their placement, qualifications, results of work, salaries, overtime, etc. In order to successfully do this, each employee in the HR service has his / her own personnel file, and there is a chronological overview of employees' job positions in the hotel company. In today's hotel business, instead of former record files, information software is used, either the one used for the staff records (for example HR Data Manager - Overview 30) or one operating within the overall management information system.

Overview 29 Employee Record File (ERF)

IDENTIFICATION DATA
Information about the company
Name or code of the job position
Place of work
Number of Employment Record Book
PERSONAL DATA
Last name
Name
Father's and mother's name (maiden name)
Sex
Date of birth
Place and country of birth
Nationality
Personal ID
EDUCATION
Level of education and title (degree)
Education and training: in country.....
abroad.....
Special skills (foreign languages, IT skills, etc.).....
INFORMATION ON WORK, PROFESSION AND INTERNSHIP
Job position.....
Required education qualifications
Date and type of the employment
Previous job position
Overall length of service.....
Length of service with benefits.....
Length of service at current company
Average monthly salary in the last year

MILITARY SERVICE INFORMATION
Completed military service.....
Military rank
Military assignment
INFORMATION ON LIVING CONDITIONS
Marital status
General information on spouse:
Information on children
City
Street address and number
Contact
Housing conditions
Number of persons in the household
Distance from home to place of work
Transport to work
Hobby
Health condition
Sick leave days in the last yea
Working hours utilization
SOCIAL ENGAGEMENT
Participation in the anti-fascist movements.....
Member of the Serbian Parliament.....
Member of the Municipality or City Hall or
Participation in executive bodies, from Municipalities to the Republic
Engagement in professional associations.....
Honors and awards
Published studies and other papers
Inventions and proposals for technical and other improvements
Particular interest in personal development
Reprimands, punishments and penalties
In, date Filled by.....

Source: adopted by the author, based on Vujić V., Menadžment ljudskih resursa, Sveučilište u Rijeci, Fakultet za turistički i hotelijerski Menadžment Opatija, 2008., p. 319-320

Human resource management in hospitality industry

The hotel company HR department, based on data from the employee record file (ERF), produces certain information for business owners and management. We will see what kind of data (we will only review some of it) is necessary for the proper feedback to the management of the hotel company.

[illegible]

3.1	Ph.D. degree											
3.2	MA degree											
3.3	BA degree											
3.4	College											
3.5	Highly-qual.											
3.6	Qualified											
3.7	HS Diploma											
3.8	Semi-qualified											
3.9	Unqualified											

Source: adopted by the author; based on J. Šaban: Troškovi i efikasnost ljudskih potencijala trgovačkog društva ti knjizi skupine autora: Računovodstveno izvješćivanje menadžera i informacija trgovačkog društva RRIE, Zagreb, 1995., p. 82-85.

The status and number of employees are taken from the employee records, the way they are registered. Workers are classified by qualification structure in accordance with official statistics. Employees are divided into those in manufacturing and those in administration and managers at all levels. The company can arrange that according to its own needs and general acts and organization.

The salaries and benefits report contains information on employee salaries as well as other benefits. Data on paid sums of gross and net earnings are taken from the accounting for the whole of the previous year and for the current accounting periods. Indexes are calculated for comparison purposes only, for the entire business year. The number of employees is determined on the basis of hours worked. The monthly average salary is obtained by dividing the mass of wages by the months of the individual observation periods, which can be compared with each other, which enables the index calculation.

Example 38 Questionnaire for “Best Western” hotel employees in Belgrade

Please complete this anonymous questionnaire by selecting only one of the answers provided for each question and send the completed questionnaire to the forwarded e-mail address.

Your participation in the survey is voluntary

• **Name of the hotel:** _____

• **Sex:** (1) Male (2) Female

Age: (write in the box)

• **Level of education:**

(1) Unqualified

(2) High school diploma

(3) College degree

(4) University Degree

(5) Master

(6) PhD

• **Seniority:** (1) up to 10 years (2) 10-20 (3) 20-30 (4) 30-40

• **Your vocation** (economist, legal advisor, etc.)

1 Work position in hotel _____

2. Is your work position in line with your degree and professional orientation?

(1) YES (2) NO

3. List the history of your jobs inside and outside the hotel

4. What source of employment does your hotel use when recruiting and how did you get the job (recommendation, advertisement, internet, employment agency, other)?

5. How much are your expertise and work skills used in the jobs you do?

(1) up to 25% (2) up to 50% (3) up to 75% (4) up to 100%

6. If you feel your expertise and skills are underutilized, give some basic reasons:

1. Inadequate work equipment

2. Poor communication among employees

3. Poor organization of work

4. Too many basic work task

5. Insufficient support from associates

6. Insufficient care for hotel development

7. Does your hotel have a developed system of performance monitoring and evaluation?

(1) YES (2) NO

8. Does the hotel work to improve your knowledge, required for the job you do, and if so, what forms of knowledge innovation and development are organized?

9. Are employees motivated to attend trainings (innovation of knowledge), and how important are they for the work they do or will do in the future?

10. What has the biggest motivational impact on you?

- (1) Income
- (2) Organization of work
- (3) Interpersonal Relations
- (4) Advancement
- (5) Attractiveness of work
- (6) Decision-making possibility
- (7) Job stability and certainty

11. Is your income in line with your work results and the level of expertise you use?

- (1) It is fully inline
- (2) It is partly inline
- (3) Not in inline

12. How satisfied are you with the reward system?

- (1) There is no reward system
- (2) I am completely satisfied because it is consistent with the result and quality of the work
- (3) I am partially satisfied
- (4) I am dissatisfied because it is not consistent with the result and quality of work

13. According to you, what should the reward system be like?

- (1) It should be fair
- (2) It should be public
- (3) Rewarding should be secret
- (4) It should be consistent with the results of the work

14. Does your hotel organize holidays and recreation for employees?

(1) YES (2) NO

15. To what extent are you satisfied with the opportunities for advancement and the ability to present your ideas to your superiors?

- (1) Very dissatisfied
- (2) Dissatisfied
- (3) Neither satisfied nor dissatisfied
- (4) Satisfied
- (5) Very satisfied

16. Please state your overall satisfaction with the organization of the hotel:

- (1) Very dissatisfied
- (2) Dissatisfied
- (3) Neither satisfied nor dissatisfied
- (4) Satisfied
- (5) Very satisfied

17. Write something about your hotel and your role in it. What would you like to focus more on in your organization?

18. Here you can write down your complaints/compliments on the work of the HR department.



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. How is the HR department organized?
2. What are the basic functions and work tasks of the HR department?
3. How is the record kept in the HR department?
4. What information is required for the employee records?
5. How are record sheets organized?

12. MAINTAINING EMPLOYER-EMPLOYEE RELATIONSHIP

UPON READING THIS CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Know the legal bases of employee safety, as well as the obligations of the employer and the rights of the employees.
- ♦ Know the difference between collective and individual Employment Contracts.
- ♦ List the mandatory elements of the Contract.
- ♦ List the basic elements of negotiation.
- ♦ Define the concept of legal, social and physical safety of employees.

12.1. EMPLOYEE SAFETY

Labor relations, in all countries, are regulated by law. Labor laws regulate essential issues in the field of labor, union organization, strikes, working hours, workers' vacations and other issues.

Trade unions and employers sign a collective agreement that regulates the most important issues in the area of labor and employment: wages, working hours, working conditions, benefits and other issues.

Legislation in the field of labor and labor relations in the Republic of Serbia includes a large number of laws regulating the field of labor and union organization, strikes, keeping records in the field of labor, working hours, public holidays, etc. The legislation also regulates the area of workplace safety. Labor Law is the most important legal act regulating the area of labor, rights, obligations and responsibilities related to labor. It applies to all employees, including employees of state bodies and public services, unless otherwise provided by law, as well as to foreign nationals employed by employers in the territory of the Republic of Serbia. It regulates different areas of work and employment relations: fundamental rights, obligations and responsibilities of employees, entering into an employment contract, working hours, vacations and absences, protection of employees, wages and other employee benefits, non-competition clause, termination of employment, exercise and protection of employees' rights, the area of temporary and casual work, self-employment, as well as the area of collective bargaining.

Rights, obligations and responsibilities arising from labor may also be regulated with by-laws, such as the Employment Act, the Collective Agreement (General Acts) and the Employment Contract.

General acts cannot contain provisions that entitle the employees to lesser rights than the rights and conditions stipulated under the Labor Law. The employment contract with lesser employee rights, than foreseen by law, results in the nullity of the contract provisions defining those lesser rights.

Employment is based on the signing of an employment contract. The contract can be established with citizens over the age of 15, who are capable of working. For persons under the age of 18 and over the age of 15, the written consent of the parents is required for employment.

Possible elements of collective bargaining include the engagement of trade union representatives in governing bodies, the definition of special retirement severance pay, etc. Collective bargaining is the negotiation of wages, working conditions, length of service and other issues between employers and management and employee representatives, i.e. of the union, which precedes the signing of collective agreements. They are usually concluded for a period of two to three years, after which the elements of the collective agreement are renegotiated.

Collective agreements are concluded by the employer or an association of employers and trade unions. Individual collective agreements are concluded by the employee and the director of the agency or the owner. They regulate, in accordance with the law and other regulations, the rights, obligations and responsibilities arising from employment relations, the procedure for concluding collective agreements, the mutual relations of participants in collective agreements and other matters of importance to employees and employers.

Collective agreements can be general, specific and individual. The general collective agreement refers to a particular industry, group, subgroup or activity. It is valid in the territory of the Republic of Serbia. The specific collective agreement is concluded for the territory, territorial units or local governments. The individual collective agreement is concluded with the employer. The employment contract is signed by the employer and the employee.

A number of collective agreements have been concluded in the Republic of Serbia. For the hospitality and tourism industry, a "Special Collective Agreement for the sector 192- Hospitality and Tourism Industry of Serbia" was signed. Special collective agreements were also adopted for other activities; health care, construction, road transport, metal, industry, banks and financial organizations and others.

Collective bargaining topics can be classified into three groups: mandatory, possible and illegal elements of bargaining.

The following table shows the mandatory topics of collective bargaining.

Table 24 Elements of bargaining

Income	Working hours	Working conditions
Basic salaries Remuneration for overtime Transportation to work costs Stimulations Retirement severance pay Pension insurance Health Insurance	Length of overtime working hours Vacations Absences Flexible working hours Maternity leave	Dismissal in case of redundancy Advancement Seniority (length of service) rights Workplace safety rights Work discipline Appeal procedure Job descriptions Working conditions of the union

Source: B. Bogićević, Menadžment ljudskih resursa, Ekonomski fakultet Beograd: 86-403-0543-9, Beograd 2003, p.356.

Employment and the achievement of appropriate work results are the basic principles of exercising work-related rights. Employers are legally obliged to ensure the exercise of workers' rights acquired through participation in work. Labor rights fall into the category of socio-economic rights.

The fundamental economic right related to labor is the right to earn money. Earnings are one of the basic goals of establishing an employment relationship. The worker gains the rights on the basis of work, not procedure. With regard to workers' rights, the Labor Law regulates:

1. working hours,
2. workplace safety,
3. earnings,
4. assigning jobs and tasks to workers and
5. vacation and absences days.

The employment contract is concluded between the employer, on the one side, and the employee, on the other. The mandatory elements of the Employment Contract are as follows. (Bogićević B., 2003., p. 346)

Name and headquarters of the employer:.....
 Name of employee:
 Residence:
 Professional qualification and occupation of the employee:.....
 Type and description of tasks to be performed by the employee:.....
 Workplace:.....
 Duration of fixed-term employment contract (for a maximum of three years continuously or intermittently:.....
 Employment starting date :.....
 Earnings, deadlines for payment of earnings and other benefits to which the employee is entitled:.....
 Daily and weekly working hours:.....

The employment contract specifies the duration of the contract, and if this is not provided, it assumed the Contract is concluded for an indefinite period. Fixed-termed employment becomes permanent employment if the employee continues to work for at least five business days after the expiry of the employment contract. An employment contract may also include a work probation period, which may last for a maximum of three months. During the probation period, either party may cancel the contract, with prior notice of five working days. A person employed for the first time may also be employed as an apprentice, but only up to one year.

According to the Labor Law, full-time employment is considered to be 40 hours per week, and for persons under the age of 18 years, 35 hours. The Law establishes the maximum number of overtime hours: 4 hours per day, or 240 hours per calendar year.

Employees are legally entitled to work break (30 minutes a day for full-time employees), daily rest (12 hours continuously during one day), weekly rest (24 hours continuously during one week) and annual leave (at least 20 working days; must be used no later than June 30th of the following year). The employer decides on the time when employees may use their annual holiday and delivers Decision on the annual leave to an employee 15 days before the holiday leave is to start, at the latest.

During vacation, the employee is entitled to the full salary he/she would normally receive while working. (Bogićević B., 2003., p. 348).

Employees are also entitled to paid leave of up to five working days during the calendar year (in the case of marriage, the birth of a child, serious illness or death of a close family member), and two days for voluntary blood donation. The Labor Law also regulates termination of employment.

The employment contract as a bilateral legal act (statement of the will of the employer and the employee) defines the rights, obligations and responsibilities of the subjects of employment. As a very important part of HRM activities, the employment contract is regulated by the legal norms: the Labor Law, the collective agreement and the internal norms –standards of a hotel. Here is an example of a labor contract at the Palisad Hotel that unifies forms of internal and external norms.

Example 39 Labor Contract at Palisad Zlatibor hotel

Number _____

Pursuant to Article 30, Paragraphs 1 and 2 and Article 33 of the Labor Law ("Official Gazette of RS No. 24/2005"), Articles 6,35,38 and 43 of the Individual Collective Agreement, Director General of the Hotel tourist trade and joint-stock company "Palisad", Zlatibor (hereinafter: the Employer) and _____ (hereinafter: the Employee) _____ conclude

LABOR CONTRACT

- I The employer establishes a labor relation with the employee: _____ residing in _____.
- II The employee's profession is _____.
- III Employee will perform the duties of _____ at HTT JSC "Palisad" Zlatibor.
- IV The employee will perform the work at the employer's headquarters.
- V The employee enters into labor relationship for: _____ (definite/ indefinite term)
- VI The employee is required to start working on _____. (date, year).
- VII The employee enters into a full-time 8-hour day labor relation (40 hours a week).
- VIII The employee is entitled to a salary in accordance with the Labor Law, the Individual Collective Agreement, the labor contract and the below-listed HTT JSC Palisad Standards-norms, number: _____ from _____ (date, year), which are presented to him and which he agreed to respect:

STANDARD 1

The standard of kindness towards a Palisad hotel guest

SMILE!

LOOK AT ME!

CALL ME BY NAME!

TALK TO ME!

LISTEN TO ME!

STANDARD 2**TEAM APPEARANCE- OF UTMOST IMPORTANCE !!!****Hygiene**

Employees must have the following work habits related to hygiene and personal care:

- taking shower
- brushing teeth
- use of deodorant, without strong perfumes
- Hands and nails always neat
- Nails up to medium length, without strong and worn nail polishes, for female staff
- Hair neatly trimmed and groomed, extreme hairstyles are not allowed

The female team members:

- Long hair should always be neat
- Hair decorations are used only to remove hair from the face and must be conservative

The male part of the team

- Hair should not be longer than shoulder length
- the mustache must be neatly trimmed and must not exceed the upper lip
- Beard is not allowed
- sideburns must not go below the chin line
- no earrings for men are allowed

STANDARD 3**Uniform**

The uniform must be clean, ironed with no odors, stains, holes

All team members must wear the uniform along with the nameplate as specified by the standard (e.g. - long sleeves always released and buttoned, not folded)

Brooches and other jewelry are not allowed on the uniforms, the outline of pocket contents should not be visible, and the same goes for the pens in the pocket

Employees must not show up at work without the complete uniform

Leave enough time to change into uniform before the shift starts.

The hotel uniform should not be taken out of the hotel and used in other premises not owned by the hotel.

At the end of the shift, the uniform should be stored properly, ready to be worn again

Shoes should always be clean, laces tied (if shoes have laces)

Work shoes should not be worn outside the workplace or after working hours

The tie is tied so that its lower end reaches halfway through the belt

STANDARD 4

Behavior

Guest relations

- all guest requests must be completed as soon as possible
- address the guest with his / her surname whenever possible
- make eye contact, look the guest in the eye
- greet the guest with a proper greeting
- always offer your guest help before he or she asks for help
- when taking a message, repeat all information in front of the guest
- never provide information about guests or employees
- do not enter into unnecessary discussions or debates with guests
- the guest must always receive the correct bill

Always smile and have good posture !!!

STANDARD 5

Resolving guest complaints

- all complaints must be resolved professionally and courteously
- never argue with a guest
- do not pass the blame to other teammates, accept responsibility for solving problems
- present the guest's complaint to the manager so that he can record it and make sure it is not repeated

Procedure

- Listen carefully
- Identify the problem
- Apologize for the situation
- Find a solution to the problem
- Fix the problem
- Find out if the guest agrees with the solution
- Inform the manager of the problem and the solution

STANDARD 6

Answering a phone call

Standards

- always start with a proper greeting "Good morning/day/evening, Hotel Palisad, (this is-name), how can I help you?"
- answer the call as soon as possible
- every phone call conversation must be done politely and professionally
- do not give information about guests or bookings or his / her stay at the hotel without his/her prior approval
- do not argue with the persons who call
- it is forbidden to receive or make personal calls from office phones unless the manager approves it
- all strange and rude calls must be reported to the manager
- all employees must speak in clearly and comprehensive way
- give a positive image of the hotel to anyone who calls and use proper grammar

Procedure

- always start with a proper greeting - introduction
- a smile in your voice is as necessary as a smile on your face when talking to a guest
- talk in a tone that won't sound rushed and mechanical
- show understanding and honesty, be helpful
- do not use slang words when talking to a guest
- listen carefully to the guest and repeat the information when receiving the message

STANDARD 7**Guest name****Procedure**

In situations that allow that individual and permanent guests, should be addressed by their names, while the standard is applicable

STANDARD 8**VIP - welcoming****VIP guests**

Company directors, signatories /Business partners of hotels and owners/seminar organizers and potential seminar organizers /

Business partners of hotels and owners/seminar organizers and potential seminar organizers / Public figures

Contact persons / with whom we work more closely when organizing seminars /

Individual guests / guests who have been coming to the hotel for at least 3 consecutive years

Procedure

Guest No. 1. and 2.

Fruit plate, plain water and welcome card, handwritten and signed by manager

Guest No. 3

Fruit plate and welcome card, handwritten and signed by the manager

Guest No. 4

Welcome card from hotel staff signed by head of the reception

Guest No. 5

Welcome card from hotel staff signed by head of the reception

STANDARD 9**Implementation of the VIP guest standard**

When receiving a reservation for a VIP guest (according to a certain categorization), the reservation service notifies :

Head of Reception (prepares a welcome card, by the set standards)

Head of housekeeping (prepares flowers, chocolate, room, by the set standards)

Chef (prepares a plate of fruit, e by the set standard)

Restaurant manager (brings a plate of fruit to the VIP guest's room and sets a welcome arrangement, by the set standard)

Income, in terms of paragraph 1 of this Article, f is composed of salary for the work done and time spent at work, salary based on the contribution of the employee to the business achievement of the employer, standards and other employment benefits in accordance with the law, this contract and individual collective agreement.

Salary for the work done and time spent at work consists of basic salary, salary for work performance and additions to salary.

Salaries will be paid to employees by the end of the current month for the previous month.

Salaries are paid to employees only in cash.

The employer is obliged to provide the employee with a payroll calculation for each payment of salary.

Monthly rate _____.

- IX Employee is entitled to increased earnings, reimbursement and other benefits in accordance with the Individual Collective Agreement.
- X Employee will receive other emoluments (severance pay for retirement, solidarity aid, jubilee prize, etc.) in accordance with the Labor Law and the Individual Collective Agreement of the Company.
- XI Employee ends his employment by the termination of this contract by the employer in accordance with the provisions of the Labor Law and the provisions of the Individual Collective Agreement of the Company.
- XII Employer may terminate the labor contract for an employee if there is a justifiable reason for it, related to the employee's ability to work, his behavior and the needs of the employer, as follows:
 - 1) if the employee does not achieve the work results, that is, he/she does not have the necessary knowledge and ability to perform the jobs he/she does;
 - 2) if the employee, by his/her own fault, violates a work duty in accordance with the provisions of the individual collective agreement of the Company.
 - 3) if he/she does not respect work discipline, or if his / her behavior is such that he/she cannot continue working with the employer;
 - 4) if the employee commits an offense at work or in connection with work;
 - 5) if the employee does not return to work within 15 days from the expiry of the deadline for unpaid leave or idle employment, in accordance to the Labor Law and individual collective agreement;
 - 6) if the employee abuses the right to absence from work due to a temporary inability to work
 - 7) if the employee refuses to conclude an annex to the employment contract within the meaning of Article 171, paragraph 1, items 1 through 4. Of the Labor Law.
 - 8) if the employee refuses to conclude an annex to the employment contract within the meaning of Article 33, item 10 of the Labor Law;
 - 9) if due to technological, economic or organizational changes the need to perform a particular job ceases or the volume of work decreases.

Before the termination of this Contract, for the reasons referred to in Article 179, items 1-6, the employer must notify the employee in writing of the existing reason for termination of this Contract.

In the case of termination of this Contract, the employer may not employ another person within the same jobs within 6 months from the date of termination of employment.

If, before the expiry of the time limit referred to in paragraph 3 of this Article, the need to perform the same tasks arises, the employee who has terminated his employment shall have the advantage of concluding the employment contract

XIII Employee and Employer agree that all rights, obligations and responsibilities not set out in this Agreement are subject to the relevant provisions of the Company's Law and General Act.

XIV Either Contracting Party may terminate this Agreement, subject to the conditions and in the cases provided for by the Law.

XV The employee declares that he/she is aware of the company's act on safety and health at work and that there are no health restrictions that can interfere with the smooth performance of the tasks provided for in this contract and the regulation.

XVI The employee declares that he/she is familiar with the Founding Act, the Individual Collective Agreement, and other acts of the Company.

XVII This contract is made in 5 copies, 1 copy for the employee and 4 copies for the needs of the Employer.

HTT AD „PALISAD“ ZLATIBOR

- Managing Director -

Number: _____; On: _____, at ZLATIBOR

EMPLOYEE

EMPLOYER

General Director

Source: HR Service, hotel „Palisad“, Zlatibor: Labor Contract and General Standards of the hotel – book of standards „Palisad

By signing the Labor Contract, the worker also signs the Collective Agreement, which regulates the issues of engagement of trade union representatives in governing bodies, defines special severance pay for retirement, wages, working conditions, length of working time, etc. If employers and unions fail to agree on one or more elements of collective bargaining during collective bargaining, an employee strike may result. It puts pressure on management to protect their interests, to make certain concessions regarding the terms of the contract, etc.

The strike, although a legal tool for employees, has negative consequences for both employees and employers. Issues that lead to strikes should, therefore, be eliminated.

Collective agreements are concluded by the employer or a representative association of employers, and representative trade unions. The individual collective agreement is concluded by the employee and the director of the agency or the owner. Collective agreements, in accordance with the law and other regulations, regulate the rights, obligations and responsibilities arising from employment relations, the procedure for concluding collective agreements, the mutual relations of participants in collective agreements, and other matters of importance to employees and employers.

The individual collective agreement is concluded with the employer. The employment contract is signed by the employer and the employee.

A number of collective agreements have been signed, in the Republic of Serbia. The Special Collective Agreement for the Industry was signed for the hospitality and tourism industry. (Stefanović V., Blagojević, S., 2009., p. 503).

12.1.1. LEGAL PROTECTION OF EMPLOYEES

Existing legislation defines the following forms of employment:

- ♦ **For an indefinite term** - no fixed term for which the employment contract is concluded,
- ♦ **For a definite term** (fixed-term) - possible only for certain jobs and for a limited time, to 3 years,
- ♦ **Part-time** - an employee who works less than full-time is guaranteed employment right, proportional to the time spent at work,
- ♦ **Work done outside the employer's premises** - performed by the employees themselves or with their family members on behalf and for the employer,
- ♦ **Temporary and casual** (periodical) work - jobs that do not last more than 189 days in a calendar year,
- ♦ **Service contract** - for jobs that are outside the employer's activity and have as their object the independent performance of a particular physical or intellectual job,
- ♦ **Probation work** - maximum of 3 months,
- ♦ **Traineeship** - concluded for a maximum of 1 year with the first-time employee who has all the employment rights.

The Labor Law specifies the length of a full-time job: 40 hours per week. Other than full-time, employees can work less and more than that. Reduced working time is granted to employees who work at particularly difficult, strenuous and health-risk jobs, and the working hours shall be reduced proportionally to the noxious effect of the occupational conditions to health and working ability of such employee, up to the maximum of 10 hours per week (high-risk jobs).

Overtime means that, at the request of the employer, employees are required to work longer than full-time in the event of force majeure, a sudden increase in workload, and in other cases when it is necessary to complete an unplanned job within a specified time. Daily overtime is limited to 4 hours and in one calendar year to 240 hours.

The Labor Law also determines the schedule of working hours. The workweek should last five business days. Employees are entitled to a daily rest period of 30 minutes. The vacation schedule is determined by the employer based on the nature of the job.

Termination of employment

The Labor Law (Articles 99-109) regulates in detail termination of employment and recognizes three aspects:

- ♦ Consensual termination of employment - By written agreement between the employer and employee
- ♦ Termination of employment by the employee
- ♦ Termination of employment by the employer

Example 40 Reasons for termination of employment at Crown Plaza Beograd Hotel

- 1) If the employee does not achieve the work results, that is, he/she does not have the necessary knowledge and ability to perform the jobs he/she does;
- 2) If the employee, by his/her own fault, violates a work duty in accordance with the provisions of the individual collective agreement of the Company.
- 3) If employee does not comply with the work discipline as stipulated in the general document i.e. his/her behavior is such as to preclude further work with the employer;
- 4) If the employee commits an offense at work or in connection with work;
- 5) If the employee does not return to work within 15 days from the expiry of the deadline for unpaid leave or idle employment, in accordance to the Labor Law and individual collective agreement;
- 6) if the employee abuses the right to absence from work due to a temporary inability to work
- 7) If the employee refuses to conclude an annex to the employment contract within the meaning of Article 171, paragraph 1, items 1 through 4. Of the Labor Law.
- 9) If due to technological, economic or organizational changes the need to perform a particular job ceases or the volume of work decreases.

12.1.2. SOCIAL SECURITY

Current legislation contains elements of social protection. The Labor Law specifically emphasizes the protection of women and young people by prohibiting their work under extremely difficult conditions or at increased risk. The Labor Law also contains provisions for maternity protection. Maternity leave of 3 months and a childcare leave of 365 days from the beginning of maternity leave are granted. In our country, a father can also exercise these rights.

The Law on the Basics of Pension and Disability Insurance (Official Gazette of the FRY, Nos. 30/96, 58/98, 70/2001 and 3/2002) declares compulsory pension and disability insurance which, on the basis of work, provides rights in the event of old age, death and bodily harm. Funds are provided from contributions paid by policyholders and employers. In accordance with the regulations in force, old-age pension entitles the insurance holders who have reached

Men:

- ♦ 65 years of age and at least 15 years of insurance coverage
- ♦ 40 years of retirement insurance and at least 57 years and eight months of age (**Early retirement pension**)

Woman:

- ♦ 62 years and six months of age and at least 15 years of insurance coverage
- ♦ 38 years and six months of insurance coverage and at least 57 years of age (**Early retirement pension**)

Both men and women with 45 year of insurance, regardless of age.

12.1.3. PHYSICAL SAFETY OF EMPLOYEES

Ensuring the safety of employees is also the interest of the employer. It contributes to the physical and emotional competence of the employees. Physical abilities are reflected in improving health and safety, and emotional ones in improving mental health, improving communication and interpersonal relationships at work. Illnesses and injuries that result from inadequate workplace safety lead to increased absence from work and employees who are seriously injured, must be paid financial compensation by the employer, all of which increase costs and negatively impact the company's reputation. It is the responsibility of the employer to provide a workplace that eliminates the risks that cause or may cause death or serious physical injury.

In the Republic of Serbia, the area of occupational safety is regulated by the Law on Safety at Work. According to Article 6 of the mentioned law, the company is obliged to take appropriate measures to protect the health and safety of workers and to prevent occupational diseases, by striving to:

1. To reduce, in the course of the working process, the risk of mechanical injury, dangerous effects of electrical power, hazardous materials, explosions, etc.;
- 1/a) at such working areas and workplaces where, within the technological process, there exists the development of chemical, physical and biological effects harmful to the health of workers, to remove the presence of such effects or reduce them to the acceptable levels and ensure microclimate and illumination in accordance with technical regulations and JU standards;
2. To adjust work to a worker, especially regarding job description, choice of equipment and tools, as well as selection of work and production methods in order to relieve monotony in the course of working process;
3. To substitute, when technically possible, dangerous components in production with non-dangerous ones or the ones that are less dangerous;
4. To carry out preventive measures in technology, work organization and working conditions;
5. To give workers instructions on how to handle the adequate safety at work measures, and to provide them with written instructions for such workplaces where there is an increased possibility of injuring or development of harmful effects affecting the health of workers;
6. To respect the health status of workers and their safety at work;
7. To enable workers to perform their work in a safe manner;
8. To undertake adequate measures to allow entrance to danger zones only to those workers who were given adequate instructions.

The Collective Bargaining Agreement and the Law on Safety at Work define those special conditions that make certain jobs more difficult than others. These jobs carry an increased risk to worker health, as well as other specifics.

OCCUPATIONAL INJURIES

The causes of accidents at work are: accidental events, dangerous or inadequate working conditions, dangerous or inadequate actions by employees. Since accidental events cannot be predicted, they are difficult to manage, so employers should pay special attention to hazardous working conditions and dangerous employee behavior.

Dangerous - inadequate working conditions include (Šušnjar G. Š., Zimanji V., 2006., p. 367):

Hazardous actions - Inadequate employee behavior can impair the most favorable working conditions. The forms of employee behavior that contribute to the occurrence of occupational accidents are as follows:¹²⁵

- ♦ throwing material
- ♦ performing operations with inadequate caution,
- ♦ removing the protective parts of machines and devices,
- ♦ inadequate lifting of loads,
- ♦ Not following a checklist for checking working conditions.

¹²⁵ *Idem*, p. 371.

Some authors think that certain employees are more prone to occupational accidents than others, and this is probably due to their inadequate ability to work. Insufficient ability to work is influenced by subjective factors such as: psychomotor skills, the function of the sense organs, intelligence of the person, functional composition of the nervous system, as well as general psychophysical characteristics of the person.

- ♦ **Abuse - Workplace violence** is a growing problem. These are mostly verbal incidents, but there are also other forms of aggression, even physical attacks. Women are more vulnerable to assault, aggressive behavior and sexual harassment. The problem of workplace violence is made more difficult by the fact that victims of "lighter forms of assault", such as abusive behavior, threat or intimidation, do not usually report the abusers. The causes of violent behavior are based on organizational culture and ethics, the values of the company and society in general, as well as the personal characteristics of employees. The basic forms of workplace violence are (Šušnjar G. Š., Zimanji V., 2006., p. 371):
- ♦ **Verbal threats** - the most common form of threat, although not dangerous as other forms, but if it is continuous and aimed at certain persons, it can become very dangerous because it also causes certain reactions;
- ♦ **Physical violence** - mainly the result of previous verbal threats and the workers who use it are dangerous to the whole company and must be removed from the workplace;
- ♦ **Behavior** - employees prone to violence can be identified by specific behavior. They are very nervous, have low levels of stress tolerance, often argue with others, extremely critical, with anti-social behavior, do not respect the personal rights of others and use all forms of aggression.

EMPLOYEE HEALTH

The existing Serbian Labor Law obliges employers to organize work that ensures the protection of the lives and health of employees. Employees cannot work overtime or at night if, according to the findings of the competent health assessment body, in terms of health insurance regulations, such work would worsen their health status.

The most common employee health problems are as follows: (Šušnjar G. Š., Zimanji V., 2006., pp. 373-378)

- ♦ **Smoking** - One of the most common health problems. Employees who smoke significantly increase employers' costs due to increased health insurance expenditures, significant abstinence, and reduced labor productivity. In addition, they also worsen the health of non-smoker workers who become passive smokers;
- ♦ **Alcoholism** - Scientists say 50% of employee-related problems are caused by alcoholism. The consequences of this health problem on the employee and his work are more serious than those from smoking. In addition to reduced quality and quantity of work, abstinence from work is also significant. Alcoholism is not easily recognized because the initial symptoms are not specific: being late for work, unpredictable absenteeism, work slowly. Managers can hardly recognize alcoholism if they are not trained for it;

- ♦ **Drug consumption** - an increasingly significant and common problem, and the most serious of these health problems. Employees who consume drugs are being late for work three times more than other employees, they take sick leave three times more, they are 3.6 times more exposed to occupational accidents than others; their productivity is about 30% other employees productivity;
- ♦ **AIDS** - the most dangerous disease of today. In 2000, 33 million people were infected with the disease. AIDS can cause various problems in the workplace, since overall productivity decreases if colleagues refuse to cooperate with people with AIDS. Furthermore, there are costs of recruiting and training new workers if other employees refuse to cooperate with a sick person or if the infected person's working ability ceases;
- ♦ **Computer related health problems** - are characteristic of employees who spend most of their time working on the computer, which can cause certain health problems, such as eye pain, narrowing and constant eye strain, neck and back pain as a result of static work, or work in a relatively unchanged position of the body, during long-term and/or hard work,
- ♦ **Back pain as a result of strenuous physical work** - frequent health problems of employees, caused by lifting, pushing and carrying heavy loads, sitting in the same position for long periods, etc. .;
- ♦ **Health problems due to an unhealthy work environment** - An unhealthy work climate often causes employee health problems. The causes of inadequate working conditions are the presence of harmful substances in the air, various radiation, etc. Adverse effects can be reduced by frequent ventilation of work areas, avoiding the use of dubious materials and appliances, testing new office buildings before use, especially ventilation pipes, carefully analyzing employee complaints;
- ♦ **Stress at work** - is caused by dynamic conditions in which an individual is confronted with opportunities, hopes or demands whose results are uncertain but important to him. Stress is the manifestation of emotional and physiological reactions, that respond to demands placed within or outside the organization. It is a conscious assessment of the potential stresses a person faces, where it is important whether they are within his control and whether they are threatening. Stress can have both positive and negative effects on individuals. The advantage of stress is that it encourages the employee to do their best to achieve maximum results. The downsides of stress are constraints, limitations and demands;
- ♦ **Burnout** - exhaustion - a phenomenon similar to stress. It is reflected in the total waste of physical and mental resources due to the pursuit of unrealistic goals. Symptoms are emotional and physical exhaustion, decrease in personal success, decrease in self-esteem, inability to relax in an emergency situation. A person finds satisfaction only in work, and an unavoidable general symptom of burnout is reduced productivity and dehumanization of work.



QUESTIONS TO TEST YOUR KNOWLEDGE:

1. What are the legal bases for employee safety?
2. List the obligations of the employer and the rights of workers arising from the Law.
3. What is the difference between collective and individual contracts?
4. What are the mandatory elements of the Contract?
5. What are the basic elements of bargaining?
6. What is the content of the legal, social and physical security of employees?





13. LEADERSHIP

UPON READING THIS CHAPTER, ONE SHOULD BE ABLE TO:

- ♦ Define leadership.
- ♦ Explain the difference between a manager and a leader.
- ♦ List the types of power and explain why power is important.
- ♦ List the rules of conduct for a leader.
- ♦ Understand and explain the leadership styles.

A leader is an expert in a certain area, but also a leading man in conversation, communication and behavior. He is a headman who is confident, assured, informed, enthusiastic, optimistic, courageous and determined.¹²⁶ There are many different types and styles of leadership in theory and in practice, for example: autocratic, participatory and free style. In the first style, an individual - leader, boss, director, manager, makes decisions and manages the people in the company. The second leadership style implies that decisions are made based on the opinion of the majority; and the third style implies a freer approach and emphasizes the individual, as in the American management style. Generally speaking, in practice, there are two types of leaders:¹²⁷ conservative and creative. The following review compares their main characteristics.

*LEADERSHIP AND LEARNING ARE
INDISPENSABLE TO EACH OTHER.*

*John KENNEDY
35th President of the USA*

Overview 32 Main characteristics of a leader

Conservative	Creative
Tradition	Introduces new programs
Caution in decision making	Checks out ideas and people
Safe, stable, well-defined flow in business	Develops a freer style (behavior, clothing, etc.
Strict and minimalist style (communication, clothing, behavior in general)	Makes decisions and manages in a democratic way

Source: A modification of Marković, M., Poslovna komunikacija, Clio, Belgrade, p.134.

¹²⁶ A leader must master many skills - communication skills, verbal expression skills, and controlling a non-verbal part of a communication act, some sports skills, etc. He needs to be informed about the latest books, not only from his professional field, in order to be prepared for any type of conversation.

¹²⁷ Whether one can become and remain a leader depends on several factors, such as: type of personality and personal traits, social status, ability to overcome or resolve conflict, etc. Controlling a group, being its spiritual leader, influencing the group with own opinions and ideas, directing it, is not an easy task.

The greatest skill of a leader is creating a team that works successfully, as a group of experts, in which everybody has their own task, and they all share the same goal.

Leaders should protect their position with the environment: high-quality and honest associates, good and open communication with employees, prevention of rumors and gossip, open conversations in meetings with associates.¹²⁸ He directs the individual and the group, controls the team, encourages it, advises, defines and solves the problem, makes suggestions and motivates.

In the public eye, a leader should be portrayed as a reliable, confident, complete person who is willing and able to change depending on the circumstances.

A complete individual in any field should demonstrate: individualism, and distinction of personal style, professionalism in every respect, ability to communicate, good and reliable organizational skills.

13.1. ROLE OF THE MANAGER-LEADER

13.1.1. THE POWER AND AUTHORITY OF THE MANAGER

Managers determine which rules will apply to people who work within the organizational structure, using the authority and power given to them with their positions. Formal authority is a type of power that is linked to organizational structure and leadership. However, the two concepts, authority and power, are intertwined. The effectiveness of a manager derived from his authority depends on his understanding and ability to use power.

One of the key tasks of an organization, that is, an enterprise, is how formal authority will be distributed to all instances of the organizational structure. It is clear that top managers cannot do all the things necessary for implementing an organization's strategic plan. This is the reason why they have to decide how much authority to delegate (share power with others) to lower-level managers or non-managers. Therefore, power is the ability to influence other people, ie. the ability to change the attitude or behavior of individuals or groups and it is possessed by managers because they have a decisive influence on relations in the organization, that is, in the enterprise.

Reward power is the power that comes from the fact that a person who has power can reward another person, a person exposed to power, for executing orders explicitly given or suggested.

Coercive power, as the opposite of reward power, is based on the ability of one in power to punish a person exposed to power (ranging from a reprimand to dismissal).

Legitimate power (formal or official authority) is a power that arises when a subordinate or a person exposed to power confers on one who has the power to have a "right" or is empowered by law to govern - within certain limits.

128 The main problems that managers face are: conflicts and disputes, failing to achieve the planned program, poor interpersonal relationships, etc.

Expert power is based on the fact or belief that one who has power also has the appropriate expertise or special knowledge that the person exposed to power does not have.

Referent power is based on the desire of the person exposed to power to emulate or identify with the one who has power.

These are only potential sources of power, and a manager can use all five types of power. Some of these are embedded in the position of the manager. A certain dose of legitimate power always accompanies a manager. Power shapes hierarchical relationships that form the framework in which the remaining forms of power occur. With legitimate power, managers generally have the power to reward and punish within a given remit. Employees may be rewarded with money, privileges or certain promotions, jobs and tasks. Punishment is generally understood as withholding of the reward. Expert and referent power, unlike the first three powers, cannot be given to a manager in addition to his/her job position.

The referent power, that managers acquire through education, depends on the personality and style of the manager, and it is sporadically shown and applied. However, it is increasingly occurring in practice, that is, in day-to-day business. In companies where workers try and strive to behave as the manager they admire, referent power is applied. Thus, the concept of power implies the way in which people want to perceive their interpersonal relationships,¹²⁹ which bring together different experiences, traditions and practices.

The following review shows how, according to Philip Kotler, power is successfully applied.

129 For example, in some countries, the culture is such that it supports the belief that power in organizations must concentrate on a few people and cannot be evenly distributed. In Italy, France, Japan, India and Brazil, people of power are considered to be superior to others.

Overview 33 Six key features of the power

They understand the source of their power;

- ♦ They adjust their behavior in accordance with the idea that people have of them (for example, if they are experts in a particular field, they will not interfere in another area based on that expertise);

They understand that each of the five sources of power has its own weight, its own risk, and the benefit if properly exercised;

- ♦ The manager will invoke a specific source of power only where the situation demands it or where it suits the person to whom it is applied;

They realize that each of the five sources of power is useful and meaningful to their work;

- ♦ Managers strive to ensure that their abilities and credibility enable them to choose the type of power that is most appropriate in a given situation;

They have a career goal that they strive to;

- ♦ Achieving this goal encourages their development and use of power; managers are looking for jobs that allow them to develop their skills, to bind people to themselves and to rely on the type of power that suits them best;

They are mature and have self-control;

- ♦ Managers must avoid the impulsive and egoistic exercise of power; only in exceptional cases will they allow themselves to be pretentious to others;

They realize that power is necessary to get the job done;

- ♦ The manager must overcome the discomfort of using power in cases where its application is adequate.

Source: John P. Kotter, «Power, Dependence, and Effective Management», Harvard Business Review 54, no.2 (March-April), 1976, pp.100. Taken from: Stoner, R., Freeman, E. and Gilbert, D., Menadžment, Želnid, Belgrade, 2000, p.320.

Making balance in attitudes towards power is a daily task for managers because power has two faces: positive and negative. Often, the job of a manager is defined in terms of power, so it is often defined not as managing but as guiding. Managers who have self-control in the exercise of power are more efficient than those who use power for domination or those who do not use power because they want to be popular.

Authority is a type of power, that is, official authority equals legitimate power. Authority is a form of power that is generally used more broadly, and implies the ability of people to exercise power derived from their abilities or titles. This means that a particular person is very knowledgeable about the subject matter of the business and therefore possesses professional power.

Official authority is a type of power that binds to the structure and management of an organization. It is based on the acceptance of the manager's legitimate right to govern, and it originates from an official position in the organization.

In practice, there are two approaches to authority:

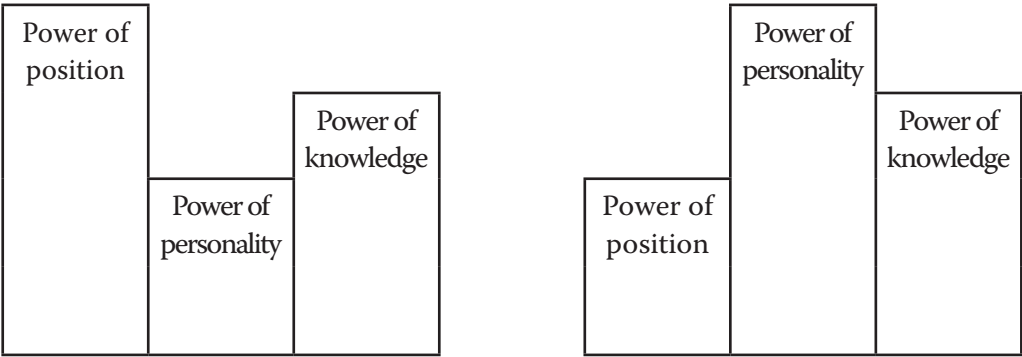
(1) *Classic approach:*

- ♦ The authority of the business owner or his representative;
- ♦ Employment at will (acceptance of work in the company);

(2) *Acceptance approach:*

- ♦ Authority stems more from a person exposed to power than from a mediator of power (acceptance of an order);
- ♦ Managers delegate certain powers to workers.

Figure 19 Differences in application of power among managers and leaders



Source: Elwood Chapman, Sharon Lund O Neil, *Leadership*, 3rd ed., Prentice – Hall, Inc.,2000, p.85.

In many organizations, managers divide authority into command, advisory and authority by function. These types of authority differ in the type of power on which they are based.

The command authority is held by the managers who are on the line of command of the entire organization, and are responsible for the realization of the organizational goals (it starts from the board and extends to all levels of the hierarchy, to the point where the core activity of the organization is performed).

Advisory/staffing authority is typical for groups or individuals in charge of providing advice or service to command managers and it is based on professional power.

Functional authority is vested in members of certain specialized departments (staff) who control the activities of other departments, related to that particular field of expertise. It is common to all organizations. It is necessary for completion of a large number of organizational activities, both in terms of their leveling and unrestrained application of the expertise needed for realization. This type of authority is based on legitimate and professional power.

13.1.2. DELEGATION PROCESS

Delegation is the transfer of official authority and responsibility to a subordinate worker in order to carry out specific activities.

Overview 34 Delegation process

Define clear goals
Determine whom to entrust the task (form a team)
Supervise the realization of the defined goals - put in charge a sub-coordinator (marketing manager, financial manager, divisional manager)
Give the sub-coordinator the authority and means to implement the goals (official authorization)
Determine the point of verification of reached goals
Oversee through information sharing and discussions at scheduled intervals

Source: Taken and modified; William J. Stevenson, McGraw-Hill Irwin, Operations Management, International Student Edition with global Rending, ISBN-13:978-0-07-110754-9, p268..

The nature of the job in the hotel industry is such that managers need to delegate authority to employees because it promotes the work efficiency of the organization. No manager can do all the work himself or completely control everything that happens in one organization.

When implemented properly, the delegation has several advantages:

- (1) The more tasks are delegated to others, the more space managers have to seek and accept greater responsibilities from higher-level managers;
- (2) Workers accept responsibility and use their reasoning power, gain confidence, and take initiative;
- (3) This way, decisions making is better, because field workers have a better understanding of the situation;
- (4) Productive delegation speeds up the decision-making process (valuable time is lost when workers have to consult their managers) because when employees are authorized to make certain decisions on the spot, idle time is lost. In practice, there is also resistance to the delegation, for which there may be several reasons, but the real fact is that the manager himself is confused or inflexible and therefore unable to delegate work effectively.

Uncertainty and imprecision regarding the ultimate responsibility for the task (manager or employee) are obstacles to delegation. Managers cannot free themselves from the responsibilities they have towards senior managers by delegating difficult and embarrassing tasks to employees. The fact that prevents many managers from entering the risk of delegation is that they are always responsible for the activities of their subordinates. All of these obstacles can be overcome if managers adhere to specific guidelines for effective delegation.

The delegation will be successful for all stakeholders if mutual trust is built (this is one more example where ethics affect daily business activities) and if certain prerequisites are met.

The first is the willingness of managers to give employees the freedom to perform a delegated task (to choose the way of solving a task).

The second one is close communication between managers and employees.

The third one is the manager's ability to analyze factors such as organizational goals, task complexity, and employees' ability.

Each of these prerequisites is important for accomplishing the following tasks for effective delegation:

- ♦ Decide which tasks can be delegated;
- ♦ Decide who to entrust with the task;
- ♦ Provide sufficient resources to accomplish the delegated task;
- ♦ Delegate the task;
- ♦ Be prepared for intervention, if necessary;
- ♦ Build an information feedback system.

Managers are constantly making decisions regarding delegation. It is a factor that always exists in the organizing process. At the same time, top managers make decisions about the extent of the delegation that will be applied as a standard within the overall organizational structure. These decisions are, in fact, the decision framing for the practical organization.

The extent of delegation of the official authority of managers within the entire organization ranges from decentralization to centralization. In a relatively decentralized organization, much of the authority is transmitted down the organizational hierarchy.

The benefits of *decentralization* are identical to the benefits of delegation:

- ♦ Unburdening general management;
- ♦ Making better decisions because they come from the field of work;
- ♦ Better training, moral, and initiative at lower levels;
- ♦ Greater flexibility and quick decision making in a dynamic environment.

However, complete decentralization, without coordination and leadership from the top, is not desirable. The purpose of the organization, the effective integration of sub-units to achieve organizational goals through the use of strategic plans, would remain unfulfilled without some centralized control.

From the perspective of tourism managers, the following benefits of decentralization can be considered (Van Gorden, *Moving Back to Centralization*, 1990, p. 12)

- ♦ Direct access to the market;
- ♦ Knowledge of the local environment;
- ♦ Knowledge and understanding of clients' needs;
- ♦ Dealer benefits.

On the other hand, certain arguments can be made in favor of centralization:

- ♦ Sometimes it is not worthwhile or practical to have the expertise, special talent, and specialized technology widespread;
 - ♦ Decentralized outlets most often involve higher cost and more staff;
 - ♦ Improvement of communication-technology enabled the transfer of funds, availability of information on crediting, transfer and processing of data from a single central office. In a large number of organizations where managers are considering how to implement decentralization, the issue is not whether the organization should be decentralized, but to what extent. Decentralization has value only to the extent that helps members of the organization achieve their goals. In determining the extent of decentralization appropriate for an organization, the following factors are usually taken into account (Stoner J., Freeman E., Gilbert, D., 2000., p. 332):
1. Influence of the environment, such as market characteristics, competitive pressure and availability of resources;
 2. Organization size and growth rate;
 3. Other characteristics of the organization, such as decision-making expenditures, top management issues, organization culture, and lower-level managerial capabilities.

New-age managers need to learn well, properly understand, and then develop and use leadership skills and abilities in running a business. The focus is on activities through which leaders gain influence, that is, on responses to what leaders do, and then on how they influence followers. Influence, trust and responsibility are the essences of leadership. A leader's traits and behavior are prerequisites for his development.) (Milisavljević M., 1999, p. 120)

13.2. DEFINING LEADERSHIP AND TYPES OF LEADERSHIP STYLES

13.2.1. WHAT IS LEADERSHIP?

Leadership is defined as the process of directing and influencing activities relevant to the achievement of the goals of the group members.

However, there are many interesting definitions of leadership. A leader is a person who has to perform a specific leadership role. Leadership is a skill of using the expertise possessed by the majority and demonstrated by the minority. It is a necessary trait in order to get great results from ordinary people.

Yukl has given more definitions of leadership. By one of them, 'leadership is the behavior of an individual who directs the group's activity toward a common goal'. The second Yukl's definition states that leadership is an additional influence over and above managerial compliance with the routine of directives in an organization.

Yukl goes on with definitions and says that leadership is a process of influencing the activities of an organized group towards the achievement of goals and that leader are people who constantly make an effective contribution to the society and are expected to do so. It is noticeable that there is no uniform definition of leadership that should be adhered to and that would cover every aspect of leadership. Some definitions include other terms in defining leadership. So for example, Jago sees leadership as a process and ownership, simultaneously.

"Leadership as a process uses all not-coercive means in directing energy and effort toward the common goal of the organization." (Vlahović S., 2008., p. 29)

It is clear that "leadership can be viewed from different aspects, and therefore its definitions vary. However, we can conclude that several basic characteristics certainly form the backbone of leadership, namely:

- Leadership is a process, which means that it does not represent a trait or characteristic in the very person we call a leader. The process implies that the leader influences the followers and that the followers influence him. When we become aware that leadership is a process, we also realize that it is not only reserved for the select ones but it can be more widely applied, learned and recognized.
- Leadership involves a certain amount of influence. It concerns primarily the influence of leaders on followers and without influence, leadership does not exist.
- Leadership happens in groups. Groups are actually the context in which the leadership process takes place and it represents an influencing activity used to achieve common goals or aspirations.
- Leadership involves goals and, above all, means directing the group's energy toward a common focus. Therefore, leadership is carried out in a context where individuals are directed toward a common goal. (Vlahović S., 2008., pp. 30-31).

Leadership is the process in which people influence other people (individuals or groups) in order to achieve the set goals of an organization in a given situation. According to P. Hersey and K. Blanchard, this process could be expressed as a function:

$$L = F(l, f, s)$$

Wherein:

l - Leader; f - Follower; s - Situation.

Leadership is a complex area of management, the emergence of which represented innovation and a new era in management. Engineering language (which dominated theory and managerial practice) was replaced by the language of politics. Leadership is associated with all modern concepts that underpin effective enterprise management, such as: power, influence, culture, group processes and team organization. Some companies lose a competitive advantage because they have too many managers and very few leaders.

There is a difference between leadership as a position and as a process. Leadership as a process encompasses activities: guidance, engaging people as their motivation and inspiration. When comparing management and leadership, it is said that management emphasizes control, consistency and order, while leadership inspires creation and change. Leadership is characterized by giving guidance in order to reach beneficial change by creating a desirable and workable vision. This concept of leadership is incompatible with the so far prevailing understanding of a leader figurehead as the chief strategist - general manager of an enterprise. Leadership as a process, obviously, requires more people in a company with leadership traits. Therefore, it is important to understand the difference between a leader and a manager (next review).

Overview 35 Differences between Leader and Manager

Leader	Manager
<i>Does the right things</i>	<i>Does things the right way</i>
<i>Know why and why not (efficiency)</i>	<i>Knows how (efficiency)</i>
<i>Identifies the problem</i>	<i>Solves the problem</i>
<i>Long-term oriented</i>	<i>Short-term oriented</i>
<i>Looks towards horizon</i>	<i>Stick views</i>
<i>Innovates</i>	<i>Administrates</i>
<i>Develops</i>	<i>Maintains</i>
<i>Creates</i>	<i>Imitates</i>
<i>Asks “Why not?”</i>	<i>Asks “Why?” and “How?”</i>
<i>Challenges</i>	<i>Accepts</i>
<i>Individual personality</i>	<i>Good “ solder”</i>

Source: Vujović S, Ristić Ž., Ekonomska teorija Menadžmenta, LIBER, Belgrade, p. 51

There are multiple models of effective leadership based on a situational approach. Fiedler's contingency model, revised normative leadership model and the target path model are recommended to executives of the company as effective ways of behaving in a particular situation. At the same time, it is suggested to make a balance between caring for work and caring for people, taking into account the situation.

In all this, there is a great connection between leadership and power because the use of power is a strong motive to become a leader. Power is used by the leader to influence others in the enterprise (the way in which influence is exercised shows that leaders have many sources of power available, from the power of position to personal power). Charismatic and transformational leadership are focused on the cognitive and developmental dimensions of leadership.¹³⁰ Generally, managers are encouraged to build charisma on referential traits, confident and persuasive performances instead of authority (charisma is a necessary element of transformational leadership, but not sufficient to lead to a transformational process). That is why the leader manager must coordinate, communicate, inform and allocate. Instead of the inferior, the success of a transformational endeavor requires superior followers who accept commitment and responsibility and want to become leaders themselves. Transformational leaders empower employees to develop leadership throughout the organization. The role of a leader's leader is to help the principals' interests in the effective and efficient management of the company through leadership. Leadership is needed for every company, especially for those enterprises that have run into great difficulties (especially big and mature ones) because without leadership, there is no successful transformation of the tourism industry.

George Homans in the *Leadership Behavior* study defines 11 rules for a leader's manager:

1. The leader will maintain his own position.
2. The leader will live up to the norms of his group.
3. The leader will lead.
4. The leader will not give orders that will not be obeyed.
5. In giving orders, the leader will use established channels.
6. The leader will neither blame nor, in general, praise a member of his group before other members.
7. The leader will not thrust himself upon his followers on social occasions.
8. The leader will take into consideration the total situation.
9. In maintaining discipline, the leader will be less concerned with inflicting punishment than with creating the conditions in which the group will discipline itself.
10. The leader will listen.
11. The leader will know himself.

130 Charisma, as a result of the perception of a leader's traits by his followers, means that employees perceive the qualities and behavior of the leader in a certain way and accept it as the model of behavior they follow. Transformational leaders need to take a step more than charismatic ones

A leader's behavior, of course, depends on a number of components and needs to be flexible and adaptable. However, the environment also greatly influences its adaptation. Leadership in management is a process of directing the activities of group members towards accomplishing the task. This definition of leadership has four meanings

First, leadership involves *other people* - employees or followers. The readiness of the group members to accept the guidance and instructions of the leader defines the status of the leader as well as the leadership process itself. If there were no other people, all the leadership qualities of a manager would be insignificant.

Second, leadership means an unequal distribution of power between leaders and group members. A manager has five basic types of power (Yuki G., 1994.): *reward power, coercive power, legitimate power, referential power, and professional power*.

Power is the ability to influence, that is, the ability to cause changes in the attitudes or behavior of individuals or groups. The more sources of power a manager has, the greater are the chances of being a successful leader.

Third, an essential element of leadership is the ability to use different forms of power in different ways to influence followers' behavior.

Fourth, leadership is a matter of value and is a combination of the previous three elements, while respecting moral components.

Influence is any action or example of behavior that may cause a change in the attitude or behavior of another person or group. Certainly, leadership and management are not identical concepts, despite the indisputable fact that leadership cannot be separated from management and that it is very important for management. Experts say that in most organizations the problem is too much management and too little leadership.¹³¹ Usually, two approaches are used to determine the character traits of leaders:

- (1) Comparison of the character traits of those who became leaders with the character traits of those who did not;
- (2) Comparison of the character traits of successful with the traits of unsuccessful leaders.

131 The first systematic attempt by psychologists and other researchers to explain the issue of leadership was aimed at discovering the character traits of leaders. The basic assumption was that all leaders have certain common innate traits. This view - that leaders are born, not created - is still popular with the non-professional audiences, but not among professional researchers.

Example 41 What successful leaders do

To illustrate the leadership success we will show the views of prof. John Kotter, from Harvard Business School, published in his book, "The Leadership Factors", on the occasion of the success of Jan Carlzon from the Scandinavian Airlines System. Namely, in order to see the true essence of leadership, Kotter puts leadership under the microscope to see as much as possible from the perspective of an outside observer. The great American industrial empire was built by leaders - visionaries, people who had conviction, determination and luck. They were later replaced by managers. According to Kotter, "The difference between manager and leader is fundamental. A manager maintains, a leader develops. A manager counts on control, a leader on trust. A manager does things well, a leader does good things. Not everyone has leadership potential. Leaders are born, not created. Like anything else, it's easier said than done. Developing leaders is harder than managers, Kotter argues, and it's even harder to develop managers who will lead to..." Kotter also emphasizes that the key to success is a flexible and adjustable corporate strategy and structure led by the chief executive, the one who is a successful leader, in the first place. This thought was confirmed by Jan Carlzon, who at the age of 32 became chairman of one SAS subsidiary, and at 36, president of the company's domestic transportation business, and two years later came to the head of SAS. Kotter describes him as a leader who is first and foremost a listener, a leader who turns other people's thoughts into action. In that sense, his "starting position" in creating success is interesting. This true leader with a modern understanding of management puts his marketing staff behind the ticket sales counter, face-to-face with the users of his services - travelers. SAS planes meet the requirements of passengers, not the last word of technology, so the terminal and flight schedules are tailor-made for passenger requirements. As the co-author of the book, Carlzon himself ended up exhibiting one interesting and instructive story about two stone carvers. "When asked what he was doing, the first one answered, "I knock this damn stone into a block," while the other said, "I'm a member of the team building the cathedral!"

Source: Stefanović V, Blagojević S, Menadžment ljudskih resursa, Faculty of Science, University of Novi Sad, Novi sad, 2009, p.414-415

13.2.2. LEADERSHIP STYLES

Functions of a leader are activities aimed at maintaining a group and the tasks that a leader or someone else has to accomplish in order for one group to function successfully. Successful group work requires a person who can perform two important functions: the problem-solving function and the group-keeping function or the social function. Social functions resolve misunderstandings and ensure that an individual feels respected by the group.

Leadership styles are different models of behavior accepted by leaders in the process of directing and influencing workers, in executing the leadership function (*problem-solving and group maintenance*) and influencing the task. Most managers use both styles (task orientation and worker orientation), but one approach always prevails.

The leadership style scale can be seen in Overview 36.

Leadership styles depend on three groups of factors or "strengths":

- (1) Strength of managers - origin, knowledge, value and experience;
- (2) Strength of workers - subordinate traits and participatory management;
- (3) Strength of the situation - the size and cohesiveness of a particular workgroup, the nature of the tasks the group performs, the time factor and the environmental factors.

Numerous theoretical and empirical studies confirm that successful leadership depends on various variable elements, such as organizational culture and the nature of the task. No single trait was common to all successful leaders. No particular style was effective in all situations.

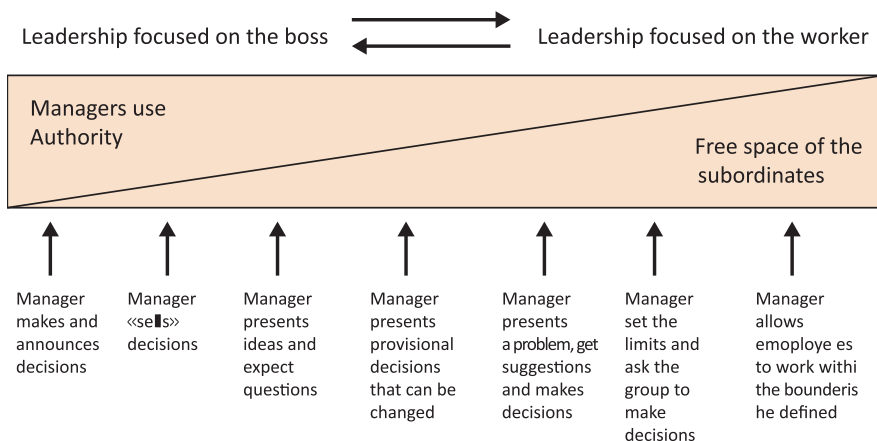
By the **contingent approach to leadership**, management techniques used to achieve organizational goals, differ depending on the situation or circumstances.

In every situation, elements that affect the efficiency of a particular style can be identified, and they can be grouped as:

- Task requirements;
- Expectations and behavior of persons of the same rank;
- Employee characteristics, expectations and behavior;
- Organizational culture and politics.

In contemporary conditions, there are four latest and most famous contingent models of leadership.

Overview 36 Leadership Behavior Scale

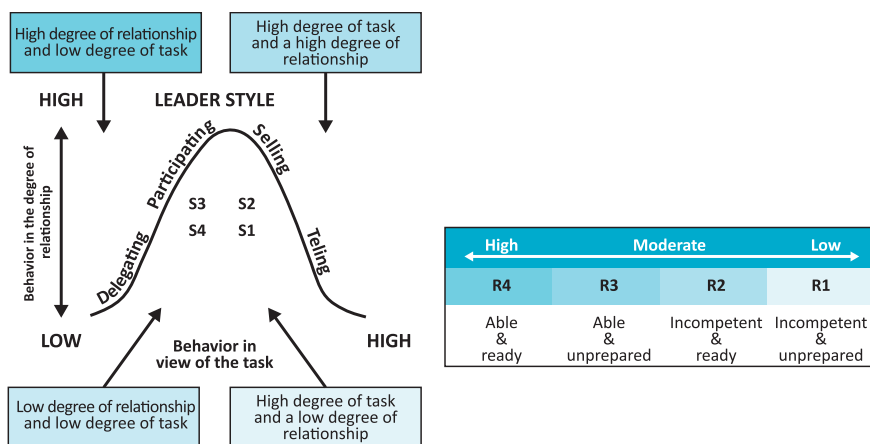


Source: Stoner, J, Freeman, E., Gilbert, D., Menadžment, Želnid, Belgrade, 2000.p.435

1. SITUATIONAL LEADERSHIP

The leadership approach developed by Hersey and Blanchard describes how leaders should adapt their leadership style to the subordinates' desire for success, to their experience, ability and willingness to accept commitments. (Hersey P., Blanchard H., 1982., pp. 8-17). The most effective leadership style changes depending on the "readiness" of the employee, i.e. on his desire to prove himself, accept responsibility, but also the ability, skill and experience required to perform the tasks.

Figure 20 Hersey - Blanchard situation model



Source: Adoption of S. Probing, M.Coulter, Menadžment-osmo izdanje, Perason Education, Inc., Upper Saddle, New Jersey, 07458, Data status, Belgrade, 2005. p. 429

In the process of determining leadership style, the goals and knowledge of followers are important variables. Experts believe that relationship between managers and followers goes through four stages, and that the manager changes the leadership style according to the development of his followers:

- ◆ great concern for the task and little concern for the relationship;
- ◆ great concern for the task and great concern for the relationship;
- ◆ great concern for relationships and little for task;
- ◆ little concern for relationships and little for task.

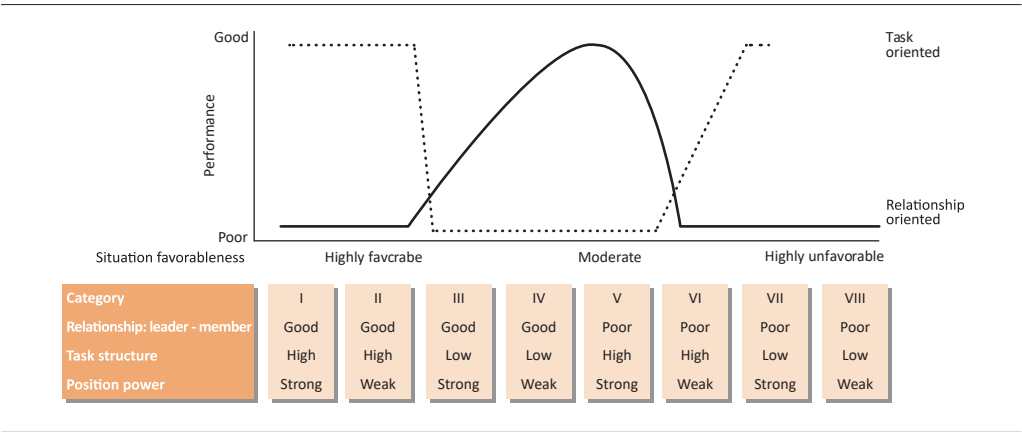
The situational leadership model has aroused interest because it recommends a type of leadership that is *dynamic and flexible* rather than static. The followers' motivation, ability and experience are constantly evaluated to determine which combination of styles is most appropriate in liberal and changing conditions. When style is appropriate to the situation, it must not only motivate the workers but also assist them in their professional development.

However, a leader who wants his followers to develop, have greater confidence, and who wants to help them learn their job will need to change styles very often.

2. FIDDLER’S MODEL: LEADERSHIP STYLE AND WORK SITUATION

This model assumes that managers are reluctant to change the style (s) of management based on which they have become successful. (Fiedler F., 1965, p. 116). Most managers are not considered to be very flexible, so any attempt to respond to unpredictable or changing situations is futile and doomed to failure. This means that effective group behavior can only be ensured if *a selected manager suits a given situation or if the situation is adapted to the manager*. Fiddler uses a measuring instrument to compare similar worker-oriented or task-oriented styles.

Figure 21 Fiddler model



Source: S. P. Robins, M. Coulter, *Menadžment-osmo izdanje*, Pearson Education, Inc. Upper Saddle, New Jersey, 07458, Data status, Belgrade, 2005.,p. 428

Least-preferred Coworker (LPC) is Fiddler’s measuring instrument used to position managers on the leadership style scale (the employee with whom the manager would least want to work with). Three "leadership situations" or variables that determine which leadership style will be effective have been identified: leader-member relations, task structure, and position power.

The leader-member relation presents the quality of collaboration between the leader and his employees; in Fiddler’s opinion, this relation influences the most the power of managers.

Task structure is the variable value of a work structure that, in Fiddler’s opinion, determines the power of a manager. In tasks with structure, managers automatically have power, but in tasks without structure, their power disappears.

Position-based power is the power inherent in the formal position the leader has. This power may be large or small, depending on the particular position.

3. THE PATH-GOAL MODEL

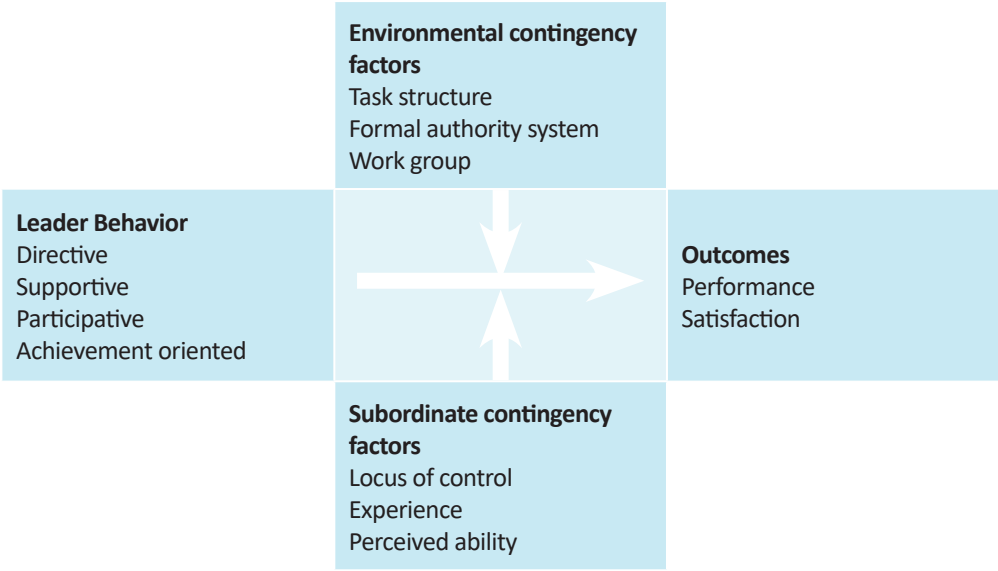
This model emerged from a theory of leadership that emphasizes the role of leaders in explaining to subordinates how they can achieve high results, receive appropriate rewards, or valence (attractiveness) of the rewards.

It allows one to understand and predict leadership effectiveness in different situations.¹³² Managers determine the availability of "goals" (rewards) and "ways" in which they can be achieved. The choice of awards influences the leadership style of the manager, but also the employee's opinion on which path leads to concrete rewards.

"The path-goal theory, like other contingency theories, does not promote any (aforementioned) leadership style as the best. This is because it links the effectiveness, and thus the suitability, of leadership styles to the situation in which leaders do their jobs - a condition that, according to this theory, is determined by two sets of situational variables: (1) characteristics of subordinates (their needs, abilities, and experience) and (2) characteristics of the work environment (work assignment structure, reward system, and group relationships).

According to the path-goal theory, leaders must be able to adapt their behavior to the specifics of the situation in which they perform the role of leader. This, as a rule, means combining multiple leadership styles. In doing so, leaders must take into account that their behavior should be acceptable to subordinates, i.e., that it represents a source of satisfaction for subordinates. Only such behavior of leaders becomes a significant factor in increasing the motivation of subordinates (motivations stemming from the knowledge of subordinates that leaders do what is necessary, both in respect of meeting their needs and in the field of improving their working conditions) and, consequently, increased efforts of followers in performing their tasks.,, (Lončarević R., Mašić B., Đorđević Boljanović J., 2007., p. 450)

Figure 22 Path-goal theory

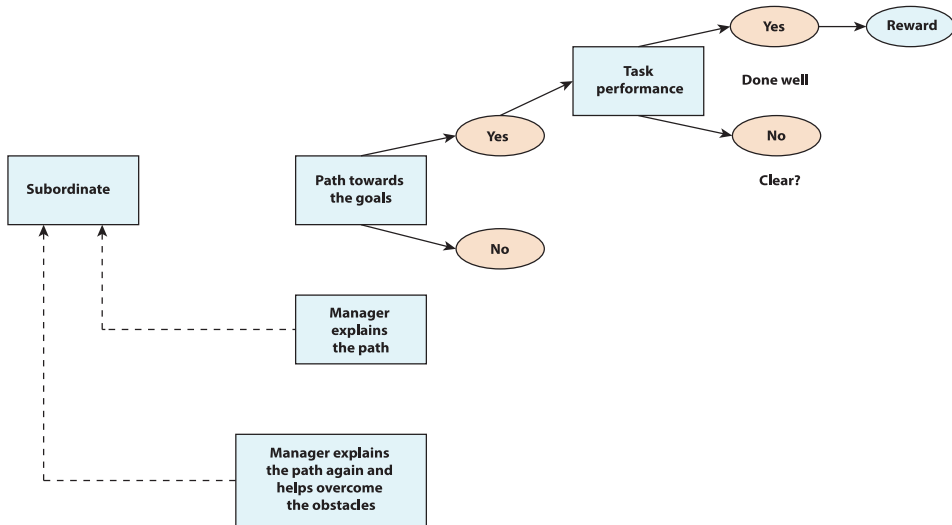


Source: S. P. Robins, M. Coulter, *Menadžment-osmo izdanje*, Perason Education, Inc., Upper Saddle, New Jersey, 07458, Data status, Belgrade, 2005. p. 432

132 This model was formulated by Martin G. Evans and Robert J. Haus. Evans, M., Leadership and Motivation: A Core Concept, Academy of Management Journal 13, No 1, March 1970, p. 91–102; House, R., A Path-Geal Theory of Leader Effectiveness, Administrative Science Quarterly 16, No 5, September, 1971, p. 321–28.

In this model, two variables that determine the most effective leadership style can be identified: the personal characteristics of workers and environmental factors, as well as the demands of the workplace that workers face.

Figure 23 Path-goal leadership approach



Source: Daniel A. Wren, Dan Voich Jr. Menadžment – proces, struktura, ponašanje, Poslovni sistem Grmeč-Privredni pregled, 1994., p. 429

4. VROOM-YETTON AND VROOM - JAGO MODELS

This model was created on the basis of criticism of the path-goal model because the authors (Milisavljević M., 1999, pp. 53-54) felt that the situation when managers made the decision to involve workers was not taken into account. As a solution, they offered an extended version of the classic Vroom-Yetton situational leadership model that included concern for both quality and decision-making. (Vroom V. i Jago A., 1988.)

Experts (Vroom and Jago) deepened this approach by making a hypothesis that the effectiveness of a decision depends on its quality, commitment to the decision, and the time spent on making the decision. They believe that total leadership effectiveness equals a *decision-making efficiency minus the cost of decision-making, plus the value gained from developing skills in people through a decision-making process.*

Of course, leadership styles may be conditioned by time or development, and the model that best suits the circumstances will apply. The subjective element should also be taken into account, as it is obvious that some individuals adapt more easily to different situations in life and work than others. Flexibility in leadership is increasingly becoming a key factor.

Recent studies in leadership indicate that managers actually show great potential flexibility when they respond to the influences the environment has on their leadership styles.

In addition to the analyzed leadership models, we often see numerous empirical and theoretical works on leadership, for example, there is "dynamic engagement" leadership style (with five basic practical models and ten behavioral models that leaders use). Leadership research will go in many different directions. Transformational or charismatic leadership is currently prevailing, as well as behavioral approach and returning to traditional ideas of leadership. Many consider that the time of outstanding leaders in management is coming.

Overview 37 Basic practices and behaviors of outstanding leaders

CHALLENGE THE PROCESS	1. Search for opportunities 2. Experiment and take risks
INSPIRE A SHARED VISION	3. Envision the future 4. Enlist others
ENABLE OTHERS TO ACT	5. Foster collaboration 6. Strengthen others
MODELE THE WAY	7. Set the example 8. Plan small wins
ENCOURAGE THE HEART	9. Recognize individual contributions 10. Celebrate accomplishments

Source: Kouzes, J., Posner, B., The Leadership Challenge: How to Get Extraordinary Things Done in Organizations, San Francisco, Jossey- Bass, 1987

Authoritarian leaders are the kind of leaders who determine what subordinates need to do to achieve their own goals, as well as organizational goals, who classify requirements, and persuade people that they can achieve their goals if they make the necessary effort.

Transformational leaders, unlike previous ones, inspire followers with their personal vision and energy and have a great impact on their organizations. They are also called *charismatic leaders*.

Recent challenges to traditional leadership theory include a psychoanalytic approach that examines the unconscious motives of leaders and an emotional approach that focuses on the sentimental or idealized image that followers have of what leaders can accomplish and how they can affect their lives and business careers.

Text Box 7 Types of leadership style

AN EXAMPLE OF THE VROOM-YETTON AND VROOM-JAGO MODEL, DEVELOPED IN 1973.

This model was developed to help managers decide when and to what extent they should involve workers in the process of solving a particular problem.

This model identified five leadership styles representing the *Authoritarian Approach* (AI, AII), *Consulting Approach* (CI, CII), and *Participatory Approach* (GII).

Types of leadership styles

A I – Managers either solve the problem themselves or make a decision and use the information available at a given moment.

A II – Managers get the necessary information from a subordinate (subordinates), then make their own decision to solve the problem. When seeking information, managers may, but need not, tell their subordinates what the problem is. The role of subordinates in the decision-making process is clearly limited to providing the necessary information (to managers), but not to proposing or evaluating alternative solutions.

C I – Managers discuss a problem with certain subordinate officers, but individually, they listen to their ideas and suggestions, but do not organize a joint meeting with all of them, do not form a group. Then, managers make a decision, which may but may not take into account the opinions of subordinates.

C II – Managers discuss the issue with subordinates as a group and collectively gather ideas and suggestions. They then make decisions that may, but may not, take into account the views of subordinates

G II – Managers discuss a problem with subordinates as a group, and subordinates jointly provide and evaluate alternatives and attempt to reach consensus on a solution.

Managers do not try to influence the group to accept the solution that the manager thinks is best. They accept and implement the solution that is supported by the whole group.

Source: Organizational Dynamics, Spring 1973, American Management Association, New York. Taken from Stoner, J., Freeman, E., Gilbert, D., Menadžment, Želind, Belgrade, 2000, p.445.

13.3. CHARISMATIC LEADRESHIP

The environment in which an organization operates, a combination of circumstances, influence the prevalence of a particular form of leadership. In times of crisis¹³³ charismatic effects are very common. These conditions are usually characterized by a high degree of uncertainty and discontinuity in business and require considerable effort, sacrifice, and commitment from followers, which can only be achieved through the action of charismatic leadership. One of the most common causes of creating charismatic effects in an organization is the existence of a *leadership crisis*.

The absence of leaders capable of designing, initiating and implementing the changes necessary for the successful operation of the organization not only results in poor corporate performance but also dissatisfaction of all stakeholders. The absence of *clear rules* of conduct in an organization can often be conducive to the creation of charismatic leaders. However, sometimes a crisis is not a sufficient and necessary condition for the emergence of charismatic leadership. Numerous studies (especially in the USA) have shown that businesses whose activities are closely related to the dominant values of society or a particular subculture of potential followers, in most cases, have elements of charismatic leadership. Thus, they are present in high-tech industries that can be associated with values such as scientific, economic progress or national pride, and rarely in manufacturing industries. This is where the *moral* dimension emerges as one of the important preconditions for creating charismatic leadership.

Besides, the distinct business opportunities that create chances for changing the existing way of doing business are also good ground for developing charismatic leadership.

The very process of creating charismatic effects can most easily be explained by the idea of creating *concentric circles*. The initial impulse is made by the creation of a smaller group of followers surrounding the leader, and together they represent the nucleus of future charismatic events. Then, the circle concentrically widens and engages most of the members of the organization, so that in the last round the initial group, with the leader in charge, will gain the necessary majority and this is when the true charismatic leadership is formed. Nowadays, this is a process. The central participants in this process are the **leader** who seeks to attract attention and gain followers, and **followers**, on whose reaction the emerging of charismatic relationships depends.

Organizational culture can encourage or limit the charismatic leadership.

The vision of the leader is starting point for initiating charismatic events, that is, a vision of the desired future that is significantly different from the present. The vision encourages and engages all potential followers, by creating inspiration, establishing standards of performance, emphasizing the moral component, but also providing answers to bridge the gap between present problems and future aspirations. (Gardner W.L. and Avolio, B.J., 1988., p. 34).

133 The problem may arise when defining the concept of crisis clearly. It may refer to social, economic, political or religious upheavals, such as wars, economic recessions, transition to market conditions, etc.

Based on an attractive vision that offers a better future, the leader first mobilizes a small number of followers and then the majority of the group. Once accepted, the vision represents a compass for the future course of activity, but also, if necessary, influences the establishment of new values, rules of conduct and beliefs. The connection between the leader and the organizational culture significantly influences the life of the organization.

Table 25 Charismatic leadership model

Organizational culture	Leader's activities	Effects on followers	Results
- The adaptive organizational culture encourages the emergence of charismatic leaders. - A charismatic leader enhances the values of an adaptive culture, thereby changing aspects of culture that become dysfunctional over time.	- Creating a vision - Building an image - Demonstrate high expectations and trust in followers - Modeling values, beliefs and behaviors	- Comparison of motivation and perseverance - Identification with the leader - Greater cohesiveness between group members - Improving self-efficacy and self-esteem	- Personal commitment of followers to the leader and vision - Increase in satisfaction - Improvement of individual, group and organizational performance

Source: Modification by the author based on Waldman, D.A., and Yammarino, F.J., »CEO Charismatic Leadership: Levels of Analysis Effects«, *Academy of Management Review*, 1999, Vol. 24, No. 2., pp.266-282.

If the organizational culture does not contain values that support the vision of the leader, it is necessary to establish a new value system, that is, to create a different organizational culture. In this case, the role of the creator of culture is assumed by the leader, who seeks to structure and define reality for his subordinates, thus determining, instead of them, the meaning of the world that surrounds them. Essentially, the leader, through his vision, exceptional rhetorical skills and personal example, changes existing ones and introduces new values, which are accepted by followers.

Thus, the leader emerges as the modeler of a new system of beliefs, behaviors and values, all for the sake of implementing change. In this context, anticipatory or innovative organizational cultures can foster the creation of charismatic leaders. Such cultures favor efforts to anticipate the future course of events and adapt to changes in the environment in order to meet the needs of consumers, employees and other stakeholders. Adopting an attractive vision depends largely on the carefully constructed image of the leader. Features of an acceptable image are usually:

- ♦ High self-esteem based on competence,
- ♦ A strong moral conviction of leader in the correctness of his views;
- ♦ Willingness to take great personal risk.

A charismatic leader primarily bases his influence on expert and referential power, unlike other types of leadership. Followers' trust is gained through the use of unconventional ways of solving problems, such as introducing new technological solutions, organizing work, etc., which demonstrates the knowledge, abilities and skills of leaders. In this way, i.e. with completely different, innovative solutions, the leader not only demonstrates personal competence but also conviction in the correctness of his vision.

Charismatic leaders, on the other hand, must set high expectations for their followers, but also constantly express confidence in their abilities. The most important skill of charismatic leadership is communication. Charismatic leaders must first initiate change with exceptional rhetorical skills, either by provoking followers' dissatisfaction with the current situation in the organization or by pointing to new opportunities or exceptional business circumstances. Thus, they will try to gain support for their vision of the future and then seek to promote the new values. Charismatic leaders use various forms of rhetorical persuasion, such as metaphors, analogies, and stories with emotion arousal, to highlight their beliefs

13.4. RECRUITMENT AND SELECTION OF MANAGERS

Recruitment and selection of a manager is a process in which the right people capable of managing are identified and elected. It is a process that involves considering and analyzing a group of available staff, potential managers, and determining which among them are best suited to the available managerial positions. In this process, it is determined how many available individuals meet the required conditions or criteria for the open manager positions. Certainly, it is a very complex and responsible task that depends on a number of factors, and at the same time can greatly affect the further survival and development of a business, institution or public service. Considering all the possible specificities of different management positions, a general selection process includes the following activities:

1. determining the managers to be elected;
2. determining the pool of potential managers;
3. defining the requirements - criteria for the selection of managers (possibly by types of managers);
4. determining weighting factors for each criterium (if the quantitative analysis is also provided);
5. analysis of how individuals meet certain requirements (quantitative and qualitative analysis);
6. defining a wider choice based on the results of the analysis;
7. formation of a narrow set of specific requirements for a particular managerial position (and by weighting factors);

8. making a new analysis (quantitative and qualitative);
9. ranking individuals and selecting the best;
10. defining and organizing additional training for selected individuals.

This selection process for managers contains several very specific and very difficult phases and activities. In addition to determining the set of individuals who are subjected to selection, there are also determining and defining the requirements, that is, the criteria for the selection of managers. They represent certain requirements that a person needs to fulfill in order to be a good manager. This phase, in the entire procedure, is crucial for the proper conduct of the manager selection process, as the validity of selection depends on properly defined criteria.

One has to fulfill a number of requirements in order to be able to perform a manager's job or to become a good manager. First of all, we should take into account all the traits, abilities and knowledge that a certain person must possess in order to be a successful manager. From all these, we then distinguish groups of requests that represent the relevant criteria for the proper conduct of the selection process.

However, in this process two types of problems emerge:

- ♦ determining the size of a set of criteria - determining the number of criteria that will allow the best selection of managers;
- ♦ determining the criteria that should constitute the defined set of most acceptable norms.

Once these problems have been resolved, specific criteria, that is, the requirements used for the selection of managers is set. When determining these criteria in practice, it should be borne in mind that the set of acceptable criteria used for the section may not be suitable for managers of all types and levels. It is quite clear that the sets of criteria must be different for the top managers, middle managers, and operational managers, given the role and tasks they have, as well as the powers and responsibilities that belong to them. Likewise, when it comes to managers of the same level, who work in different fields (eg functional managers,) the selection criteria may be somewhat different.

Each functional area has specific characteristics that must be taken into account in setting the criteria. These specifics must also be taken into account in quantitative analysis when determining the weighting coefficients for individual criteria.

The set of general requirements, which can be modified and refined in specific cases, contains the following requirements in terms of traits: diligence, intelligence, honesty, ambition, energy, enthusiasm, flexibility, imagination, optimism, courage, stability and others.

Requirements in terms of knowledge are: knowledge of technology, management, organization, informatics, finance, marketing, psychology, human resources, law and other.

Requirements in terms of skills and abilities are:

- ♦ executive skills,
- ♦ organizational skills,
- ♦ leadership skills,
- ♦ managerial skills,
- ♦ the ability to predict,
- ♦ the ability to take initiative,
- ♦ visionary skills,
- ♦ communication skills,
- ♦ rhetorical skills,
- ♦ ability to adopt,
- ♦ analytical skills,
- ♦ selection abilities.

This is one of the possible general approaches and one set of possible criteria for the selection of managers. Of course, other approaches and criteria, as well as requirements relevant to the selection and selection of managers, are possible. However, once the criteria are set, the process of manager selection foresees an analysis that would show how well the individuals that are being selected meet the selection criteria. This means that an analysis that will provide the basis for the selection of personnel should be carried out.

This phase of the manager selection process can be done in many ways. The simplest way is to take a defined set of requirements and analyze whether or not individuals meet the set criteria.¹³⁴ After the analysis, individuals are ranked according to the number of requirements fulfilled and a selection is made on this basis. A more convenient and better way of selection is a method that includes a certain quantitative analysis, followed by a qualitative analysis, which evaluates how much and in what way the analyzed personnel meets the necessary requirements. Only then, the individuals are ranked on the basis of a set number of requests, and a final selection is made on the basis of such selection.

Human resources managers, as well as top management, should bear in mind that the selection process affects the image of the employer, in a positive or negative way. Therefore, in addition to selecting qualified people for certain jobs, the selection process has another significant dimension related to public relations. For example, discriminatory hiring practices, inappropriate interviews, deliberate long waits, process delays, inappropriate testing procedures and lack of feedback can create an unfavorable image of the employer.

134 Given the simplicity of this method, significant inaccuracies and errors are possible. In the improved method, after this first phase and the preliminary selection, there is a second phase, in which a smaller number of specific criteria are set and based on them, in the same way, ranking and selection are made.

On the other hand, ensuring the professional treatment of all candidates during the selection process is very important because, for most candidates, job-related contact of any kind is a very personal and extremely important event.

An employer may use different criteria before hiring candidates, in order to recruit those candidates who are best aligned with the existing plans. However, employers cannot discriminate against, or otherwise reject, employed candidates for any other reason that is against the law or social norms of conduct. The overall selection process, which includes a series of employer and candidate activities, leaves a certain impression in the public, creates a certain image of the organization in the labor market, and human resource managers need to keep that in mind.

YOU HAVE A PENNY - I HAVE A PENNY!
IF WE EXCHANGE THEM - WE GET NOTHING
YOU HAVE AN IDEA - I HAVE AN IDEA!
IF WE EXCHANGE THEM - OUR VALUES
HAVE INCREASED BY 100%

A.S.GREGG



QUESTIONS TO TEST YOUR KNOWLEDGE

1. How would you define leadership?
2. What is the difference between a manager and a leader?
3. What kinds of power do you know and why is the power necessary?
4. What are the basic functions of a leader?
5. What are the rules of behavior of a leader?
6. What types of leadership styles do you know?
7. How would you explain the Situational Leadership Model, Hersey - Blanchard Situation Model?
8. How would you explain Fidler's model: leadership style and work situation?
9. How would you explain the Path-Goal Model?
10. How would you explain Charismatic Leadership?
11. How would you explain the Decisions on the inclusion of subordinates model (Vroom-Yetten and Vroom-Jago models)
12. What types of general requirements for a selection of a manager do you know?
13. What are the knowledge requirements for the selection of a manager?
14. What are the skills/abilities requirements for the selection of a manager?

LITERATURE



1. Aaker, A.D., 1995, *Strategic Market Management*, 4/E., J., Wiley & Sons, Inc.
2. Albijanić, M., *Kvantifikacija uticaja intelektualnog kapitala na konkurentnost*, doctoral dissertation, defended at Singidunum University, April 2011.
3. Alkander, G, *Career Paths to Corporate Leadership in America*, "Career Management", Illustrative Issue.1995.
4. Armstrong, M, *A Handbook of Human Resource*, Management Practice, 8th edition, Kogan Page, London, 2001.
5. Armstrong, M., Murlis, H., *Reward Management: A Handbook of Remuneration Strategy and Practice*, Kogan Page, London, 1991.
6. Avlijaš R., *Preduzetništvo*, Singidunum University, Belgrade, 2010.
7. B. Bogićević, *Menadžment ljudskih resursa*, Faculty of Economy Belgrade, 2003.
8. Bahtijarević-Siber E, *Menadžment ljudskih potencijala*, Golden marketing, Zagreb, 1999.
9. Bakić O; *Marketing u turizmu*; Singidunum University; Belgrade, 2008.
10. Beardwell, I. – Holden, L, *Human Resource Management: A Contemporary Perspective* (2nd edition), Prentice Hall, London; 1997.
11. Bennis, W., Leaders, B.N., 1995, *The Strategy for Taking Charge*, New York.
12. Bergmann, T, and Taylor, M., *College Recruitment: What Attracts Students to Organizations?*, Personell, New York, 1994.
13. Bernardin, R., *Human Resource Management: An Experimental Approach*, 3rd ed., McGraw-Hill, 2003.
14. Blešić I., Čerović S., Dragičević V., *IMPROVING THE SERVICE QUALITY AS A SOCIALLY RESPONSIBLE*, Amfiteatru Economic Journal, Bucharest, 2011.
15. Bloch, D.P., , *How to Get a Good Job and Keep It*, Express, Lincolnwood, IL, Chicago, 1997.
16. Boddy, D., Paton, R., 1998, *Management: an introduction*, *Pearson Education Limited*, Prentice Hall Europe, London.
17. Burns, P., 2001, *Entrepreneurship and Small Business*, Palgrave, New York.
18. Byars L.L., Rue L.W.: *Human Resources and Personnel Management* 5th edition, Irwing-Mc Graw-Hill, Boston, 1997.
19. Carell, M.R., Elbert, N.F., Hartfield, R.D., *Human Resource Management*, Englewood Cliffs, Prentice Hall, New York, 1995.
20. Carrell, M., Elbert, N., Hatfield, R., *Human Resource Management: strategies for Managing a Diverse and Global Workforce*, 6th edition, Dryden Press, Harcourt College Publishers, London, 2000.
21. Cascio, W., *Managing Human Resources*, McGraw Hill, Inc., New York, 1995.
22. Cascio; W.F., *Human Resource Management*, Sixth Edition, McGraw-Hill, 2003.

23. Case, J., «*What the Experts Forget to Mention*», Inc., September, 1993.
24. Caudron, S., *Change Keeps TQM Program Thriving*, *Personnel Journal*, October: 1993,
25. CHAO, G. ET AL., *ORGANIZATION SOCIALIZATION: ITS CONTENT AND CONSEQUENCES*, *JOURNAL OF APPLIED PSYCHOLOGY*, VOL. 79, NO. 5: 730-743, 1994.
26. Conger, J., Finegold, D., and Lawler, E., 1998, «*Appraising Boardroom Performance*», *Harvard Business Review*, 1/1998.
27. Cornelius, N., 1999, *Human Resource Management*, Thomson Business Press.
28. Čačić K; *Poslovanje hotelskih preduzeća*; Čigoja press; Belgrade; 1995.
29. Čerović S., *MANAGEMENT OF TOURIST COMPANIES ON THE MODERN*, Amfiteatru Economic, Bucharest, 2006.
30. Čerović S., *Strategijski menadžment u turizmu*, Singidunum University, Belgrade 2009.
31. Daft, R.L., 1997, *Management*, 4th ed., "Fort Worth", The Dryden Press, TS.
32. Damjanović, M., 1990, *Menadžerska revolucija*, Institute for Textbooks and Teaching Aids, Belgrade.
33. Dessler, G., 1991, *Personal/Human Resource Management*, fifth edition, Englewood Cliffs, Prentice Hall, New Jersey.
34. Dessler, Gary, *Osnovi menadžmenta ljudskih resursa*, Data Status, Belgrade, 2007.
35. Digman, J.M., 1990, *Personality Structure: Emergence of the Five-factor Model*, *Annual Review of Psychology*, No.43.
36. Drucker, P., «*Management tasks, responsibilities, practices*», Harper and Row Publishers, inc., 1985.
37. Drucker, P., *The Theory of the Business*, *Harvard Business Review*, September–October, 1994.
38. Durbin, A., Ireland, R.D., *Management and organization*, South-Western Publishing Co, Cincinnati, Ohio, 1993.
39. E.B. Fillipo – «*Principles of Personal Management*», New York, 1996.
40. Edward, E., Lawler, I., Finegold, D., Benson, G, and Conger, J., 2002, «*Adding Value in the Boardroom*», *Sloan Management Review*, 2/2002.
41. Elaković S., *Sociologija slobodnog vremena i turizma*, Faculty of Economy, Belgrade, 2006.
42. Elwood Chapman, Sharon Lund O Neil, *Leadership*, 3rd ed., Prentice – Hall, Inc., 2000.
43. Erez, M., PC Earley, C.L. Hulin, «*The Impact of Participation on Goal Acceptance and Performance: A Two-Step Model*», *Academy of Management Journal*, No.28, 1985.
44. Feen, D., *Corporate Universities for Small Companies*, Inc. February, 1999.
45. Ferrell O.C., Hirt G. A. i Ferrell L. *Business: A Changing World*, 10. edition, McGraw-Hill Education, 2009.
46. Fiedler, F., «*Engineer the Job to Fit the Manager*», *Harvard Business Review*, 43, No.5. Sept.-Oct., 1965.
47. Figar, N., 1995, *Upravljanje menadžerima*, Prosveta, Niš, 2001.
48. Figar, N., *Osnovi menadžmenta*, SIIC, Niš, 2001.
49. Fillipo, E. B. , *Principles of Personal Management*, New York, 1996.
50. Fleishman, E.A., Quaintance, M.K., *Taxonomies of Human Performance: The Description of Human Tasks* Orlando, Academic Press, FL., 1984.
51. Fukojama, F., 1997, *Sudar kultura*, Institute for Textbooks and Teaching Aids, Belgrade;
52. G.Š.Šušnjar, V. Zimanjić, *Menadžment ljudskih resursa*, University of Novi Sad, Faculty of Economy Subotica, 2006.
53. Galpin, T., *The human side of change: A practical guide to organization redesign*, Jossey-Bass Publishers, San Francisco, 1996.
54. Garatt, B., 1999, «*Developing Effective Directors and Building Dynamic Boards*», *Long Range Planning*, No.1/1999.
55. Gardner, W.L. and Avolio, B.J., , *The Charismatic Relationship: A Dramaturgical Relationship*, *Academy of Management Review*, January, 1998.

56. George T. Milkovich I Jerry M. Newman, MASMEDIA d.o.o., Zagreb, 2006.
57. Gery Dessler, *Osnovi menadžmenta ljudskih resursa*, Data Status, Belgrade, 2007.
58. Gist, M.E., Bavetta, A.G., Stevens, C.K., 1990, "Transfer Training Method: Its influence on Skill Generalization, Skill Repetition, and Performance Level", *Personnel Psychology* 43.
59. Gomez-Meija, L.R., Balkin, D.B., Cardy, R.L., 2001, *Managing Human Resources*, 3rd edition, Prentice Hall.
60. Hackman and Johansson, C.E., 1996, "Leadership: A communication Perspective", Waveland Press, Inc. Illinois.
61. Hadžić O., Nedeljković M., *Motivacija za rad i zadovoljstvo poslom u organizaciji*, Faculty of Sciences -Department for Geography Tourism and Hospitality, Novi Sad, 2008.
62. Hadžić, O., *Organizaciono ponašanje*, Faculty of Sciences, Novi Sad, 2007.
63. Hall, T., *Personnel Management*, Prentice Hall International, London, 1991.
64. Hammer, M., Champy, J., "Reengineering the Corporation", London: Bearley, 1993.
65. Harris L. C. (2012), *Ripping off' tourists: an empirical evaluation of tourists' perceptions and service worker (mis) behavior*, *Annals of Tourism Research*, 39(2).
66. Hersey, P., Blanchard, H., *Management of Organizational Behavior*, 4th ed., Englewood Cliffs, N.Y, 1982.
67. Janićijević N. , *Organizaciona kultura*, Ulixes, Novi Sad, Faculty of Economy, Belgrade, 1997.
68. Janićijević, N., (2008), *Organizaciono ponašanje*, Data Status, Belgrade.
69. Jovanović- Božinov, M., Kulić, Ž, Cvetkovski, T., «Menadžment ljudskih resursa», Megatrend, Belgrade, 2004.
70. Katz, D., Kahn, R., *The social psychology of organizations*, 2nd ed, John Wiley and Sons, Inc., New York, 1978.
71. Kim N. Y., Miller G., *Perceptions of the ethical climate in the Korean tourism industry*, *Journal of Business Ethics*, 82(4), 2008.
72. Kim N. Y. and Miller G., *Perceptions of the ethical climate in the Korean tourism industry*, *Journal of Business Ethics*, 82(4), 2008.
73. Knežević M., Čerović S., Borovčanin D., Unković S., THE USE OF IPA IN THE ANALYSIS OF CUSTOMER SATISFACTION IN HOTEL INDUSTRY, *Amfiteatru Economic Journal*, Bucharest 2017.
74. Knežević M., Čerović S., Džamić V., Radojević T., TOTAL QUALITY MANAGEMENT IMPLEMENTATION AND GUEST SATISFACTION IN HOSPITALITY, *Amfiteatru Economic Journal*, Bucharest 2017.
75. *Korupcija u visokom obrazovanju Srbije*, Center for education development of Belgrade Open School, 2005.
76. Kosar Lj; *Hotelijerstvo I*; Vocational College of Hospitality Management; University of Belgrade; Belgrade; 2008.
77. Kotter, J.P., 1995, "Leading Change: Why Transformation Efforts Fail", *Harvard Business Review*, March-April.
78. Kulić, Ž., 2002, *Upravljanje ljudskim resursima sa organizacionim ponašanjem*, Megatrend University of Applied Sciences, Belgrade.
79. Laird, D., *Approaches to Training and Development*, 2nd edition, Boston: Addison-Wesley. 1985.
80. Lear, R., , "Compensation for Outside Directors", *Harvard Business Review*, 6/1999.
81. Leavitt, T., 1974, *Organization theory*, Editor: DS, Pugh, Cox & Wymen Ltd., London.
82. Lončarević R., Mašić B., Đorđević J., Singidunum University, Belgrade, 2007.

83. Luthans, F., , *Organizational Behavior*, McGraw Hill International, New York, 1989.
84. Mankiw, N. Gregory, Taylor, Mark P., *Ekonomija*, Data Status, Belgrade, 2008, p. 508.
85. Mašić B., *Menadžment*, Singidunum University, Belgrade, 2009.
86. Mathis R. – Jackson, J., 1997, *Human Resource Management*, 8th edition, West Publishing Company, New York.
87. Mathis, R. Jackson J., *Personnel Human Resources Management*. West Publishing Company St. Paul, 1988.
88. Mathis, R. – Jackson, J., *Human Resource Management*, 8th edition, West Publishing Company, New York, 1997.
89. McCourt, W., Eldridge, D., *Global Human Resource Management*, UK: Edward Elgar, Cheltenham, 2003.
90. McIntosh, S. S., *Envisioning Virtual Training Organisation*, Training and Development, May: 1995,
91. Mihić, S., (2009). *Menadžment ljudskih resursa u hotelskim kompanijama Slovenije*, Proceedings, Bijeljina: Sinergija. p.289.
92. Milisavljević, M., *Osnovi strategijskog menadžmenta*, Megatrend Business School, Belgrade, 1997.
93. Milisavljević, M., *Liderstvo u preduzećima*, Čigoja press, Belgrade, 1999.
94. Milkovich, G.T., - Boudreau, J.W., 1988, *Personal/Human Resource Management: A diagnostic Approach*, «Homewood», BPI/IRWIN, Illinois
95. Monks, R., 1999, “*What Will be the Impact of Active Shareholders? A practical Recipe for Constructive Change*”, Long Range Planning, No.1/1999.
96. N. Gregory Mankiw, Mark P. Taylor, *Ekonomija*, Data Status, Belgrade 2008.
97. Neale, M. I Northcraft, «*Behavioral Negotiation Theory: A Framework for Conceptualizing Dyadic Bargaining*» edited by L.Cummingsa i B. Staw. Eds., Research in Organizational Behavior, tom 13, Greenwich, CT: JAI Press, 1991.
98. Nelson R.R. and S.G. Winter, *An Evolutionary Theory of Economic Change*, Cambridge Mass 1982.
99. Noe, R.A., *Employee Training and Development*, 2nd ed, Irwin:McGraw-Hill, 2002.
100. Noe, R.A., *Human Resource Management: Gaining a Competitive advantage*, Burr Ridge, Irwin, IL, Chicago. 1994.
101. Peters, T., 1989, *Thriving on Chaos – Handbook for a Management Revolution*, Mac-Millan, London.
102. Petković M., Janičijević N., Bogičević - Milikić B., *Organizacija*, 8th edition, Publishing center Faculty of Economy, Belgrade, 2010
103. Petković, M., Janičijević, N., Bogičević, B., 2003, *Organizacija*, Faculty of Economy, Belgrade.
104. Petković, V., 1998, *Sociologija rada*, Faculty of Economy, Belgrade.
105. Petrović P., *Menadžment ljudskih resursa*, knjiga u pripremi, Institute for international politics and economy, Belgrade, 2010.
106. Porter, M., *Competitive Advantage*, New York, Free Press, 1990.
107. Probst, G., Raub, S., and Romhardt, K., *Managing Knowledge*, Chichester: John Wiley&Sons, Ltd., 2000.
108. Pržulj, Ž., *Menadžment ljudskih resursa*, Institute for development of small and medium enterprises, Belgrade, 2002.
109. R. Mathis, J. Jackson: *Personnel Human Resources Management*. West Publishing Company St. Paul. 1988.
110. Roberts, J., 2002, «*Building the Complementary Board the Work of the Pic Chairman*», Long Range Planing, 5/2002.
111. Roberts, J., and Stiles, Ph., 1999, «*The Relationship between Chairman and Chief Executives: Competitive or Complementary Roles?*», Long Range Planning, 1/1999.

112. Rot, N., *Psihologija grupa*, Institute for Textbooks and Teaching Aids, Belgrade, 1988.
113. Sathe, V., "How to Decipher and Change Corporate Culture", in Kilmann H., Saxton, M.J., Serpa R., (eds) "Gaining Control of the corporate Culture", San Francisco: Jossey-Bass, 1985.
114. Schuler, R.S., 1995, *Managing Human Resources*, 5th edition, West Publishing Company.
115. Schultz, D.P – Schultz, S.E., 1996, *Psychology and Industry Today*, 4th ed., Mac-Milan, New York.
116. Senge, P.M., (1990), *The Fifth Discipline: The Art and Practice of the Learning Organization*, Century Business
117. Sonnenblick, C., Basciano, M., Crable, K., 1997, *Job Hunting Made Easier*, «*Learning Express*», New York.
118. Sonnenfeld, J., 2002, *What Makes Great Boards Great?*, Harvard Business Review, 9/2002.
119. Steers, R. M., Porter, L.W., *Motivation and Work Behavior*, McGraw Hall, New York, 1985.
120. Stoner, R., Friman, E. i Gilbert, D., *Menadžment*, Želind, Belgrade, 2000.
121. Stredwick, J., 2002, *Managing People in a Small Business*, Kogan Page Limited, London.
122. Šaulić J., *Etičko ponašanje i poslovna komunikacija u hotelijerstvu na primeru hotela „Izvor“ Arandelovac i hotela „Moskva“ Beograd*, Master thesis, Singidunum University, Belgrade.
123. Šekarić M, Stanić N, Kostić M, Šekarić Sotirovski J., SYNTHESIS 2015 *Tourism and hospitality* 541-546., International Scientific Conference of IT and Business-Related Research, Belgrade, Singidunum University, Serbia, 2015, pp. 541-546. doi: 10.15308/Synthesis-2015-541-546
124. Šušnjar G. Š., Zimanji, V., *Menadžment ljudskih resursa*, University of Novi Sad, Faculty of Economy Subotica, 2006.
125. Tomka D; *Značaj menadžmenta ljudskih resursa u hotelijerstvu*; Hotel-link; College of Hotel Management; Belgrade; 2003.
126. Torrington D., Hall L., Taylor S., *Menadžment ljudskih resursa*, Data Status, Belgrade, 2004.
127. Torrington, D., Hall, L. i Taylor, S., *Menadžment ljudskih resursa*, Data status, Belgrade, 2002.
128. Torrington, D., Hall, L., 1991, "Personnel Management", Prentice Hall, New York.
129. Tyson, S., York, A., 1996, *Human Resource Management*, 3rd ed, Made Simple Books.
130. Stefanović V., Blagojević S., *Menadžment ljudskih resursa u turizmu*, FACULTY OF SCIENCES, University of Novi Sad, Novi Sad, 2009.
131. Van Gorden, B., *Moving Back to Centralization*; Credit, May/June, 1990.
132. Veselinović P., *Ekonomija*, Singidunum University, Belgrade 2011.
133. Vesić, D., 2004, "Osnove menadžmenta javnih delatnosti", author edition, Belgrade.
134. Vesić, D., Petrović, P., 2005, *Kvalitet liderstva i performanse preduzeća*, 8th International Conference: Quality and reliability management – DQM-2005, Belgrade, June 15-16, 2005, Proceedings.
135. Victor Vroom i Arthur Jago, 1973. *Leadership and Decision-Making*. Pittsburgh: University of Pittsburgh, 1973., Press. ISBN 0-8229-3266-0.
136. Vlahović S., *Menadžment*, Faculty of tourism, hospitality and trade, Bar, 2006.
137. Vlahović S; *Savremeni koncepti upravljanja kadrovima kao determinanta uspešnosti menadžmenta*; Singidunum University; Belgrade; 2007.
138. Vlahović S; *Upravljanje ljudskim resursima i njegova primena u turizmu i hotelijerstvu*-Projekat Edukacija zaposlenih u turizmu-Hotelsko poslovanje; Singidunum University; Belgrade; 2007.
139. Vlahović, S., *Liderstvo u savremenim organizacijama*“, CID Podgorica, 2008.
140. Von der Embese, T.J., 1973, «Choosing a Management Development Program: A Decision Model», Personnel Journal.
141. Vroom, V. I. A. Jago, *The New Leadership: Managing Participation in Organizations*, Englewood Cliffs, New York, Prentice Hall, 1988.

142. Vujić D., *Menadžment ljudskih resursa i kvalitet, drugo izdanje*, Center for Applied Psychology, Belgrade, 2003.
143. Vujić, V., *Menadžment ljudskog kapitala*, Faculty of tourism and hospitality management, Opatija, University of Rijeka, Rijeka 2008.
144. Wagner, J.A., Hollenbeck, J.R., 1995, *Management of Organizational Behavior*, 2nd ed., Englewood Cliffs, Prentice Hall, New York.
145. Waldman, D.A., and Yammarino, F.J., »CEO Charismatic Leadership: Levels of Analysis Effects«, *Academy of Management Review*, April.
146. White B., *The New Workplace Rules: No Video-Watching*, *The Wall Street Journal*, 4. Mart 2008, available at: <http://www.wsj.com/articles/SB120459386857809135>, downloaded on 08.07.2016.
147. Wiggernhorn, W., 1990, « Motorola U : *When Training Becomes an Education* », *Harvard Business Review*, July-August :
148. Wilsus, W., Hardcastle, A., *Cultural Transformation at NUMI*, *Sloan Management Review*, 1994,
149. Wong C. K. A., Chan A., *Understanding the leadership perceptions of staff in China's hotel industry: Integrating the macro-and micro-aspects of leadership contexts*, *International Journal of Hospitality Management*, 2010.
150. Wong C. K. A., Chan A., *Understanding the leadership perceptions of staff in China's hotel industry: Integrating the macro-and micro-aspects of leadership contexts*, *International Journal of Hospitality Management*, 2010.
151. Wong S., *Staff job-related ethics of hotel employees in Hong Kong*, *International Journal of Contemporary Hospitality Management*, 10(3), 1988.
152. Woodruffe, C., *Assessment Centers*, London, 1992.
153. Wroom, W. H., *Work and Motivation*. John Willy. New York, 1984.
154. Yuki, G., *Leadership in Organization*, 3rd ed., Englewood Cliffs: Prentice Hall, 1994.
155. Yukl, G., *Leadership in Organization*, Prentice Hall, Upper Sadie River, New Yersey, 2002.
156. *Zakon o preduzećima*, Sl. List SRJ, 29/1996.
157. Zikmund, W., 2000, *Business Research Methods*, sixth edition, by Harcourt, Inc.,

E-sources:

1. www.economy.rs
2. www.ekapija.com/website/sr/page/221346
3. www.plark.net
4. www.psihologija-blog.com/home/psihologija-plate-zadovoljstvo-vece-kada-su-drugi-placeni-manje/
5. <http://www.ihgplc.com/index.asp>

CONTENT

EXAMPLES, OVERVIEWS, FIGURES, TABLES, SCHEMES, GRAPHS AND TEXT BOXES



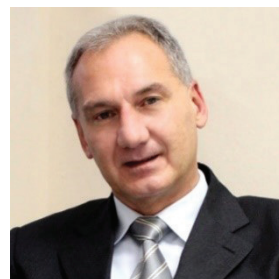
Example 1 Delegation as a way to motivate employees and satisfy tourists	16
Example 2 Significance of HR in “A Hotels”	20
Example 3 Rules of communicating with the guests and among the staff in hotel Moskva, Belgrade	53
Example 4 HR management process at Hotel Palisad Zlatibor	61
Example 5 Study of the Belgrade Open School Education Development Centre	68
Example 6 Ethical values in hotel industry	69
Example 7 Importance of Job description in hotel industry	80
Example 8 Example of a job description with a specification of executors in the hotel “Zlatnik”- Belgrade	85
Example 9 Job description for the position of a receptionist in the Hotel Holiday Inn-Belgrade	87
Example 10 Strategic priorities in IHG: Hotel Crown Plaza Belgrade	105
Example 11 Importance of human resource planning in hospitality	106
Example 12 Complexity of human resource planning in the Hotel Mona Zlatibor	112
Example 13 Structure of employees in the observed Belgrade hotels	112
Example 14 Recruitment in Hotel Crowne Plaza Beograd	116
Example 15 Possible ads	125
Example 16 Report on the interviews conducted at a University	127
Example 17 Interview at Holiday Inn Hotel-Beograd for the position of the head of accounting	150
Example 18 HR selection at the Hotel “Zlatnik”	153
Example 19 Socialization process at 5 Belgrade hotels participating in the research	157
Example 20 Training of employees at Ritz Carlton Hotels	165
Example 21 Employee training programme at Palisad Hotel Zlatibor	166
Example 22 Training at the Crown Plaza in Belgrade	169
Example 23 Training at the analyzed Belgrade hotels	169
Example 24 Employee education and training at the Hyatt Regency Belgrade Hotel	174
Example 25 Organization of training and development program at Mona Zlatibor Hotel	177

Example 26 Importance of training and development in Holiday Inn Belgrade Hotel	180
Example 27 Evaluation form at Palas Zlatibor hotel	196
Example 28 Employee performance appraisal at Holiday Inn hotel in Belgrade	208
Example 29 Criteria for Performance appraisal at Moskva Hotel in Belgrade	210
Example 30 Employee Motivation at Radisson Collection Old Mill	217
Example 31 Ranking of motivational factors in hospitality industry in Belgrade	232
Example 32 Remuneration of employees at Hyatt Regency Belgrade Hotel	236
Example 33 Rewards and benefits of Crown Plaza Belgrade hotel employees	237
Example 34 Pay satisfaction in hotels in Belgrade	237
Example 35 Praise and reward system at Hotel Moskva Belgrade	240
Example 36 Scanlon's method of salary budget (payroll) calculation (gain sharing)	251
Example 37 Incentives at Mona Zlatibor hotel	255
Example 38 Questionnaire for "Best Western" hotel employees in Belgrade	272
Example 39 Labor Contract at Palisad Zlatibor hotel	279
Example 40 Reasons for termination of employment at Crown Plaza Beograd Hotel	286
Example 41 What successful leaders do	305
 Overview 1 HR management activities	 28
Overview 2 Questionnaire for a job analysis at a hotel which is used to develop a job description	82
Overview 3 CV form	94
Overview 4 Influence of individual reasons on the choice of a job	96
Overview 5 Necessary elements in internal potential analysis	108
Overview 6 Advantages and disadvantages of internal and external recruitment sources	117
Overview 7 The most common recruitment sources according to job categorization (in %)	118
Overview 8 Company's desires and perceptions of applicants	119
Overview 9 Recruitment process (with the selection process)	121
Overview 10 Traditional methods of attracting and recruiting candidates	121
Overview 11 Candidate recruitment	124
Overview 12 Usual responsibility in candidate selection	141
Overview 13 Selection methods	145
Overview 14 Five steps in professional development	162
Overview 15 Choosing the right employee programme	163
Overview 16 Means that help identify what training type is needed for the workplace	164
Overview 17 Training goals	178
Overview 18 Basic rules for setting performance improvement goals	193
Overview 19 Assumptions for feedback and conversation about assessment results	195
Overview 20 Graphic Rating Scale	197

Overview 21 Alternation Ranking Scale	205
Overview 22 Paired Comparison Method	206
Overview 23 Forced distribution scale	207
Overview 24 Objectives of the remuneration system and how to achieve them	236
Overview 25 Report on salaries and contributions	244
Overview 26 Three formulas for salary budget calculation	251
Overview 27 Results of employees' work	256
Overview 28 Manager Performance Results.	256
Overview 29 Employee Record File (ERF)	268
Overview 30 Employee record file from HR Data Manager software	270
Overview 31 Information on employees and their fluctuation	270
Overview 32 Main characteristics of a leader	293
Overview 33 Six key features of the power	296
Overview 34 Delegation process	298
Overview 35 Differences between Leader and Manager	302
Overview 36 Leadership Behavior Scale	306
Overview 37 Basic practices and behaviors of outstanding leaders	311
Figure 1 Model of communication process	35
Figure 2 HRM process	59
Figure 3 Three factors that influence business ethics	67
Figure 4 Internal components of organizational culture	72
Figure 5 Job analysis process	90
Figure 6 Possible content and form of a cover letter	93
Figure 7 Formulating a strategy and strategic management	101
Figure 8 Model of strategic HR management process	103
Figure 9 HR recruitment at the hotel „Zlatnik”	126
Figure 10 Test types used in the selection process	135
Figure 11 Diagram of the candidate selection process flow	144
Figure 12 Overview of the levels of educational needs	173
Figure 13 Training certificate at Holiday Inn Belgrade hotel	176
Figure 14 Customer model of training	182
Figure 15 Matrix training model	183
Figure 16 Hierarchy of needs	223
Figure 17 Goal-setting model	229
Figure 18 Wage and substitution effect	235
Figure 19 Differences in application of power among managers and leaders	297
Figure 20 Hersey - Blanchard situation model	307
Figure 21 Fiddler model	308
Figure 22 Path-goal theory	309
Figure 23 Path-goal leadership approach	310

Table 1 Knowledge required in tourism	14
Table 2 Role of HR management	31
Table 3 Communication phases and change phases	48
Table 4 Markov analysis	109
Table 5 Individual creativity factors	132
Table 6 Impact of hereditary factors to personality traits	133
Table 7 Differences between training and development	161
Table 8 Choosing the appropriate staff training and development program	179
Table 9 Difference between employee training and employee development	187
Table 10 Career development	188
Table 11 Assessment of education possibilities	199
Table 12 Performance profile assessment	199
Table 13 Performance appraisal base on 5 principles	200
Table 14 Overall score	202
Table 15 Manager assessment	202
Table 16 Management Performance Assessment using the MBO method	203
Table 17 Hotel management performance appraisal	204
Table 18 Herzberg's two-factor theory of motivation	227
Table 19 Classification of material compensation, rewards and incentives	238
Table 20 Points by salary classes	246
Table 21 Sources of information in income comparison	248
Table 22 Percentage of revenue plan realization in hotel restaurants	249
Table 23 Presentation of traditional and contemporary human resources (HRM) sectors within the hospitality industry	264
Table 24 Elements of bargaining	277
Table 25 Charismatic leadership model	314
 Scheme 1 Chain of needs, desires, tensions, actions and satisfaction	 214
Scheme 2 Interaction of motivational characteristics	215
Scheme 3 Motivation cycles model	218
 Text box 1 Education institutions in the field of hotel industry	 17
Text box 2 Guidelines for conducting negotiations	52
Text box 3 Maslow's hierarchy of needs	224
Text box 4 ERG model	225
Text box 5 Choosing the best worker of the year procedure in Holiday Inn-Beograd Hotel	233
Text box 6 Can we even divide the needs into material and non-material?	234
Text Box 7 Types of leadership style	312
 Graph 1 Factors relevant for negotiations	 51
Graph 2 Pay structure and salary classes of the jobs showed in the previous table	246

BIOGRAPHY



Professor Slobodan Čerović was born on March 30th, 1955 in Belgrade where he attended primary and secondary school (10th Belgrade Gymnasium). In 1973 he enrolled the Faculty of Economics at Belgrade University and graduated in 1977, defending a thesis "Cultural and historical premises for tourism development in Dubrovnik municipality". In 1978, professor Čerović enrolled postgraduate studies at the same faculty and three years later (1981) defended his master thesis entitled „Organizing and self-governing association of the tourism industry in Serbia”.

In March 2002, professor Čerović defended his PhD thesis entitled „ **Strategic adjustment of the Serbian tourism industry to the market changes**“(the University of Novi Sad, Faculty of Geography, Tourism and Hospitality).

Right after graduation at the Faculty of economics, he started working at City Committee of the League of Communists of Belgrade. Two years later, in 1985, he moves to the Working Organization „Beogradnja“ where he holds the post of **Assistant General Manager** for planning and development. In the same year, he starts his work at Hotel Company „Metropol“ as the Basic Organization of Associated Labor **Director** for „Metropol“. Professor Čerović retains this position up to 1987 when he is elected the General Manager of HC „Metropol“. Having been elected the **Minister of Tourism** within the Government of the Republic of Serbia (1998), professor Čerović leaves the General Manager position, but the employees of HC „Metropol“ selected him for the **President** of the Executive Board. Simultaneously, he holds the position of **Deputy President** at the company „Dunav Osiguranje“ In charge of tourism.

At the **Faculty of Science, Department of Geography, Tourism and Hotel Management in Novi Sad**, he was elected **Assistant Professor**, in March 2003. At the same Faculty, he was elected Associate in November 2007. At the Faculty of Sciences, University of Novi Sad, he taught the following courses: Management in Tourism, Tourism Industry Management, Restaurants management, Hospitality management, Marketing in Tourism and Market Analysis and Consumer Protection.

Professor Čerović got employed at **Singidunum University, Faculty of Tourism and Hospitality Management** on 01.03.2008, as associate professor for the courses: Hotel management, Control and audit in hotel business, Planning, construction and protection of hotel facilities and Human resources management.

He has also taught Economics, Macroeconomics and Strategic Management at Singidunum University, both at the Faculty of Business and the Faculty of Engineering Management. He was elected Full Professor in September 2012 at Singidunum University. From 2014, he holds the position of a **Dean of Faculty of Tourism and Hospitality Management**. He currently teaches: Hotel Companies Business, Human Resources Management in Hospitality, Hotel Design and Construction, and Economic and Financial Analysis in Hospitality.

During his fifteen years of engagement in the tourism industry professor Čerović performed various duties. He served as a Chairman of the Association of tourism and hospitality industry of Serbia in two terms, then was twice the member of the presidency of Tourism Organization of Belgrade, in two mandates member of the Republican Chamber of Commerce and the Board for the hospitality and tourism; served two terms as a member of the Belgrade Chamber of Commerce and the Commission for hospitality and tourism, he was also the member of the Yugoslav Chamber of Commerce in two boards – for tourism and for marketing and management. Professor Čerović was a member of the presidency of Arandjelovac Tourism Organization in one term. When the Serbian delegation of tourism and hospitality industrialists visited Israel in 1989, professor Čerović was the president of the editorial board for the development of the catalog „Investments in Serbian Tourism“. While holding the post of Minister of Tourism in the Government of RS (from 1998), Slobodan Čerović actively participated in the development of „RS Tourism Development Strategy“, which was enacted in January 1999. He gave his contributions in the composing the RS Law on tourism as well as other regulatory acts that resulted in the economic strengthening of this industrial branch. He received the award **"Tourist flower of Serbia"** for 1987.

During his professional and scientific engagement he has published over 150 scientific papers in the field of economics of enterprise, tourism, management of tourism and hospitality, economics, human resource management, etc., He is the author of two projects on investments in hotels for partners from England. He participated in the creation of 6 projects, as well as 2 monographs, "Strategic Management of the Serbian Tourist Economy" (2002) and "Strategic Tourism Management" (2009), as well as books "Tourism Management" and "Tourism Market Research", which are used as textbooks for undergraduate and postgraduate studies at the Faculty of Science in Novi Sad. He is also the author of textbooks "Human Resource Management in Hospitality" (2011) and "Hotel Design and Construction" (2011). With Prof. Vesna Spasić, PhD, he co-authored the book "Economic and Financial Analysis in Hospitality and Tourism" and with Prof. Miroslav Knežević, PhD, he co-authored "Hospitality management", which are used as textbooks at the Faculty of Tourism and Hotel Management, at Singidunum University Belgrade.

GRATITUDE



RADIX



CIP - Каталогизација у публикацији
Народна библиотека Србије, Београд

005.96:640.4(0.034.4)

ČEROVIĆ, Slobodan, 1955-

Human resource management in hospitality industry [Elektronski izvor] / Slobodan Čerović. - Belgrade : Singidunum University, 2020 (Belgrade : Caligraph). - 1 elektronski optički disk (CD-ROM) ; 12 cm

Sistemska zahtevi: Nisu navedeni. - Nasl. sa naslovne strane. - Autorova slika. - Tiraž 10. - Biografija: str. 330-331. - Napomene i bibliografske reference uz tekst. - Bibliografija: str. 319-324.

ISBN 978-86-7912-722-8

a) Хотелијерство -- Менаџмент људских ресурса

COBISS.SR-ID 16459785

© 2020.

All rights reserved. No part of this work covered by the copyright herein may be reproduced, transmitted, stored or used in any form or by any means graphic, electronic, or mechanical, including but not limited to photocopying, recording, scanning, digitizing, taping, Web distribution, information networks, or information storage and retrieval systems, without the prior written permission of the publisher.



Slobodan Čerović

HUMAN RESOURCE MANAGEMENT IN HOSPITALITY INDUSTRY



Through an interdisciplinary approach, this monograph seeks to give an overview of the concept of human resource management in hotel companies and in general, to show the importance of applied human resource management, as one of the key factors for a durable competitive advantage and market positioning strategy. The monograph emphasizes the human factor, as the most valuable resource in hotel companies, and the importance of motivating employees, but also managers, as a very important factor for achieving the vision, mission and strategic goals of hotel companies. The book analyzes and researches the connection between contemporary theoretical views in the field of human resource management in the hotel industry and their practical application. The most significant and practically applicable part of the monograph are numerous examples and views of the author, which can be applied in the hotel industry, taking into consideration the level of development, the specific situation in the hotel company and actual state in tourism and labor market.

