

STAKEHOLDER MODELS IN FUNCTION OF HUMAN RESOURCE MANAGEMENT IN TOURISM INDUSTRY

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Abstract—Human resource management has been attracting attention of many authors in the last few centuries. This is approved with the fact that competitive advantage in modern conditions is based on non-material or human resources (or resources that proceed from human resources). For tourism industry human resource management is especially important since tourism is labor intensive industry. Thought their significance is pointed for the enterprises in general, contemporary stakeholder models may be used for facilitating human resource management in tourism enterprises. Those models, and especially Balanced Scorecard and Performance Prism, emphasize the roll of employees, from at least two aspects: as a resource and as a stakeholder, whose satisfaction should be provided. These two are mutually connected, so it can be claimed that employees' satisfaction will reflect on customers' satisfaction. In order to indentify the level of satisfaction of those employed in tourism industry in Serbia a research was conducted. This paper contains some results of the research data analysis, as well as certain recommendations for managers of tourism enterprises in Serbia.

Keywords—human resource management, Balanced Scorecard, Performance Prism, tourism industry, employees' satisfaction.

I. INTRODUCTION

MANAGERS of tourism enterprises must have a clear understanding of the strategic direction of the organization in order to meet the challenges provoked by the continuous changes. Investment, pricing, and other operating decisions will be influenced by the enterprise's long-term strategic goals. However, besides managers, in the tourism enterprises all employees have a great role in providing consumers' satisfaction, even more than in the other industries. The reason for this is the fact that in tourism enterprises the relationship between employees and customers is more direct compared to the enterprises from other industries.

Anyway, no matter whether it is about tourism or other enterprises, in economic literature human resources usually are pointed as key factor of economic development and growth (there are three key factors that

influence the development and economic growth: physical capital, natural resources and human resources). The result of the impact of three mentioned kinds of resources to the economic growth depends on providing balance among them. There is controversy regarding the workforce or human resources, as a significant factor of tourism industry development. Human resources are significant factor of development, but on the other hand, unfortunately they are the limitation of tourism development in countries in transition. This claim is basis for the hypothesis of the research which results are presented in this paper and it is formulated as: Employees' satisfaction in tourism enterprises is not at very high level. The acceptance or rejection of this hypothesis will be based on results of the research.

II. HUMAN RESOURCE AS A DRIVING FORCE OF MODERN TOURISM ENTERPRISES

Functioning of any enterprise, including tourism enterprises, is determined by its connections with various groups of people or with other business subjects or government institutions. These groups with special but different interests originally are called stakeholders or constituents. The main constituents of the enterprise are: employees, customers (clients), suppliers, government, and capital owners. Each of them has specific interests in the functioning of the enterprise and certain benefits based on association with the enterprise, but also certain obligations and responsibilities. The objectives of different stakeholders can be confronted. As a condition for the successful functioning of the enterprise it is necessary to ensure compatibility and interdependence of the objectives and activities of different interest groups. For that purpose, some of the leading authors in the field of management have been formulated so-called stakeholder models.

It is certain that there is no (and it is questionable whether there ever will be) a tool that would suggest a recipe for successful management of an enterprise. For

each of the existing tools there can be identified certain smaller or larger problems or issues that affect success of its implementation, but the most tools provide at least some benefits. Therefore it may be said that implementation of contemporary management tools is generally beneficiary. On the other hand, these tools are connected to each other and they usually have the same purpose, which is to facilitate formulation and implementation of strategy and responding to the various stakeholders. The following pages describe elements of two most used management models, the Balanced Scorecard and the Performance Prism, as stakeholder models, with particular emphasis on places that in these models is employed.

III. HUMAN RESOURCE MANAGEMENT ROLE ACCORDING TO THE BALANCED SCORECARD MODEL

Balanced scorecard was created thanks to the fact that its creators (Kaplan, Norton, 1996) realized that enterprises pay too much attention to financial objectives and measures, and on the other hand, insufficient attention to non-financial objectives and measures. One of the reasons for that is the fact that it is far more difficult to quantify and measure non-financial objectives and results. However, this difficulty may not be accepted as an excuse. In modern terms, enterprises create value by using material, as well as intangible, non-material resources. Specifically, in knowledge economy sustainable source of competitive advantage can only come from the intangible resources (Schuler, MacMillan, 1984). Therefore, some authors (Kaplan, Norton, 1996) rightly point out that the future value of the enterprise can increase just by providing material resources. Thus, the balanced scorecard contributes to the shift of focus from short to long term.

In the stable environment it is not necessary for employees to be are familiar with the strategy, or that they are actively engaged in the process of its implementation and improvement. They are responsible for performing relatively simple tasks, which are defined based on decomposing complex tasks. However, today, when the environment is very dynamic, and when automation and productivity growth contribute to reduction of the number of employees who work with their hands, it is desirable that as many employees work with their heads, as well' (Kaplan, Norton, 2001).

However, enterprises who wish to remain successful must persuade their employees to work with hands and head, but also to work with heart', which means that employees must be dedicated to their work and to the enterprise, because this is the way to ensure their active involvement in strategy implementation process, but also in the improvement process. Thus, the contribution of the employees in this case lies in the efficient execution

of tasks, improvement of the way the tasks are performed, but also in giving the suggestions and proposals for the improvement of strategy (Van Dyk et al, 2001). Employees' commitment can be increased significantly by creation of appropriate compensation system (Yahya, Goh, 2002). However, even when employees are adequately rewarded and satisfied with the treatment of the company, they can give contribution to the implementation and improvement of the strategy only if they are familiar with the strategy. When all employees are actively involved in the implementation of the strategy and when they get an opportunity to participate with their ideas in its structuring, strategy becomes a continuous process and the job of all employees.

The introduction of non-financial measures is important due to the fact that something can be managed only if it is subject to measurement. This is exactly why an enterprise has to formulate non-financial objectives and introduce and use non-financial measures. In this way an enterprise will provide better management of the non-financial or non-material resources. In this sense, the authors of the Balanced Scorecard model, it is not enough just to define and measure financial performances, but it is also necessary to identify and measure what creates them. Therefore, except from the financial point of view, an enterprise has to be observed from three other perspectives, namely: learning and development perspective, internal processes perspective and the perspective of consumers (Figure 1).

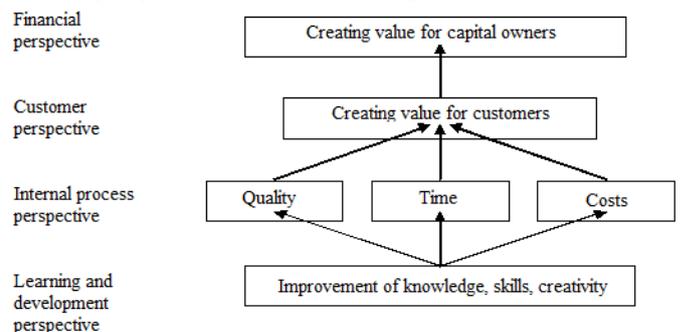


Fig. 1: Perspectives of business according to the Balanced Scorecard model (Kaplan, Norton, 1996)

Learning and development perspective is focused on improving employee attributes (knowledge, skills, and abilities) and business culture, as well as to encourage employees' creativity and innovation. In internal process perspective, the main objectives are improving quality, decreasing of activities' and processes' duration, and cutting costs of their implementation. The focus of consumers' perspective is to create value for customers and ensure their satisfaction, and consequently, loyalty. Finally, financial perspective is focused on profitability of an enterprise and on creation of value for shareholders or capital owners, generally.

Due to the importance of employees' role in creating competitive advantage, it is necessary to monitor and measure their contribution and satisfaction. For this purpose, certain measures can be used. Some of them are employee satisfaction, employee retention and degree of involvement in decision-making. It cannot be expected from employees that they will make an effort to increase productivity, accountability, quality, etc. if they are not satisfied. In this way, employee satisfaction is a condition for ensuring customer satisfaction. Employee satisfaction usually depends on: their involvement in decision-making, job satisfaction, access to information necessary for the proper performance of work, encouraging creativity, support from supervisors and other employees, etc. If these elements are evaluated by employees by assigning a number of points (e.g. from 1 to 5), we can determine the level of their satisfaction. Bearing in mind that investments in employees are long-term investments, it is important to ensure retention of employees, especially key employees. Retention of employees (or employee departure coefficient) can be measured by the percentage or by the share of employees who leave an enterprise in a given period of time compared to the total number of employees. This indicator is considered to be a significant criterion of the quality of business, where a smaller ratio indicates better treatment of employees, and higher level of business quality.

The contribution of employees is usually determined through their productivity. Employee productivity can be expressed by calculating revenue per employee. However, due to certain shortcomings of this measure, usually it is proposed calculation of added value to the number of employees or to the amount paid as compensation (financial) for employees (Kaplan, Norton, 1996). The contribution of employees, today, in knowledge economy, is not only expressed through productivity, but also through a number of ideas or suggestions per employee, which is consistent with the involvement of employees in decision-making. Employee participation in decision-making can be measured and monitored by measuring the level of employees' permission, which represents the ratio between the number of processes or activities that employees perform and for which way of realization they can make decisions without consulting their superiors, and the total number of processes or activities that employees perform (Gupta, 2007). For a successful employee involvement in decision-making the availability of relevant information is very important. The availability of information helps employees to understand their role and importance, but also the role and importance of other employees to implement the strategy and achieve the objectives of the enterprise. One of the methods for determining the availability of

information is calculating the percentage or share of the processes for which employees have information about the time, quality and cost of their realization (Kaplan, Norton, 1996). Knowledge and skills of employees should be properly channeled and used effectively, and this is possible to provide by an adequate compensation system for employees. In this sense, a key issue in the perspective of learning and development is the structuring of compensation system for employees.

The fact that, according to the Balanced Scorecard model, learning and development perspective and internal process perspective are basis and prerequisite for achieving results in the other two perspectives, points to the importance of employees as stakeholders. Employees are considered important on both sides, as a resource and a factor for the success of an enterprise. For that reason this model emphasizes the importance of training and development of employees, acceptance of their ideas, as well as analysis of the process, just in order to achieve results in the financial sphere.

IV. HUMAN RESOURCE MANAGEMENT ROLE ACCORDING TO THE PERFORMANCE PRISM MODEL

Andy Neely and Chris Adams have promoted the practice and application of the model similar to the Balanced Scorecard. The model is called Performance Prism, and has been developed by the Centre for Business Performance at the University of Cambridge and Andersen Consulting (Neely, Adams, Kennerley, 2002b). Performance Prism helps companies to build and implement performance measurement system in a way that ensures that the measures are directly related to the objectives of stakeholders. The company will operate successfully if management establishes financial links between the objectives of stakeholders, in a way that ensures that employees will receive higher wages, state income tax, consumers better products at lower (competitive) prices, suppliers, and creditors settlement of obligations on time and completely, shareholders dividends and increase of the stock prices (Blansfield, 2003). Under present conditions, when enterprises must meet the requirements of all stakeholders in order to become and remain successful, this model seems to be an important tool of strategic management. Since due to the economic depreciation in developing countries there is a great pressure on tourism industry to provide additional sources of revenue for the states, this kind of model is very useful. Tourism enterprises should look into their business from the aspect of their stakeholders and try to provide satisfaction of each of interest groups, but also to use in the most proper way all resources those stakeholders may provide. Special role in tourism enterprises, when it is about stakeholders contribution have employees.

Performance Prism model suggests that the enterprises can achieve long-term success if they have a clear picture of who are their stakeholders (constituents) and what they want or expect (Neely, Adams, Kennerley, 2002b). Through appropriate strategy the enterprise should be able to meet the interests of all constituents. However, strategy is only the basis for the processes that make it possible to deliver the value for all constituents. Realization of the processes requires both financial resources and appropriate knowledge and skills. Through the combination of those resources, the enterprise provides appropriate capabilities. In this sense, Performance Prism suggests five elements of business: strategy, processes, capabilities, satisfaction and contribution of constituents. Those elements usually are presented in the form of a prism (Figure 2).

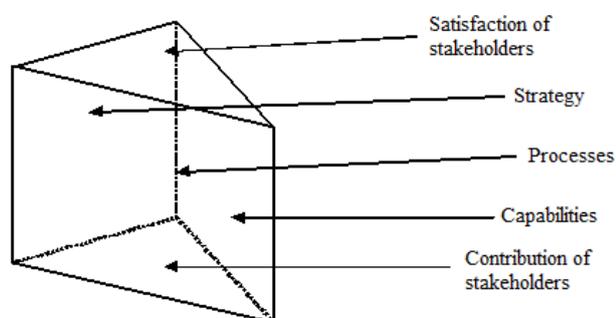


Fig. 2: Performance Prism (Neely, Adams, Kennerley, 2002a)

Prism performance indicates the importance of the processes, claiming that the business strategy is implemented through the processes, and therefore it is logical to argue that the implementation of the strategy is determined by the performance of the processes. For that reason processes must be compatible with the strategy. The realization of the process, other than material resources, requires certain skills and knowledge of employees, then technology, procedures and infrastructure, which collectively make the business capabilities. According to this model, the first question that arises for management is: Who are the stakeholders and what they require from the enterprise? When the stakeholders are identified, the following thing that should be done is defining of goals, as well as formulating of business strategy. Formulating strategy involves defining the way in which the previously identified can be goals realized. The contribution of stakeholders is actually the mirror image of their satisfaction. From the standpoint of the contribution, stakeholders can be seen as active and passive. While all stakeholders in some way contribute to the operations of the company, as active may be considered those who with concrete, everyday activities can help increasing the quality of business (Neely, Adams, Kennerley, 2002a). Thus, the active stakeholders are employees (including

managers), suppliers and customers, while the capital owners, the state and society can be classified into passive stakeholders. If an enterprise provides adequate management of active stakeholders, or management of relationships with them, it will certainly provide the satisfaction of all stakeholders.

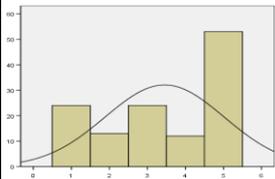
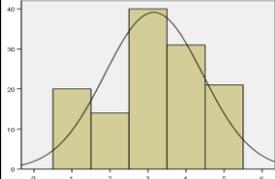
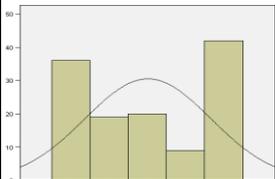
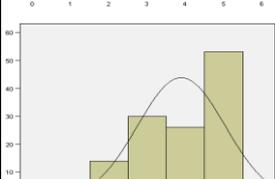
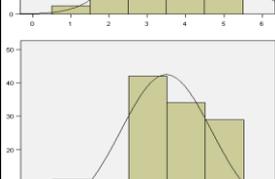
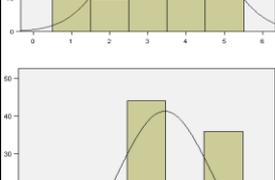
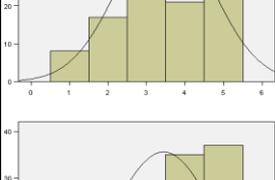
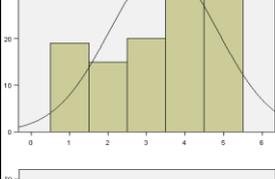
An important group of stakeholders are employees. While most often in enterprises the contribution of individual stakeholders is neglected, in case of employees it is vice versa. Employees usually expect much from the employees, but their work is often inadequately compensated, compared to their contributions. Bearing in mind that employees formulate and implement a strategy, implement processes and, with their knowledge and skills, are part of the enterprises' capabilities, it is very important to ensure their satisfaction, because through the strategies, processes and capabilities, they also directly affect providing customers' satisfaction and capital owners' satisfaction (Delaney, Huselid, 1996). The foregoing points to the importance of motivation of employees, because only motivated employees are willing to share their knowledge, skills and capabilities and make them available to the enterprise.

If we return to tourism enterprises again, then it may be said that in these business area it is even more important that enterprises take care about employees satisfaction, because it even more directly influence customers satisfaction. The most of employees from tourism enterprises have direct contacts with customers, so their potential dissatisfaction may seriously endanger customers' satisfaction.

V. TREATMENT OF HUMAN RESOURCE IN TOURISM ENTERPRISES IN SERBIA

In order to identify to what extent are satisfied employees in tourism industry the research was conducted in Serbia. This research included 1026 employees from tourism enterprises. The research assumed questionnaire which included questions concerning different aspects of employees' satisfaction and motivation. Questions proceeded from the presented management model (Balanced Scorecard and Performance Prism), but also from previous communication with employees from tourism enterprises. For evaluation of employees attitudes about certain questions Likert type scale with five points, was used. Consequently, this made possible the usage of statistical analysis instruments and the identification and discussion of causality between observed variables. Average marks for certain statements related to questions about the elements of employees satisfaction is given in Table 1.

Table 1: Average marks for different aspects of employees' motivation and satisfaction

Elements of employee motivation and satisfaction	Average marks	Mode	Standard Deviation	Histogram
Mark for the clarity and unambiguous of assigned tasks	3.53	5	1.6	
Mark for clarity and unambiguous delegation of authority and responsibility	3.12	3	1.3	
Mark for the correspondence of the assigned tasks with the job description	3.17	5	1.7	
Mark for the involvement in decision-making	3.22	5	1.2	
Mark for the access to information necessary for the job performance	3.60	3	1.2	
Mark for the encouraging of creativity	3.62	3	1.2	
Mark for the support from supervisors and other employees	3.89	5	1.5	
Mark for the importance of regular payment of salaries	3.96	5	1.3	

The highest mark employees have given to the importance of regular payment of salaries (3.96), which is considerable concerning economic situation in the country and in the world, generally. Another relatively high mark has been given to the support from supervisors and other employees (3.89). This tells us that employees consider very important mutual relationships with their colleagues, since they are the source of information and support for employees. On the other hand, the lowest mark employees have given to the clarity and unambiguous delegation of authority and responsibility (3.12) and to the correspondence of the assigned tasks with the job description (3.17). These results may indicate that employees in tourism enterprises usually are faced with the situation that they have to perform things that are not on their "list" of tasks or, in other words, to perform other employees' tasks.

In addition to the average score, the table contains other statistical indicators - the mode and standard deviation, as well as a frequency histogram. Mode shows the value of the observed features with the highest frequency, and grade which usually occurs in response to a specific question. Accordingly, information on specific assertions mode shows the position or orientation of the majority of respondents. As a significant addition to this indicator and average rate, one can use standard deviation. Standard deviation is the (absolute) measure of dispersion or variability, or data shows the average deviation from the mean or average (Zizic, Lovric, Pavlicic, 1997).

For certain average marks, standard deviation is particularly pronounced, and these are as follows: mark for the clarity and unambiguous of the assigned tasks, mark for the clarity and unambiguous delegation of authority and responsibility, mark for the matching of the assigned tasks with the job description, mark of the understanding the calculation of stimulation, mark of the reward system impact to motivation of employees. For the mentioned marks standard deviation is greater than 1.2. For this reason, further analysis should include analysis of the differences for these claims, in terms of identifying their causes (enterprise size, type of job and / or position of employment).

VI. CONCLUSION

Depending on quality of employees, human resource can be a driver or limitation factor of success in tourism industry, especially in countries in transition. Therefore, it may be said that management of human capital plays a crucial role in achieving growth or stagnation in tourism industry. This thought is confirmed by the results of the research, which one part is presented in this paper.

Concerning results of the research conducted in Serbia, it may be concluded that employees do not have many reasons to be very satisfied with their job and treatment in tourism enterprises. In order to provide base for increasing employees' satisfaction, managers of tourism enterprises should pay greater attention on providing the following: clarity and unambiguous delegation of authority and responsibility, correspondence of the assigned tasks with the job description, the involvement in decision-making. According to presented management models, namely Balanced Scorecard and Performance Prism, this is the only correct way to improve employees' satisfaction, and consequently results under the other business perspectives (internal processes perspective, customers' perspective, and financial perspective).

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