HOTEL SCHOOL

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Foreword

Dear colleagues, this journal is the collection of articles of HOTEL SCHOOL students and selected research papers of the participants of the 1ˢᵗ and 2ⁿᵈ International Scientific Conferences organized by HOTEL SCHOOL Hotel Management College and held in Grand Poet hotel 5* on 15 May, 2018 and Pullman Riga Old Town hotel 5* on 14 May, 2019. The articles span over different topics, which are well balanced in content and create an adequate discussion space for trendy hospitality related issues. We hope that you will find it useful, interesting and inspiring.

The annual conference provided a platform for discussing the issues, challenges, opportunities and findings of sustainability research. The importance of sustainability and running a sustainable business in the hospitality industry cannot be underestimated as it includes the environmental, economic and social aspects. Sustainability is one of the most important issues currently facing the world of hospitality and hoteliers, and the future is bright for those businesses that embrace and nurture it.

The conference brought together researchers from different countries to share their ideas, present their research outcomes, and discuss future research directions. The format and the location of the conference were conducive to foster significant interaction among attendees. The scientific program consisted of plenary sessions and parallel sessions and included the following topics: Talent Management Role in Hospitality Business, Hotel Facilities for the Disabled, Habits of Effectiveness, Customer Loyalty as a Driver to increase Corporate Value Proposition in the Hospitality and Tourism Industry, Implementation of Integrated Marketing Communications in the Hospitality, The Changing Nature of Hotel Guest and What Impacts Their Booking Decisions, Transnational RD Collaboration in the EU KA2 Erasmus+ ESDGC Project, Professional Identity and Practice - Employment for Hotel School Riga students through PRIME project, The End of Plastic in Hospitality, Embedding and Promoting Sustainable Development in Daily Activities for Individuals and Organizations of Any Profile including Hospitality, International Cooperation as a Tool for Sustainability in Study Process of Hospitality Management Studies, etc.

Collectively, the research discussed at the conference contributed to our knowledge and basic understanding of the problems related to human resource management, personnel training and development, quality management practices, customer satisfaction and the management of customer expectations as a strategic component to the sustainability of organization, the customers' perception of service quality, factors influencing choices of accommodation providers for Millennial tourists, improving the competitiveness by means of quality management techniques, employee motivation problems, issues related to customer needs and satisfaction, etc.

We are very thankful to the organizing committee, all the participants of the conference, all the authors who submitted papers, because of which the conference became a success. Efforts taken by all our colleagues and HOTEL SCHOOL management are deeply appreciated. Thank you all for your work, for sharing your ideas and for making the conference a great place for meeting each other.

Yours faithfully,

Chief Editor, Catherine Koryuhina

Contents

CUSTOMER LOYALTY AS A DRIVER TO INCREASE CORPORATE VALUE PROPOSITION IN THE HOSPITALITY AND TOURISM INDUSTRY

Daniel Marco-Stefan Kleber

University of Applied Sciences Kaiserslautern, Germany, Daniel.M.S.Kleber@gmail.com

Abstract. As competition within the hospitality and tourism industry increases, hotel groups and corporations are competing for travellers and tourists around the globe. As already stated by Pan et. al (2012), customer loyalty helps to develop and maintain long-term mutually beneficial relationships with customers. As less attention was paid to new and innovative concepts of service loyalty in the past, this research investigates this topic of high future importance. As loyalty of customers can be regarded as a dominant factor of business success, this scientific study helps to increase the understanding of the relationship between customer loyalty and customer satisfaction by classifying customer loyalty into three dimensions "Behavioural loyalty", "Attitudinal loyalty" and "Multidimensional loyalty". Research conducted by Bowen and Shoemaker (2003) further highlights the importance of customers' commitment and trust. Hence, it can be stated that emotionally loyal customers can significantly influence and support the enhancement of corporate value proposition. Based on a thorough literature review, the opportunity, necessity and possibility of making use of brand ambassadors as a driving force to achieve an increase of corporate value proposition will be analyzed.

Introduction: Definitions and Explanations

Customer loyalty helps to develop and maintain long-term mutually beneficial relationships with customers (Pan et al., 2012). As loyal customers resist switching to competitors, accept premium prices and have higher buying intentions, it is imperative for companies to focus on customer loyalty (Evanschitzky et al., 2012). Additionally, trust and commitment in a specific brand leads to the fact that customers are less likely to be attracted by competitors' offerings which is in line with Evanschitzky's research of 2012 (So et al., 2013).

However, customer loyalty becomes increasingly important for the hospitality and tourism industry as service companies strive for strengthening their market position and their competitiveness. In this sector, customer loyalty is of great importance as research suggests that it is ten times more expensive to acquire new customers than focusing on retaining existing customers (Roy, 2011). According to Terblanche and Boshoff (2010), customer loyalty also results in an increase of profit and market share and strengthens the image of the service provider. Consequently the author states that customer loyalty is a driver of increased corporate value proposition.

Literature Review: Dimensions of Loyalty

The concept of customer loyalty is debated by researchers for more than 60 years (Brown, 1952). Despite the emergence of different approaches, a theory can be identified which is accepted by a number of researchers such as Dick and Basu (1994), Oliver (1999) or Ehrenberg and Goodhardt (2000) that classifies loyalty into three dimensions:

Behavioural loyalty

Attitudinal loyalty

Multidimensional loyalty

One can explain behavioural loyalty as the customer behaviour e.g. the frequency of repeated purchases of the same product (Oliver, 1999). Attitudinal loyalty focuses on resistance to superior products and on paying a price premium for the preferred brand (Terblanche and Boshoff, 2010). However, a number of researchers criticized the above mentioned approaches as the usage of only one perspective tends to be biased (Odin and Valette-Florence, 2001). Chaudhuri and Holbrook (2001) and Russell-Bennett et al. (2007) argue that behavioural loyalty may be spurious as it can be based on convenience while attitudinal loyalty does not provide an accurate view as it ignores the behavioural aspect of consumers. They argue that a third dimension of loyalty which is based on a combination of behavioural and attitudinal components is needed. This is supported by Dick and Basu (1994) who perceive loyalty as a function of attitude-manifested behaviour, whereas Casalo et al. (2007) argue that attitudinal loyalty automatically turns into behavioural loyalty since a loyal behaviour is impossible without a positive attitude towards a company and its services.

The author is in line with current research conducted by Shu-Pei Tsai (2015), who states that a multidimensional approach will be best suited for the hospitality and tourism sector.

Methodology: Brand Ambassadors for increasing customer loyalty

Facing increasing competition in a rapidly changing world that is characterized by hyper-competition, globalization and increasing fluidity, many service companies in the hospitality and tourism sector started to recognize the importance and benefits of developing strong relationships with their customers (Morgan and Rego, 2006). As in this sector most product or service features are not unique attributes that differentiate from one another, the success of a company heavily depends on its customers who act as brand ambassadors (Solnet and Kan-dampully, 2008). This theory is recently supported by Kim and Jang (2014), who state that a person's reference group is

considered as a driving force when it comes to the decision-making process of potential customers. As a consequence, brand ambassadors can be interpreted as co-creators of value that enhance profitability and loyalty. According to Füller (2010), valuable relationships with potential or existing customers have to be created. This process can be supported by corporations which encourage their guests to make use of social networks such as Twitter, Instagram or Facebook in order to share their experiences with their reference group. This approach is in line with research conducted by Currie et al. (2008), who identified the importance of peer groups for the decision-making process.

At this stage, it has to be identified when and under which circumstances customers are willing to act as brand ambassadors.

Results: Stages of customer loyalty

Secondary research indicates that, from a corporate perspective, the strategic value of a customer increases as he/she moves up the stages of the customer loyalty pyramid (Hollebeek, 2013) (see Fig.1).

Figure 1. *The Customer Loyalty Pyramid (Source: Kandampully and Zhang, 2014, p. 381)*

In order to create brand ambassadors, the development of emotionally loyal customers is necessary (Evanschitzky et al., 2012). This is also supported by Bowen and Shoemaker (2003), who researched the increasing importance of trust and commitment for corporate loyalty relationships.

An alternative model of measuring customer loyalty is derived by Dick and Basu (1994). Their model classifies customer loyalty into four dimensions which are by name:

1. True loyalty
2. Latent loyalty
3. Spurious loyalty
4. Low loyalty

These dimensions include customers from a low loyalty level to customers who reach the stage of true loyalty. A similar model which focuses on customer loyalty for service providers was derived by Skačkauskienė et al. (2015) (see Fig.2):
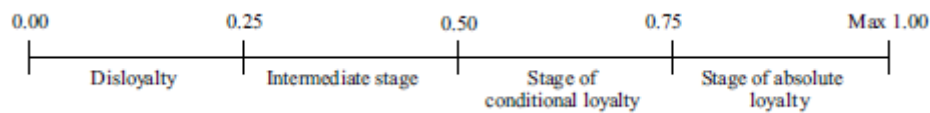

Figure 2. *A Customer Loyalty Model for Service Providers (Source: Skačkauskienė et al., 2015, p. 1193)*

When comparing both models, one can identify that stages one, two and three of Dick and Basu's model are similar to the stages from 0.25 to 1.00 of Skačkauskienė et al. However, stage four "Low loyalty" differs from stage 0.00 – 0.25 "Disloyalty" of the model which is adapted to the service industry.

As a consequence, one can interpret that service industries such as the hospitality and tourism industry, have a higher amount of customers who randomly choose a specific hotel without having the intention to come back in the future. They are less loyal than "low loyal customers" of Dick and Basu's model, who display a low level of repeat purchases. An alternative interpretation is that in the 21st century, Dick and Basu's model needs to be extended by a fifth dimension due to the customers' extensive usage of the internet for comparing product features and prices prior to their purchase and consumption decisions.

However, recent research conducted by Kasolowsky (2014) shows that loyalty can be demonstrated in a variety of ways across attention or transactions. She criticizes the traditional loyalty models such as e.g. the loyalty pyramid. Kasolowsky argues that these models "...have failed to consistently deliver an experience that customers truly value" (Kasolowsky, 2014). Instead she describes how linking loyalty drivers to businesses practices yields actionable and clear ways of creating loyalty.

Conclusion

This academic research article deals with customer loyalty and the transformation of traditional loyalty models into service sectors. Differences between loyalty theories of both sectors are highlighted and approaches that criticize the traditional models are identified. The importance of customer loyalty as a driver for an increase of corporate value proposition in dynamically changing markets of the 21st century is pointed out. In addition, marketing strategies to increase customer loyalty in the service sector are discussed.

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LITERATURE REVIEW ON IMPLEMENTATION OF INTEGRATED MARKETING COMMUNICATIONS IN THE HOSPITALITY INDUSTRY

Olegs Nikadimovs

HOTEL SCHOOL Hotel Management College, Riga, Latvia, olegs@hotelschool.lv

Abstract. Since the hospitality industry is one of the most dynamic and competitive sectors, it has become more important to communicate marketing messages that are clear, unified and integral throughout all the communication channels to the target audiences. The paper aims to review the previously conducted research efforts on implementation of the concept of integrated marketing communications (IMC) in the hospitality industry. The aim of this research study is to collect and analyse the main concepts and conclusions of theoretical and practical research in the hospitality IMC implementation in the recent years. The methodology for paper selection is the following: 1) such databases as Scopus, ScienceDirect, EBSCOHost, Emerald Insight will be examined; 2) main search criterion will be "IMC hospitality implementation", 3). additional research criteria are time of publication and peer-reviewed papers. Qualitative data analysis methods will be used to assess the selected papers, while the review itself can be classified as narrative. Eight papers are selected for the analysis, showing an overview of the latest trends in research on IMC implementation in the hospitality industry. The findings have indicated correlation between IMC strategy implementation and the impact on target audiences. This literature review can be used as the theoretical background for future research.

Keywords: hospitality, literature review, integrated marketing communications, tourism

Introduction

Marketing and brand communications are the main persuasive elements of any organization, these tools can be used to connect with wider markets by transmitting clear communication messages to target audiences. In recent years, namely over the recent past decade, the world of marketing and the face of marketing has changed drastically with the ever-continuing rise of ICT, and especially social media advancements and integration into consumers' everyday lives. In today's dynamic business environments, standards for effective and sustainable communication among stakeholders are high. The modern-day customers are building strong relationships with certain brands or organizations only when the relation is founded on trust, which in its turn require a sustainable and consistent marketing communication (Kitchen & Burgmann, 2010).

Major textbooks with emphasis on marketing communications have been around since as early as 1981, with Michael Ray's Advertising & Communication Management being the first one (Ray, 1981). Although marketing communications have been used for several years as an umbrella term to refer to the various communications functions used by marketing, the strategic integration of these

functional areas is what makes IMC a new approach to reaching consumers and other stakeholders. The IMC concept is used as the basis for executing each communications function, such as advertising, public relations, sales promotion, etc., throughout a variety of communication channels (Fitzgerald & Arnott, 2000).

In order to be able to make full use of the opportunities and benefits offered by a successful IMC strategy implementation and to develop scientific research in this area, it is important for practitioners and researchers to regularly obtain extensive and reliable information on the results and conclusions of studies obtained so far. The small number of published research studies on IMC implementation in the hospitality industry is the main limitation to this review.

The aim of the paper is to review the previously conducted research efforts on implementation of the concept of IMC in the hospitality industry. To reach the aim, it is necessary to perform the following tasks: to define the concept of IMC and to review the selected papers on IMC implementation and its effectiveness according to the chosen methodology. The paper aims to gather and analyse information on the main concepts and conclusions of empirical and theoretical studies on IMC strategies in recent years, thereby encouraging further research in this field, both theoretical and empirical.

Methodology and approach

For this literature review, the author has selected papers addressing implementation of IMC in the hospitality industry from top-level research databases, including Scopus (www.scopus.com), ScienceDirect (www.sciencedirect.com), EBSCOHost (http://search.ebscohost.com) and Emerald (www.emeraldinsight.com); data collection took time from November 2018 to January 2019. The main search criterion was "IMC hospitality implementation", with additional variations - "implementation hospitality IMC", "hospitality integrated marketing communications", "tourism IMC implementation". The publication year range was from 2000 to 2018, as very few peer-reviewed papers were published regarding IMC in hospitality; thus, the publication year range had to be wider.

The selective process of the papers contained three main criteria – 1. only full-length papers in the English language were considered, 2. the author detected the relevance to the research of the paper by reading the title and abstract of each considered paper – only the papers addressing implementation issues of IMC in the hospitality and tourism sector were selected; 3. final selection

criteria: time of publication and peer-reviewed papers. The selected papers were empirical, applying the qualitative, quantitative and mixed research methods.

Qualitative data analysis methods were used for the data collection and content assessment processes, in order to conduct qualitative interpretation of the available research and to summarize what had been written on IMC implementation in the hospitality industry. The retrieved research data was then chronologically and thematically analysed. First determining the aspects of the data planned to be analysed, deciding specific characteristics of each research to be reviewed and documented in this study, in order to identify relevant data and later use this data to address this particular study's questions.

The literature review itself can be classified as narrative, as this way of conducting the review is effective in putting together a number of research in the subject area, synthesising and presenting the findings; providing a background for understanding the previous knowledge and significance of this literature review.

A theoretical framework consists of concepts and definitions in reference to IMC that are crucial for this particular research study. The evaluation of theoretical assumptions allowed performing a qualitative content analysis more critically.

The Concept of Integrated Marketing Communications

The original idea and foundations of IMC were pioneered by Dr. Donald Schultz, a professor at Northwestern University, who introduced consumer "touch points" and the complex interrelationship of opportunities used to influence the perception of brands. The list was long and included almost everything imaginable. Essentially, every place, person, and media had the potential to shape and build consumer expectations (Kitchen & Burgmann, 2010). Many different definitions of IMC have evolved over the years. One of the original ones and most used by academics, practitioners and other stakeholders would be *"a strategic business process used to plan, develop, execute, and evaluate a series of coordinated, measurable, persuasive brand communication programs over a period of time with consumers, customers, prospects, as well as other targeted and relevant external or internal audiences."* (Schultz & Schultz, 1998). But during the past 30 years many other definitions have been coined by the great number of practitioners. Many of them heralded IMC as a useful up-and-coming marketing tool and some have opposed the idea of IMC as a misleading concept (Cornelissen & Lock, 2000; Schultz & Kitchen, 2000). The most important characteristic of this definition is that appears an approach to IMC as a "*business*

process", encouraging the creation of a plan through which all activities can be structured, implemented and evaluated. Pickton and Broderick defined IMC as "*a process which involves the management and organization of all 'agents' in the analysis, planning, implementation and control of all marketing communications contacts, media, messages and promotional tools focused at selected target audiences in such way as to derive the greatest economy, efficiency, effectiveness, enhancement and coherence of marketing communications effort in achieving predetermined product and corporate marketing communications objectives*" (Pickton& Broderick, 2001). On the other hand, Fill reaffirmed the idea of a coherent communication and strategic development when he defined IMC as *"a management process that strengthen brand proposals"* (Fill, 2002), creating an idea that IMC is not related to communication exclusively, but also to business and brand management altogether.

As integrated marketing communications deal with merging or combining communication tools to form a combined message, Hutton argues that "*marketing, advertising, and public relations practitioners had been adept at coordinating their efforts long before the term IMC came into vogue"* (Hutton, 1996). On the other hand, some researchers accept the idea and concept of IMC but argue that it is a brand-new concept, appealing to the fact that it is only becoming more prominent due to the emerging digitalized environment and rapidly changing variety of marketing methods (Schultz & Kitchen, 2000).

The first time the term and definition were coined by the American Association of Advertising Agencies in 1989, as "*a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluated the strategic role of a variety of communications disciplines, e.g. general advertising, direct response, sales promotion and public relations- and combines these disciplines to provide clarity, consistency and maximum communications impact*". That was the earliest definition, and it has more tactical and centralized approach to that concept. (Kerr et al., 2008).

According to Duncan, IMC is "*the process of strategically controlling or influencing all messages and encouraging purposeful dialogue to create and nourish profitable relationships with customers and other stakeholders*" (Duncan & Caywood, 1996). The definition later was explained and expanded by Duncan and Mulhern, who addressed it as "*an ongoing, interactive, cross-functional process of brand communication planning, execution, and evaluation that integrates all parties in the exchange process in order to maximize mutual satisfaction of each other's wants and needs*" (Duncan & Mulhern, 2004).

Kotler also proposed a definition that follows the inside-out approach, defining IMC as: "*the concept under which a company carefully integrates and coordinates its many communications*

channels to deliver a clear, consistent, and compelling message about the organization and its products" (Kotler, 2000). In addition, Percy, Rossiter and Elliot addressed the IMC concept with their definition, "*IMC concept is the planning and execution of all types of marketing communication needed for a brand, service, or company to satisfy a common set of communication objectives*" (Percy, Rossiter & Elliot, 2001). Some authors have suggested that IMC should be considered as a philosophy, which implementation should be "*situationally specific*", in that way practitioners have the flexibility needed to implement IMC relative to market fluctuations. Gould considered IMC as a theoretical concept that could be seen as "*a set of contingently framed practices and discourses where localized, particular practitioner interpretations are just as important as general theoretic ones*" (Gould, 2004).

In recent years, IMC concept needs to go beyond and above of merely disseminating integrated messages and communication. The definitions and the concepts are ever-evolving, and in now the companies' needs require looking at this concept as a whole, undivided, seamless strategy, that pierces through separate areas, such as marketing communication, corporate communication, or internal communication. As a result, in the recent decade, practitioners and academics are favouring other theories and one of them is Integrated Communication (IC) concept, which is defined as "*the notion and the practice of aligning symbols, messages, procedures and behaviours in order for an organization to communicate with clarity, consistency and continuity within and across formal organizational boundaries*" (Christensen et al., 2008). Porcu proposed own definition of IMC to better understand the role that it must play in modern corporations in a wide perspective, not only as a tool for marketing communication managers. The definition proposes that the IMC "*is the interactive and systemic process of cross-functional planning and optimization of messages to stakeholders with the aim of communicating with coherence and transparency to achieve synergies and encourage profitable relationships in the short, medium and long-term*"(Porcu, del Bario-Garca& Kitchen, 2012).

The above listed definitions testify that over the last 30 years IMC has been defined and analysed from different perspectives: as a "*management philosophy*" (Stewart, 1996), as an "*educational movement*" (Hutton, 1996) or even as a "*unified management practice*" (Moriarty, 1993). To discuss and classify different approaches to defining IMC concept, the following three categories have been proposed - *the inside-out approach, the outside-in approach and the cross-functional strategic approach*. (Porcu, del Bario-Garca& Kitchen, 2012). *Inside-out approach* suggests that the main focus of IMC should be the unified message conveyed within the particular organization taking into consideration this organization's strategical needs, and this approach is not considered customer-oriented. This message should be presenting a brand identity as "one voice", not

depending on the media used to communicate the message (Vernuccio & Ceccotti, 2015). On the other hand, the *outside-in approach* focuses on the initiatives and rationales that can be conveyed form the outside of the brand or organization. Thus, this approach demonstrates an attempt to synthesize the coherent concept that would involve the customer needs, wants and demands when converting the unified marketing message to be send from within the brand or organization. When applying this IMC approach, it is not only considered to be marketing communication with the end-customers, but also as business and brand management process (Fill, 2002). *Cross-functional strategic approach* involves a cross-functionality of the processes and stakeholders and is regarded as a more strategic approach to brand or company development. The suggested approach does not only make application of all promotional and marketing mix elements, using the coherent and unified message that was conveyed after thorough investigation of a target market; it also implies a more structured approach of creating segmented clientele databases and restructuring the whole organization to serve the needs of integral across-the-board customer orientation (Duncan & Mulhern, 2004). Han, Kim and Schultz suggest that IMC as a field of study is still a young concept and it is still in a relatively early growth stage and needs much more research, analysis and time to define and finesse the cornerstones (Han, Kim, & Schultz, 2004).

Following the results obtained from the concepts overview, it may be concluded that definitions and findings can be confusing, and at times contradicting each other. The reason for it may be the lack of practical research and empirical evidence as many referenced authors have suggested, or the lack of the measurement metrics and tools to define the universal and most comprehensive IMC approach or synthesize the definition. In many cases the ideas of integration, coordination and customer orientation are not new, but only in the recent times emerging new technology made it possible to put these classical ideas into actual practice and evaluation (Kliatchko, 2008). To better understand the definitions and approaches it is crucial to evaluate elements and dimension of IMC.

In an attempt to define dimensions of IMC Lee and Park argue that IMC is still evolving and expanding, however they have defined four elements: "1. unified communications for consistent message and image", "2. differentiated communications to multiple customer groups", "3. date-based centred communications for tangible results" and the final element "4. relationship fostering communication with existing customer dimension" (Lee & Park, 2007). These dimensions have been defined based on existing theories and concepts, but they represent an attempt to introduce measuring tools to IMC processes. The new addition would be considered a "relationship fostering dimension" to grow a new conceptual clientele base and deepen relationship with an existing customer base. However, this approach to dimension definition has been criticized as not being

based on a comprehensive model, with admission that at this time any attempt to create a comprehensive definition of IMC and its dimensions would be incomplete (Cook, 2004).

Many academicians and key stakeholders are referencing the following methodology applied by Kliatchko in defining the dimensions of IMC or the suggested theory, that IMC has several distinctive attributes that he refers to as the '*four pillars of IMC' - these namely are stakeholders, content, channels and results"* (Kliatchko, 2008) (see Fig. 1). Taking into consideration favouring of this model, this review will limit itself to an examination of the four pillars as the main concept of drivers and effects within IMC.
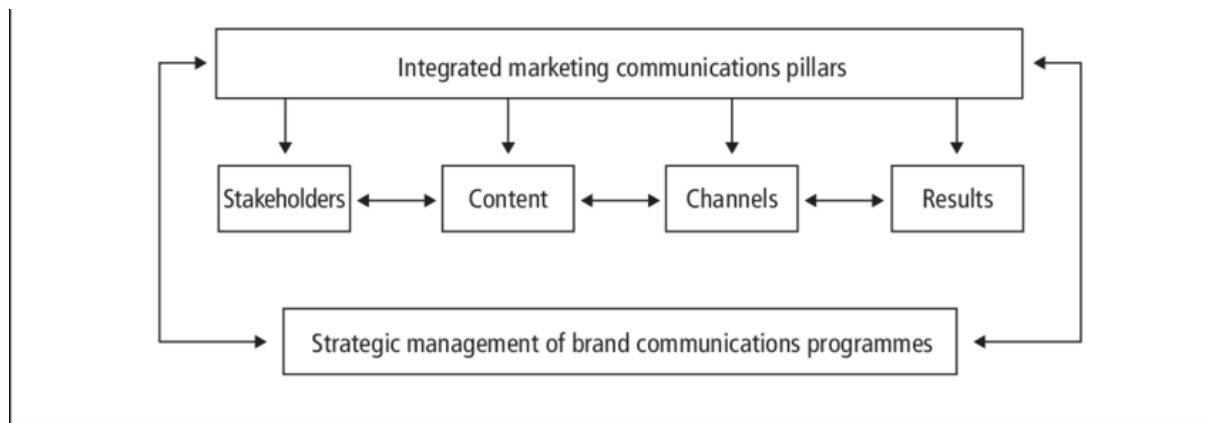

Figure. 1. *Four pillars of IMC (Source: Kliatchko, 2008)*

The proposed IMC approach suggests a closed-loop model as can be seen on Figure 1 above, the four pillars can be observed being engaged in a cycling activity, in which each one of the elements being both an antecedent and consequence of the IMC activities (Kliatchko, 2008). Kliatchko in his 2008 work argues that these four elements are present at different levels of IMC and that at each level one of the elements tends to dominate. He also suggests that IMC is compiled of two primary elements - *a business process* that is *audience-driven* and the four pillars of IMC (Kliatchko, 2008). Figure 1 demonstrates the business process and the correlation of all the elements and dimensions. Business process model clearly suggests the involvement of strategic management in IMC. The development and improvement of definition would go as such:

> *2005* "IMC is the concept and process of strategically managing audience-focused, channel-centered, and results-driven brand communication programs over time" (Kliatchko, 2005).

2008 "IMC is an audience-driven business process of strategically managing stakeholders, content, channels, and results of brand communication programs" (Kliatchko, 2008).

The IMC Marketing mix model consists of six elements - 1. Advertising; 2. personal selling; 3. sales promotion; 4. direct marketing; 5. events and public relations; and 6. exhibition or exhibit marketing (Pickton & Broderick, 2001). Moreover, these elements are further grouped in traditional and non-traditional categories, traditional are - 1. Advertising; 2. personal selling; 3. sales promotion; 4. direct marketing; and non-traditional are - 5. events and public relations; and 6.exhibition or exhibit marketing. An effective IMC strategy should implement all of these tools in "one voice" approach in order to communicate the message effectively to target audiences (Nowak & Phelps, 1994).

IMC implementation barriers

The researchers have long argued about possible IMC implementation barriers and specifically have noted that these barriers are a key factor in IMC implementation failure (Duncan & Everett, 1993). Despite the relevancy of this theory very few empirical studies have been conducted regarding it (Kitchen et al., 2007). The existing studies have showcased and defined the following main barriers. *Organizational structure* has been blamed by many practitioners and other stakeholders as the main barrier in efficient IMC implementation, dysfunctionality of the inner organizational structures has been outlined as the main cause; leadership, centralization and control are prominent in organizational design problems (Schultz & Kitchen, 1997; Kitchen & Schultz, 1999; Kitchen, Brignell, Li, & Jones, 2004). *Organizational culture* has also been identified as a main barrier, especially in international enterprises and businesses, where man offices and branches are spread geographically. The subpar organizational culture contributes negatively to building a more IMC-friendly organizational environment (Gould, 2004). *Organization behaviour* barrier addresses the "egos" of any organization and clashing of them, phenomena such as "information hoarding" and "politicking" are representing the sad part of any organizational or individual behaviour and effecting successful implementation of IMC (Duncan & Everett, 1993; Kitchen et al., 2004). *Organizational communication* is another barrier and it indicats the lacking of uniform means and tools of internal and external communication of the organization (Gould, 2004; Kitchen et al., 2007). *Managerial behaviour* or *managerial economics*, incentives and activities of key stakeholder of managerial teams might be not coordinated and well aligned, thus it may cause potential problems with budgeting, causing additional personnel and other expenses (Duncan &

Everett, 1993; Schultz & Kitchen, 1997; Kitchen et al., 2007). And finally, the *Information technology* or the lack of it; which may cause the insufficient un untimely flow of information (Kitchen et al., 2007).

IMC in the hospitality and tourism sector

Tourism and hospitality markets are highly fragmented; consumers clash with fragmented marketing communications images in a confusing marketing environment. That is the reason why hospitality industry practitioners should coordinate their efforts in creating unified communication messages and sources in order to deliver a consistent, message through their marketing activities. Thus, academicians and practitioners in the field of marketing and branding have supported the notion that IMC plays an important role in building and maintaining stakeholder relationships, and in leveraging these relationships to create customer-based brand equity (Seric et al., 2014)

Having conducted analysis of more than 30 articles on IMC in hospitality industry for the past decade or so, namely published since early 2000s, it is obvious that only few of them address hospitality industry or tourism in general, and even fewer studies focus on IMC implementation as it is shown in Table 1 (see Table 1).

Table 1. *Articles on IMC implementation in tourism and hospitality sectors (Source: author's compilation)*

Authors, Year	Objectives, Theories	Methodology applied	Research Sample
Kulluvaara&Tornberg, 2003	Analyse and describe the IMC strategy and marketing communication tools implemented by Icehotel, Jukkasjärvi, Sweden	Case study of Icehotel	Unique concept Icehotel that is made of ice, world-wide known tourist attraction located in Sweden
Skinner, 2005	Analyse application of ICM when promoting a place brand / destination as a brand. Identify inconsistencies within marketing messages. Highlight problems of IMC when	Content analysis, semi-structured in-depth interviews	Marketing communication, marketing messages as how Wales brand is promoted

	place brands are promoted. Discuss marketing integration issues		
Elliott & Boshoff, 2008	Assessment of the impact of certain business orientations, present in small tourism businesses, on the successful implementation of IMC. Identification of tourism small business orientations, their influence on IMC, and whether it will allow small tourist businesses to access markets more readily.	Exploratory study	Over 300 practitioners – managers, that are representing small tourism businesses in South Africa
Wang et al., 2009	Exploration of the role of integrated marketing communications (IMC) on visitors' selection of a heritage destination. Exploration of heritage tourists' social and demographic characteristics and three types of communication tools for message delivery - "public relation (PR)," "advertisement (ADV)," and "direct sale & promotion (DS&P)	Demographic information was summarized by descriptive statistics. Analysis of variance (ANOVA). Principle component analysis with varimax rotation.	The sample consisted of 197 respondents, all empirical data collected at Lukang destination, Taiwan.
Dinnie et al., 2010	Examination of the nation branding activities of export promotion organisations (EPOs), investment agencies (IAs), national tourism organisations (NTOs). Definition of dimensions of interorganisational coordination in a nation branding context.	A qualitative exploratory approach Structured questionnaires.	10 anonymous key-informants, representing Kuala Lumpur and Tokyo organizations.
Seric& Gil-Saura, 2011	IMC and ICT implementation in the hospitality sector, Dalmatian region.	Descriptive statistical analysis. Structured questionnaire. Empirical study.	17 Dalmatian hotels and their representatives.

Seric& Gil-Saura, 2012	Investigation of the IMC concept in the tourism sector in the hotels of Central and Southern Dalmatia, Croatia from managers-guests perspectives. Defining the differences in perception of IMC elements.	Empirical study. Structured questionnaires.	15 hotels and their representatives and 118 guests were interviewed.
Seric, Gil Saura&OzreticDosen, 2015	Insights on integrated marketing communications (IMC) by empirically examining the concept in the selected Italian and Croatian hotels. Defining if managers should adopt a holistic vision of IMC, to evaluate the success of their strategies.	Survey methodology. Empirical study	Italy - 60 high-quality hotels and their managers, and 335 guests with response rate 83.75%). Croatia - 38 high-quality hotels and their managers, and 475 guests with response rate 98.95%.

Selected articles represent available research activities conducted on IMC in hospitality and tourism sector, addressing the issues of application of IMC principles, measuring and evaluating performance, providing insight of the processes and defining differences of perception between practitioners and consumers. In their 2003 study Kulluvaara and Tornberg are performing a case study of a unique concept Icehotel, located in Jukkasjärvi, Sweden. This research has a fundamental limitation of being conducted by using only one hotel as a case study. The authors admit that their research was time and resource limited and is conducted from the hospitality industry perspective, not the customer perspective (Kulluvaara & Tornberg, 2003). The purpose of this research was to gain a better understanding of IMC application in Swedish hospitality and tourism sector and validity of using different marketing communication tools within the concept of Icehotel. The primary method of data collection for this article was focused interviewing, due to its strength to focus directly on the case study. Having interviewed the hotel representatives, the authors have performed data reduction by comparing the exiting IMC theories with their empirical data. Their findings confirm that IMC is implemented by Icehotel, but the management is not following any documented IMC concepts or procedures, but rather sporadically performing marketing activities and the strategy is rather informal, however, the marketing message is rather uniform and consistent. No clear measurable objectives and tools to evaluate them are set, though overall objectives do exist. The overall IMC strategy of Icehotel is proclaimed to be successful, as the message is unified and consistent throughout all the media channels the hotel is utilising. Without

clearly stated objectives and measurement tools it is hard to calculate the measurable clear results, therefore, suggestion of implementation of clear measurable objectives is made.

The next article being analysed by the author is Skinner's 2005 research on IMC, and how it can be used to create unified marketing messages to promote Wales as a destination brand. Skinner alludes to the fact that Wales is a rather small Celtic nation in need of rebranding in an increasingly competitive global tourism marketplace, and suggests that the synergy of marketing tools and communication coupled with problem identification and solving involved can help the region to become more competitive (Skinner, 2005). The author has conducted the content analysis of all marketing communication activities undertaken by Wales public bodies responsible for the region promotion and have analysed the messages that the region's key stakeholders sent out using ICT and key public and administrative documents. Also, semi-constructed, in-depth interviews were performed with key stakeholders. Analysis of empirical data and evidences indicated the violations of "one voice" principle of IMC, due to inconsistency in marketing communications messages, namely their content and strengths. The research limitations were indicated as having limited geographical scope, namely only the Wales region. Through the empirical research and content analysis the author has pinpointed few inconsistencies in communication messages such as utilisation of inconsistent images when promoting the region and inconsistent use of branding colour, that might result in wrong and ununified brand perception in target audiences. Following a discussion of IMC principles and strategies the same author has concluded that the true integrated marketing communication can possibly be achieved and still remains, given the fact the all procedures are conducted in accordance with IMC principles within the key public bodies of the region and in cross-communication between them.

The next article analysed by the author was 2008 research conducted by Elliott and Boshoff in regard to the importance of IMC implementation within the hospitality small business enterprises (SBE) of South Africa. As the authors have suggested, SBE are a catalyst of creating new jobs and are actively contributing to the economic growth, and the tourism and hospitality sector is the one where proliferation of small enterprises is observed (Elliott & Boshoff, 2008). The authors suggested that access to the market and sending the unified "one voice" message to that market is the key to success for small businesses, namely reaching their highest business potential, improving effectiveness, increasing revenue, optimizing their marketing communication strategies – all that by implementing and utilising a well thought out IMC strategy. Their research focused on assessment of the impact of certain business orientations, present in small tourism businesses in regard to IMC implementation. The objective of their study was to determine, if the businesses orientation can be identified and their relative influence on IMC determined, as well as whether it will allow

hospitality sector's small enterprises access markets more readily and efficiently. It has been suggested that development of ICT in South Africa and new marketing technologies have the potential to contribute to the exponential growth of the SBE sector. Industry stakeholders should strive for strengthening their ICT capacities through developing e-marketing and examining the feasibility of regional mechanisms to promote information communication and capacity building to improve the efficiency and competitiveness of SBEs (Elliot & Boshoff, 2008). Exploratory study was conducted with 316 managers in small tourism enterprises interviewed in South Africa in order to analyse the impact of different business orientations on IMC. The findings indicated the positive effect of defining a marketing orientation, strengthening entrepreneurial orientation and taking pro-active competitor orientation regarding IMC processes. The authors concluded that following this path will go a long way in changing the negative perception of SBE stakeholders on adoption of electronic marketing tools in various marketing practices.

In addition to previously reviewed articles, the author has analysed 2009 research conducted by Wang, Wu and Yuan in regards of IMC role on selection of heritage destination. Their research focused on heritage tourism site as a brand destination, namely the popular township of Lukang, Taiwan. The aim of the research was to assess the importance of developing and implementing IMC strategy for this particular destination (Wang et al., 2009). Methodology for the empirical research consisted of a survey with a total of 197 respondents; all empirical data collected at Lukang destination, Taiwan. The authors suggested evaluation and measurement of IMC processes form the target audience perspective. The collected data was summarized by descriptive statistics, IMC elements were evaluated with principle component analysis and subjected to varimax rotation to identify the correlations between the elements. Aspects of marketing communication tools involved 21 items, varimax rotation helped to categorize these tools into manageable groups. The research limitations were of limited geographical scope. By performing the variation of data analyses the authors concluded that communication tools for message delivery can be placed into three categories, namely they are - "public relation (PR)," "advertisement (ADV)," and "direct sale & promotion (DS&P)." The correlation between the elements and different social and demographic characteristics were also explored. It was established that there is difference in perception of IMC between different age groups. No differences on the IMC factors were indicated with regard to genders or educational levels. The findings are suggested to help tourism public bodies, and heritage sites managers to better understand the principles of IMC and to outline marketing strategies, management plans to achieve greater success in reaching target audiences.

Dinnie, Melewar, Seidenfuss and Musa conducted their research with the aim to determine the extent to which the nation branding activities of export promotion organisations (EPOs), investment

agencies (IAs), national tourism organisations (NTOs) and embassies follow the principle of coordination that characterises an integrated marketing communications approach (Dinnie et al., 2010). Dimensions of interorganisational coordination in a nation branding context were also defined. The authors used a quality exploratory method to gather empirical data, which consisted of face-to-face in-depth interviews with 10 anonymous key-informants, representing Kuala Lumpur and Tokyo national tourism organizations that are involved in nation branding activities, promotional activities, public diplomacy and region investment attraction. The authors have researched the principle of coordination of activities that is commonly observed in IMC approach, with limitations highlighted by the authors being the relatively small dataset, as well as the restricted geographic scope of the research. The authors used open-ended questions when interviewing key stakeholders. The use of open-ended questions, thus, increases the validity of the responses and is appropriate for studies of an exploratory nature (Aberbach & Rockman, 2002). From the authors findings, there are seven key dimensions of the principle of interorganisational coordination in a nation branding context. These seven dimensions consist of sector, organisation domicile, mode, strategy formulation, nature, frequency, and target audience. The authors suggest that these findings should address the need of creating enhanced coordination between all key stakeholders engaged in nation branding and promotion, but not limited only to public bodies and governmental organization, and also include private sector organizations and their respective partners.

Finally, in the recent years some research work regarding IMC implementation and evaluation in tourism and hospitality sectors was conducted by Seric, Gil-Saura and Ozretic-Dosen. The author will review the three selected articles as a scope, as they were conducted in a similar way, using the similar methodology and setting the similar objectives for the similar research geographical location, Croatia, Dalmatia region. In the 2011 research initiated by Seric and Gil-Saura the main objective was to study complexity of IMC and ICT concepts in the tourism sector in detail, specifically in hotels (Seric & Gil-Saura, 2011). The authors conducted an empirical study in 17 hotels in Dalmatia region, namely the high-class and luxury class hotels as this category of hotels are more inclined to adopt ICT and IMC principles (Daghfous & Barkhi, 2009). The two main questions were answered by evaluating the collected questionnaire and analytical data, whether the implementation and application rate of both ICT and IMC are high, and if there are any differences between the first-class (four-star) and the luxury class (five-star) hotels. The findings of the data analysis suggest that a higher degree of ICT implementation is observed in both categories of researched properties, however, the context and the elements of ICT may vary depending on the category of the property; moreover, with the hotel category increase, the same increase is observed

in ICT implementation. In regard to IMC, which is the main focus of this present article, the authors have concluded that the efficiency of IMC implementation decreases according to the hotel category rating rising; especially as to the first two IMC dimensions – unified communications for consistent message and image, and differentiated communications to multiple customer groups – and partially regarding the third one – database-centered communications for tangible results (Seric & Gil-Saura, 2011). As research limitation the authors have highlighted the small hotel sample and the low numbers of first-class and luxury class properties in Dalmatia region. The other limitation is the socio-economic characteristics and educational traditions of the nation, as a great number of property managers are still affectionate to former traditional practices and not fully embrace the ICT and IMC possibilities in the digital age.

Continuing their research activities, the same authors compared managers and guests' perceptions of IMC in their 2012 research. The authors appealed to the fact that little to none research is being conducted for IMC implementation in tourism and hospitality sectors, and previously researchers mainly focused on IMC from managers' perspectives (Seric & Gil-Saura, 2012). The double managers-guests perspective has been suggested for this research in order to identify the gap between the two stakeholder's groups, keeping the geographical region the same, Dalmatia region. The methodology chosen for this empirical study was structured questionnaires, involving the representatives of 15 hotels and 118 hotel guests. The research data was collected via two structured questionnaires; one intended for the hotels' representatives and the other one for the hotel guests. The respondents were asked to evaluate IMC implementation by Lee and Park suggested model; IMC consist of four elements: "1. unified communications for consistent message and image", "2. differentiated communications to multiple customer groups", "3. date-based centred communications for tangible results" and the final element "4. relationship fostering communication with existing customer dimension" (Lee & Park, 2007). The small hotel census and the small sample size are defined as research limitations. Descriptive statistics highlight high variety and diversity of marketing communications performed by the hotels. The findings confirm high implementation rate of IMC by the relevant hotels, but also identify differences between the perception of marketing communications messages by guests and by hotel managers. According to the research findings the marketers believe in the greater IMC impact and implementation than it is actually perceived by the hotel guests (Seric & Gil-Saura, 2012). The gap in perception between the two groups is explained by the nature of the sender-receiver subjectivity of the message, creative processes when creating the message and its intangible characteristics that are easy interpretable in many different subjective ways based on individual characteristics. The research suggests that in order to minimize the subjectivity and the gap in the perception of the marketing communications,

marketers should adhere to maximum communication channels consistency and visual and linguistic message consistency. As it was established in previous research attempts, customers frequently tend to redefine brand messages and symbols, and modify or even change their meanings completely in ways not imagined by their creators (Christensen et al., 2008).

In yet another 2015 research by the same authors and Ozretic Dosen, they aim to provide additional insights into IMC implementations and impact on hotels by empirical study comparing IMC implementation and impact in Italian and Croatian hotels. The following objectives were outlined; to find out if there are statistically significant differences in IMC implementation between Italian and Croatian hotels from the manager's point of view; if there are statistically significant differences in IMC implementation between Italian and Croatian hotels from the guest's point of view; if the impact of IMC on customer satisfaction is positive and significant but moderated by country of hotel location (Seric, Gil Saura & Ozretic Dosen, 2015). The empirical study consisted of survey methodology to assess IMC, by interviewing managers and guests in high-quality hotels; two structured questionnaires, one for hotel managers and one for hotel guests. In Italy 60 high-quality hotels and their managers, and 335 guests participated in the survey with response rate 83.75%; in Croatia - 38 high-quality hotels and their managers, and 475 guests with response rate 98.95%. The scale of Lee and Park was used to assess the implementation of IMC. Four dimensions of this scale were used to assess managers' perception of IMC, namely, "unified communications for consistent message and image", "differentiated communications to multiple customer groups", "database-centred communications for tangible results" and "relationship fostering communications with existing customers". (Lee & Park, 2007). Research limitations were determined as the sample size and structure; hotels in Italy and Croatia do not represent entire population, as they were selected on the basis of affiliation to a hotel chain. From the manager's perspective, the results reveal a high degree of IMC implementation in high-quality hotels located in both countries. In Italian hotels some factual differences were observed, namely communication tools and channels consistency, decisions on creation of more than two target customer groups, decisions on creation of single or multiple brand images, complying with consumer information in the course of marketing communications activities. Croatian hotels showed better results in terms of consistency among linguistic message components, brand image and long-term consistency, as well as responses of consumers after marketing communications activities (Seric, Gil Saura & Ozretic Dosen, 2015). With regard to the second objective, the findings showed that Croatian hotels guests perceived all the IMC aspects better, compared to those of Italian hotels. As for the third objective, findings indicated that the geographical location (country) had a significant effect on the relationship between IMC and customer satisfaction; in particular, path coefficients from IMC to

satisfaction were stronger among the Croatian hotel guests than those of Italian. In addition, the authors have concluded that implementation of IMC in hotels will positively influence the guest satisfaction rate. Practical implications addressed the need to adopt a more holistic approach to marketing communications and to evaluate on a regular basis consumers' opinion in order to measure the campaign success.

Conclusions

The IMC concept is not just a means of sending a marketing message, but is a meaningful and comprehensive strategy of communicating with the target audiences where all processes are carefully linked together. Work is ongoing on evaluating IMC implementation in the hospitality industry and developing new effective tools for its implementation, adapting the latest technologies and theoretical knowledge base to new approaches. The current findings indicate a strong correlation between a successful IMC strategy implementation and a positive brand perception by the target audiences. At the same time, research efforts should be continued to evaluate a positive impact on hospitality brands, as empirical evidence data are very limited. Studies are needed to help identify main IMC implementation barriers and other causes that prevent hospitality business to implement the integrated marketing concept. Only with more evidence-based practices and studies, IMC can make full use of the possibilities in the hospitality industry.

Summary

The aim of this literature review was to analyse the previously conducted research efforts on implementation of the concept of IMC in the hospitality industry, to investigate findings and conclusions of empirical and theoretical research in recent years. Only 8 papers were selected according to the chosen methodology and approach. The IMC research within the hospitality industry is mostly neglected, even though the need for integration has proven to be as necessary there as in other industries. The nature of this review can be classified as narrative; the findings demonstrate a strong correlation between successful IMC implementation by the hospitality and tourism sector's businesses and building customer attention and awareness of a particular brand. Implementation of IMC in the hospitality and tourism sector needs to be monitored and continued to be researched, with future research focusing on both perspectives - organizational and customer. Several interesting avenues for future research on IMC implementation in the hospitality industry

include investigations into how customers perceive and respond to certain marketing stimuli and the measuring process of that response, how different communication strategies affect customer behaviour and the roles and effects of IMC within that response. The findings of this review can be used to provide researchers, hospitality and tourism sector practitioners and other stakeholders with insights into IMC implementation. This review is not meant to be interpreted as exhaustive, the nature of the analysis is interpretive and subjective, and other scholars may take a different approach and organize and interpret the literature in alternate ways.

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QUALITY MANAGEMENT PRACTICES ON THE EXAMPLE OF THE GALLERY PARK HOTEL AND SPA RIGA

Olha Tsekova, Catherine Koryuhina

HOTEL SCHOOL Hotel Management College, Riga, Latvia, *cehelga@ukr.net*, *jekaterina.korjuhina@gmail.com*

Abstract. The purpose of this research is to overview the quality management practices in the Gallery Park Hotel and SPA, 5 star luxury hotel, situated in Riga, Latvia. Issues related to service quality in the boutique hotels are discussed. The paper highlights the importance of continuous quality improvement for the enterprise and the importance of personnel trainings as an integral part of personnel development. It formulates specific ways of improving quality management with the help of useful quality management tools. This research also helps to define the most suitable definition of the terms "quality" and "quality management" in the hotel industry. The quality management and the main problems that it faces in the Gallery Park Hotel are overviewed based on the questionnaire of the employees. Appropriate solutions are offered for implementation to change the situation for better. A few quality management tools are suggested to use. This research seeks to advance the knowledge and to expand understanding about the quality management in the hotels. The students studying hospitality industry can benefit from involvement in the research by developing valuable practical and analytical skills and exploring the field in greater depth. This research is designed to generate new understanding of the quality management in the Gallery Park Hotel and to find ways to overcome possible problems.

Key words: Quality management, quality, total quality management, hotel

Introduction

The Hospitality industry is one of the vital industries nowadays. Hospitality and Tourism are a key driver for job creation. The constant appearance of new independent hotels and corporate groups of hotels in the capital of Latvia proves the constant growth of the hospitality market that shows the great demand.

The object of the paper is an enterprise SIA "Welkom", is a limited liability company with its fixed capital of 2840.00 EUR, located in Krisjana Valdemara street 7, Riga, Latvia. It is a 5 star luxury boutique hotel called Gallery Park Hotel & SPA. It is a family owned hotel providing excellent service for its leisure and business travelers. There are 24 rooms in the hotel including not only standard rooms but also Business Deluxe rooms and prestigious Suits, the well known for its uniqueness, the Presidential and Imperial Suits. In addition there is a small Spa with a jet stream

pool and small fitness zone and sauna, underground parking, private garden and summer terrace. The hotel is the member of Chateaux and Hotels Collection, located in the center of the city in a 19th century UNESCO World Heritage building fully renovated in 2009. The hotel welcomes its guests in friendly and warm atmosphere to provide "like at home", "family" climate there. The Gallery Park Hotel is nice example of small business enterprise with good quality services. As Latvia itself is rather small country, small businesses plays an increasingly important role in its economy. Moreover, small businesses like Gallery Park Hotel are ideal to build personal, friendly relations between its customers and employees. Loyal clients are the main guests of the hotel that makes it easier to provide family atmosphere and excellent service.

The subject of the paper is quality management practices that can be implemented in hotels despite the size and scope and will lead to improvement of their overall performance that in regards will positively influence the economy of the country. The problem stated in the paper is that complaints are revealed from the guests of the hotel about the Gallery Park Hotel restaurant Renomme. The hypothesis of the paper states that Quality Management improvement will lead to better customer satisfaction, more loyal clients and overall performance of the hotel. The tasks which the author set to this paper include: deep analysis of the literature and internet resources about the quality, quality management and quality improvement tools and methods, and their importance for Hospitality industry; analysis of the enterprise and the Quality Management practices used there for continuous improvement; and suggestions and recommendations for possible further improvements.

This research is conducted by using qualitative and quantitative analyses. At first the relevant literature is reviewed followed by a questionnaire to measure hotel employees' perceptions of the quality management in the Gallery Park Hotel. The questionnaire contains open-ended and closed-ended questions. The respondents are the real people, current or former employees of the Gallery Park Hotel and Spa. As the theoretical basis for this paper research of the following scientists has been used: Russel J.P., Rajko Z., Hessing T., Crosby, B. P., Grigoroudis E. and Siskos Y., Pelane, A., Swarbrooke J. and Horner S., Ray L. and etc.

Literature review

Hospitality and Tourism is an important sector of economic development. Compared to other sectors of the global economy, the industry is one of the fastest growing, accounting for more than one third of the total global services trade. The sector has benefited from the process of

globalization and from the constantly falling relative costs of travel. The Statistics portal states that "in 2012, the number of international tourist arrivals exceeded the one billion mark for the first time, an increase of almost 50 percent compared to ten years earlier" (Statista, 2018). And nowadays the industry shows only the growth. The global hotel industry generates approximately between 400 and 500 billion U.S. dollars in revenue each year. This statistics show the global hotel industry market size from 2014 to 2016 (see Fig.1):
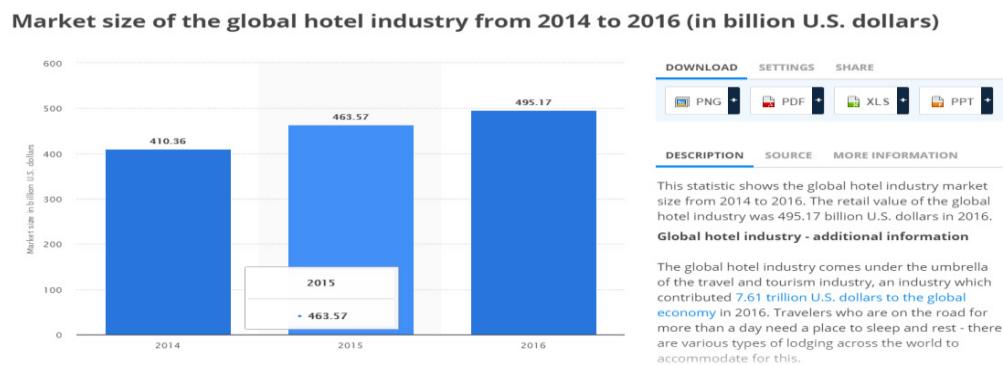

Figure 1. *Market size of the global hotel industry from 2014 to 2016 (Source: Statista, 2018)*

Europe is a worldwide leader in international tourism and it plays a vital role in the economic impact of the global hospitality and travel industry. The statistics shows only the increase in direct contribution of the industry to GDP in Europe (see Fig. 2):
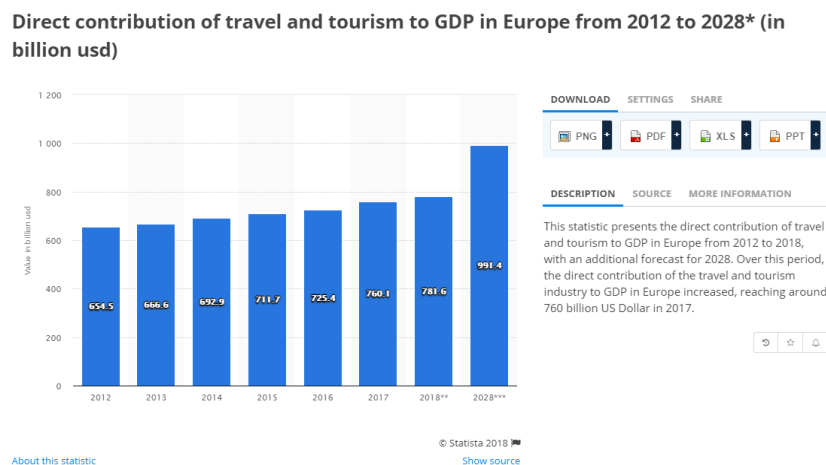

Figure 2. *Direct contribution of travel and tourism industry to GDP in Europe from 2012 to2018, with additional forecast for 2028 (in billion $) (Source: Statista, 2018)*

The statistics portal states that tourism and hospitality industry is the largest industry nowadays (Statista, 2017). Each 8 people of the world work directly or indirectly in this sector. A powerful industry with a lot of potential and new requests of demand is going to adapt for challenges day to day (Rajko Z. 2015).

Quality needs to be a primary goal of any company. Quality is vital to successful organizations. It is a crucial parameter which differentiates an organization from its competitors (MSG Experts, 2017). The roots of the Quality were found first in medieval Europe when craftsmen began organizing into unions and this craftsmanship model of manufacturing was followed till the early 19th century, until the Industrial Revolution with its emphasis on product inspection. During the World War II the quality became the most critical factor. At that time an engineer Walter A. Shewhart brought together the disciplines of statistics, engineering, and economics and became known as the father of modern quality control after developing the methods for statistical analysis and control of quality (ASQ, 2018a). But the Quality revolution is regarded to happen after the World War II in Japan that influenced greatly the growth of quality importance all over the world. There have been several leaders who have been instrumental to developing the concept of quality as understood today. Among them there are such names as Joseph M Juran, Edwards Deming, Philip Cosby, Kaoru Ishikava.

In the hospitality industry the quality is usually defined as "the consistent delivery of products and guest services according to expected standards" (Hayes, Ninemeier & Miller, 2011). The more detailed definition can be used according to the Economic dictionary. The term quality there is a set of properties, characteristics of products, goods, services, works, labor, which determine their ability to satisfy the needs and demands of people, to meet their purpose and requirements. Quality is determined by the measure of the conformity of goods, works, services with the conditions and requirements of standards, contracts, contracts, customer requests. According to Goetsch, D., & Davis, S. (1994) the Quality management is the act of overseeing all activities and tasks needed to maintain a desired level of excellence. The quality management is focusing on the quality of the product and service and the ways how to achieve this as well. Quality management tools help an organization to design and create a product which the customer actually wants and desires. Quality Management ensures increased revenues and higher productivity for the organization (MSG, 2017). Quality management consists of 4 main components: Quality planning, Quality assurance, Quality control, Quality improvement.

Total quality management has been increasingly accepted as a management philosophy, a broad and systemic approach to managing organizational quality. ASQ also explains TQM as "a management

approach to long-term success through customer satisfaction. In a TQM effort, all members of an organization participate in improving processes, products, services, and the culture in which they work" (ASQ, 2018b). TQM is not only a process change but a workplace cultural change that attracts individuals to perform tasks in a way that's conducive to highly enhanced quality (EDUCBA, 2016). There are 8 Primary Elements of TQM that are considered to be so essential to TQM that many organizations define them as a set of core values and principles according to which the organization should operate. The 8 TQM elements are:

1. Customer-focused. The customer determines the level of quality.

2. Total employee involvement. All employees participate in working toward common goals.

3. Process-centered. A fundamental part of TQM is a focus on process thinking. A process is a series of steps that take inputs from suppliers (internal or external) and transforms them into outputs that are delivered to customers (again, either internal or external).

4. Integrated system. Although an organization may consist of many different functional specialties often organized into vertically structured departments, it is the horizontal processes interconnecting these functions that are the focus of TQM. An integrated business system may be modeled after the Baldrige National Quality Program criteria and/or incorporate the ISO 9000 standards. Every organization has a unique work culture, and it is virtually impossible to achieve excellence in its products and services unless a good quality culture has been fostered. Thus, an integrated system connects business improvement elements in an attempt to continually improve and exceed the expectations of customers, employees, and other stakeholders.

5. Strategic and systematic approach. This process, called strategic planning or strategic management, includes the formulation of a strategic plan that integrates quality as a core component.

6. Continual improvement. Continual improvement drives an organization to be both analytical and creative in finding ways to become more competitive and more effective at meeting stakeholder expectations.

7. Fact-based decision making. In order to know how well an organization is performing, data on performance measures are necessary. TQM requires that an organization continually collect and analyze data in order to improve decision making accuracy, achieve consensus, and allow prediction based on past history.

8. Communications. During times of organizational change, as well as part of day-to-day operation, effective communications plays a large part in maintaining morale and in motivating employees at all levels. Communications involve strategies, method, and timeliness (ASQ, 2018b).

Parasuraman, Zeithalm and Berry in 1985 identified the service quality gap model (SERVQUAL) - a tool that can be used by Product Manager across all industries (see Fig.3). There is a set of key discrepancies or gaps, consisting of the differences between users' expectations and what is actually offered. These gaps can be the main obstacle for users to perceive the provision of such services as high-quality. (Parasuraman, Berry & Zheitmal, 1991). The SERVQUAL Model is primarily a qualitative analysis. If a satisfaction survey mainly depends on the transactions between supplier and buyer, the observed quality is measured through generic, environmental factors. The 5 gaps are:

1. The Customer Gap: between Customer Expectations and Customer Perceptions
2. The Knowledge Gap: between Consumer Expectation and Management Perception
3. The Policy Gap: between Management Perception and Service Quality Specification
4. The Delivery Gap: between Service Quality Specification and Service Delivery
5. The Communication Gap: between Service Delivery and External Communications
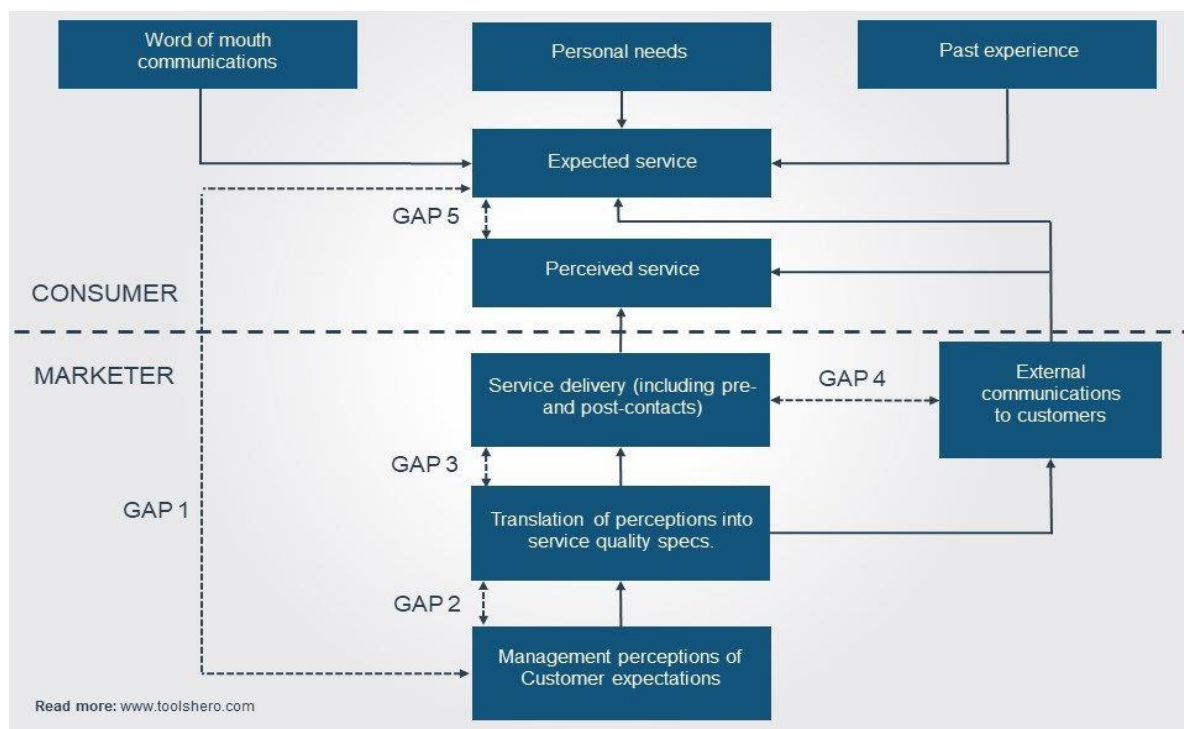

Figure 3. *SERVQUAL model (Source: Mulder, 2018)*

W. Edwards Deming, an eminent scholar and teacher offered a core concept on implementing TQM that consists of 14 points, firstly presented in his book "Out of the Crisis":

1. Create constancy of purpose for improving products and services.

2. Adopt the new philosophy.

3. Cease dependence on inspection to achieve quality.

4. End the practice of awarding business on price alone; instead, minimize total cost by working with a single supplier.

5. Improve constantly and forever every process for planning, production and service.

6. Institute training on the job.

7. Adopt and institute leadership.

8. Drive out fear.

9. Break down barriers between staff areas.

10. Eliminate slogans, exhortations and targets for the workforce.

11. Eliminate numerical quotas for the workforce and numerical goals for management.

12. Remove barriers that rob people of pride of workmanship, and eliminate the annual rating or merit system.

13. Institute a vigorous program of education and self-improvement for everyone.

14. Put everybody in the company to work accomplishing the transformation (The W. Edwards Deming Institute, 2018).

Deming also expanded Shewhart's Plan-Do-Check-Act model into a 6 step plan:

1. Determine goals and targets

2. Determine methods of reaching those goals

3. Engage in education and training

4. Implement the work

5. Check the effects of implementation

6. Take appropriate action (Hessing, 2013).

Ishikawa, a pioneer in quality control activities in Japan, based his work on that of Deming, Juran and Feigenbaum, the TQM gurus. He originated the idea of Total Quality Control (TQC), a system of company-wide quality control in which all the company members participate, from the top management to the workers on the actual work place. By this system, he brought an innovative change to business management philosophy and styles of operation. Among its main contributions are the creation of the cause-effect model, focused on identifying the problems that a company must face and the quality circles, used in the management of organizations. The cause-effect model helps to identify a problem facing a particular company. According to Ishikawa, a worker who is recognized his rights and his ability to work has a greater interest in improving quality and production. He says, "In management, the first concern of the company is the happiness of people who are connected with it. If the people do not feel happy and cannot be made happy, that company

does not deserve to exist" (Van Vliet, 2013). The cause and effect or Fishbone diagram (see Fig. 4) is one of the quality tools Ishikawa is famous for. This tool indicates the relationship of the incident or work process being analyzed and the various parameters which influence this process. It is a powerful tool that can easily be used by non-specialists to analyze and solve problems.
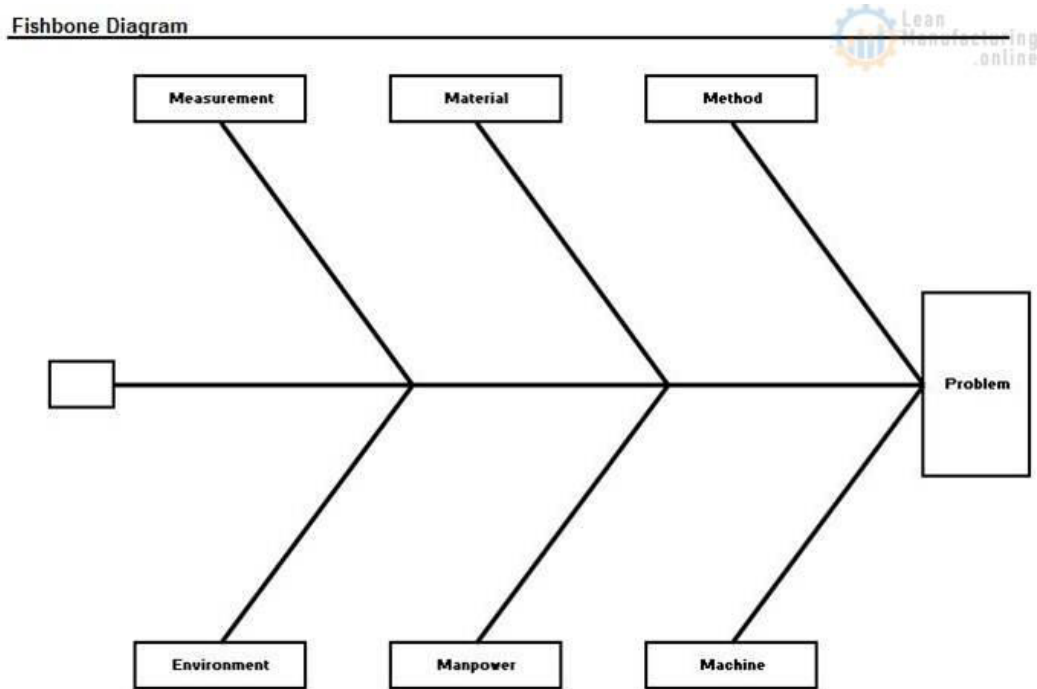
Figure 4. *The Fishbone Diagram template (Source: ASQ, 2018)*

The Quality Self-assessment is also of vital importance if to speak about continuous improvement of the quality. Self-assessment is based around the questions asked by the quality standards. It can be carried out as a quick overview, or over a longer period. It can be done in a number of ways, for example:

by one person, or by a small group

through workshops or discussion groups

by sending out a questionnaire

through staff meetings or focused special meetings.

In each quality area, self-assessment will identify where the organization is doing well and where improvements can be made.

So it is possible to conclude that for the effective operation of a modern hotel, a system of quality customer service is needed and its continuous improvement must be developed, which will not only increase the demand for hotel services, but also can create its permanent client base – loyal clients. The usage of quality management tools is of crucial importance for any company as they help to be competitive on the market through identifying and eliminating problems and their real cores in time.

Methodology

This research was conducted using a questionnaire to measure hotel employees' perceptions of the quality management in the Gallery Park Hotel. The questionnaire, comprising 15 questions, was divided into two parts: one part containing open-ended questions, the other part – closed-ended questions. 10 employees, of the hotel were interviewed/took part in the survey. Among the respondents there were managers, including the General Manager, interns and workers of different departments of the hotel.

Results

The situation in the Hospitality Industry in Latvia is notable for its high staff turnover and for Gallery Park Hotel it is also a sensitive issue. But at the same time the hotel can boast its permanent staff. Some of the workers including the General Manager are there right from the hotel opening and are still working knowing every single corner of the hotel, having big experience in the field and teaching newcomers.

The training for new employees has always been a top-priority issue at the hotel, but as it was found out during the performing of this research, the latest tendency of continuous improvement of the quality leads to regular access to trainings and skills upgrading of the staff members of the hotel. The General Manager organizes regular once a week trainings for the staff called "Friday afternoon with General Manager" when some situations, problems and case studies are discussed, and some practices are performed. Approximately once a month or two there are also trainings organized and conducted by the owner of the hotel or by invited specialists and coaches. These trainings are usually theme trainings aimed at upgrading the staff skills. Among the trainings the Gallery Park Hotel has already provided for its staff were the following:

1. Advantages of luxury Mercedes s-class transfer. How to explain all the advantages to the guests.
2. How to receive more tips.
3. The pyramid of values of the Gallery Park Hotel.
4. How to recognize the type of guest and how to communicate correctly with each of them.
5. Advantages and unique selling points of restaurant Renomme. How to present the restaurant to the guests and others.

The latest guest reviews of the Gallery Park Hotel are only positive ones pointing on excellence and proficiency of the staff.

But situation in the past was not so perfect. Negative reviews occurred sometimes pointing out at existing problems. The previous research of the current situation with the Quality Management in the Gallery Park Hotel was conducted by the author of this work in 2017 and revealed some cases of poor quality management. Among the possible reasons according to the questionnaire conducted was low motivation of the staff (Tsekova, 2017).

Quality management practices have changed since then. Some suggestions and recommendations for possible quality improvements were taken into consideration and used, which resulted in some changes in the staff, better customer reviews and other positive outcomes. The results have shown that all of the respondents think the quality is extremely important issue. Every employee's duty and responsibility is to provide good quality and control this quality as it is a small hotel and there is no separate position of service manager here as it is in big chain hotels. Most respondents also determine the ideal quality management is the management of the hotel when the best possible result is achieved in minimum time frame and minimum finance. It is associated with the good profit for the enterprise, with its competitiveness and recognition on the market.

The General Manager has pointed out that every single step is important starting from smoothing out wrinkles on the room beds to the proper cleaning of a spout of a teapot. Every small responsibility is a part of the quality.

The spot checks were named by the respondents as a clear example of how the quality is maintained in the hotel. The hotel staff has so called "joined responsibility" of revealing defects. No matter at what department of the hotel the employee is working he/she is responsible for in-time informing about any revealed defect like, for instance, burned light bulb in one of the rooms. He/she should inform about the case immediately and not to pass by thinking "it is not my department", thus,

avoiding the finding this defect by guest. The employees know that this is also a part of quality management of the hotel and that this is also of vital importance.

It was emphasized that ideally supervisor is needed for quality checks. But for small hotels like Gallery Park Hotel, every manager and every employee is playing this role in their day to day work in close cooperation to each other. But the most challenging aspect, according to the General Manager, is checking oneself and being responsible for controlling oneself and, thus, developing oneself and being always engaged. These are small but so important steps to form the ideal quality management that eventually is the true goal of the company. And the manager and trainer should find the ways how to interest the staff and how proper motivate them.

New employees of the Gallery Park Hotel turned out to be more motivated and more active in comparison to previous ones, interviewed in the previous research. This fact shows the positive tendency for quality improvement provided in the hotel. Some respondents from the previous research pointed out that requirements being high, there was not enough training for them or maybe the trainings should have been revised and changed somehow in order to make the staff from different departments more universal (Tsekova, 2017). The current research revealed that employees are fully satisfied with staff trainings and this is one of the reasons why they are so motivated. They admit that it is important for them to develop themselves and it is important to teach the staff to think, to be responsible and to be engaged and always go forward.

The General Manager supported the idea that "in order to stay on the same level it is important to go forward or even to run forward as the situation has changed greatly in recent years and competitiveness only grows". "Infinitely continuous improvement is needed to be competitive on the market", she added. And the Gallery Park Hotel staff pursuing this idea awaits good results to follow. The General Manager stated also that striving for continuous improvement in this challenging time, when 400 new hotel rooms have appeared on the Riga's market, the Gallery Park Hotel is not only staying on the same level of profitability, but even has received more revenue in comparison to the previous year.

Conclusions

It was found out that the main obstacles in implementing good quality management in the Gallery Park Hotel can be the lack of proper knowledge of the staff, too much pressure and very high requirements for staff without necessary knowledge base, absence of proper motivation and lack of

clear leadership with obligatory quality planning and control. After revealing some problems at the hotel during the previous research, the management of the Gallery Park Hotel took necessary action for eliminating defects and for quality improvement using some quality management tools that leaded to better performance of the hotel. But the company should not stay at the same level and needs to go forward all the time, as the General Manager of the hotel stated in the interview, continuous improvement stays relevant. In order to support the idea of constant development of the staff, regular and interesting trainings that really matter should be provided on regular basis and should not be forgotten in the future. Suggested topics for the future trainings can be:

1. How to satisfy hard-to-please guests.
2. How to resolve conflict situations.
3. Improvement of communication quality between departments.
4. Creation of a favorable atmosphere and psychological contact with guests.
5. Development of ability to listen and to hear.
6. How to find an individual approach to each guest.
7. How correctly to emphasize attention to the guest.
8. Effective communication with representatives of different cultures (separately for different nationalities).
9. Differences in gesticulation and behavior at the table of different cultures (with emphasis on Chinese and Japanese cultures).
10. Factors preventing high quality services.
11. Creation of reputation through providing quality services.

Only one topic is suggested to discuss at one training. One topic can more easily be studied and learned as a lot of information at a time can be more complicated for the staff. It is always more difficult to learn a lot of rules and things at once, so one once a week training can deal with repeating the previous topic, another one - for new topic. Smaller portions of information in a constant time frame lead to better retention results. After specific trainings it is recommended to check the quality of provided services with the help of "a secret guest" and again to discuss the results. All training materials are recommended to save and to put on separate computer for future use. Employees can read and remember these materials if necessary and in case of new employees in the hotel, new staff can use these trainings too. Good motivation for the personnel is important tool for their successful personal development. Special bonuses can be recommended to use to engage employees to visit trainings and to be active during them.

Apart from educating the staff it is also necessary to focus on educating the customers about the uniqueness of the hotel services. Customers sometimes complain and are dissatisfied with the service only because they don't know what it is exactly about, because they have never received this experience in the past. The easiest way to educate the guests is to explain and to describe in details all the advantages they will receive with hotel services. After particular trainings the staff of the hotel will be able to advertise the uniqueness of their services to their guests. Experience and trained employees are of vital importance for every hotel as they can perfectly promote their services. As customer complaints are an inevitable part of doing business and one of the best sources of valuable information, feedback from the guests is relevant and important. This way learning from the customers is the way to make further improvements, to do the things better. Therefore, every member of the team, every employee should be onboard with the goals of making the best service available and reducing customer complaints.

Proper communication among all the staff members together with close cooperation focus is recommended and should be supported. The knowledge should be shared between the staff member, which will only increase the awareness and confidence of people and helps them to develop. The main communication gap arose between Guest service employees and employees of the restaurant. The reason for this gap was workload and haste of the staff of these departments when one department forgot to tell something to the other one and difficulties arose as the result. Special procedure of sharing information between departments on particular repetitive issues should be developed, taught and worked out by the staff during one of the trainings. It is suggested to teach employees not to be afraid to ask others, even the General Manager about the arising problems or questions, provide and share personal ideas for optimization and improvement. Team-building events are another suggested tool that can be used to unite the staff that will lead to better understanding of each other's weak and strong sides and will definitely improve staff communication.

Thinking about quality from the customer's perspective Customer-driven focus can be recommended, as it is a nice way of doing business that provides positive customer experience and leads only to the customer loyalty. Another solution that can be suggested due to its simplicity, universality and compatibility is to use the quality tool called PDCA (Plan-Do-Check-Act) or Deming cycle. Deming wanted to create a way of identifying what caused products to fail to meet customers' expectations. His solution helps businesses to develop hypotheses about what needs to change, and then test these in a continuous feedback loop (MindTool, 2018). This tool is suggested due to its powerful way of resolving problems of the company. At the first stage, the enterprise's

capabilities are evaluated and the desired changes are planned. At the "implementation" stage, planned activities are carried out and the changes are evaluated. The third stage analyzes the results of control and draws conclusions. At the last stage, it is necessary to act on the basis of the conclusions drawn. If the change is successful, one must use the experience gained to make more significant changes. If the changes were negative, it is necessary to repeat the cycle, but according to a new plan (ibid.). This tool and some other methods like Ishikava diagram helping to determine the main factors, that have the most significant impact on the development of the problem, can be used during the regular hotel trainings as very nice and very obvious methods of prevention or elimination of the problems and their core factors.

To summarize all the findings and conclusions it can be stated that the quality management is very important without any doubt. It leads to the customer satisfaction, which is the long-term success of the company and, in the long run, the main goal of any enterprise. The managers of any hotel should pay enough attention to the quality management implementation and control to prevent any problems as it is essential for any business to survive.

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FACTORS INFLUENCING ACCOMMODATION CHOICES FOR MILLENNIAL TOURISTS - HOTELS VS PRIVATE ACCOMMODATIONS

Kamila Golujenko, Oļegs Ņikadimovs

HOTEL SCHOOL Hotel Management College, Riga, Latvia, olegs@hotelschool.lv

Abstract. For the hospitality industry, it is significant to explore the choices of the Millennium generation, as the Millennials today are the largest and most powerful generation of consumers that generate demand, have a great influence on the economy and determine the direction of future trends. The aim of the research is to study the issue of hotels and private accommodations and identify the factors influencing choices of accommodation providers for Millennial tourists. Research applied a survey method in order to study the preferences of Millennials in the choice of accommodation providers. But in order to get data about competition between hotels and private sector Latvian accommodation market has been investigated. The results of the study showed that the private accommodation sector is undoubtedly a competitor for hotels, especially among the Millennium generation. However, a research reveals negative sides of private sector accommodation and advantages of the hotels, that could be an incentive for Millennials to use a hotel. Research emphasizes that due to the growing popularity of short-term rental accommodation in the private sector, to compete with private sector hotels need to develop marketing concepts that will be directed to such a market segment as Millennials.

Keywords: Millennials, hotels, private accommodation, Airbnb, hospitality

Introduction

Millennials, also known as Generation Y, are born between 1981 and 1996. It is estimated that Millennials account for about 2 billion people, that is 27% of world's population, much more than the Generation X or Baby Boomers. Millennials live differently, buy differently and use technologies differently. Based on forecast of The World Data Lab (Tilford, 2018), by 2020 Millennials will make up 35% of the global workforce. But their spending power by 2020 will be $1.4 trillion annually – these facts make Millennials the largest and most powerful consumer generation.

Along with this, tourism today is one of the fastest growing industries. At the same time, as new generations grow up, the perception of what the rhythm of life should be, what should be a favourite job and how much time should be spent on vacation, is changing in society. Along with this, the

younger generation also changes the attitude towards generally accepted norms of behaviour in society.

Representatives of the younger generation, when traveling, seek to know the country or city as detailed as possible, without spending a lot of money on the services and comfort, which, as a rule, are included in the price for a typical hotel room. Such travellers appreciate individuality, ease, and also low cost, or in other words, affordability. This is manifested in everything. And in connection with the emergence of such a service as Airbnb, it has become possible to get accommodation at affordable prices, ease of booking, as well as the uniqueness and individuality of the location. Thus, hotels, in order to attract representatives of the Millennium generation, should change in accordance with the perceptions of this generation, namely, to be more flexible and less conservative.

The aim of the research is to explore the issue of hotels versus private accommodation and determine the factors influencing choices of accommodation providers for Millennial tourists.

The hypothesis states, that the private accommodation sector in comparison with hotels is the most attractive for Millennial tourists due to their characteristics.

Also, this paper puts two important questions, the answers to which should be given by this research, where:

RQ1: Is the private sector a competitor for hotels among the Millennium generation?

RQ2: Can hotels compete with the private sector for such a market segment as Millennials?

The research applied mixed methods - quantitative and qualitative. Quantitative method was applied in a survey (questionnaire) form, conducted among representatives of Millennials generation. The questionnaire helps to study the preferences of this generation in the choice of accommodation providers. But qualitative method was used in the form of research on the Latvian accommodation market, in order to gain a deeper understanding of the research topic. After the obtained data had been ordered and analysed, the authors made conclusions that many travellers consider different accommodation options, and the choice is not always made in favour of hotels. Besides, the results of the study have shown that the private accommodation sector is undoubtedly a competitor for hotels, especially among the Millennium generation. Based on research results, the authors provide justified recommendations for hotels on how to compete with private accommodation providers.

Literature Review

In order to successfully compete in the hospitality and accommodation market, various organizations in the hospitality sector must minimize the gap between the expectations of their main consumers and the real offers. Earlier existing studies highlight the relevance of the Millennials theme, their characteristics, choices and influence on the hospitality industry.

Strauss and Howe were ones of the first who began to explore the generations and to use the term Millennials in their book "Millennials Rising: The Next Great Generation" (Strauss and Howe, 2000). The authors defined, that more preferred terms for this generation are - Millennials; Generation Y; Generation Tech; Generation Next (ibid.).

In order to understand what exactly the Millennial generation is, first of all, it is necessary to define the framework of the demographic terms of the concept of Millennials. The authors of the study "Are millennials transforming global tourism? Challenges for destinations and companies" indicate, that scientists and specialists, like Kotler and Keller or Howe and Strauss, in earlier works and studies offer different time frames that determine generation of Millennials, but despite these differences, they all have a common denominator, namely between 1981 and 1996 (Veiga et al., 2017). This means that in 2019 people called Millennials are from 23 to 38 years old. It is safe to say that people, precisely at this age, are the main consumers and important part of the workforce that influences the economy.

Studying earlier research papers about the Millennium generation it is possible to get deeper understanding about needs and desires of Millennials, as well as their impact on the industry. Thus, Veiga et al. (2017) state, that Millennials in the near future will create a trend, which will shape demand for international tourism. I.e. many of Millennials consider travels like additional education and personal development, but some of them relate travels to formal education and chose to study abroad (ibid.). Based on this, the authors can conclude that it is very important to pay attention to the trends that this generation is shaping. Also, statements made by Veiga et al. (ibid.) confirm the relevance of the topic, namely about Millennials and their choices, perception and attitude toward accommodation providers.

Millennials or generation Y exist in parallel with generation X and generation Z, but due to the fact that they have different values and guidelines, they differ significantly in their behaviour and habits from previous generations. At the same time, the Millennium generation can be divided into 2 categories - younger Millennials and adults. It should be noted that the differences within these

categories can be quite significant, since if compare the needs of a 35-year-old person and needs, attitudes and goals of a 25-year-old, they will be completely different. At the same time, they have some common views and features. In the period of rapid development of the Internet and communications, it can be assumed that the distinctive preferences of the Millennials are speed, mobility and functionality.

The main goal of this research paper is to study the accommodation choices of Millennium travellers. It can be assumed that the Millennials make a purchase decision based on their needs and desires. But what factors influence the choice of accommodation during travel? It is worth noting that the research on the topic of Millennials' accommodation choices is substantially less than about the Millennials themselves and their characteristics. Masset and Weisskopf (2018) argue that the amount of literature on Generation Y is increasing, while there are not so many studies devoted to the research of factors affecting the consideration or choice of accommodation for travellers of Generation Y.

So far, it can be argued that grown up in a large division of media into different categories, the Millennials feel free to multitask and are immersed not only in real life, but also in the online world. Thus, according to Frey (2018), 97% of Millennials use social media while traveling, and 52% of travellers are influenced by recommendations found on social networks.

As for the decision-making process, the Millennials are not always guided by the recommendations and opinions of close people and friends in social networks. Brand awareness, its usefulness, as well as the opinion of so-called 'influencers' are also of great importance to them. This characterizes the Millennium generation as not very loyal consumers, in contrast to Baby Boomers, who are influenced by close friends and specialists (Kucirkova, 2019).

When traveling, it is very important to make the right choice of accommodation provider. Thus, in order to exceed customer expectations, the hotel must provide its guests with high quality services. In order to understand exactly what Millennium's expectations are in relation to service in hotels, marketers and specialists can use five basic parameters that make up the "perfect service", namely the SERVQUAL method. Parasuraman et al. (1988) developed a model of service quality of five dimensions, which included Tangibles (physical facilities, equipment, and staff appearance), Reliability (ability to perform the promised service dependably and accurately), Responsiveness (willingness to help customers and provide prompt service), Assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence) and Empathy (caring, individual attention to customers) (Chingang&Lukong, 2010).

Many researchers confirm the importance of this method, especially when assessing the quality of service in hotels among the younger generation. Thus, Karunaratne and Jayawardena (2010) assessed customer experiences in five-star hotels in Sri Lanka and found that customers were satisfied with general experience, but especially with the tangibility, responsiveness and assurance. Reliability and empathy dimensions turned out to be the weakest points. Besides, Hossain (2012) had explored the influence of customer experience on tourist's satisfaction in Bangladesh' hotels and detected that five service quality dimensions had positive impact on customer experience. Hossain (2012) argues that the strongest dimension is empathy, with responsiveness, reliability, assurance and tangibles following.

The hypothesis of this research states that Millennials, because of their characteristics, rather choose the private sector, for example, such as Airbnb, instead of hotels in the matter of accommodation providers. In the research paper "Are millennials transforming global tourism? Challenges for destinations and companies" the authors claim that the unemployment rate among the younger generation is high, and the salary level is lower than that of the older generation, both in Europe and the USA. Veiga et al. (2017) conclude that the Millennials tend to choose sharing or temporary possession because of low income. Based on this, the authors conclude that this can be reason of increased popularity of such services as Airbnb. Confirmation of this statement is an Airbnb report from November 2016, where authors state, that 60% of all guests who have ever booked on Airbnb are Millennials (Airbnb, Inc, 2016). In addition, in order to confirm the conclusion that Millennials tend to choose sharing ownership because of low income, Eurostat statistics (Eurostat, 2018) has been checked to see average annual earnings by age groups. Below is a table with Eurostat data on the average annual income of the inhabitants of 28 European countries by age groups (see Table 1).

Table 1. *Average annual earnings by age groups (Source: Eurostat, 2018)*

Age Groups	Euro
Less than 30 years	24,533
From 30 to 39 years	32,099
From 40 to 49 years	36,395
From 50 to 59 years	36,957

Thus, the authors have found that the average annual income of the younger generation is indeed lower than that of the older generation, and this may be just one of the reasons why the Millennials choose cheaper housing when traveling, namely because they want to save money. What is more, the Airbnb service provides not only accommodation at affordable prices, but the uniqueness and authenticity of the accommodation location.

It can also be concluded that the choice of Millennials in favour of Airbnb, and not hotels, is connected not only with the desire to save money, but also with the desire to get a unique experience. Thus, the authors of the research "Are millennials transforming global tourism? Challenges for destinations and companies" also note that while traveling the Millennials look for authentic tourist impressions to get exactly the impressions that local people have, and also the generation Y tends not to choose accommodation near tourist spots (Veiga et al., 2017). The authors argue that, because the Millennials consider themselves travellers, and not tourists, many of the usual formats and structures of traditional tourism are rejected (ibid.). This statement also confirms the relevance of the current research topic and its hypothesis.

In addition to identifying the characteristics of the Millennials, Veiga et al. (2017) also indicate the risks and threats posed by the behaviour of generation Y in the field of hospitality and tourism. As one of the most serious threats, Veiga et al. (ibid.) mention the violation of the ordinary life of local residents, namely, tranquillity, silence, habitual way of life. In addition to this, there is a risk of an economic nature. The authors argue that renting out ordinary housing for tourists, in some cases leads to changes in the real estate market. And this, in turn, forces the locals to leave, as a result of which, places that were popular among lovers of unique and authentic places become common tourist places inhabited by travellers and tourists.

Identifying such risks, representatives of the hotel business have the opportunity to compete with the private sector. The fact that there are certain risks is evidenced by the Latvian government about the rent of apartments for tourists. Thus, in April 2019, article in Latvian Public Media (LSM.LV) reported that the Latvian government intends to regulate the rental of apartments for tourists (Anstrate, 2019). Anstrate (2019) states that the Airbnb service is becoming increasingly competitive among hotels. But if earlier more attention was paid to the tax payments of such tenants, now the government intends to regulate also the responsibility and certain rules that should be followed by accommodation providers. Thus, at the government level, such a service as Airbnb admits, there is a clear idea that such a product as renting private housing and apartments to tourists exists and is located in the hospitality industry. Regulation of such issues by the government allows hotels to create a more specific portrait of their competitors.

Analysing the existing studies, it can be concluded that the most suitable for the Millennials hotels for comparison with Airbnb are three- and four-star hotels. This conclusion is confirmed by Veiga et al. (2017), where they claim that the Airbnb service has the strongest negative impact on the middle-class hotels. The authors believe that this may be due to the most reasonable price, both in middle-class hotels and apartments in the service of Airbnb. Other researchers also emphasize that the Airbnb service, as part of the sharing or collaborative economy, is a competitor for middle-class hotels. Thus, Jeroen Oskam and Albert Boswijk (Oskam&Boswijk, 2016) in their research paper "Airbnb: the future of networked hospitality businesses" emphasize that Airbnb competes with traditional hotels for the price and, first of all, damages middle-class hotels in the hospitality market.

Therefore, the key findings of the literature review state that today, the topic of studying the factors influencing accommodation choices for Millennium tourists is relevant. Millennials are the main generation of consumers who shape future trends, influence the tourist offer, and have an influence on the formation of the opinion of the older generation.

Methodology

The first research method that is used in current paper is qualitative method in the form of studying the Latvian accommodation market. In order to investigate whether there is a real competition between hotels and Airbnb in Latvia, the authors will explore issue of hotels and private accommodation within Airbnb by comparing prices, services, amenities and locations. According to the CSB report on the main statistical indicators (Centrālā statistikas pārvalde, 2019), in 2018 the largest number, namely 77.1% of foreign tourists visited Riga. The next city in popularity among foreign tourists is Jurmala. According to statement that the Airbnb service has the strongest negative impact on middle-class hotels (Oskam and Boswijk, 2016), the authors have chosen 4-star hotels and apartments in the centre of Riga, as well as the city centre of Jurmala. The investigation criteria were as follows - a hotel room or an apartment for two persons, from August 1 to August 2, 2019. Sources for information for comparison are Booking.com and Airbnb.com.

The other part of the research was performed by a survey method, using questionnaires. Current research was aimed at a specific segment of consumers - the generation of Millennials. A survey using questionnaires allows to find out the preferences of a particular market segment in the choice

of accommodation providers. Survey questionnaire was created using Google Forms. The authors have developed a questionnaire of 16 questions (see Appendix 1).

Questions 1-7 are designed to obtain socio-demographic information about respondents, in particular, to what age group, gender, income level they belong to; their place of residence, level of education and profession, as well as how often respondents travel.

Questions 8-11 provide information about preferences of respondents when traveling for accommodation providers.

Questions 12-16 provide insights into which factors influence the choice of accommodation providers among the Millennials when traveling.

Data was collected online using the Facebook social network. Participants of the Facebook student's online page were invited to take part in the survey and fill out an online questionnaire. In addition, the survey was placed in thematic groups on travel, tourism and hospitality. This was done to attract truly interested respondents in order to get the more objective answers. 34 respondents took part in the survey.

Results

The results of the first part of the research show that both services, Booking and Airbnb, have a large number of offers to rent an apartment or a hotel in Riga. In most cases in Riga, the prices for renting apartments through Airbnb are much lower than the prices for a hotel room. Moreover, the difference in price can reach 50 or more Euros. As for Jurmala, both services have a much smaller number of offers for renting an apartment or a hotel room than in Riga. This is due to the fact that Jurmala is a resort city, and for the summer period most offers are booked in advance. Both in Riga and in Jurmala, a tourist can save on renting accommodation by choosing an apartment in Airbnb, since prices start from 36 Euros for a small apartment. The price comparison results are shown below (see Fig.1).
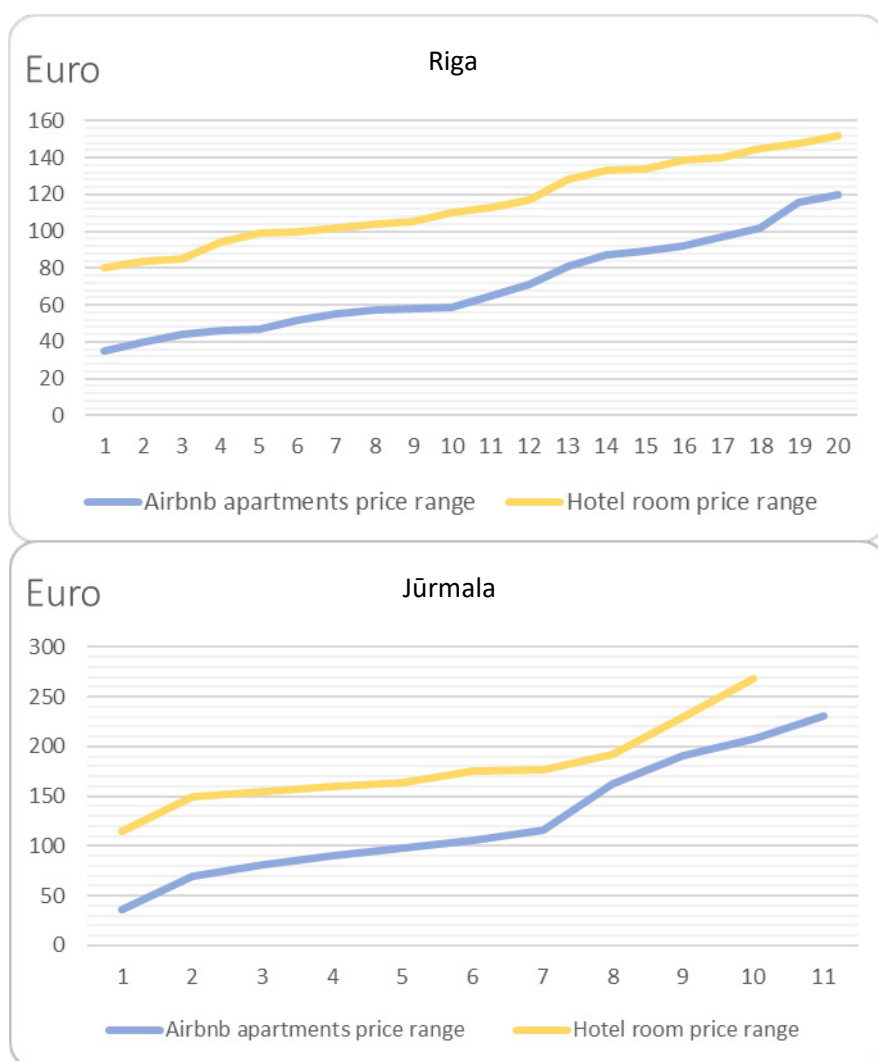
Figure 1. *Price range of hotel rooms and Airbnb apartments (Source: authors' compilation, 2018)*

Moreover, for 80 Euros it is possible to rent a two-story house on the riverside, while the cheapest hotel room will cost 115 Euros and will have the standard amenities and services that hotels offer. The Airbnb offers are from 50 Euros, as a rule, is comfortable two-room apartment with all the amenities; while, the area of the hotel room will not rise above 20-25m2. Proceeding from this, it can be concluded that short-term rental housing through Airbnb is far more benefitial. For those tourists who want to save money on rental housing and spend it better for impressions and experience, the choice will be obvious - a spacious apartment for less money than an uncapacious hotel room at a higher price.

As for amenities, apartment hosts provide all the necessary amenities for a comfortable stay. As in hotels, guests receive bed linen, towels, toiletries, air conditioning. In addition to this, there is a kitchen and additional space for work and leisure. And also, new impressions and unique

experience, meeting with local residents and their lifestyle - for example, the inevitable communication with neighbours. Unfortunately, hotels in city centres cannot provide such experience.

As for location, Airbnb accommodations are also very attractive for tourists, because most of apartments are located in the very centre of Riga and are 10-15 minute walk from the beach in Jurmala.

The results of the second part of the research show that most of respondents live in Latvia - 73%, while the other respondents come from Russia, Germany and the UK. All respondents are representatives of the Millennium generation, aged from 20 to 40 years. Most of the respondents are women (64%), while 36% of the respondents are men. A significant part of the respondents is well educated, that is, they have an education not lower than a university or college. These respondents work in management positions and have a monthly net income above average by Latvian standards.

Question Nr. 7 (How often do you travel?) shows that the majority of participating in the survey respondents (67%) travel more than once a year, which characterizes them as active travellers.

Despite the fact that 67% of the respondents choose hotels when traveling, 33% still prefer providers of short-term rental accommodation, such as Airbnb. It is noteworthy that this figure tends to increase, since 73% of those who prefer hotels for short-term rental accommodation have never used short-term rental services. Consequently, there is a possibility that they will change their opinion if hotels do not make efforts to attract this particular market segment, i.e. generation Y.

In addition, the results partially confirm the hypothesis of this study, since 33% of respondents confidently choose a short-term rental accommodation instead of hotels. Such results show that many travellers consider different accommodation options, and the choice is not always made in favour of hotels.

The most popular hotel types among respondents were 3- and 4-star hotels. These results confirm the findings of the literature review, the theoretical part of the study, which states that short-term rental accommodation competes with middle-class hotels and is capable of harming this particular category of hotels (Veiga et al., 2017).

According to the survey, hotels are still popular due to their services, facilities and security. At the same time, the high price and the boring and unified interior design push the Millennium generation away from hotels.

Short-term rental accommodation, like Airbnb, on the other hand, attracts the Millennials by a lower price, while at a lower price they get the availability of additional space, a kitchen, more spacious rooms, and all the necessary amenities for a comfortable stay. At the same time, short-term rental accommodation has very big disadvantages. The likelihood of the risk of communicating with an unpleasant host, difficulties at check-in and check-out, as well as security issues - all these factors occur when the traveller chooses short-term rental accommodation, e.g. Airbnb.

And finally, the survey has revealed incentives that can influence the choice of respondents and force them to choose a hotel instead of a short-term rental accommodation. Thus, the high price is still the weak point of hotels. Most respondents would choose hotels if they could get a discount when booking, get a free breakfast or dinner, as well as the opportunity to use the spa for free, and so on. In addition, such incentives as automated processes, technological innovations in hotel rooms, the uniqueness of the hotel interior correlate with the trends of hospitality for 2019.

Conclusions

The main aim of the research was to identify the factors influencing choices of accommodation providers for Millennial tourists. The main characteristics of the Millennium generation have been revealed, such as everyday use of various gadgets, adherence to information technologies, unwillingness to own something, for example, real estate or a car, a desire to get unique and memorable impressions, as well as a desire to save money.

According to Veiga et al. (2017), this generation will transform global tourism. Since the Millennium generation is the main generation of consumers (United Nations, 2017), they influence the hospitality industry and shape demand. Thus, the Millennium generation has contributed to the growing popularity of the sharing economy in recent years. Besides, Veiga et al (ibid.) claim that the unemployment rate among the younger generation is high, and the salary level is lower than that of the older generation, both in Europe and the USA, which makes the Millennials tend to choose sharing or temporary possession because of low income. On the ground of this information, it can be concluded that this can be reason of increased popularity of such services as Airbnb.

However, with the help of a survey conducted by the authors among the Millennial generation, it has been revealed that most of the Millennials surveyed have a good education and the monthly net income is above average by Latvian standards. And despite this, many still prefer the sharing economy, for example, short-term rental accommodation, e.g. Airbnb service.

Thus, using services such as short-term rental accommodation, representatives of Millennials receive what is really important for them - a unique experience and possibility to save money, which can later be spent on impressions. This characterizes this generation as a savvy consumer. Such a conclusion also correlates with one of the trends in the hospitality industry - obtaining a unique experience and focusing on impressions (World Travel and Tourism Council, 2019). If, when booking a hotel, a traveller surely knows exactly what awaits him, then booking an apartment in the private sector is a unique experience that can deliver memorable impressions of immersion in the local culture and community.

In addition, using the information obtained during the study, the authors can answer one of the important questions posed at the beginning of the study, namely - Is the private sector a competitor of hotels among the Millennial generation? Having explored the accommodation market in Latvia, the authors came to the conclusion that the private accommodation sector is definitely a competitor for hotels, especially among the Millennial generation.

Along with the hotel offers, there are also a lot of offers from the private sector in the market. And while the hotel offer is limited to no more than 25m2 at a high price, offers, for example, in Airbnb, are more attractive not only with the lower price, but also with the presence of comfortable amenities and additional space. This means that a tourist can cheaper rent a clean, comfortable, spacious apartment in the city centre, close to all the necessary services and attractions. However, a survey conducted during the research showed that there are negative sides to short-term rental accommodation in the private sector. In addition, hotels have such characteristics that the private sector is not able to offer to tourists.

Based on these findings, the authors are able to develop justified recommendations for hotels, thereby answering the second important question posed at the beginning of the research, namely - Can hotels compete with the private sector for such a market segment as Millennials?

Recommendations

The survey results show that each type of accommodation provider, both hotels and the private sector, has its advantages and disadvantages. The bottom line is that the private accommodation sector has significant drawbacks, due to which it loses its attractiveness in the eyes of the traveller. The most significant shortcomings are the lack of security that private accommodation owners must guarantee and the likelihood of facing the hostility of the owner himself. The advantages of the

private sector over hotels are a lower price compared to a hotel room, the availability of a kitchen, and the opportunity to get a unique experience. At the same time, the reason why many people do not choose hotels is a very high price, though the advantages of a hotel are much greater, for example, services, amenities and safety.

As a result of the research, the authors can provide some significant recommendations for hotels, how to compete with private sector in order to attract Millennium generation:

Adjust the marketing message with emphasis on Local and Authentic: the right marketing message can convince the travellers that the hotel is the place where they can join the local culture. For example, work with local suppliers, use of products in a hotel restaurant, grown on a local farm;

Make each room different / provide variety: it is necessary to get rid of boring interior design. Each hotel room can be made in a unique style. Or lobby can be turned into art gallery in cooperation with local artists;

More flexibility / less strict rules: hotels need to be more flexible and need to review some strict rules. For example, cancellation policy, uniforms of workers, etc. Everything should be more relaxed, free and simple;

Implement latest hospitality digital technology: hotels can improve guests experience by implementing technologies in work processes. For example, automatic check-in or check-out or availability of different gadgets in hotel rooms;

Advertise additional services and amenities: restaurant with local cuisine on site, spa, gym, free parking on site. Such services save traveller's time;

Interact with the government to ensure that the private sector complies with the same regulations, policies and payments as the hotels do. This will help to equalize or align the prices between hotels and private sector accommodation.

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TRIPADVISOR REVIEWS AND GAP ANALYSIS OF THE ONLINE REPUTATION: THE CASE OF PULLMAN RIGA OLD TOWN HOTEL

Alina Rodcenkova

HOTEL SCHOOL HOTEL SCHOOL Hotel Management College, Riga, Latvia, alina030601@inbox.lv

Abstract. Customer satisfaction and the management of customer expectations are a strategic component to the sustainability of any organisation. The aim of this paper is to examine the customers' perception of service quality and its impact on Pullman Riga Old Town hotel's reputation. A qualitative research method has been used and data has been collected from the social media website TripAdvisor. Hospitality industry faces numerous challenges concerning handling of the user generated content, especially on travel review sites and is trying to be actively involved in creating and maintaining its reputation. This study provides important insight into guest experience, which can be utilised by Pullman Riga Old Town hotels' management to understand perceptions of visitors and, thus, enhance their services. The hotel departments have strategies for meeting and exceeding customer expectations and especially of dealing with customer complaints, which is important for organisational stability. Furthermore, it is recommended that future studies adopt more samples, as well as diverse contexts to be able to get an in-depth insight into hotel guest's experience.

Keywords: gap analysis, online reputation, reviews

Introduction

Understanding consumer behavior through examining consumption helps to realize guests' preferences, likes, and dislikes concerning services provided. One of the ways guests share their experiences is through the use of social media websites (Albarq, 2014). Among these websites, TripAdvisor is the most popular and many visitors use it frequently when choosing hotels because the site makes it possible to share videos, photos, and have a conversation with other people. The purpose of this research is to provide a review of the literature related to hotel's guests experience and to investigate guests' experience based on data available on the Internet about one of five-star hotels in Riga- Pullman Old Riga Town. The findings of this study will help to understand the preferences of Pullman Old Riga Town hotel guests, especially its online reputation. The study findings will also be beneficial to the management of the hotel, offering more insight into their guests' preferences, which will help to manage their experience.

Literature Review

The online reputation of a company is an open process where customers share their evaluations and opinions about firms through social media, which are available on the Internet. These opinions form an image of a certain company, product or service, and they have the ability to develop an emotional state that influences customers' purchasing behavior. Popular reviews' aggregator TripAdvisor operates as online travel guide offering free user generated reviews of travel-related contents. The evaluations on TripAdvisor can be transmitted through quantitative ratings or qualitative comments where the customers write about their experience, circumstances, and comment on the product or service quality. Thus, service quality is a measure, which is usually quantitative, whereas satisfaction is based more on qualitative evaluations of the experience and the emotions of guests. Customer satisfaction can be analyzed from four points of view: price; guest wants; the quality obtained for the price paid by a customer; and, finally, what a client gets from hotel (Larsen, 2007). Customer expectations are influenced by word-of-mouth communication, personal needs, and the client's experience (O'Connor, 2010). The expected service is generated, taking into account the information available on the Internet. The quantitative information is available on the tourist opinion portal – TripAdvisor, which is statistically reliable and valid (Albarq, 2014). This study aims to develop a methodology to identify the main gaps that need to be considered in order to effectively manage a company's reputation through online channels. To achieve this, it is necessary to include new concepts related to the coherence, veracity, and intensity of the online reputation, in order to obtain customer satisfaction and high competitiveness.

These concepts will form the basis for the SERVQUAL model. Such model presents five gaps that must be managed in order to obtain a competitive online reputation with a great impact on customers. The first gap arises when an organization's knowledge of customer expectations is lacking and it is named knowledge gap. The second one is standards gap, when the organization has already formed its own idea about what the customer expects from their service. If this idea is wrong from the beginning and does not correspond to what customers actually expect, there is a significant risk that the organization will translate it wrongly into a quality policy and corresponding rules. The delivery gap occurs when the organization offers service that is different from what the consumer had expected. Communications gap arises when the organization communicates and promises things that are not in line with what they can actually deliver. The last one is satisfaction gap, which happens in case of difference between the service customers expects and the service they actually experience. That is, the comments of the guests are the result of the work of filling in all five gaps of the SERVQUAL model (Molinillo, et al. 2016).

Methodology

This research uses personal experience of the author and a content analysis method in the data collection. This approach has been used as a qualitative research technique. Relatively, this research study attempts to analyze what may be termed as consumer behavior especially for guests of the hotel, based on their experience. Qualitative content analysis method significance is based on its ability to clarify what was said and through which channels and who was being addressed. The study uses TripAdvisor because of its readily available data on the research study subject. In comparison with other social media websites, TripAdvisor is the best option for the researcher to collect data from. The website has an improved rating system compared to other social media websites. This makes it an important tool for providing the right set of data which will eventually lead to valid results after interpretation.

Results

Taking into account the different aspects of the Pullman Riga Old Town hotel' guests experience, the essential and relevant data collected from the social media website TripAdvisor, it is possible to understand the different views and opinions expressed through the guests' comments. Pullman Old Riga Town hotel has been chosen as one of the five-star hotels, which has won the Baltic Real Estate Awards 2017 prize in the top 5 of the best Baltic hotels and was in the list of TripAdvisor Travelers' Choice Awards in 2018. The study focuses on guest comments and the following table presents an overview of the overall comments posted by Pullman Old Riga Town hotel guests and their characteristics based on the website analysis. Overall, Pullman Old Riga Town hotel has such ratings (see Table 1):

Table 1. *Number of TripAdvisor reviews about Pullman Riga Old Town hotel (Source: made by the author, 2018)*

Traveler rating	Traveler type	Time of year	Language
Excellent (302)	Families (68)	Mar- May (125)	English (278)
Good (163)	Couples (199)	Jun- Aug (164)	Russian (78)
Average (60)	Solo (38)	Sep- Nov (147)	French (54)
Poor (21)	Business (181)	Dec- Feb (120)	German (41)

Terrible (10)	Friends (70)		Other languages (105)

The table shows four different aspects of reviews about the Pullman Old Riga Town hotel. This has been obtained directly from the visitors while different elements of visits have been categorized so as to highlight the different visitor dynamics according to the traveler type; time of year, when review was written and the language of the feedback. For instance, the traveler rating is based on a five-point scale: excellent, very good, average, poor and terrible. It is evident that most of the travelers' ratings (302) are excellent and only 10 ratings stand for terrible. This shows that most guests have had good experience with the hotel services and facilities. Furthermore, the traveler type has also been indicated with the categories including families, couples, solo, business and friends. Couples number account for 199, while business travelers follow closely with 181. This indicates that the hotel is an important destination for businessmen and couples as compared to friends and individual guests. Another important aspect that has been determined is the chronological aspect in terms of the time at which guests were living in hotel. From March to May 125 reviews have been received, from June to August - 164, from September to November - 147 and from December to February 120 reviews. The last criterion is the language with English being the most used language with 278 reviews as compared to other languages.

After the check-out, the guests of the hotel and the hotel management also stay in touch and the management on a constant basis reacts to the guests' feedback. If it is positive, managers thank the guests, if the review is negative, they apologize and promise to converse with their colleagues not to allow the situation to occur again. If the review is more than negative, the management contacts the guests, addressing them personally in writing.

Recommendations

Despite the fact that the overall rating of the hotel is 4.5, and most of the reviews are positive, many of them have a noticeable description of the shortcomings, although the overall impression of the hotel is more than good. In general, being a five-star hotel, part of a large hotel chain and a franchise, the hotel must comply with the level that is set by the quality of service of other Pullman hotels in the world. To improve services, the SERVQUAL model is most often used. This model of measuring service quality helps to fill all five gaps, which usually are not taken into consideration by hotels' management. For better understanding the SERVQUAL model is provided (see Fig. 1).

The SERVQUAL model shows how the experience is measured based on the customer's perceptions. It is an external analysis of customer needs in relation to the quality of the service they experienced. Because of that, the focus is always on customer needs and not on the measuring system or the organization's perception; the way they would like to see themselves. Furthermore, when determining the customer needs, the gap between customer expectations and the actual service customer experience, guest needs should be taken into account. In order to improve the service offered to the guests or, even better, to raise their expectations - the SERVQUAL model offers a specific algorithm of actions, how the relationship between the guest and the hotel employees is formed.

All the recommendations to improve guests' experience are based on five gaps: knowledge, standards, delivery, communications and satisfaction gaps.
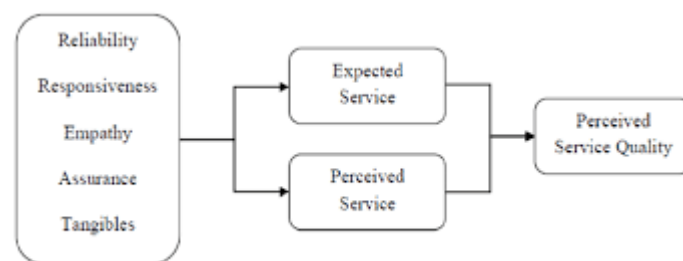

Figure 1. *SERVQUAL model (Source: Researchgate.net)*

Knowledge gap arises when an organization's knowledge of customer expectations is lacking. To fill this gap, management might do research in a form of a survey; make an on-site observation or hold an interview with various stakeholders. Questionnaires or an interview can be used before, during or after guests stay. It will help to collect all the necessary information about expectations and reality.

Standards gap is wrong idea about customer expectations, which does not correspond to what customers actually expect. To fill the second gap, employees should work according to Pullman hotels' standards, and Pullman hotel in Riga cannot fundamentally differ from other Pullman hotels around the world — there is one set of rules in Pullman hotels that employees know, because management provides trainings and special exams. The second solution for filling this gap is to work according to Leading Quality Assurance standards - the standards written specially for five-star hotels.

Delivery gap arises when service is different from what the consumer had expected - the problem between expectations and reality. To fill the third gap employees should be motivated to deliver brand promise. It can be done by providing trainings and at the Pullman Riga Old Town hotel these

trainings are conducted by the general manager. The training lasts for two days, during which new employees are introduced to the Accor hotel group and the Pullman brand. Also, employees should have knowledge about all services, provided by the hotel, so that any employee could answer the guest's question without making him\her wait. In addition, the employees themselves will feel more confident.

Communications gap arises when hotels' employees' promises are not in line with what they can deliver. The main solution is to be honest - not to mislead the guest. The employee should not give information that is not confirmed. To do this, management needs to notify employees about any changes and give them additional information.

Satisfaction gap means the difference between the service customers expect and the service they actually experience. For the last gap there is only one recommendation- to see each guest as an individual. For this, it is necessary to talk with the guests, for everyone to find a personal pace of conversation and create the necessary voice projection (Mulder, 2018).

By following the recommendations, it is possible to improve the service, the result of which will have impact on the reputation of the hotel and on the feedback left by the guests. The SERVQUAL model is a fairly easy helper and an example of how interaction between a hotel and guests is created.

Conclusions

Today, online reputation is a key factor in companies. It takes place in the open environment of the Internet, where customers share their opinions. The information transmitted through online channels directly influences customers' buying intentions, the company image and customer expectations. Therefore, it is necessary to develop a new gap analysis model of online reputation that allows hotels to transmit values to their customers that are in line with the level of quality of service they are offering. For this reason, it is worthwhile analyzing different groups of guests, as different situations and facts may affect their expectations and behavior. To conclude, this study has provided insight into guest experience, which can be utilized by Pullman Riga Old Town hotels' management to understand perceptions of visitors and, thus, enhance their services and stay in the TOP of the best hotels of Riga.

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PERSONNEL TRAINING AND DEVELOPMENT AS A MEANS OF QUALITY MANAGEMENT IMPROVEMENT IN EMIRATES AIRLINES

Dinara Kubedinova

HOTEL SCHOOL Hotel Management College, Riga, Latvia, dina9102@mail.ru

Abstract. The research gives the analysis of Personnel Training and Development as a Means of Quality Management Improvement in Emirates Airlines. It highlights the importance of Quality Management for the enterprise, describes its methods, and formulates the ways of improving the situation with the assistance of Total Quality Management tools. The research contains the review of appropriate and necessary literature and theory related to Quality Management, analysis of Emirates Airlines enterprise, contains data analysis and investigation of the personnel training program in the enterprise as well as the analysis of results, conclusions and suggestions for improvement based on the research data.

Introduction

Nowadays, airline industry is a very huge business, which provides a service to particularly every country in the world, as well as playing an essential role in the development of a global economy. The airline industry is one of the major economic forces, due to its own operations and its influence to related industries such as manufacturing and tourism (Belobaba, Odoni & Barnhart, 2009). Airlines are influencing the global economy, because they link regional economies with the rest of the world (Wensveen, 2016). This industry provides approximately 29 million jobs. Approximately 5 million jobs, comprise 2.1 million people working for airlines, namely as flight crew check-in staff, maintenance personnel, etc. 1.9 million people work on sites at airports in retail shops, restaurants and hotels. Around 730000 people work in civil aerospace on the manufacture of aircraft systems, frames, engines, etc. About 330 000 people work for airport operators in airport management, maintenance, security, and many other (Hanlon, 2017). Due to this, aviation organizations should realize that people are the biggest asset. "I am convinced that companies should put their staff first, customer second, and shareholders third", noted Sir Richard Branson, of Virgin Atlantic Airways (Wensveen, 2016). Thus, personnel training and development plays very important role in the overall business performance of the company and the implementation of

quality management methods to the business operation reveals the current problem and provides appropriate solutions for improvement.

The object of the paper is one of the leading airlines of the world Emirates Airlines, based in Dubai, United Arab Emirates. The airlines are a subsidiary of The Emirates Group, which is wholly owned by the government of Dubai's Investment Corporation of Dubai. It is the largest airline in the Middle East, operating over 3,600 flights per week from its hub at Dubai International Airport, to more than 140 cities in 81 countries across. Emirates Airlines are the world's fourth largest airline by scheduled revenue passenger-kilometers flown, the fourth-largest in terms of international passengers carried and the second-largest in terms of kilometers flown (Emirates Airlines, 2018). The subject of the article is personnel training (on-the- job, classroom, problem solving) and development at Emirates Airlines, which is fundamental to achieving full commitment to quality.

In spite of being one of the best airlines in the industry, Emirates Airlines faced the problem in 2018 of losing their 5th star and being certified as 4-Star Airline Rating in SkyTrax.

In order to find out what quality management methods are appropriate for improvement of the personnel training program in the enterprise the following objectives are to be met:

> to access appropriate and necessary literature and theory related to Quality Management.
> to collect the data about the enterprise, its problems, defects as well as actions that have brought to this consequence and to analyze the results.
> to provide solutions and reveal what should be done to overcome this problem and how the company can return its position in the market.

Therefore, the hypothesis of the research is that Total Quality Management will be one of the key tools in leading the Emirates Airlines to the next best leading positions in the airlines industry.

During the research the author will focus on the following question: What total quality management practices are applicable and beneficial for personnel training? By doing this research the author will aim to identify the reasons which have led to losing the leading position in the airline market by the Emirates Airlines enterprise and to find appropriate solutions linked to Quality Management.

Literature Review

At the early stage development of the Total Quality Management was influenced by several quality scholars: Deming, Juran, Feigenbaum, Crosby, Ishikawa, Shewhart and Taguchi.

Framework for achieving competitive advantages through quality management has been developed via Crosby's 14 steps (1979), Deming's 14 prescriptive points (1982), and Juran's trilogy. Each of these scholars determined a "set of key variables" significant in achieving excellent quality results. By reviewing the work of these scholars it is possible to highlight that 'customer satisfaction' and 'reducing costs' are at the basis of TQM. According to this leadership, training, use of teams and 'having the appropriate culture' are the four processes by which this two results can be achieved.

Staff training is very essential part, as well as the key function of Human Resource Management and Development. Training is significant in motivating employees and increasing productivity in the business (Wensveen, 2016). Training plays an important role in generating awareness, developing a supportive culture, building quality skills, encouraging team building and commitment to quality policy and strategy (Palo&Padhi, 2005). TQM implies a much more focused approach for training activities, that should be a part of the organizational strategy of quality improvement, namely in terms of customer service, high quality products and other. Training is guided to provide the necessary skills and knowledge for all employees in order to contribute to ongoing quality improvement. A strategic training program can be developed using both specific TQM material and more general training. TQM encompasses many skills that can be a part of a general management training program, for instance, leadership and teambuilding (Brown, 1992). Total quality management (TQM) has a significant implication for the management of human resources. It highlights self-control, autonomy, and creativity among employees and encourages preferably better active collaboration than just compliance. The strategy of quality management objectives is to determine the vision, mission, values and principles, and the purpose and goals of the company. Moreover, it includes the acknowledgment of the customers' needs (current and future) and the prospects, the review of the internal and external environment, the agreement on principles and standards, the command of processes, and the assessment and continuous improvement of business performance based on the obtained results (Etelaaho, 2003). TQM requires a reinforced training effort for several reasons. Firstly, awareness programs are essential in order to inform employees of what TQM is, how it can be introduced and what its benefits are. Secondly, cultural change is necessary in order to develop right attitudes and values relating to quality. Thirdly, ensuring people with the tools and techniques of quality improvement including establishing quality improvement

teams is necessary. Fourthly, to provide training in job roles, equipment use, and so on, so that employees can identify improvement opportunities (American Society for Quality, 2018). Palo & Padhi (2005) have emphasized training phases, namely assessment phase, planning and design phase, implementation phase, evaluation phase and communication.

Methodology

Qualitative and quantitative research methods have been used throughout this research. Qualitative research method facilitates gaining and understanding of underlying reasons, opinions, and motivations and provides insights into the problem. Author has chosen this method to uncover trends in customers' thoughts and opinions, taking into account all ethical considerations. Quantitative method provides numerical analysis of the collected data. The respondents in this research are the customers who earlier experienced the services of Emirates Airlines. Data have been collected from the respectful review platform. Employees's behavior and training have been analyzed as well.

Results

The data about customer reviews on Emirates Airlines have been collected from major customer reviews platforms such as Skytrax, Trip Adviser and Airlineratings.com.

Skytrax comprises 1535 reviews on Emirates Airlines. The overall performance rate is 6 out of 10 which includes criteria, such as food & beverages, inflight entertainment, seat comfort, staff service and value for money. Moreover, it is shown that staff service has only 3 stars out of 5. Emirates spend decent amount for personnel training in order to keep up with the world standards as well as core values of the company, however, this is a huge gap in performance and a loss of money on trainings.

Tripadvisor has 35,037 reviews on Emirates Airlines which is almost twice more than in Skytrax. Overall performance is almost 5-star rating which includes legroom, seat comfort, customer service, value for money, cleanliness, check-in and boarding, food and beverage and in-flight entertainment (Wi-Fi, TV, movies). It is also indicated that customer service has almost 5 stars out of 5.

In Airlineratings.com web site Emirates Airlines has 5.3 score out of 10 based on 367 passenger's reviews. The rating comprises overall value for money, seat and cabin space, customer service, in-flight entertainment, meals and beverages; they have also the opportunity to recommend airline or no in the review. However, there is no clarified information what overall score is for each of the criteria for rating scores from the customers.

The author has decided to use two major airline rating platforms for comparison of passengers' satisfaction level of the customer service provided on board and on the ground by Emirates Airline, since those platforms have greater number of customer reviews than other review platforms. Rating summary of customer service in Trip Advisor is 4,5 out of 5 and in Skytrax it is 3 out of 5. Figure 1 displays the percentage of customer satisfaction with the customer service of Emirates Airlines on board and on the ground, where 5 stars is considered as 100% satisfaction (see Fig.1). Tripadvisor customer service satisfaction score in percentage is 90% out of 100% based on 35,037 reviews and in Skytrax customer service satisfaction level in percentage is only 60% out of 100% based on 1535 customer reviews.
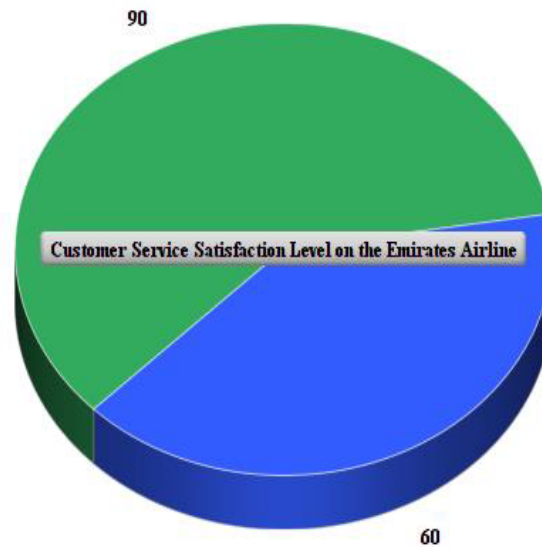
Figure 1. *Passenger's Satisfaction Level of the Customer Service Provided on Board and on the Ground by Emirates Airlines (Source: made by the author, 2018)*

Analysis of staff training and data collected for this research have revealed that even putting so much effort and money on personnel training, Emirates Airlines still faces some challenges, namely, not many customers are satisfied with their customer service onboard and on the ground (airport); they have lost their 5th star on Skytrax, where staff service has only 3 star out of 5; and according to The Emirates Group annual report 2017-18 (2018) employee number has reduced within all segments, especially among cabin crew. They have emphasized that the problem is mainly through a recruitment slowdown, natural attrition arising from retirements and resignations and new ways of working driven by technology, better processes and people management.

The Emirates Airline cabin crew staff has been speaking out their demands through strikes several times (Cornwell, 2018). This indicates that employees and management do not have strong relationships.

Emirates Airlines has a very strong positive culture and core values, especially in terms of their cultural differences. The management of Emirates Airlines should follow 14 points of Deming which suggests to promote a sharing of a common goals within their staff, which will make the company and its team work more efficiently together, which in its turn will meet the needs of the entire enterprise.

Communication should be improved within company, since it plays an important role in achieving business success. Organization's goals, vision, strategy and business policies are focused on communication of facts, data and information. Emirate Airline is in need of effective leadership and excellent management to direct their employees to achieve business goals.

Author of this work suggests to provide trainings not only for their employees, since leadership skills obtained by the management will further facilitate to better communication, empowerment of employee's through delegation, development of leadership skills necessary to influence others. International Centre for Training & Development (ICTD) provides key managerial skills for new managers and supervisor training which will help management of Emirates Airlines to achieve their personal goals as well as to lead and motivate their staff. They will learn how to effectively integrate effective planning and organizational skills that includes communication, motivation, delegation and coaching. This training costs AED 12, 121 thousand and is carried out within 4 days in Dubai. After these trainings leaders from management department may perform as coaches to motivate, delegate and engage employees within the company (ICTD Training & Development Centre, 2018).

In order to provide this training to the 10% people from the management, Emirates will need to spend over AED 15 986 386 million. 13189 are considered as 100% of the management staff. Author suggests that there is no need to provide this training to all the management staff, due to the opportunity for those participants who will go through training to become coaches. Thus, those participants would become a great asset for the company, since they will share and spread those valuable knowledge and experience obtained throughout training to others in management team and furthermore will apply all this knowledge to strengthen the overall relationship between management and staff, communication and employee engagement (see Table 1).

Table 1. *Budget for Training (Source: ICTD Training & Development Centre, 2018)*

Training	100% management staff (13 189)	10% Managements staff (1 318)
AED 12 121	AED 159 863 869 million	AED 15 986 386 million

Suitable employee training and development is one of the keys towards strengthening company's performance and level of customer service in Emirates Airlines. TQM methods can be a good tool to increase the profitability and overall business performance of a company.

- By following the TQM methods, company will ensure its own success, which involves employee participation and empowerment, continual improvement, decision making, communication, being more customer orientated, etc.
- Six sigma can assist the company to be targeted on developing and delivering high quality service and product.
- Improvement spiral invented by Juran (1995) can be used for continues improvement in business process management.
- "Do it right the first time" (DIRFT) and the idea or concept of zero defects by Crosby(1980) can be of great use by the airline, since this strategy doesn't accept the idea that even a small number of defects is admissible in the operating process.

Conclusion

The purpose of this research has been to identify the reasons which led to losing the leading position in the airline market by the Emirates Airlines. From accessing and reviewing valuable theory, it has been emphasized that employee training and development have strong relationship with quality management, and upon implementation of such training, employee performance and productivity will be improved. In order to provide necessary and appropriate training, company must evaluate the existing business performance and reveal the gaps and defects in their operations, regarding their staff training program as well as employee performance level, as well as identify the consequences for the company.

The data collected from respected review platforms have revealed that the main problem why Emirates Airlines scored low and was certified as only 4-star carrier by Skytrax, is that employees and management do not have strong relationship. Using TQM methods and theory of employee training and development, the author has provided suggestions and recommendations for training program that can be provided by Emirates Airlines to their management team. Step-by-step plan of how to recognize which training to provide, how to evaluate results, what to take into account should be developed already by the management of the company.

Emirates Airlines traditionally has had a leading position in airline industry being well-known for its superior customer service and has to keep up with its own and world standards, as well as new demand for innovative approach.

Thus, the research hypothesis, that Total Quality Management is one of the key tools in leading the Emirates to the leading positions in the airlines industry, has been proved. In order to achieve specific objectives of the company, employee engagement should be improved at all levels. To provide indeed necessary training to the employees, each employee must be evaluated and must have an opportunity to participate in right training to obtain personal benefit, valuable skills, as well as experience to deliver high quality performance. By delivering high quality services, company will aim to both keep strong position among their rival competitors and overall image of the company.

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ANALYSIS AND IMPROVEMENT OF HUMAN RESOURCE MANAGEMENT AT "PULLMAN HOTEL RIGA"

Ekaterina Kuzina

HOTEL SCHOOL Hotel Management College, Riga, Latvia, kuzina.jekaterina@gmail.com

Abstract. This research involves discovering how effective the human resource management can be at a specific enterprise. It highlights the importance of effective human resource management at the enterprise, describes its current processes and formulates the ways of improving the effectiveness of human resource management to avoid high employee turnover. For this research both methods, qualitative and quantitative, were used. The aim of the qualitative method was to find out what problems exist, what methods are already being used, what trainings already exist at the hotel. The aim of the quantitative method was to investigate and to see what potential hotel employees think about what is needed for effective work of human resource management at the hotel. Main findings are that the hotel has some problems with employee turnover, understaffed housekeeping department, good organization of selection process, effective motivation system, regular trainings for staff and good working environment. In addition, through the survey it has been found out that the most effective motivation methods are financial rewards and personal growth/career development, the most effective method of training is practical training, while the most ineffective training is online training. Moreover, as the main criteria of good working environment, pleasant working atmosphere and mutual understanding with colleagues have been named. This project can help the hotel to improve their HRM system and to see where changes for the better can be done.

Keywords: human resource management, employee turnover, motivation

Introduction

Effective human resource management is one of the tools for successful business. Productivity of any company depends on how effective and professional work of human resource department is organized. High employee turnover is the most common problem of many hotels and others hospitality enterprises. Therefore, the aim of the research is to investigate how the HR management looks like at a specific enterprise, and to suggest improvements for their HR management system to avoid high employee turnover. It can help to increase productivity of the hotel, their revenue, working atmosphere in general, etc.

The hospitality industry has had a reputation for a very high level of labour turnover for many years. Even during the recent Great Recession turnover has remained a problem in the hospitality

industry (Woods & Johanson, Sciarini, 2012). The hypothesis of the research is that the usage of effective HR management will lead to employee turnover decrease in a hotel.

Such journals as "Organizational Behavior and Human Performance", "The Academy of Management Journal", "Journal of Human Resources in Hospitality & Tourism", etc. have provided a lot of useful information about different motivation techniques and theories, employee turnover, trainings, et al.

For the research qualitative and quantitative methods will be used. For the qualitative method, an interview is organized with the front office manager at "Pullman Hotel Riga". For the quantitative method, a questionnaire is prepared for the "Hotel School" students. Both, the interview and the questionnaire will help to find out the main criteria for effective human resource management.

Literature Review

To be able to investigate what criteria are needed for effective work of human resource management (HRM) it is necessary to know what HRM is. Until the early 1960s, personnel management as a specialist function in the hotel and catering industry was almost non-existent. Today within larger hospitality companies, HRM appears to be taken more seriously (Boella & Goss-Turner, 2014). All large companies employ human resource specialists, with a range of different titles including Personnel Manager, Human Resource Manager or Director, Director of People, Talent Acquisition Manager.

The human resources department is the most important resource within an organization. The role of human resource management in organizations is to organize people so that they can effectively perform work activities. This requires viewing people as human assets, not costs to the organization. Looking at people as assets is part of contemporary human resource management and human capital management (Bianca, 2018). The management of human resources is of strategic importance to the organization. Goals cannot be attained without the best people in the appropriate position who consistently attain standards needed to deliver products and services of the correct quality (Hayes & Ninemeier, 2009).

As it was mentioned before, the role of HRM is to organize people that they can effectively perform work activities and to maximize profitability, quality of work life and profits through effective management of people (Bianca, 2018). An effective human resource management practices can be the main factor for the success of a firm (Stavrou, 2005). HR professionals should understand the

nature of the business from strategic, operational, financial, and other aspects necessary to be part of an effective team managing an organization (Human Resource Management, no date).

However, sometimes HRM is far from being effective. Main reasons of low HRM effectiveness (see Fig.1) are low level of professionalism and lack of knowledge of how to organize people and how to manage them to perform in a high level. Large hospitality and tourism organizations typically have human resources departments with staff specialists whose primary responsibilities focus on human resources concerns. However, managers in small organizations function as generalists, and they assume human resources concerns in addition to numerous others as part of their job. Consequently, managers in these operations do not have any specialized assistance for making staff-related decisions (Hayes & Ninemeier, 2009).

Motivation is the internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal (Business Dictionary, no date). Motivation creates employees' job satisfaction and good interaction between employees and customers that eventually attract a repeat business (Condly & De Pietro, 2001). Negative work environment is also one of the common reasons of low HRM effectiveness. The work environment has a significant effect on employee motivation, job satisfaction and team morale. The work environment includes a company's location, facilities, culture, interactions between employees and employers, and growth opportunities (Sumner, 2017). Another reason is not enough or ineffective trainings for employees and human resource department. Recently employed staff must acquire the knowledge and skills needed to become proficient in their positions. The more-experienced peers must obtain new knowledge and skills to keep up with an ever-changing workplace (Hayes & Ninemeier, 2009).

Figure 1. *Reasons of low HRM effectiveness (Source: made by the author, 2018)*

The consequences of low HRM effectiveness might be the following:

> The most important consequence is high employee turnover. High employee turnover rates often lead to business failure, an unmotivated workforce and lack of attractiveness to skilled workers in the hospitality industry (Surji, 2013).

> One more consequence is that employees who lack motivation may stop caring about the quality of their work, which will result in poor performance. Dealing with poor performance is an emotive issue. It is perhaps not surprising, therefore, that many organizations fail to address it (Strebler, 2004).

> While performance losses cover the qualitative effect, decreases in productivity are among the quantitative effects of the problem. The cause of decrease in productivity can be unexcused or unplanned absences and chronic lateness (Hartman, 2017).

> Another problem is low employee morale. Unhappy employees can lead to reduced productivity, poor customer service and problems with employee retention (Morgan, no date).

> All previous problems can lead to the low revenue. Because of high employee turnover a lot of time and money are spend to find and to teach new employees. Poor performance and bad productivity also influence revenue, as the level of service is also decreasing, customers are unsatisfied, as the result, hotels lose their customers, which in its turn leads to decrease in revenue.

As it was mentioned, the hypothesis of this research is that usage of effective HRM will lead to employee turnover decrease. Each time a position is vacant, either voluntarily or involuntarily, a new employee must be hired and trained. The hospitality industry has had a reputation for a very high level of labour turnover for many years. Cafes, pubs, bars and nightclubs have the highest rates of losses, caused largely by young people using the industry as an interlude between school or college and a full-time career (Boella & Goss-Turner, 2014). Figures for 2011 are shown in Table 1 (see Table 1).

Table 1. *Labour Turnover Rates by Sector (Sourse: People 1st, 2011)*

Pubs, bars and nightclubs	31%
Restaurants	26%
Hotels	25%

Food and service management	9%
Events	31%
Visitors attractions	29%
Gambling	11%
Travel and tourist services	16%
Self-catering, holiday parks and hostels	12%

One of the reasons of high employee turnover can be that many smaller employers cannot offer careers or career progression, so employees will naturally move from one employer to the other, but they remain in the industry. These can be described as "transient workers". Transient workers are most common within customer service staff (13-14% of workers) and front-line staff (16-19% of workers) (People 1st, 2011). Another reason is that many workers, such as school leavers, students and "long-term tourists" are seeking short-term employment, sometimes just to earn holiday money or to learn language, before starting their studies or returning home (Boella & Goss-Turner, 2014).

Talking about the cost of employee turnover, it ranges from $3,000-$10,000 per hourly employee, and can be even higher, in some cases the cost could be as high as 100 percent of the employee's annual wage. According to the National Restaurant Association, turnover costs for restaurant are about $5,000 or more. Separation costs are incurred immediately with the loss of current employee. These costs can also include separation or severance pay and costs related to undertaking go out interviews, maintaining documents, getting rid of names from the payroll, terminating blessings, and paying unemployment taxes. Replacement costs are those associated with recruiting new employees: interviews, pre-employment, advertising, testing, staff meetings to discuss candidates, travel expenses for candidates, medical exams, et al. (Woods & Johanson, Sciarini, 2012).

As it was said, motivation is also one of the main criteria of effective work of HRM. Motivation has been defined as: the psychological process that gives behaviour purpose and direction (Kreitner, 1995); a predisposition to behave in a purposive manner to achieve specific, unmet needs (Buford, Bedeian, & Lindner, 1995); an internal drive to satisfy an unsatisfied need (Higgins, 1994); and the will to achieve (Bedeian, 1993). Low employee motivation is one of the main reasons of ineffective

human resource management. Form the view of human resource management, motivating people is about using different meaningful factors to influence staff members in the manner that make them feel motivated to conduct the assigned task with their best effort, generate a high level of productivity, or carry out tasks at a high level. Therefore, for managers and leaders in all types of organizations, including those in hospitality industry, to effectively motivate workers, they must first help their workers to identify their interests with the company (Goncharuk & Monat, 2009).

Motivation theories provide an insight into what makes an employee perform better. It provides managers with a tool to motivate employees and helps them in understanding how the staff can be managed better. Maslow's theory (see Fig. 2) states the purpose of human existence is 'Self-actualization' and the only way that state can be attained is when the basic human needs are met.
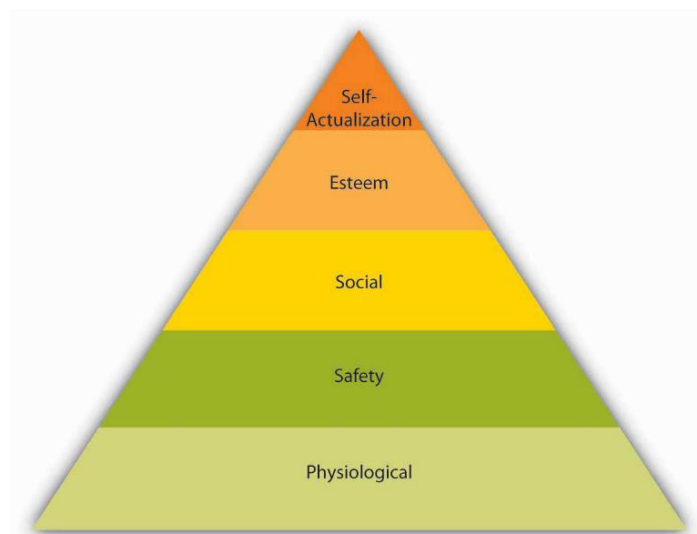

Figure 2. *Maslow's Hierarchy of Needs (Source: Maslow, 1943)*

The theory is based on a simple premise: Human beings have needs that are hierarchically ranked. As people satisfy these basic needs, they start looking to satisfy higher order needs. The most basic of Maslow's needs are physiological needs. Physiological needs refer to the need for food, water, and other biological needs. Once physiological needs are satisfied, people tend to become concerned about safety needs. Are they free from the threat of danger, pain, or an uncertain future? On the next level up, social needs refer to the need to bond with other human beings, be loved, and form lasting attachments with others (Baumeister & Leary, 1995). Finally, the final step under the need hierarchy model is the need for self-actualization, which refers to fulfilment. The term self-actualization was coined by Kurt Goldstein and means to become actualized in what one is potentially good at (Chand, 2016).

McGregor (1960) argued that traditional organizational practice approach place too much emphasis on the role of lower-order needs as motivators of workers' beliefs. In contemporary Western society, the physiological and safety needs of most workers are satisfied and this means that their behavior is more commonly motivated by higher-order needs. Moreover, Alderfer (1972) distinguished between a person's needs for existence, relatedness and growth, and McClelland (1987) argued that motivation to work reflects a higher-order need for achievement which was different from the other lower-order needs, the need for affiliation and the need for power (Maroudas et.al, 2008).

Frederick Herzberg approached the question of motivation in a different way (see Fig. 3). By asking individuals what satisfies them on the job and what dissatisfies them, Herzberg came to the conclusion that aspects of the work environment that satisfy employees are very different from aspects that dissatisfy them (Herzberg, 1965).

Figure 3. *Two-Factor Theory (Source: Herzberg &Mausner, Snyderman, 1959)*

Herzberg labelled the job satisfiers as motivators, and he called hygiene or maintenance factors as job dissatisfies. Hygiene factors included company policies, supervision, working conditions, salary, safety, and security on the job. In contrast, motivators are factors that are intrinsic to the job, such as achievement, recognition, interesting work, increased responsibilities, advancement, and growth opportunities. According to Herzberg's research, motivators are the conditions that truly encourage employees to try harder. The theory can be a valuable aid to managers because it points out that improving the environment in which the job is performed goes only so far in motivating employees (Herzberg, 1965).

Different motivation methods can be used in order to increase effectiveness of human resource management. In reward method, employees constantly look for payoffs for their efforts. They expect that good job performance will lead to organizational goal attainment, which in turn leads to satisfying their individual goals or needs. Challenging job method is based on job enrichment. Job

enrichment means building motivators like opportunities for achievement into the job by making it more interesting and challenging. Usage of merit pay method's main idea is that a merit raise is a salary increase, usually permanent, that is based on the employee's individual performance. Using spot awards method, a spot award is one given to an employee as soon as the laudable performance is observed. These awards are consistent with principles of motivation because they are contingent on good performance and are awarded immediately (Sajan & Sankar, 2016).

Trainings are very important for HRM effectiveness. Training is a process that provides new and currently employed staff with the short- and longer-term knowledge and skills required to perform successfully on the job. The effective training is performed-based. It should be planned and delivered systematically to help trainees become more competent in the tasks that are essential for on-job performance. Then the success of training can be demonstrated by considering the extent to which knowledge and skills improve as a result of the training (Hayes & Ninemeier, 2009). There are three main components that an individual requires in order to do a job effectively: knowledge, skills and attitudes. Each of these can be developed or improved upon by effective training (Boella & Goss-Turner, 2014). Training must also be cost effective: the improved performance gained as a result of training must be greater than the cost of training (Hayes & Ninemeier, 2009).Training is important for all hospitality personnel because it is the best way to assure that staff members can make maximum contribution to the organization's success. This is critical because, in the labour-intensive hospitality industry, staff members are an organization's most important asset. Training is also important because managers have an obligation to help their employees achieve pride in their work and to enjoy doing so. These human concerns are met in a culture of respect that begins with training experiences that yield staff members who have the knowledge and skills necessary to be successful on the job (Hayes & Ninemeier, 2009).

Effectiveness of HRM depends on different factors, for example, how motivated the staff is, in which condition the work environment is kept, how effective and professional trainings are organized and planned. For effective HRM the level of employee turnover should be controlled. As it was mentioned before, the level of employee motivation, play a significant role in HRM effectiveness. Motivation creates employees' job satisfaction and good interaction between employees and customers that eventually attract a repeat business. Effective trainings help staff members feel good about themselves and their employers. In addition, those employees who are properly trained are less likely to leave, which leads to decrease of employee turnover. Keeping these criteria in a high level and also improving them will lead to employee turnover decrease,

revenue increase, better employee relationships with management and a better state of an organization.

Methodology

For analyzing the human resource management, "Pullman Hotel Riga" was chosen. It is a part of the international brand Accor Hotels and Resorts lying in the heart of Riga's historical centre and neighbouring the Dome Square, Parliament, National Theatre, Freedom Monument, and National Opera.

To analyze the work of human resource management at "Pullman Hotel Riga", an interview with front office manager Terezē Vecvanaga, was arranged. She was asked 20 questions about the work of their human resource management, which problems they have, and what they are already doing in order to improve their performance. The reason for choosing the front office manager, but not the HR manager, is that the hotel does not have separate human resource department. In "Pullman Hotel Riga" all managers of different departments are responsible for HRM only at their departments. Therefore, it was decided to choose one department and to investigate how they organize the work of HRM.

During the interview, it was investigated that the position, which is left more often, is housemaid. However, it was said that usually people are fired from this position, rather than quit this position themselves. The reason of such situation is that it is very difficult to find responsible person, who will understand the work of equipment, who will listen, understand, and implement instructions, who will pay attention to details. Next topic to discuss was employee turnover. The manger states that employees do not leave too often, however, still 2-3 employees can quit their job in every 2-3 month. It was also said that hotel does not have very high employee turnover, and they do not have any statistics about it, which is a problem, because they cannot prove it and see how really the employee turnover influences the hotel. For example, the hotel has had such situations when employee quitted the next day after he started working.

At "Pullman Hotel" a lot of attention is paid to motivation. Every month, every department selects an employee of the month. An employee receives different bonuses and presents, like cash bonuses, free night stay in one of the Accor Group hotels, etc. In addition, the hotel organizes different competitions among employees. For example, an employee, who will sell the most rooms, will win two tickets to the theatre and so on. Different discounts and bonuses are also provided. Every day,

each department organizes a meeting, like mini-training for employees, where they discuss difficulties, which were faced during the day and other questions, which employees may have. Once a quarter, the Accor Group organizes a big training session, which lasts one or two days. Such trainings include both theoretical learning and practical classes, where employees refresh their knowledge and also receive new ones. The hotel believes that such trainings are very effective, as the management sees a big progress in employees' productivity. Unfortunately, to get the information about cost of such trainings is unavailable.

Talking about working environment, it has been investigated, that at "Pullman Hotel" a lot is done to provide employees with pleasant atmosphere and good working environment. The hotel offers employees free lunches, well-equipped rooms for breaks, dressing rooms, bathrooms, and even a separate patio for smoking. The manager has been asked a question about what the main criteria for effective work of HRM are. The manager believes that gratitude is very important, every employee should know that his/her work is highly valued - with words, bonuses, premiums, etc. There should be no evil people in the team, therefore, they create a team where everyone listens to each other, can help if it is needed and where the interests of the team are put higher than the interests of each employee. The hotel tries to create a friendly atmosphere by celebrating employee's birthdays, name-day, etc.

For data collection, in addition to the qualitative method, quantitative method was used. For quantitative method, a questionnaire was prepared. Participants of the research were "HOTEL SCHOOL RIGA" students, who are potential employees for the hotel. It was decided to choose this group of people, because the aim of the questionnaire was to investigate and to see what potential hotel employees think about prerequisites for effective work of human resource management at the hotel. All results are shown in numbers and percentages. Questionnaire comprising 10 questions was prepared and offered to 25 students. The survey was created at www.visidati.lv. Students were asked about what they think is better, to have a separate HR department or the manager of each department responsible for the HR processes at his/her department? The result is shown below (see Fig. 4).
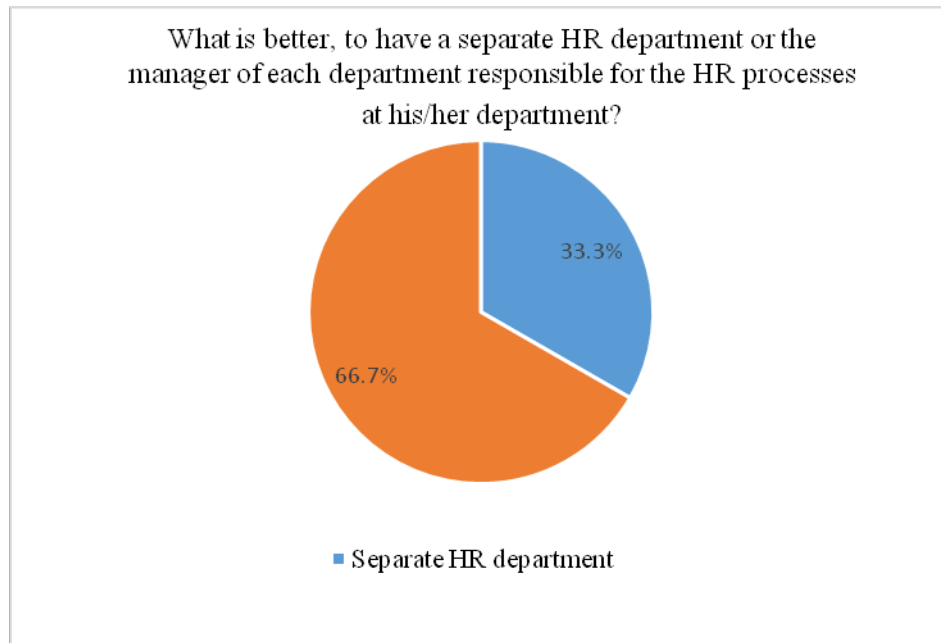
Figure 4. *Separate HR Department VS Manager of Each Department (Source: made by the author, 2018)*

As it is seen from Fig. 4 66 % of participants support the system, which "Pullman Riga Old Town" is using, where manager of each department is responsible for HRM at his/ her department. Participants explain it as each department manager knows better, how everything is running in their department. In addition, managers of their own departments know better, what day-to-day operations their employees perform, and what kind of skills set is necessary to effectively accomplish these tasks. However, about one third of respondents have an opinion that it is more effective to have a separate HR department. The majority of them noted that it depends on the size of the company, if it is a large company, department managers will have many other duties, in which case it is better to have a separate HR manager.

Another question, which the participants were asked is what they think about motivation, whether it is an important factor for productive work of staff. The result is that all 25 participants answered that motivation is important. However, as there are different methods of motivation, participants were asked to choose, which motivation methods is the most effective for them. The results are that financial rewards are in the first place with 42 %, then goes personal growth and career development with 38 %. 14% of the respondents think that having a mission everyone will want to support (common goals will unite and motivate employees), also can be an effective motivation method. What is interesting, only one respondent has chosen recognition (regular monthly events

"Employee of the month"), which shows that for the employees financial rewards are more preferable than a photo on the wall as "employee of the month".

Being asked about the importance of trainings, all respondents admitted that regular trainings are important and necessary for the hotel. Participants were also asked if they agree to spend additional time at work to have trainings. The majority (almost 67 %) of participants are ready to spend additional time for trainings only if they are paid, while the minority (33 %) is ready to go to trainings even if they are not paid. What should be noted is that none of the participants has answered that they will not go to the training, which shows the importance of this activity. Continuing with trainings, participants had to choose one type of training, which they think is the most effective. It is interesting that 90% of participants have chosen practical trainings and only two participants have chosen seminars/lectures. One more variant was online training, which was chosen by nobody. From this can be concluded that employees value practical trainings more than theoretical.

In addition, questions about working environment were asked. One of them was, whether the work environment plays an important role in employee productivity. All participants have given a positive answer. Another question was about the most important factor for the employees to have at their working place. There participants had an option to choose more than one answer. As it is seen below (see Fig. 5), the most important factor for the respondents is good working atmosphere (47%) and mutual understanding with colleagues (31 %). Well-equipped rooms for breaks and enough time for breaks were rated lower; however, some people also see them as important factor for good working environment.
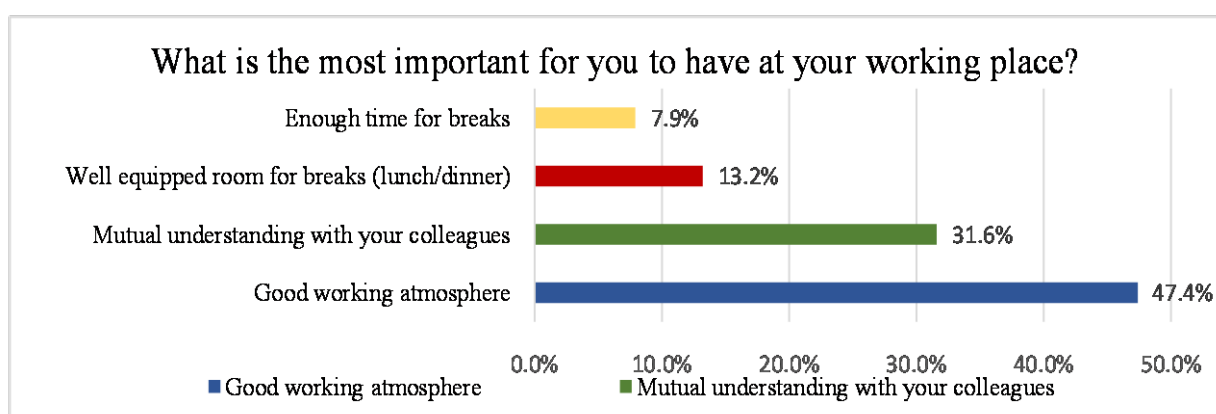

Figure 5. *The Most Important Factors for Good Working Environment (Source: made by the author, 2018)*

Moreover, respondents were asked to tell if they had had such work experience when they quitted their job after working there for a while. The majority answered that they had not had such experience, though there were some students who had. The reasons were the following:

• working process was passive and boring;

• no career prospects;

• unpleasant atmosphere and extremely long shifts without any breaks;

• poor communication;

• have found a better job;

• bad working environment;

• badly motivated colleague and rapid decline of productivity during the working week.

Results

After the interview at "Pullman Hotel", some problems have been revealed. One of the problems is that the hotel does not have any statistics about their employee turnover, which hinders to see how really the employee turnover influences the hotel performance. The suggestion can be to start calculating an employee turnover. Managers must realize that turnover is a problem and that something must be done about it. The calculation of employee turnover can be done by two formulas. One method of calculating turnover rates is to divide the number of terminations for a time period by the average number of employees for the same period. A second method adjusts the turnover rate by the loss of undesirable employees (desirable turnover). Usage of such formulas and methods will help to control and to monitor the level of employee turnover, and when the result is unsatisfying, the hotel will see that improvements are needed. There exist different methods of reducing employee turnover. For example, to contribute to company's culture by finding and hiring employees who will fit the culture of the organization. This will reduce turnover, because the people hired will share the values of that company and will feel at home there. In addition, it is necessary to find out why employees leave. This information can be useful during the selection process of new employees. One more effective method is to give employees a voice. Employee can share opinions through grievance procedures, suggestion systems, formal/informal employee-management meetings, counseling, etc. Implementing incentive programs is also a very good method how to reduce employee turnover. Different hotels use such programs, for instance, some

have developed scholarships programs for employees and their relatives, also programs in which employees earn points that turn into year-end bonuses.

To increase motivation it can be suggested to implement one of the motivation theories, e.g. Maslow's Hierarchy of Needs. The main idea of this theory is to show employees their value, by making them understand that even the low level employee, like housemaid, is very important for the productive work of the company. In addition to all cash bonuses, employee of the year, premiums, the "Pullman Hotel" can also implement such thing as providing child care and family counseling. A high percentage of employees in hospitality industry are women with children or women of child-bearing age. This is also a good method to show the importance and value of the employee. As it was mentioned, the "Pullman Hotel" has a problem with housemaids. Usually housemaids is a group of women discussed above and this programme can help to keep employees at this positon as there are not so many hotels which provide such an option for their staff. Such programme can include financial support, like cash bonuses (+ €50 to the salary) for employees with children aged 1-5 years old; assisting to find place at the kindergarten; more flexible schedule for employees with small children. It can require additional investment, however, such method is something new for employees in Latvia, therefore, it can attract more high skilled employees, who were not able to work because of their children.

In addition to all previous suggestions, improvements in trainings can also be recommended. The "Pullman Hotel" has everyday mini-trainings, which the author considers not very effective and necessary. The author believes that it would be enough to have a small meeting at the end of the week, but not every day. Employees may feel tired of such everyday sessions, given that they are tired after a long working day and do not have a lot of enthusiasm to go to the training. In addition, the questionnaire has shown that 70 % of employees do not want to spend their time for trainings if the time spent on them is not paid. Unfortunately, there is no information if the "Pullman Hotel" pays for the time spent on trainings, though this might be advisable.

Talking about trainings it can be suggested to organize some language courses, for example to organize Spanish courses if the majority of hotel guests are Spanish. Guests are always satisfied and pleasantly surprised when staff can speak their language. Trainings usually pay off due to increase in sales. Disadvantage of such trainings can be that every person needs different time to learn the language. Solution can be to check how progressive the employees are at their learning by testing. Those who have good results will be awarded with some cash bonuses in addition to their salary for the next month. How big the bonus is, will depend on how good the results are. The cost of such training can be about €170 for one course.

One more suggestion regarding trainings is online trainings. Despite the fact that according to the results of the questionnaire, no one has chosen online training as the most effective method of training, the author still suggests to implement it. Such result of the questionnaire can be because of lack of knowledge and experience of such online trainings. Companies have discovered in recent years that e-learning is flexible, can be accessed on demand, and can be tailored to business and industry at low costs (Solomon, 2010). To organize such trainings, several providers can be suggested. One of them is Flow Hospitality Training, which is a UK provider of online learning solutions for the hospitality sector. One of their offers is Hotel Receptionist & Opera PMS Hotel Software. This four-week course covers standard hotel procedures, extensive use of Opera PMS Hotel Software, Brand-standards of 5* Hotels, etc. The cost of such training is €52. An online training certificate is provided when a student successfully passes the exam. Another company to suggest is Hospitality LMS Provider – Litmos. Litmos is a learning management system (LMS) provider that offers a great solution for the hospitality industry (and other industries). Utilizing their LMS will make it easier to develop and deliver high quality and cost-effective online training. The advantage is that the platform also provides extensive tracking functionality that will help to determine whether training is actually useful (for example by comparing retention rates before and after training). The price for access is € 4-8 per month, depending on the amount of employees.

The author believes that if the hotel makes improvements suggested by the author, the "Pullman Riga Old Town" has all chances to become even more productive, more professional, increase their effectiveness of human resource management and to make their staff even happier and more satisfied with their working place, with the management, etc.

Conclusion

A good HR department is critical to an employee-oriented, productive workplace in which employees are energized and engaged. Effectiveness of HRM depends on different factors, for example, how motivated the staff is, in which condition the work environment is kept, how effective and professional trainings are organized and planned.

After analyzing the HRM and level of employee turnover at "Pullman Riga Old Town", the hypothesis of the research, which states that the usage of effective HR management will lead to employee turnover decrease in a hotel, has been confirmed. The effectiveness of the HR directly influences the level of employee turnover, the more effective the work of human resources is, the

lowest employee turnover the company has. Moreover, such factors as employee motivation, good working environment, effective trainings, good relationships between employees, also influence the effectiveness of the HRM and as a consequence have impact on the level of employee turnover. Possible expenses to implement some programmes and trainings have been proposed, for online trainings the costs can be € 4-8 per month or €52 as onetime payment, for language courses possible cost is €170 for one course, and + €50 to the salary for employees who have small children 1-5 years old.

The aim of the research was to find out how the HR management looks like at "Pullman Riga Old Town". After investigating their methods and their work, it can be concluded that in spite of the fact that the hotel has been operating for only one and a half year, the level of HRM is quite in a high level. They value each of their employees and want to provide them with a favorable work environment, to take care of their mental state, providing the best conditions for work, as well as to take care of their development, providing various trainings.

The results of the interview and the questionnaire have revealed that the hotel has some problems with employee turnover and understaffed housekeeping department. However, they have good organization of selection process, effective motivation system, regular trainings for staff and good working environment. In addition, through the survey it has been found out that the most effective motivation methods are financial rewards and personal growth/career development, the most effective method of training is practical training, while the most ineffective training is online training. After reviewing a lot of information and after analyzing the work of HR at "Pullman Hotel", it is clear that main criteria for effective work of the human resource management are motivated staff, high level of employee morale and performance, effective trainings and well-organized selection process.

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DEVELOPMENT OF QUALITY MANAGEMENT PROGRAMME
AT HOTEL GARNI, MINSK

Marharyta Kavva

HOTEL SCHOOL Hotel Management College, Riga, Latvia, kavva.margarita@gmail.com

Abstract. This research is dedicated to the development of quality management programme at hotel Garni, Minsk. The main aim is to develop effective quality management programme for the chosen hospitality enterprise. Both, qualitative and quantitative methods were used. Writing theoretical part, desk research is made. Analyzing current situation in the hotel such techniques as SWOT-analysis, PESTEL-analysis, Ishikawa diagram and others are used. Main principles and historical development of quality management as a science are described. The meaning of quality management in any enterprise is discussed. External and internal environment in hotel Garni is analyzed. Financial analysis of the hotel is made. Reviews of the guests are collected and processed. Possible changes are discussed with staff members and possibility of its implementation is evaluated. Based on the gained information and experience quality management programme is created, suggestions for further development are given. The final result of this research – quality management programme – is presented to the managerial staff of the hotel. The need of quality management programme at hospitality related enterprise is proven throughout the research. The developed quality management programme is approved by general manager of the hotel and started to be realized.

Keywords: hospitality, quality management, quality management programme

Introduction

The author of this research has chosen Hotel Garni, Minsk in order to illustrate the importance of quality management in hospitality industry and develop a quality management programme for this enterprise. The main aim of this work is to develop a quality management programme for hotel Garni, Minsk. The object of this research is hotel Garni, the subject is quality management at this enterprise. In order to achieve assigned aim the following research objectives were formulated:

Analyze information about quality management and its components;

Understand the current situation in hotel Garni, Minsk;

Develop quality management programme for hotel Garni.

The hypothesis states that it is highly necessary to have quality management programme for any hospitality enterprise in general and for hotel Garni in particular. For completing this research both qualitative and quantitative methods are used: literature review, staff members' interview, financial analysis of hotel Garni. Moreover, such tools as SWOT-analysis and PESTEL-analysis are used to

understand the current situation in the hotel and in the hospitality industry in Minsk. Ishikawa model is used to understand roots of the existing problems in hotel Garni. The final result of this research is a plan of Quality Management Programme for Hotel Garni, which is offered for hotel management for implementation.

Literature Review

All main information concerning quality management and possible activities can be found in the works of the following authors: Walter Shewhart; William Edward Deming; Joseph M. Juran; Philip Crosby; Kaoru Ishikawa; Philip Kotler.

The first five researchers specialized in quality management and developed different tools, which now are used in quality management. For instance, Shewhart created PDCA cycle, Deming formulated 14 principles for quality management, Juran described 3 phases of quality management, Crosby formulated 4 absolutes of quality management and Ishikawa created fishbone diagram. Kotler summarized information about travel and hospitality industry in his book "Marketing for Hospitality and Tourism". It helps to understand specifics of hospitality industry.

Except the above mentioned authors, one of the sources for this research is ISO – international organization of standardization. It has created seven principles of quality management which should be taken into consideration while developing quality management programme. They are: customer focus, leadership, engagement of people, process approach, improvement, evidence-based decision making, relationship management (ISO, 2015).

As quality management is directed on long-term goals via short-time activities and initiatives, it is possible to determine the following components of quality management: determination of quality policy, creation of quality plan and its implementation, quality control and quality improvement (Investopedia, 2018).

The main goal of this research is to develop quality management programme at the specific hotel. It is clearly understandable, that one of the ways to do it is to analyse the current situation at this hotel, ask opinion of the staff members and guests and based on the results develop the quality management programme.

Methodology

In order to understand the theoretical part of quality management, desk research has been made. The historical development of this science has been analyzed and main tools, which can be used to develop quality management programme for hospitality related enterprise have been defined. They are SWOT and PESTEL-analysis, Ishikawa Diagram, Gap-analysis and RATER analysis. SWOT analysis mainly concentrates on internal situation at the enterprise (strong and weak points are defined, opportunities and treatments are described). To understand the external environment of the enterprise PESTEL-analysis is used. During this analysis different factors are described and analyzed. They are political, economical, social, technical, environmental and legal factors. After SWOT and PESTEL analysis it becomes clear, that each of described factors can be important in achieving success. One of the most popular tools of quality management, Ishikawa diagram, is used. It is also called fishbone diagram. It is used in quality management to identify potential factors causing an overall effect. Each reason or cause for implementation is a source of variation. Causes are grouped into main categories to identify and classify these sources of variation (ASQ, 2018). In addition, 5 Whys technique may be used. It is a modification of fishbone diagram, when the range of "why" questions are asked and the roots of problems can be understood more deeply. Gap analysis is a strategic tool, which is used to analyze the gap between anticipated and target results. It involves comparison of the present performance level of business with standards established previously. Following types of gaps are possible:

Current gap vision: difference between current situation and the activity vision;

Actual gap target: difference between current situation and theoretical targets;

Difference between actual performance and world class benchmarks (Ball, 2018).

The RATER model is a convenient method to measure customer expectations. It was first mentioned in 1990 by V. Zeithaml, A. Parasuraman and L. Berry. Companies can use this model to improve their individual services. The RATER model emphasizes five areas that customers usually see as important when they use different services. This model concentrates on the difference between customer expectations and customer experiences. RATER is an acronym for reliability, assurance, tangibles, empathy and responsiveness (Mulder, 2018). To analyze the current situation in the hotel Garni financial analysis has been made.

Together with the above mentioned tools and methods, staff members have been interviewed and reviews of the guests have been collected and analyzed. All the collected information about the

quality specifics at hotel Garni has been represented to its staff members at quality assistance meeting. All defined problems and their possible solutions have been discussed. Based on the results of this meeting quality management programme has been created. As the main result of this research has practical implementation, this quality management programme has been represented to the managerial staff of hotel Garni.

Results

Hotel Garni it is a 3 star hotel located in Minsk, Belarus. The hotel is located in the central part of Minsk. The building of the hotel is an architectural monument and was constructed in the 19th century. It is one of the reasons why the interior of the hotel has the eclectic style. This hotel is relatively new – it was opened only in 2012. The origin of the name of the hotel has French roots; it means "furnished room". Location of the hotel is advantageous. Bus stops and metro station are in a two-minute walk from the hotel. It takes about 15 minutes to get to the hotel from central bus station and from the railway station. The Old Town and main points of interest are not far from the hotel.

Hotel "Garni" is one of four hotels which belong to the first Belarusian hotel chain "Minotel". It is not a private, but state organization. Other hotels that belong to this chain are "Belarus", "Voyage" and "Sputnik". All these hotels have the same HR-department, Marketing department and Accounting department. But at the same time all of them are quite independent as they have their own General Manager, Reservation department, Maintenance department and an accountant. Apart from hotels there are also a travel agency and restaurants in this organization.

There are 49 rooms in the hotel "Garni" and maximum amount of people which can live in the hotel is 104. The hotel fully corresponds to international requirements for 3-star hotels. In September, 2017 the hotel was checked once again whether it corresponds to the requirements or not.

The person who controls quality in the hotel is general manager. The current situation of the hotel is quite good. All the complaints are answered in time (usually the time of response is no more than 12 hours).

To secure the best quality it is important to understand needs and expectations of potential customers. It is also important to understand, if received services correspond expected services. It can be done in several ways. First of all, guest's impression and details about their stay can be easily received in personal communication with them. Staff members can politely ask them if everything

has been fine and give some advice about sights and events in the city. There are little questionnaires in each room (both in English and Russian), which can be filled in by guests. Later this information is analyzed and corresponding conclusions are made. One more way to know people's opinion is to see reviews in Internet, in special websites, such as booking.com, hotels.com and tripadvisor. At the moment of completing this research the rating of hotel Garni at web site booking.com is 9.0 (staff – 9.1, facilities – 8.5, cleanliness – 9.3, comfort – 8.8, location – 9.6, value of money – 8.6). All these processes are important to receive customer's feedback and see their satisfaction with hotel's services.

Guests regularly are asked to fill in the questionnaire; results are represented in form of charts and analyzed by General Manager and Guest Service Manager. Analyzing results of this internal research, it can be seen that the majority of guests come from Russia (about 50%) and from Belarus (about 7%). There are also guests from Ukraine, Finland, Latvia, Great Britain, Estonia, Lithuania and other European countries. It is difficult to define the age group of the guests, people of different age stay in the hotel. Most guests are regular tourist (about 47% from all guests), about 30% of guests come to Minsk for business. The most convenient way to book a hotel is via web-site booking.com; this way of booking choose about 60% of all guests. There are still some people who prefer making a phone call (about 10%) or writing an e-mail (about 20%). About 60% of respondents mentioned that they found information about the hotel in Internet, 25% of guests heard about hotel Garni from their friends. In the framework of this questionnaire guests were kindly asked, which additional services they would like to see in hotel Garni. The most popular answers were connected with excursions, gym, laundry service, mini bar and business center.

To understand, if hotel Garni works successfully and brings profit, financial analysis has been done. Main financial indicators of any enterprise are gross profit margin, net profit and net profit margin. All of them will be calculated based on financial data provided by accountants of hotel chain "Minotel" for hotel Garni in 2017. Formulas to use and calculations can be found in Table 1 (see Table 1).

Table 1. *Financial indicators for Hotel Garni in 2017 (Source: made by the author, 2018)*

Financial Indicator	Formula to use	Necessary indicators for calculation	Results of calculations
Gross profit margin	$\dfrac{revenue - cost\ of\ goods\ sold}{revenue}$	revenue = 1600366.92;	0.34 (34%)

		cost of goods = 1051390.36	
Profitability	$$\frac{profit}{cost\ of\ goods}$$	profit = 282259,27; cost of goods = 1051390.36	0.2685 (26.85%)
Net profit	total revenue – total expences	total revenue = 1600366.92 VAT = 266717.29 cost of goods = 1051390.36	282259.27
Net profit margin	$$\frac{net\ profit}{total\ revenue}$$	net profit = 282259.27 total revenue = 1600366.92	0.0176 (1.76%)

From this financial analysis it can be seen, that hotel Garni works successfully. It is profitable (gross profit margin is 34%) and net profit for the last year was 282259.27 BYN (which is about 117 608 EUR). Nevertheless, it is not a maximum for this enterprise, so it is necessary to strive for more financial success. The biggest part of all costs is salary for staff members (about 30% of all costs). Financial department of "Minotel" mentioned that from its opening in 2012 hotel Garni each year works more and more successfully, which means, that revenue, profit and other indicators increase.

Before creating a quality management programme for the hotel Garni, it is necessary to understand better the current situation in the hotel. It can be achieved with the help of SWOT-analysis (see Table 2) and PESTLE-analysis (see Table 3).

Table 2. *SWOT-analysis of the hotel Garni (Source: made by the author, 2018)*

Strengths	Weaknesses
Location in the center of city; Historical building with corresponding interiors; A lot of discounts for companies, embassies and loyal customers.	Problems with Wi-Fi connection; It can be cold in rooms in winter; Tourist groups usually don't choose the hotel.
Opportunities	Threats

Collaborating with travel agency to organize group and individual tours for guests; Creation of department which will organize transfers from/to airport/railway station; Installing mini-bars in rooms.	Town council plans to renovate streets and it will be difficult to get to the hotel by car; New hotels, which are built in the city; Visa-regime in Belarus.

While SWOT-analysis concentrates on internal situation at the enterprise, PESTEL-analysis is mostly about external factors. They are divided into following groups: political, economical, social, technological, environmental, and legal (Sky Mark, 2017).

Table 3. *PESTEL-analysis (Source: made by the author, 2018)*

Political factors	Some foreigners don't come to Belarus because of political image of the country; Tax policy of Belarus.
Economical factors	Growth of salaries in hospitality; Stable rate of exchange; Opening of new hotels.
Social factors	Development of tourist industry in Belarus (e.g. renovation of sightseeing); People of Belarus become more hospitable and learn foreign languages; Organization of events (including international) which attract people to visit Minsk.
Technological factors	Development and up-dating of software for hospitality industry; Collaborating with different booking systems and

	web sites.
Environmental factors	Four seasons in Belarus (less tourists come in winter than in summer); When it rains, the building of the hotel can be flooded.
Legal factors	Foreigners should get visa to come to Belarus; Five days without visa (if foreigners come to the country and leave it via international airport and stay only for five days, they don't need visa).

Ishikawa Diagram can be used as the first tool in creating quality management programme (American Society of Quality, 2018). It will help to understand weak points of the hotel. Fishbone diagram for the hotel Garni can be found on Figure 1 (see Fig. 1).
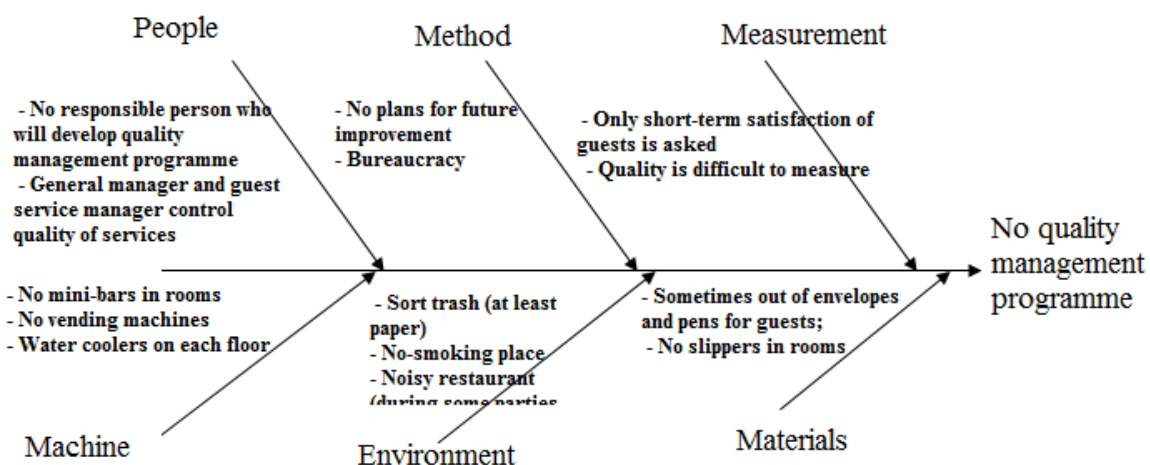

Figure 1. *Ishikawa Diagram for hotel Garni, Minsk (Source: made by the author, 2018)*

It can be seen that there is a range of different small problems which should be solved. They don't have a big impact on quality of service, but they are really important while speaking about guest's perception of general image of hotel. Some of them are quite easy to solve. For instance, it is possible to put slippers in each room and buy more envelopes and pens. Other problems, such as

lack of mini bars or vending machine, are difficult to improve fast mainly because of bureaucracy. Anyway they should be improved, even in long-term period.

One more quality management technique which should be used before creating quality management programme is gap analysis (Ball, 2018). There are the following steps of gap analysis: defining of current situation, defining of ideal situation (maximum), finding gaps and finding solutions. During gap-analysis the most important gaps will be found and analyzed. Results of this analysis are presented in the Table 4 (see Table 4).

Table 4. *Gap analysis for hotel Garni, Minsk (Source: made by the author, 2018)*

Current Situation	Ideal Situation	Solution
Difficult access to Wi-Fi (password and authorization in network is needed every 24 hours)	One password which is needed to be entered only once.	Change Internet provider to organize better way of connection to the network.
Variety of dishes not suitable for breakfast, sometimes it is cold.	A better quality of dishes; food which will be understandable for the most of foreigners as food for breakfast	Speak with the manager of a restaurant; develop a new menu for breakfast.
No mini-bar and safe box in rooms	Mini-bars and safe boxes in each room	Install mini-bars and safe boxes; put kettle, bottle of water and tea/coffee facilities in each room
No slippers in rooms, some people don't like bathroom equipment	Slippers in each room, shampoo, soap, toothpaste and toothbrush in bathroom.	Put necessary utensils in each room.
Unsatisfactory condition of bathroom equipment.	Everything should work well, without any disorders.	Check bathroom equipment in each room and repair it if necessary.

The problems identified in gap-analysis, can be easily solved; the only resource needed is money. Before starting to undertake all the activities, it is necessary to create a detailed plan (including financial part) and only then improve the situation. It will take some time, as it is not possible to solve all the problems immediately, so all the activities should be prioritized.

Results of staff members' interview and analysis of guests' reviews have been represented at the beginning of quality assigned meeting. To use time effectively it has been decided to make a list of problems and their solutions, which can be found in Table 5 (see Table 5).

Table 5. *Existing problems in hotel Garni and their possible solutions (Source: made by the author, 2018)*

Problem	Solution
Wi-Fi connection	Change internet provider, where it will not be necessary to register.
Quality and variety of breakfasts	Ask management and cooks of restaurant to develop a new menu, which should be tested and implemented.
No safety boxes in rooms	Buy and install safety boxes in each room of the hotel.
Lack of tea/coffee facilities in rooms	Buy and put a kettle in each room. Also put cups, tea, coffee and sugar. It is not necessary to put water in each room, as there are water coolers on each floor.
No possibility to eat after 11 p.m. (when restaurant is closed)	Install mini-bars in each room or install vending machines on each floor.
Lack of additional services	As there is no possibility to create spa-center in the hotel, it was suggested to negotiate with the nearest spa center (which is in 2 buildings from the hotel) to arrange special prices for the guests of the hotel. Travel agency which is located at the same building can help with the arrangement of city tours. Transfer possibilities can be organized in the framework of "Minotel", without using taxi services (as it is done now).
Sometimes it is cold in rooms in winter	Buy necessary quantity of heaters (now there are only 7), be ready to provide them for each room or provide extra blanket for free.
No slippers and bathrobes in double and single rooms (they can be found in superior rooms)	Put disposable slippers in each room, be ready to provide bathrobes if necessary.
No toothpaste, toothbrush and shaving sets in rooms	It is not economically sound to put it in each room for every guest, but staff members should be ready to provide

	it if guests ask.
Guests don't buy souvenirs which are represented at the reception	Change the variety of souvenirs for more "touristy", such as magnets, postcards and others and set fair price.
There are no pages of hotel Garni in social networks	Find responsible person who will do it.

Apart of the problems represented in Table 5, the range of compliments, which guests receive if they have birthday while their stay, was also discussed. Guest will get postcards, chocolates, 20%-discount in the restaurant of the hotel and a certificate for 2 persons for visiting observation deck in hotel Belarus for free.

The main aim of quality assistance meeting is to understand existing problems, see the vision of staff members, find appropriate solutions and start creating quality management programme for hotel Garni.

To solve existing problems quality management plan has been developed. Quality management programme itself consists of the timeline with all activities to implement. In addition financial costs have been calculated. It is planned to implement all the components of quality management programme during seven months. It starts in March, 2018 and finishes in September 2018. How the programme is going to be implemented can be seen in Table 6 (see Table 6).

Table 6. *Quality Management Programme for Hotel Garni (Source: made by the author, 2018)*

Activity to implement	Period of time	Finances needed
Find responsible person who will control implementation of quality management programme	March 2018	
Change internet provider	March 2018 – May 2018	2 000 BYN
Develop a new menu for breakfasts	March 2018 – April 2018	
Install safety boxes	May 2018 – September 2018	11 500 BYN
Put kettle and coffee/tea facilities	May 2018 – September 2018	3 000 BYN
Install vending machines	May 2018 – September 2018	32 000 BYN

Organize transfer using own cars and drivers of the company "Minotel"	March 2018	
Make agreements with SPA-center nearby	April 2018	
Buy heaters (40 pieces)	August 2018 – September 2018	4 000 BYN
Buy all necessary things people can ask (toothbrushes, toothpaste and shaving sets)	May 2018 – June 2018	1 000 BYN
Renew a range of souvenirs	April 2018 – June 2018	1 000 BYN
Find a person who will be responsible for the presentation of hotel Garni in social networks	April 2018	

From the table it can be seen, that it is necessary 54500 BYN (about 23 000 EUR) to realize this plan. Some activities, such as making agreements or finding responsible persons, don't require any finance, while others, such as installing vending machines or buying heaters require money. It was decided to install vending machines on each floor instead of mini-bars, as it will be difficult to control what guests used and what they should pay. It is worth mentioning that transfer service in the framework of "Minotel" has already been tested. There are only two cars which work from Monday till Friday now, but it is planned that they will work 24/7. Moreover, IT specialists of "Minotel" are searching and testing different internet providers in order to choose the most suitable one for the hotel. It has been decided that two receptionists will be responsible for presentation of hotel Garni in social networks. They will have to make photos of the hotel, inform about special offers and activities in Minsk. Along with this quality management programme, trainings for staff members can be organized in order to increase the level of customer service in the hotel. General Manager of the hotel will control realization of all activities of quality management programme.

While realizing this quality management programme the PDCA-cycle should be used. First of all, some activities have been planned and then they will be realized. After that check-stage begins, when quality manager (or person responsible for the implementation of quality management programme) controls process of implementation and checks the results of all activities. If necessary, plan can be changed; some activities can be added to this programme. So, implementation of principles of quality management is a never-ending process, which should be constantly controlled and checked.

Conclusions

Making this research, it has been proved, that it is highly necessary for any hospitality enterprise to have quality management programme and constantly control the fulfillment of quality requirements. The implementation of the developed quality management programme has been started.

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