

Competency Model and Multi-Criteria Decision Making in Tourism and Hotel Industry in Serbia

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Abstract

In today's global and highly competitive business world what essentially differentiates one organization from another are the people who work there. Regardless of the technological advantages of a hotel or a travel agency, the people, their development, motivation and satisfaction are key to success in the market. Therefore, many hotel companies started to apply competency models to determine the skills, knowledge and personal characteristics required for a good business performance. The advantages of this model are also reflected in recruitment, selection, training, development, promotion, performance evaluation, and rewarding employees. The emphasis is on the selection of career advancement criteria by multi-criteria decision-making process, whose essence is to identify all available criteria for comparing possible alternatives, to compare all the alternatives according to the selected criteria, and thus to choose the most favorable alternative. The aim of the research is to develop a software package that will, by case scenario of executive manager's selection in a hotel and travel agency, present specific steps in the application of business decision-making in the field of human resources. This solution is general, and can be also applied in ranking candidates for employment, promotion or training. The research was made on a sample of ten 4 and 5 stars hotels, and 50 tourist agencies.

Introduction

In this paper, we used multi-criteria decision and AHP method. Analytic Hierarchy Process (AHP) approach is fast and suggests ranking as a guideline in the final ranking. It is a multi-criteria decision-making approach introduced by Saaty [1]. The AHP has attracted the interest of many researchers mainly due to the nice mathematical properties of the method and the fact that the required input data are rather easy to obtain. The AHP is a decision support tool, which can be used to solve complex decision problems. It uses a multi-level hierarchical structure of objectives, criteria, sub-criteria, and alternatives. The advantage of this technique compared to similar multi-criteria decision-making is speed; although the obtained solution is approximate, it is good enough to be used for defining career advancement criteria.

Defining Competency

Competency could be defined as the ability to successfully perform a specific task or job. More specifically, it is the ability of

a person to demonstrate that he/she can perform certain tasks or activities according to the required standards. It could also be said that the competencies are the overall prerequisites for performance [2].

Today, many companies define the general (key) competencies that can be applied to all workplaces and specific competencies that apply only to specific jobs. (Table 1) shows the structure of general management competencies that contains four main categories of competencies - intellectual, interpersonal, adaptability, and result orientation.

General Competencies	Individual Competencies
Intellectual	Strategic perspective / Analysis and assessment Planning and organizing
Interpersonal	Staff management / Persuasiveness Assertiveness and decisiveness / Interpersonal sensitivity / Oral communication

Adaptability	Adaptability and mobility / Flexibility
Result orientation	Energy and initiative / Achievement motivation Business sense

Table 1: General Management Competencies [2].

A more detailed analysis of the existing competency classification shows that they combine various complex activities (for example, staff management) with specific individual abilities and personality traits (persuasiveness, decisiveness, initiative, etc.) [2].

Competency Models

The first model was developed by *Boyatzis*, who conducted his research at a time when the organization expressed a need for greater performance, through selection, training and rewarding the right people [3]. That is why he focuses on identifying the characteristics of superior managers. His assumption is that a certain number of competencies, which distinguish the employees, are based on real human aspects. *Boyatzis* also defined competency as underlying characteristic that could be a motive, trait, and aspect of self-image or image of others. In his book "The competent manager: a model for effective performance", he suggested 21 competencies, grouped in 5 clusters (goal and action management, leadership, human resources, directing subordinates, and focus on customers). For each, there is a definition and a list of behavioral indicators, i.e. behaviors that indicate the presence or absence of a certain competency. *Boyatzis* model can be defined as mixed, because he defines three groups (spheres) for each competency, which influence the way we use each of our competencies in the business. These groups are: 1. motive and trait, 2. one's self-image and social role, and 3. skills. Thus, someone who has a high performance orientation (competence within the goal management cluster) will be motivated by a high need for achievement, will have a self-image as being productive, and will show skills such as setting goals or planning. Based on the analysis of each competency in these groups, it can be explained why someone behaves in a certain way, and predict the behavior in specific situations [3].

Competency models developed after *Boyatzis'* are focused on perceptive behavior, thus simplifying the concept of competence. There are also mixed models in academic circles, such as *Warr and Conner* [4] model (a three-dimensional model, dimensions being Work Complexity, the Level of Competence - elementary, basic and superior, and the Applicability of Competence); while the others are solely behavioral, such as *Bartram, Robertson, and Callinan* model. In practice, the eclectic approach for defining competency is mostly used, often resulting in combining behavior, values, tasks, aspirations and personality traits [3].

Robertson, Callinan and Bartram in 2002 presented a contemporary, fully behavioral competency model. They distinguish four sets of variables essential for successful job performance - competency potential, competencies, context and results, and outcomes. *Competencies* are defined as set of desirable behaviors, where "desirable" is defined in terms of outcomes to which such behaviors lead. The second important element is *competency potential*; the individual attributes necessary for someone to produce the desired behavior. On the one hand, it includes the potential of a person (personality traits, motives, values), and on the other hand achievements (knowledge, skills, qualifications and experiences). Traits (here the competency potential) describe person's tendency to act in a certain way, which does not manifest necessarily in behavior, depending on the influence of situational factors. On the other hand, competencies are based on the evidence that a person really behaves in a certain way, they are perceptive behaviors. The difference between these two concepts results from the influence of context, the third important variable. *Context* relates to situational factors that determine which behaviors and outcomes are desirable, i.e. the competency requirements. It is based on the characteristics of the organization, and on the characteristics of social relations in the organization. These two groups of contextual factors can act in two ways - they can be drivers of desired behaviors, act as facilitators; or make it difficult, act as barriers, inhibitors.

Therefore, the same person may be able to act competently in one work setting, but unable make results in another. The fourth variable in their model are *results and outcomes* to which such behaviors lead. Through interaction of competency potential on the one hand, and contextual influences on the other, competencies are developed as productive responses to work requirements [5].

Bartram and associates in their model adopt a *three-tier structure of competency* - 110 components competencies, 20 competency dimensions, and eight competency factors on the top tier. Components competencies are elemental, they are building blocks for specific sets of competencies (they are "broken down" to the point where no competency is subsumed by any other competency), and they can be applied during detailed profiling different jobs in an organization. Each such competency is defined in relation to five levels of complexity of work (which is similar to the *Warr's and Connor's* Work Complexity dimension [4]). *Competencies* are understood in the broader sense as the competency dimensions that encompass those competencies that have been most frequently used in job analysis over the last twenty years. They are mainly used in practice for lists of competencies that are important for the organization [5].

Advantages of the Competency Model

Many companies in the world started to use competency

models in order to employ people with great potential in an easier and faster way, to provide employee training and development, and to enable evaluation system that will provide the employees with the necessary feedback (information on working performance) and training that would help them to successfully perform their tasks. Although there is no exact definition of competency, each company, depending on the type of work and market requirements, identifies the key skills, knowledge and personal traits necessary for a successful job performance. Human resources sector can largely benefit from the competency approach, in terms of job analysis and design, human resources planning, selection and recruitment of candidates, training and development of employees, and assessment of their performance. At the organizational level, the assessment of relevant individual and common behaviors may enable identification of the presence or absence of key competencies. For example, a company can determine whether its employee selection and training system is successful in terms of development of employees with a set of appropriate skills, knowledge and characteristics required for a long-term successful business of the company. Regardless of what kind of problem the company is facing, whether it is a cultural change due to a takeover by another company, or merger of two companies, a change in the business strategy, or the need to respond to market competition, the solutions begin and end with company employees. It is the workforce that needs to adapt to changes, to adjust the behavior with the new business priorities, or to be ready to meet the challenges of tomorrow [6]. The advantage of a competency approach is that it offers a method of identifying the skills that people must possess to meet business challenges, and guides human resources management towards the appropriate forms of behavior that are key to the success of the company.

Competency Model in Tourism and Hotel Industry in Serbia

By using the competency model, hotels or travel agencies can determine the criteria for career advancement, and thus determine who potentially best performing workers. Application of this model provides necessary feedback, i.e. provides timely information to his/her direct superiors whether the employee has required qualifications and characteristics. In addition to revealing the fact which candidates have the potential for advancement, the said model also provides a detailed account of the advancement of other potential candidates.

With respect to tourism and hotel industry in Serbia, and especially in Belgrade, all chained-brand hotels in the world have elaborated competency models they use for selection, recruitment, training, development and evaluation of employees' performance. All data relating to employee promotion is not available to the public due to privacy policy. Smaller hotels have a job analysis, while the exact job specification still does not exist [7]. The

competency approach within the travel agencies is applied in larger agencies that have been present in the market for many years. This paper uses the competency model presented in Table 1 (necessary knowledge in tourism) [8]. From which four criteria were selected and applied in the case study.

Decision-Making

The process of decision-making has always been the subject of deliberation. However, the study of the subject begun relatively late, in the 1930's.

Before that, some decision-making analysis was made while solving various technical problems, and some were made in the field of sociology. However, everything was quite rudimentary, without the involvement of the proper decision-making specialists, i.e. only in the field of main disciplines. Knowledge of mathematics and economics provided the needed help, with a key assumption that the responses of the decision-maker are predictable, and therefore it is necessary to have only a specific set of rules, which, if followed, certainly lead to good decision. Of course, such assumptions, in addition to the fact that in decision-making situations, as a rule, we do not have the right data and information, are not a guarantee of the best decision. Due to these facts, it has long been the opinion that decision-making is predominantly social and not technical activity.

The greatest driving force in the development of decision-making theory came from the development of a number of methods that later became known as operational research methods, where powerful knowledge of mathematics, statistics, economics, etc., were combined in an interdisciplinary approach. By 1960, scientists researching decision-making had an interest in learning and developing new methods and techniques in order to obtain optimal solutions for various operational problems. Until 1960, neither the academic institutions paid enough attention to decision-making science. At that time, only six universities provided formal education programs in this field. Six years later, the number increased to 37. Such a development has brought a number of positive results, especially in the area of management. Special influence of educational specialists in business decision-making has been provided. However, such development had negative aspects as well. Most of the scientists in the field of decision-making were still dealing with theoretical research with relatively small possibilities for applying their results to real problems. On the other hand, most practitioners have been forced to simplify their problems, especially in the modeling phase, in order to solve them by available methods [9].

In the development phase of the decision-making process, which occurred after the 1970s, there were several prominent particularities, such as:

- Great emphasis on the study and analysis of the environment, within which the decision is made;
- Obtaining satisfactory solutions for certain problems was of greater importance than seeking optimal solutions;
- Maximum efforts were made for better integration of quantitative analysis with behavior analysis and environment in problem solving;
- Increased use of computer technology for finding solution.

Decision-Making Theory and AHP Method

In the last thirty years, the so-called multi-criteria decision-making in solving real problems in science and technology have been developed and applied. In the case of multi-criteria decision-making, decision is made in the presence of a larger number of mostly conflicting criteria. The rapid development of information systems and computer technology, introduced the theory of multiple criteria into the decision-making processes in a grand manner. The specific approach to the application of information systems in the decision-making processes imposed the so-called expert systems that provide "intelligent" support in decision-making, making them the best tool available to decision-makers at all levels. Decision-making, with its accompanying processes, is a complex activity. The decision-making problem is extremely interdisciplinary and therefore the research and implementation of the results is quite complex.

Most well-known authors in the field of decision-making believe that the study thereof, and especially its application, can be approached by using one of two valid methods. The first approach, commonly referred to as the behavioral aspect of decision-making, is applied in philosophy, psychology, sociology and social psychology as well as law, anthropology and political science. On the other hand, classical decision-making theory has a distinct tendency to focus on quantitative aspects of decision-making, with the implications of economics, statistics and mathematics.

Economics and statistics are mainly applied to decision-making processes through the use of the concept of utility. This concept implies that an individual is continually trying to maximize his/her preferences, i.e. usefulness. Risk analysis is used and implemented in the absence of accurate information, but with limited knowledge of the desired results. The decision maker is in the worst situation when there is no available information about the desired results.

Mathematics as a scientific discipline appears in decision-making processes primarily through the development of mathematical models and simulations, and their use in modeling and simulating real life situations. Many of the decisions

made are not solid because they are not based on facts, i.e. on complete and reliable information. People, with their abilities, skills and knowledge, are the first limiting factor for effective decision-making. They are imperfect decision-makers for at least two reasons: firstly, due to their limited capacity to gather all relevant information, to assess their relevance, and to process them accurately and thoroughly; and secondly, because of the prejudices concerning the formulation of the problem, i.e. the way the problem is presented to them, and the way decision was made, which is often biased, when the decisions are made on the basis of free assessment.

The quality of decision is also influenced by their individual limitations, such as:

- Ethics and personal moral standards that are reflected in: personal integrity and consistent or inconsistent behavior of decision makers,
- The environment, i.e. the conditions in which the decision is made,
- Tradition and culture,
- Resources: time, information, money, etc.
- Accuracy of information [10].

Determining Weights by AHP Method

The essence of multi-criteria decision-making is to identify all possible criteria for comparing possible alternatives, to compare all alternatives by choosing the relevant criteria, and to select the most favorable alternative. In real situations, there are almost no alternatives that are the best at all criteria. That is why special methods for multi-criteria optimization are being developed. Relevant weights that we assign to certain criteria also play an important role. These weights influence the decision-making process. This paper is dealing with their determination, where in addition to subjective determination, the objective indicators that derive from the characteristics of the problems we are dealing with are also taken into account. The paper uses Analytic Hierarchy Process (AHP). It is a multi-criteria decision-making approach introduced by Saaty [1]. The AHP has attracted the interest of many researchers mainly due to the nice mathematical properties of the method and the fact that the required input data are rather easy to obtain. The AHP is a decision support tool, which can be used to solve complex decision problems. It uses a multi-level hierarchical structure of objectives, criteria, sub-criteria, and alternatives. The advantage of AHP technique compared to similar multi-criteria decision making is speed; although the obtained solution is approximate, it is good enough to be used for defining career advancement criteria.

Relevant AHP data are obtained by using two-criterion comparison sets (pair wise comparisons). These comparisons are used to compute the weight and relative performance of all alternatives with respect to each individual decision-making criterion. If the comparisons are not perfectly consistent, the AHP method provides a mechanism for improving consistency. The approach proposed by Saaty in the work quoted in [11] is pair wise comparison to determine the relative importance of each alternative in terms of each criterion. In this approach, the decision maker must express his or her opinion of the value of a pair wise comparison at a given time. Usually, a decision maker has to choose answer between 10 to 17 discreet choices. Each choice is a linguistic phrase (expression).

An example of such language phrase is: "A is more important than B," or "A is equally important as B," or "A is slightly more important than B," etc. The main problem of pair wise comparison is how to quantify the linguistic choices selected by the decision-maker during the evaluation. All methods that use the pair wise comparison approach eventually express the qualitative answers of the decision-makers in the form of numbers, i.e. in most cases the relation of integers. Since pair wise comparison is key to the decision-making process, proper quantification is the most important step in the multi-criteria decision-making method that uses qualitative data.

Scale	Comparison Factors <i>I</i> and <i>J</i>
1	Equally Important
3	Weakly Important
5	Strongly Important
7	Very Strongly Important
9	Extremely Important

2,4,6,8	Intermediate values between adjacent scales
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Table 2: Saaty's pairwise comparison with nine grades.

Pair wise comparisons are quantified by using a scale. Such scale is a one-to-one mapping between the discrete linguistic choices available to the decision-maker, and discrete set of numbers representing importance, or weight of previous linguistic choices. The scale initially proposed by Saaty is given in Table 2. Some authors use up to 80 different values in the scale. All alternative scales derive from psychological theories and develop weights based on them; in our case, the scale is reduced to values of 1-5. Pair wise comparison values in AHP are determined according to Saaty's scale [11]. According to the scale shown in Table 2, the available pair wise comparison values are non-diagonal matrix elements and set members: $\{a_{ij} \in 9, 8, 7, 6, 5, 4, 3, 2, 1, a_{ji} \in 1/2, 1/3, 1/4, 1/5, 1/6, 1/7, 1/8, 1/9\}$. [10]. We will describe the way in which we apply the AHP method to determine the weight of the criteria, starting from defining the hierarchy of grades and the corresponding assessment matrix.

Case Study - Advancement of Management Staff in Tourism and Hotel Industry

The demand for flexibility and mobility of employees is strongly expressed in tourism. Flexibility demand is visible in the imperative that employees must have more than one skill, either combined with different qualifications, or in combination with specific skills that are generally related to different qualifications. This results in development and emergence of new hybrid forms of occupation, where one employee is doing several jobs that require special training and specific occupations [8].

Knowledge and Competencies	Managers	Expert Associates	All Employees
Planning And Organizing	Computer Skills	Expert Competencies	Professional Competencies
Focus On Customers	Business Planning	Problem Solving	Technical Skills
Communication	Managerial Skills	Basic Computer Skills	On The Job Training
Foreign Language Skills	Change Management	Knowledge Innovation	Personal Development
Understanding Between The Cultures	Performance Management	Project And Work Process Management	Occupational Safety And Protection
Teamwork	Decision Making	Communication	Customer And Result Focused
Flexibility	Human Potential Management	Specialized Competencies	
Problem Solving	Destination Management	Presentation Skills	
Training Skills	Project Management	Creativity And Innovation	
HR Management	Education For Teaching		

Table 3: Necessary knowledge/skills in tourism [8].

Based on the given knowledge and competencies, four criteria for manager promotion are defined. Of the ten criteria, we selected four depending on what decisions should be made, for example, whether it is a payment of fees, promotion, or training, or recruitment. For the purposes of this case study, four criteria were selected from the above table.

Criteria:

- C1. Foreign language skills
- C2. Professional knowledge

Level	A1 – A2	BEC Preliminary	B1 – B2	BEC Vantage	C1	BEC Higher
Grades	0.1 0.5 0.9	1.0 1.5 1.9	2.0 2.5 2.9	4	4.3 4.5 4.7	4.8 4.9 5
Certificate grades	C B A	C B A	C B A	A	C B A	C B A

Table 4: Grades for the first criterion (level).

Certificate	British Council	Licensed foreign language schools
Grades	A (5), B (4,5), C (4)	F -C (1 - 4)

Table 5: Grades for the second criterion (certificates).

Level C1 with grade 4.5 is observed. After that, candidate's grade achieved for appropriate certificate is taken into account.

For the second criterion - professional knowledge, the diploma of completed studies, diploma supplements, professional development, etc. is taken into account. Grades are defined according to pre-defined tables.

Model Table

	75 – 80%	81 – 85%	86 – 90%	91 – 95%	96 – 100%
Success rate	1	2	3	4	5

Table 7: Grades for the third criterion.

For the fourth criterion, teamwork, candidates evaluate other candidates with scores from 1 to 5 using surveys (the case study developed in this paper used Google Docs).

Realization

Determining Grades

The management of the tourist agency (hotel) evaluates five employees in order to advance towards jobs (work on international destinations). Evaluation is made according to four pre-defined criteria.

C3. Business planning

C4. Teamwork

Employee Evaluation

Employees are evaluated based on the necessary skills and knowledge defined for each of the above criteria. For the first criterion, it is assessed whether knowledge of a foreign language is required for that workplace, and then they obtained certificates are taken into account according to the pre-determined (table 4).

	Local Universities	Foreign Universities
Diploma	4, 5 (Grade Average During Studies)	3, 4, 5 (Grade Average During Studies)

Table 6: Grades for the second criterion.

Grades from 6 to 10 are scaled to grades 1 through 5.

Diploma supplement – internationally recognized certificates
Additional training – studies abroad, seminars, conferences

Diploma supplements and additional training add value from the grade average to grade five.

For the **third criterion**, business planning, the history of business planning is monitored, how the plans were realized, and their success rate, according to the pre-defined criteria.

The First Criterion (Foreign Language Skills)

Holder of the British Council certificate, grade B, level C1. The table shows that the grade B for the level C1 is 4.5.

The Second Criterion (Professional Knowledge)

The candidate graduated from the University of Florida, USA (Bachelor of Science degree in Tourism, Tourism and Hospitality Management), which is in the top 10 schools in the USA, with average grade 8.4 (4.2). Candidate has a USA diploma supplement for computer skills, and one year of additional training in Great

Britain. Diploma supplements weighs 0.2, additional training additional 0.2, so the average grade is increased from 4.2 to 4.6.

- **The Third Criterion (Business Planning)**

Candidate's realization success in the previous period is 92%, so the grade is 4.

- **The Fourth Criterion (Teamwork)**

Survey

- **Team Relationship Building**

1. Initiates Work Environment Relationships That Promote the Achievement of Organizational Goals
2. Maintains Relationships in the Work Environment to Achieve Goals
3. Successfully Cooperates with Others to Achieve Goals
4. Encourages Employees to Cooperate
5. Respects and Appreciates the Contributions of Others
6. Provides Recognition for the Team Achievements
7. Estimates the Benefits of Entering and Staying in a Particular Partnership
8. Quickly and Efficiently Resolves Problem Situations
9. Implements Efficient Negotiation Techniques
10. Ensures That the Information is Delivered to All Team Members Quickly and Efficiently
11. Takes the Responsibility for Decisions
12. Actively Participates in Finding Information That Can Be Helpful in Solving Problems
13. Respects the Privacy of Others and Builds Confidence in Relations with Colleagues
14. Supports New and Innovative Approaches and Views
15. His/her Attitude Positively Influences the Working Atmosphere of the Team

The candidate received grade 4 from his/her colleagues.

- **Determining Weights**

The following diagram shows the method for determining grades and weight, which are used to calculate the final score for the employee.

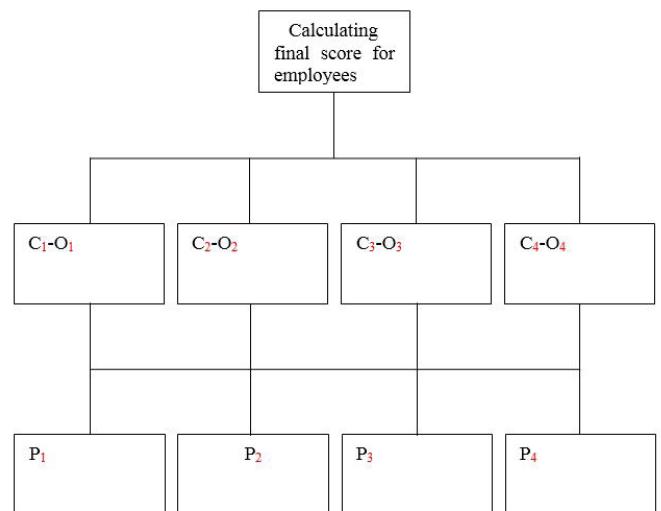


Figure 1: Determining grades and weights.

We start from the evaluation matrix, where the promotion criteria are pair wise compared. Evaluation matrix determines the importance of four decision-making criteria that correspond to segments of the overall grade (score).

Criterion	C ₁	C ₂	C ₃	C ₄
C ₁	1	0.25	0.2	0.25
C ₂	4	1	3	2
C ₃	5	0.33	1	2
C ₄	4	0.5	0.5	1

Table 8: Evaluation matrix for four decision-making criteria.

Step 2: Calculating the sum for each column of the matrix

Step 3: Normalization (decision) of each cell value by sum of all column members

Step 4: Calculating the sum of row and weight

Step 5: Calculating priority vector

Criterion	C ₁	C ₂	C ₃	C ₄	W	P.V Vector
C ₁	0.071	0.12	0.043	0.048	0.07	0.2886
C ₂	0.286	0.481	0.638	0.381	0.446	1.972
C ₃	0.357	0.159	0.213	0.381	0.278	1.187
C ₄	0.286	0.24	0.106	0.19	0.206	0.848

Table 9: Calculating priority vector.

Step 6: Calculating own values and maximum own value and λ_{\max} (max. eigenvalue) by taking mean value λ_i of the members from the following table.

Criterion	C ₁	C ₂	C ₃	C ₄	W	P.V Vector	Lambda	λ_{\max}
C ₁	1	0.25	0.2	0.25	0.07	0.2886	4.1228	4.2326
C ₂	4	1	3	2	0.446	1.972	4.4215	
C ₃	5	0.33	1	2	0.278	1.187	4.2698	
C ₄	4	0.5	0.5	1	0.206	0.848	4.1165	
Sum	14	2.08	4.7	5.25	1	4.2956		

Table 10: Calculating own values and maximum own value. λ_{and} and λ_{\max} .

Step 7: Calculating Consistency Index (CI) and Consistency Ratio (CR).

$$C.I. = (\lambda_{\max} - n) / (n - 1) = 0.0775$$

$$C.R. = (C.I.) / (R.I.) = 0.0691$$

Calculated CR value is less than the predicted value of 0.10. Therefore, the consistency of the evaluation matrix is within permitted tolerances. In case the consistency ratio is greater than 0.10, it is necessary to review subjective assessment.

Overall score is calculated by using the following formula:

$$O = (p_1 O_1 + p_2 O_2 + p_3 O_3 + p_4 O_4) / (p_1 + p_2 + p_3 + p_4) = 0,1 * 4,5 + 0,4 * 4,6 + 0,3 * 4 + 0,2 * 4 = 4,29$$

Where the weights were taken from the next column in (Table 9)

W	
0.070	0.1
0.446	0.4
0.278	0.3
0.206	0.2

This score also defines the trust in the employee. Using these results, the management of a hotel or travel agency can make different decisions about a given worker such as: further engagement (or not), promotion, etc. Same principle can be used for evaluating and subsequent ranking of other employees.

Conclusion

The role of human resources in hotel industry and tourism

is reflected in good planning, recognizing and keeping quality personnel. The application of the competency approach integrates all the functions of human resources management - selection, recruitment, performance evaluation, promotion, training, and development, with the aim of better productivity. It is very important that companies make the right decisions regarding selection of staff, and to promptly identify their potentials that can be improved. To avoid subjectivity when selecting or evaluating employee performance, many companies use a variety of software packages that make decision-making fast and efficient. These decisions are not final but are used as a guideline for the final solution.

This paper proposes a new approach in using of standard criteria for career advancement in tourism and hotel industry, where the final solution is generally applicable. AHP method was used to determine the career advancement criteria in tourism and hotel industry. Given knowledge, skills and abilities are used to determine required criteria for ranking candidates. Of the ten criteria, we selected four depending on what decisions should be made, namely: foreign language skills, professional knowledge, business planning and teamwork. Relevant weights that we assign to certain criteria also play an important role. These weights influence the decision-making process. In their determination, the objective indicators that derive from the characteristics of the problems we are dealing with are also taken into account, in addition to subjective indicators. According to the given results, the most important criterion is professional knowledge (W=0.446), followed by business planning (W=0.278), and subsequently teamwork (W=0.206), and foreign language skills (W=0.070).

These results directly influence the quality of selection process of executive managers, thus facilitating the decision-making process. The purpose of the present study was to identify key managerial competencies in tourism and hotel industry in Serbia as well as to rank managerial competency demands requested in the abovementioned sector. The proposed management competency framework provides an important implication for HR managers.

This study addresses an important, but yet unexplored, topic that will become increasingly significant in the future. The future work will be based on an attempt to automate all steps (from human resources planning, defining competency approach, decision making theory, and making final decision) that are presented in this paper, as well as to increase the general applicability of this method in different areas of tourism business.

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