



Modern Strategy and Challenges of Management in Cultural Institutions

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Krakow, 2021

**MODERN STRATEGY AND CHALLENGES
OF MANAGEMENT IN CULTURAL INSTITUTIONS**

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MODERN STRATEGY AND CHALLENGES OF MANAGEMENT IN CULTURAL INSTITUTIONS

VÁCLAV KUPEC * EVA ČAPOŠOVÁ * PŘEMYSL PÍSAŘ

KRAKOW * 2021

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INTRODUCTION

Cultural institutions are an important part of our modern society. Social processes are determined by culture, which shapes our present and prepares us for the future. Cultural institutions are also an integral element of the economic environment and therefore need to be managed with innovative management strategies. Management, that interdisciplinary field that conceptually develops the leadership of cultural institutions. Management, which puts strategic vision at the forefront, taking into account long-term rationalization and process efficiency. And management, whose model comes full circle in cultural institutions – cultural institutions influence society, which influences cultural institutions.

The present monograph selects interdisciplinary areas that need to be systematized and symbiotically addressed in the context of the management of cultural institutions. The first area is the issue of modern auditing, focusing on audit diagnosis of cultural institutions with elimination of the risks that occur in the cultural environment. The subsequent area is the issue of human resources, their development, and their inspirational leadership, because employees have a direct impact on the quality of services and customer satisfaction. The last area is a system of controlling that can naturally react to changes in the cultural environment, not excluding pandemic impacts.

The presented summarization, recorded results, and proposed recommendations are outputs of the VEGA project “*Innovative strategies in regional policy with a focus on the development of cultural institutions*” (No. 1/0720/19|13). The project was aimed at defining and identifying potential opportunities for the implementation of management trends and best practices in the management of cultural institutions from national and regional perspectives. The presented findings from the areas of auditing, HR, and controlling thus fulfill the project objective and contribute to the implementation of strategic management of cultural institutions. As a result, this will contribute not only to the development of these cultural institutions, but also to the development of regions and other areas.

Václav Kupec

DIAGNOSTIC AUDIT IN THE MUSEUM ENVIRONMENT

VÁCLAV KUPEC¹

Motto

“Quality means doing it right when no one is looking.”
Henry Ford

INTRODUCTION AND IDEAS

Museums are part of our society,² where they play an important role.³ *The International Council of Museums* (ICOM) defines museums as institutions whose role is to care for the heritage of humanity for the purpose of education, study, and enjoyment!⁴ Museums are thus the caretakers of the cultural wealth of all of society.⁵ Museums are also a very important element

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² KOMARAC, T., DURDANA, O., SKARE, V.: Understanding competition and service offer in museum marketing. In *Academia Revista Latinoamericana de Administración*, 2017, Vol. 30, p. 215.

³ HOEVEN, A.: Networked practices of intangible urban heritage: The changing public role of Dutch heritage professionals. In *International Journal of Cultural Policy*, 2019, Vol. 25, p. 232.

⁴ ICOM. *Code of Ethics for Museums*. Paris: ICOM, p. 48. [online]. [2021-02-04]. Available at: <https://icom.museum/wp-content/uploads/2018/07/ICOM-code-En-web.pdf>.

⁵ KUPEC, V., LUKÁČ, M., PÍSAŘ, P., GUBÍNIOVÁ, K.: Increasing Personnel Competencies in Museums with the Use of Auditing and Controlling. In *Sustainability*, 2020, Vol. 12, No. 24, p. 2.

of the economic environment and economic processes.⁶ As a result they are exposed both to positive opportunities⁷ and negative threats⁸ arising from the variability of economic ties. For these reasons and more, museums must be professionally managed using modern managerial approaches.⁹ Such modern approaches include the audit.

In many ways, an audit copies the genesis of society and of museums.¹⁰ It has evolved over time¹¹ into a modern consulting service to management¹² that can literally listen to its problems.¹³ *The Institute of Internal Auditors* defines an audit as an activity whose objective is to improve the functioning of an organization and achieve its strategic goals.¹⁴ From this the interdisciplinary approaches of an audit, and its focus on helping management,¹⁵ can be clearly seen. The growing complexity of business processes also prompts an acute need for them to be audited.¹⁶ Audit approaches thus find vast opportunities for their use and can be effectively applied in museums as well, even though they are not as prevalent in the museum environment.

⁶ KOMARAC, T., DURDANA, O., SKARE, V.: Understanding competition and service offer in museum marketing. In *Academia Revista Latinoamericana de Administración*, 2017, Vol. 30, p. 215.

⁷ SHETH, J. N.: Borderless Media: Rethinking International Marketing. In *Journal of International Marketing*, 2020, Vol. 28, No. 1, p. 3.

⁸ HOPKIN, P.: *Fundamentals of Risk Management: understanding, evaluating and implementing effective risk management*. London: Kogan Page, 2017, p. 15.

⁹ LUKÁČ, M., KUPEC, V., PÍSAŘ, P., ŠTARCHOŇ, P.: The Interaction Between the Marketing Communications Audit and Visitors in Museum Facilities. In *Communication Today*, 2021, Vol. 12, No. 1, p. 81.

¹⁰ BEARFIELD, D., DUBNICK, M.: *Encyclopedia of Public Administration and Public Policy*. New York: Routledge, 2020, p. 2384.

¹¹ TECK-HEANG, L., MD ALI, A.: The evolution of auditing: An analysis of the historical development. In *Journal of Modern Accounting and Auditing*, 2008, Vol. 4, No. 2, p. 1.

¹² KUPEC, V., PÍSAŘ, P., LUKÁČ, M., PAJTINKOVÁ BARTÁKOVÁ, G.: Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. In *Sustainability*, 2021, Vol. 13, No. 12, p. 12.

¹³ MURTHY, S., MAHADEV, R., SOMANI, R.: *Madhukar Hiregange's A Practical Guide to GST Audits and Certification*. New Delhi: Bloomsbury Publishing, 2020, p. 1.2.

¹⁴ RAMAMOORTI, S.: *Internal Auditing: History, Evolution, and Prospects*. Altamonte Springs: The Institute of Internal Auditors, 2003, p. 13.

¹⁵ KUPEC, V.: Digital Possibilities of Internal Audit. In *Acta VŠFS*, 2017, Vol. 11, No. 1, p. 40.

¹⁶ MOELLER, R. R.: *Brink's Modern Internal Auditing*. New Jersey: John Wiley & Sons, 2005, p. 4.

Modern audits are primarily demanding of time, staff, and finances. For this reason, it is necessary to continually seek ways to bring them closer to management.¹⁷ That is also the purpose the work presented herein on diagnostic audits. The methodology proposed for diagnostic auditing draws its inspiration from medical science. Simply stated, medicine uses a methodology of diagnostic “*points*” (measuring temperature, pressure, pulse, etc.). If the diagnosis is favorable, a complete assurance is issued. If the diagnosis is not favorable, complex solutions are undertaken. The model proposed is also based on this methodology – a diagnostic audit helps management and provides assurance of the condition of processes.

The development of the diagnostic audit model is based on long-term research of auditing and risk management approaches. It builds on the academic projects *Risk Management in the Industry 4.0 Environment* (7427/2019/02 IGA VŠFS) and *Digital Audit and Risk Management in Industry 4.0* (7427/2020/02 IGA VŠFS). The objective of the following text is therefore to present experimental results of the development of the diagnostic audit model. The methods of literary review,¹⁸ content analysis,¹⁹ and risk analysis²⁰ using the *Delphi* technique²¹ were used to achieve this objective. The findings are subsequently synthesized²² and a complex rendering of the issues surrounding diagnostic auditing is presented.

1 MUSEUM ENVIRONMENT

“The word museum is Greek in origin, yet there are signs of the development of the museum idea in the early part of the second millennium B.C. in Mesopotamia’s

¹⁷ KALIEVA, O. M., KARELIN, N. V.: Marketing management in urban passenger transportation innovations. In *International Journal of Economics and Business Administration*, Vol. 7, No. 2, p. 211.

¹⁸ MACHI, L. A., MCEVOY, B. T.: *The Literature Review: Six Steps to Success*. California: Corwin, 2012, p. 32.

¹⁹ WEBER, R. P.: *Basic Content Analysis*. London: SAGE Publications, 1990, p. 32.

²⁰ PICKETT, K.: *Auditing the Risk Management Process*. New York: John Wiley & Sons, 2005, p. 1.

²¹ MADURA, J.: *International Financial Management*. Boston: Cengage Learning, 2018, p. 453.

²² BRYMAN, A., BELL, E.: *Business Research Methods*. Oxford: Oxford University Press, 2011, p. 32.

*Larsa region.*²³ The historical definition²⁴ and social mission of museums,²⁵ including the etymological meaning of the word “*museum*” is derived from the Greek words “*muse temple*”.²⁶ The Muses were the daughters of the Greek God Zeus. Each of her daughters was devoted to a different art. In honor of these Muses, the Greeks built temples, or rather museums.²⁷ The mission of museums has expanded to the present day in a direction toward educating society.²⁸ Today’s museums are part of cultural heritage, which must be sufficiently cared for, because it contains the wealth of nations, both of a material and non-material character.²⁹

The International Council of Museums professionally defines the modern “museum” as follows: “A museum is a non-profit, permanent institution in the service of society and its development, open to the public, which acquires, conserves, researches, communicates and exhibits the tangible and intangible heritage of humanity and its environment for the purposes of education, study and enjoyment”.³⁰

²³ KOTLER, N. G., KOTLER, P., KOTLER, W. I.: *Museum Marketing and Strategy*. San Francisco: John Wiley & Sons, 2008, p. 5.

²⁴ KOTLER, N. G., KOTLER, P., KOTLER, W. I.: *Museum Marketing and Strategy*. San Francisco: John Wiley & Sons, 2008, p. 5.

²⁵ DAINELLI, F., MANETTI, G., SIBILIO, B.: Web-based accountability practices in non-profit organizations: The case of national museums. In *Voluntas*, 2013, Vol. 24, p. 649.

²⁶ WAIDACHER, F.: *Príručka všeobecnej muzeológie*. Bratislava: Národné múzejné centrum, 1999, p. 32.

²⁷ WAIDACHER, F.: *Príručka všeobecnej muzeológie*. Bratislava: Národné múzejné centrum, 1999, p. 32.

²⁸ LUKÁČ, M., MIHÁLIK, J.: Data Envelopment Analysis—a Key to the Museum’s ‘Secret Chamber’ of Marketing? In *Communication Today*, 2018, Vol. 9, No. 2, p. 108.

²⁹ KUPEC, V., LUKÁČ, M., PÍSAŘ, P., GUBÍNIOVÁ, K.: Increasing Personnel Competencies in Museums with the Use of Auditing and Controlling. In *Sustainability*, 2020, Vol. 12, No. 24, p. 2.

³⁰ ICOM. *Code of Ethics for Museums*. Paris: ICOM, p. 48. [online]. [2021-02-04]. Available at: <https://icom.museum/wp-content/uploads/2018/07/ICOM-code-En-web.pdf>.

The definition cited has also been transposed into national legislation and academic theory.^{31, 32} Academic theory has subsequently designated “museum” as a complex of cultural expressions of human society of a historical, cultural, or archaeological character.^{33, 34}

Following the historical excursion and theoretical definition, it is appropriate to systematize the term also from the perspective of its societal importance. “*The basic mission of a museum is to collect, store, explore, and display exhibits and perform an educational function for the public.*”³⁵ This mission documents not only the evolution of society, but also of science, technology, and the aforementioned education,³⁶ as history is projected into the present.³⁷ The entire topic can be summarized by stating that museums have three basic functions – a scientific/research function, a collecting function, and a cultural/educational function.³⁸ It is therefore sufficiently provable that museums are a significant part of society.^{39, 40}

³¹ HAYTON, B.: Sustainability and public museum buildings–The UK legislative perspective. In *Studies in Conservation*, 2010, Vol. 55, No. 3, p. 150.

³² LUKÁČ, M., MIHÁLIK, J.: Data Envelopment Analysis—a Key to the Museum’s ‘Secret Chamber’ of Marketing? In *Communication Today*, 2018, Vol. 9, No. 2, p. 108.

³³ CERQUETTI, M., FERRARA, C.: Marketing Research for Cultural Heritage Conservation and Sustainability: Lessons from the Field. In *Sustainability*, 2018, Vol. 10, No. 3, p. 1.

³⁴ MARIANI, M., GUIZZARDI, A.: Does Designation as a UNESCO World Heritage Site Influence Tourist Evaluation of a Local Destination? In *Journal of Travel Research*, 2019, Vol. 59, No. 3, p. 22.

³⁵ JOHNOVÁ, R.: *Marketing kulturního dědictví a umění*. Praha: Grada Publishing, 2008, s. 40.

³⁶ KOLLÁR, Š.: Múzeum a marketing. In: MEDŘÍKOVÁ, P. (ed.): *Múzeum a změna*. Praha: Asociace muzeí a galerií ČR, 2003, p. 220.

³⁷ PODUŠELOVÁ, G.: Na úvod. In PODUŠELOVÁ, G. (ed.): *Zborník príspevkov zo seminára Múzeum v spoločnosti*. Bratislava: SNM Národné múzejné centrum, 2002, p. 1.

³⁸ LUKÁČ, M.: *Koniec neefektívnej marketingovej komunikácie v múzeách*. Trnava: FSV UCM, 2015, p. 32.

³⁹ CERQUETTI, M., FERRARA, C.: Marketing Research for Cultural Heritage Conservation and Sustainability: Lessons from the Field. In *Sustainability*, 2018, Vol. 10, No. 3, p. 1.

⁴⁰ HOEVEN, A.: Networked practices of intangible urban heritage: The changing public role of Dutch heritage professionals. In *International Journal of Cultural Policy*, 2019, Vol. 25, p. 232.

Museums are also part of socio-economic processes.⁴¹ These processes bring new possibilities and also new risks,⁴² which should be responded to with a managerial mindset.^{43, 44} Meanwhile, a risk can be described as an event that could have an impact on the achievement of business goals, or as a combination of events and their outcomes in terms of negative consequences.⁴⁵ At the same time, a responsible approach to risk management can have positive impacts on the management of an organization.⁴⁶ The management of museums, and others as well, must therefore use modern tools of management. The audit can be included among these tools. The reason is that the audit as such helps the management of museums both with risk management and also with overcoming other managerial challenges of the modern era.

2 AUDIT THEORY

A number of potential risks are present in the museum environment.⁴⁷ These risks can threaten the museum just as they can threaten its goals. The mitigation of these risks can be accomplished through the methodical use of the audit⁴⁸ whose theory is covered by this chapter. It represents the authorial choice of the existing literature on the issues examined and

⁴¹ KOMARAC, T., DURDANA, O., SKARE, V.: Understanding competition and service offer in museum marketing. In *Academia Revista Latinoamericana de Administración*, 2017, Vol. 30, p. 215.

⁴² PETRŮ, N., PAVLÁK, M., POLÁK, J.: Factors impacting startup sustainability in the Czech Republic. In *Business Perspectives*, 2019, Vol. 15, No. 3, p. 1.

⁴³ SHETH, J. N.: Borderless Media: Rethinking International Marketing. In *Journal of International Marketing*, 2020, Vol. 28, No. 1, p. 3.

⁴⁴ MADLEŇÁK, A., ŽULOVÁ, J.: *The Right to Privacy in the Context of the Use of Social Media and Geolocation Services*. Budapest: Wolters Kluwer, 2019, p. 32.

⁴⁵ HOPKIN, P.: *Fundamentals of Risk Management: understanding, evaluating and implementing effective risk management*. London: Kogan Page, 2017, p. 15.

⁴⁶ BŘEČKOVÁ, P.: SMEs Export Activities in the Czech Republic and Export Risk Insuring. In *European Research Studies Journal*, 2016, Vol. XIX, No. 1, p. 87.

⁴⁷ KUPEC, V., LUKÁČ, M., ŠTARCHOŇ, P., PAJTINKOVÁ BARTÁKOVÁ, G.: Audit of Museum Marketing Communication in the Modern Management Context. In *Int. J. Financial Stud.*, 2020, Vol. 8, No. 39, p. 3.

⁴⁸ KUPEC, V., PÍSAŘ, P., LUKÁČ, M., PAJTINKOVÁ BARTÁKOVÁ, G.: Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. In *Sustainability*, 2021, Vol. 13, No. 12, p. 1.

presents the current state of the issues so that suitable discipline-specific theories may be applied in practice. This text therefore focuses primarily on the genesis of auditing and analysis and its historical background. This is followed by a literature review^{49,50} of auditing theory, as well as an interdisciplinary content analysis of auditing in culture. It concludes with the synthesized results⁵¹ of the entire chapter in the form of summarizing the audit mission and vision.

2.1 AUDIT GENESIS AND HISTORICAL BACKGROUND

The audit has a fascinating genesis that copies the evolution of humanity and also represents a compact part of our society. The first references to auditing processes are associated with the formation of bases for territorial communities and economic systems. Theoretical sources state that audits were being performed as early as 4,000^{52, 53} to 3,500^{54, 55} years B.C.E. in Mesopotamia. *“Whenever the advance of civilization brought about the necessity of one man being intrusted to some extent with the property of another, the advisability of some kind of check upon the fidelity of the former would become apparent.”*⁵⁶ Historically, conceptually, and theoretically, it can also be shown that auditing was always associated with *accounting*⁵⁷ and *controls*.⁵⁸

⁴⁹ MACHI, L. A., MCEVOY, B. T.: *The Literature Review: Six Steps to Success*. California: Corwin, 2012, p. 32.

⁵⁰ FROUZ, J., VINDUŠKOVÁ, O.: *Čtení a psaní odborného textu v environmentálních vědách*. Praha: Karolinum, 2017, p. 59.

⁵¹ BRYMAN, A., BELL, E.: *Business Research Methods*. Oxford: Oxford University Press, 2011, p. 32.

⁵² RAMAMOORTI, S.: *Internal Auditing: History, Evolution, and Prospects*. Altamonte Springs: The Institute of Internal Auditors, 2003, p. 3.

⁵³ SWINKELS, W.: *Exploration of a Theory of Internal Audit*. Utrecht: Eburon, 2012, p. 27.

⁵⁴ CASCARINO, R., ESCH, S.: *Internal Auditing: An Integrated Approach*. Lansdowne: Juta, 2007, p. 3.

⁵⁵ BEARFIELD, D., DUBNICK, M.: *Encyclopedia of Public Administration and Public Policy*. New York: Routledge, 2020, p. 2384.

⁵⁶ RAMAMOORTI, S.: *Internal Auditing: History, Evolution, and Prospects*. Altamonte Springs: The Institute of Internal Auditors, 2003, p. 2.

⁵⁷ MATTHEWS, D.: *A History of Auditing: The Changing Audit Process in Britain from the Nineteenth Century to the Present Day*. New York: Routledge, 2006, p. 1.

⁵⁸ CASCARINO, R., ESCH, S.: *Internal Auditing: An Integrated Approach*. Lansdowne: Juta, 2007, p. 3.

For further systematic investigation it is also necessary to look at the historical etymology of the term “audit”. This term comes from the Latin word *audire*, which means “to listen”^{59, 60} or “to hear”.^{61, 62} “Thus, the term ‘auditor’ literally means ‘hearer’, i.e. one who hears.”⁶³ This “listening” is associated in particular with Ancient Rome and subsequent theories about the listening of auditors: Theories about soldiers, when officers listen to the complaints of their soldiers.⁶⁴ Theories about stewards, whose reports on trade were listened to.⁶⁵ Theories about clerks, where one listened to the recitation of the other’s accounting.⁶⁶ And lastly theories about auditors, who listen to accountants in their investigation of the entity’s mechanisms.⁶⁷

The symbiosis and common genesis of the accounting and auditing professions can also be observed in the Middle Ages. “*The three institutions that introduced as early as the 13th-14th centuries the idea of verifying accounts and hold the wrongdoers accountable were the state, the Catholic Church, and the universities, and employed functionaries or monks to keep the accounting of their respective structure.*”⁶⁸ The introduction of double-entry bookkeeping in the year 1494⁶⁹ only supported the methodological overlapping of the

⁵⁹ DUMITRU, M. I., BURTESCU, C.: Offences and Penalties in the Internal Audit Activity. In *Scientific Bulletin – Economic Sciences*, 2015, Vol. 14, No. 2, p. 36.

⁶⁰ BOŽEK, S., EMERLING, I.: Protecting the Organization Against Risk and the Role of Financial Audit on the Example of the Internal Audit. In *Oeconomia Copernicana*, 2016, Vol. 7, No. 3, p. 487.

⁶¹ KUMAR, A., SHARMA, R.: *Auditing: Theory and Practice*. New Delhi: Atlantic Publishers, 2001, p. 1.

⁶² MURTHY, S., MAHADEV, R., SOMANI, R.: *Madhukar Hiregange’s A Practical Guide to GST Audits and Certification*. New Delhi: Bloomsbury Publishing, 2020, p. 1.2.

⁶³ KUMAR, A., SHARMA, R.: *Auditing: Theory and Practice*. New Delhi: Atlantic Publishers, 2001, p. 1.

⁶⁴ KAPTEIN, M.: *Ethics Management: Auditing and Developing the Ethical Content of Organizations*. Dordrecht: Kluwer Academic Publishers, 1998, p. 48.

⁶⁵ PUTNOVÁ, A., SEKNIČKA, P.: *Etické řízení ve firmě*. Praha: Grada Publishing, 2007, p. 143.

⁶⁶ SAWYER, L. B.: *Interní Audit*. Praha: ČIIA, 2000, p. 15.

⁶⁷ BASU, S. K.: *Auditing: Principles and Techniques*. New Delhi: Pearson Education, 2007, p. 2.

⁶⁸ PETRAȘCU, D., TIEANU, A.: The Role of Internal Audit in Fraud Prevention and Detection. In *Procedia Economics and Finance*, 2014, Vol. 16, p. 490.

⁶⁹ RAMAMOORTI, S.: *Internal Auditing: History, Evolution, and Prospects*. Altamonte Springs: The Institute of Internal Auditors, 2003, p. 3.

accounting and auditing professions.⁷⁰ This was followed by defining and describing the obligations and responsibilities of auditors.⁷¹ Hundreds of years later, of course, the concept and scope of audits has changed,⁷² in a territorial sense as well (America,⁷³ Britain,⁷⁴ India,⁷⁵ Italy,⁷⁶ etc.).

The modern form of auditing processes was developed during the Industrial Revolution in England in the 19th century. “*The industrial revolution brought a quick economic development, but also an increased interest in the systems of capital, investment, and control of transactions.*”⁷⁷ Audit “listening” was thus methodologically supplemented with elements of analysis, thorough examination of written records, or comparison of accounting items.⁷⁸ At the same time, the first modern legislation on audit issues was introduced in the British Companies Act of 1844, which contains the condition of verifying the financial statements, or rather the balance sheet.⁷⁹ This laid the foundations for contemporary or modern auditing.

2.2 LITERATURE REVIEW OF MODERN AUDIT

The modern audit was formed in the 1930s.⁸⁰ The crash of the New York Stock Exchange in 1929 started a financial crisis. The legislation created as a result increased the responsibility of company management with an

⁷⁰ PETRAȘCU, D., TIEANU, A.: The Role of Internal Audit in Fraud Prevention and Detection. In *Procedia Economics and Finance*, 2014, Vol. 16, p. 490.

⁷¹ KUMAR, A., SHARMA, R.: *Auditing: Theory and Practice*. New Delhi: Atlantic Publishers, 2001, p. 1.

⁷² TECK-HEANG, L., MD ALI, A.: The evolution of auditing: An analysis of the historical development. In *Journal of Modern Accounting and Auditing*, 2008, Vol. 4, No. 2, p. 1.

⁷³ FLESHER, D., PREVITS, G., SAMSON, W.: Auditing in the United States: A historical perspective. In *Abacus*, Vol. 41, No. 1, 2005, p. 21.

⁷⁴ MATTHEWS, D.: *A History of Auditing: The Changing Audit Process in Britain from the Nineteenth Century to the Present Day*. New York: Routledge, 2006, p. 32.

⁷⁵ KUMAR, A., SHARMA, R.: *Auditing: Theory and Practice*. New Delhi: Atlantic Publishers, 2001, p. 2.

⁷⁶ KUMAR, A., SHARMA, R.: *Auditing: Theory and Practice*. New Delhi: Atlantic Publishers, 2001, p. 1.

⁷⁷ PETRAȘCU, D., TIEANU, A.: The Role of Internal Audit in Fraud Prevention and Detection. In *Procedia Economics and Finance*, 2014, Vol. 16, p. 490.

⁷⁸ SAWYER, L. B.: *Interní Audit*. Praha: ČIIA, 2000, p. 15.

⁷⁹ RICCHIUTE, D. N.: *Audit*. Praha: Victoria Publishing, 1994, p. 31.

⁸⁰ KUPEC, V.: *Audit Essentials*. Praha: Vysoká škola finanční a správní, 2021, p. 23.

emphasis on verifying auditing processes.⁸¹ “The aim was that fraud, deceit, and misrepresentation could be discovered, punished, and eventually corrected in order to avoid future fraudulent situations like the ones that had occurred.”⁸² Moreover, the growing complexity of business and its associated industries⁸³ invoked an acute need to control these processes.⁸⁴ This context and others gave rise to numerous applications for the modern audit (see Chart 1).

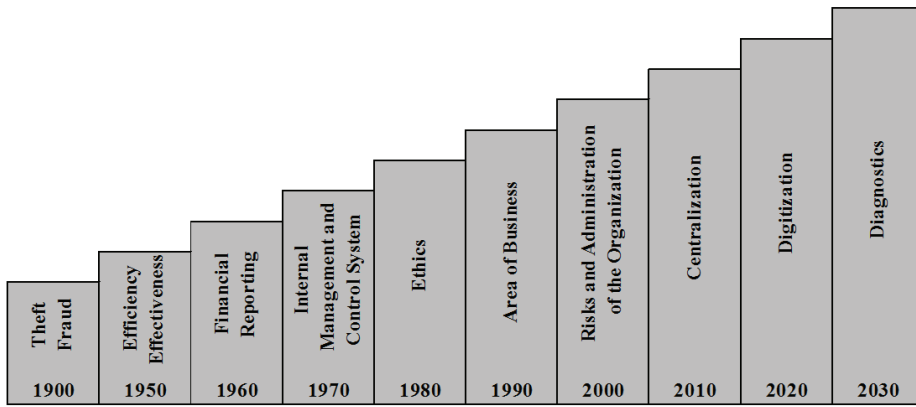


CHART 1: EVOLUTIONARY STAGES OF MODERN AUDITING

Source: Own processing according to KAFKA, T.: *Průvodce pro interní audit a risk management*. Praha: C.H. Beck, 2009, p. 11.

What is the modern audit? In a cultural environment, the modern audit⁸⁵ can be perceived as an internal auditing methodology (hereinafter “audit”) that is procedurally oriented. It is professionally defined by *The Institute of Internal*

⁸¹ SCHRÁNIL, P., TVRDOŇ, J.: *Externí a interní auditing*. Praha: Vysoká škola finanční a správní, 2010, p. 33.

⁸² PETRAȘCU, D., TIEANU, A.: The Role of Internal Audit in Fraud Prevention and Detection. In *Procedia Economics and Finance*, 2014, Vol. 16, p. 491.

⁸³ ŠVEC, M., HORECKÝ, J., MADLEŇÁK, A.: GDPR in labour relations - with or without the consent of the employee? In *AD ALTA: Journal of Interdisciplinary Research*, 2018, Vol. 8, No. 2, p. 282.

⁸⁴ MOELLER, R. R.: *Brink's Modern Internal Auditing*. New Jersey: John Wiley & Sons, 2005, p. 4.

⁸⁵ ZHUKOVA, A. K., ZHUKOV, A. L.: Materiality in audit of financial reporting party conducting accounting of joint activity. In *European Research Studies Journal*, Vol. 21, No. 4, p. 110.

*Auditors (IIA). "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations".*⁸⁶ *"It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."*⁸⁷ The definition cited expresses a professional and interdisciplinary approach to internal auditing and emphasizes its role as a help to management.

*"It has been claimed that auditing is an old science with well-established principles"*⁸⁸ The associated claim with historical reference can be applied to the present as well, where the academic community continues to define audit as a scientific discipline that observes selected processes, records results, and evaluates and processes conclusions.⁸⁹ *"The internal audit activity evaluates risk exposures relating to the organization's governance, operations and information system."*⁹⁰ The mission of audit can subsequently be described as follows: *"To enhance and protect organizational value by providing stakeholders with risk-based objective and reliable assurance, advice and insight."*⁹¹

Current trends have shifted audit primarily toward planned independent assurance (soft consultation).⁹² According to research, audit is at the center of management interest and occupies a strategic role for the company (in 63%),⁹³ see Chart 2. At the same time, other studies demonstrate that a conceptual

⁸⁶ KUPEC, V., PÍSAŘ, P., LUKÁČ, M., PAJTINKOVÁ BARTÁKOVÁ, G.: Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. In *Sustainability*, 2021, Vol. 13, No. 12, p. 1.

⁸⁷ RAMAMOORTI, S.: *Internal Auditing: History, Evolution, and Prospects*. Altamonte Springs: The Institute of Internal Auditors, 2003, p. 13.

⁸⁸ O'REGAN, D.: *Auditor's Dictionary: Terms, Concepts, Processes, and Regulations*. Altamonte Springs: The Institute of Internal Auditors, 2004, p. 28.

⁸⁹ MÜLLEROVÁ, L.: *Auditing pro manažery aneb proč a jak se ověřuje účetní závěrka*. Praha: Wolters Kluwer, 2013, p. 11.

⁹⁰ CASCARINO, R., ESCH, S.: *Internal Auditing: An Integrated Approach*. Lansdowne: Juta, 2007, p. 5.

⁹¹ MOELLER, R. R.: *Brink's Modern Internal Auditing: A Common Body of Knowledge*. New Jersey: John Wiley & Sons, 2016, p. 9.

⁹² KUPEC, V., PÍSAŘ, P., LUKÁČ, M., PAJTINKOVÁ BARTÁKOVÁ, G.: Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. In *Sustainability*, 2021, Vol. 13, No. 12, p. 12.

⁹³ FURTUNĂ, C., CIUCIOI, A.: Internal Audit in the Era of Continuous Transformation. Survey of Internal Auditors in Romania. In *Audit Financiar*, 2019, Vol. XVII, No. 3(155), p. 454.

comparison with related fields such as *control*⁹⁴ or *controlling*,⁹⁵ use audit with a different methodology.⁹⁶ Audit thus helps top management in a targeted way with innovative leadership, responsible decision-making, and creation of benefits.⁹⁷ The theory, research outcomes, or additional literature review can of course be reasonably applied in selected processes of the cultural context.

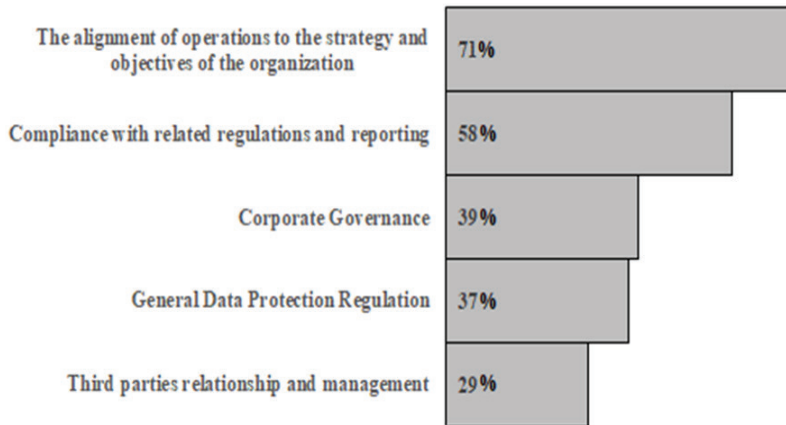


CHART 2: MAIN PRIORITIES OF AUDIT DEPARTMENTS

Source: FURTUNĂ, C., CIUCIOI, A.: Internal Audit in the Era of Continuous Transformation. Survey of Internal Auditors in Romania. In *Audit Financiar*, 2019, Vol. XVII, No. 3(155), p. 455.

⁹⁴ KUPEC, V., PÍSAŘ, P., LUKÁČ, M., PAJTINKOVÁ BARTÁKOVÁ, G.: Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. In *Sustainability*, 2021, Vol. 13, No. 12, p. 3.

⁹⁵ PÍSAŘ, P., BÍLKOVÁ, B.: Controlling as a tool for SME management with an emphasis on innovations in the context of Industry 4.0. In *Equilibrium. Quarterly Journal of Economics and Economic Policy*, 2019, Vol. 14, No. 4, p. 763.

⁹⁶ KUPEC, V., PÍSAŘ, P., LUKÁČ, M., PAJTINKOVÁ BARTÁKOVÁ, G.: Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. In *Sustainability*, 2021, Vol. 13, No. 12, p. 13.

⁹⁷ JOKIC, M., LABAN, B., ARNAUTOVIC, I., POPOVIC, D., POPOVIC, S.: The Importance of Preparing an Internal Audit Report in Reporting to Top Management of a Company that Makes Key Management Decisions in its Work. In *Annals - Economy Series*, 2020, Vol. 2, p. 37.

2.3 CONTENT ANALYSIS OF CULTURE AUDIT

Having performing a literature review^{98,99} that analyzes “*audit*” in general, it is necessary to connect “*audit*” in an interdisciplinary way with the museum context using content analysis. Content analysis¹⁰⁰ focuses on the prevalence of selected words and their correlations in academic texts. At the same time, it classifies words according to their content, frequency of occurrence,¹⁰¹ research sample, or depth of analysis.¹⁰² Specifically, this consisted of the selection of the words “*audit*” and “*museum*” and the combination of both terms in an economic or business context. This selection was further constrained to the period from 2016 to 2020 and was analyzed in the period of July 2021 in the sources *Web of Science*, *EBSCO*, and *ProQuest*. The results recorded are presented below (see Chart 3).

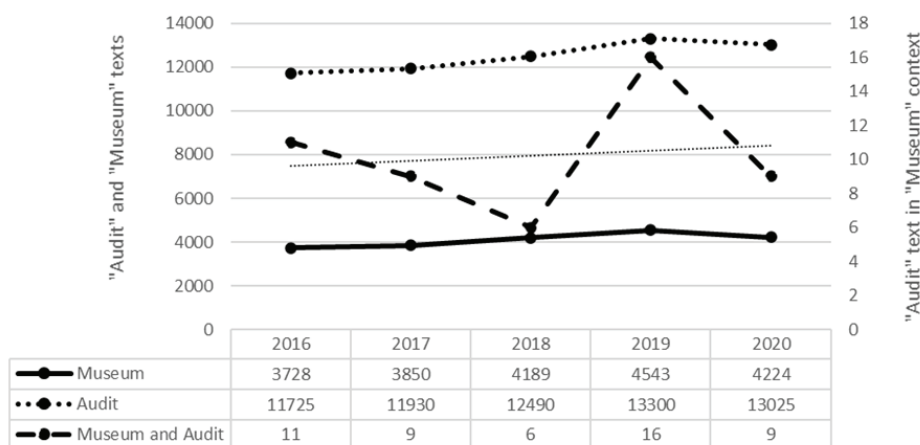


CHART 3: NUMBER OF ACADEMIC TEXTS FOCUSED ON “*AUDIT*” AND “*MUSEUM*” FROM 2016–2020

Source: Own research

⁹⁸ MACHI, L. A., MCEVOY, B. T.: *The Literature Review: Six Steps to Success*. California: Corwin, 2012, p. 32.

⁹⁹ FROUZ, J., VINDUŠKOVÁ, O.: *Čtení a psaní odborného textu v environmentálních vědách*. Praha: Karolinum, 2017, p. 32.

¹⁰⁰ SEDLÁKOVÁ, R.: *Výzkum médií*. Praha: Grada Publishing, 2014, p. 295.

¹⁰¹ WEBER, R. P.: *Basic Content Analysis*. London: SAGE Publications, 1990, p. 32.

¹⁰² GAVORA, P.: Obsahová analýza v pedagogickom výskume: Pohľad na jej súčasné podoby. In *Pedagogická orientace*, 2015, Vol. 25, No. 3, p. 345.

Chart 3 captures the result of the content analysis, i.e. searched texts from 2016–2020 that discuss the term “*audit*”, texts that discuss the term “*museum*” and texts that discuss both terms in combination. These combinations are further supplemented by a trendline; the presented model of long-term development of both issues is thus entirely complex. Since the number of texts about “*audit*” and “*museum*” is an order of magnitude higher than the number of texts on their mutual combination, the numbers of the combination are shown on an adjacent axis. Given that 2021 is still in progress, it was intentionally excluded from the content analysis in order to avoid distorting the results in question. Nonetheless, 2021 was included analytically in the literature review.

The content analysis yielded the finding that interest from a research perspective in the concept of audit, or rather in the questions of auditing, is an order of magnitude higher than interest in questions about museums. This may hypothetically be caused by the fact that “*audit*” is a tool that can be applied anywhere, while “*museum*” is an independent economic field. In other words, this represents fundamentally methodical differences. The topic of audit is more heavily investigated (in the year 2020 there were 13,025 texts about “*audit*” compared to 4,224 texts about “*museum*”); the trend of interest in both topics, however, is visibly stable, slightly increasing. The additional trendline in the case of the combination of both terms also shows a slightly increasing tendency. This is therefore a confirmation of academic interest in analyzing the topic of museum audit.

Literature review¹⁰³ and content analysis¹⁰⁴ clearly confirm that the question of a museum audit should indeed be examined further, systematized, and elaborated. As stated above, audit is a methodological tool,¹⁰⁵ whereas museums¹⁰⁶ are a place where audit can be applied. The methodical linking of audit and museums (see below) can thus bring benefits to modern management. Moreover, it is currently apparent that the period of pandemic

¹⁰³ MACHI, L. A., MCEVOY, B. T.: *The Literature Review: Six Steps to Success*. California: Corwin, 2012, p. 32.

¹⁰⁴ WEBER, R. P.: *Basic Content Analysis*. London: SAGE Publications, 1990, p. 32.

¹⁰⁵ KUPEC, V., PÍSAŘ, P.: Auditing and Controlling as a Tool for SME Marketing Risk Management. In *Marketing and Management of Innovations*, 2021, Vol. 2021, No. 1, p. 226.

¹⁰⁶ CERQUETTI, M., FERRARA, C.: Marketing Research for Cultural Heritage Conservation and Sustainability: Lessons from the Field. In *Sustainability*, 2018, Vol. 10, No. 3, p. 3.

restrictions substantially affects the cultural field, and museums are no exception. Apart from the traditional potential risks that threaten the functioning of museums,¹⁰⁷ it is therefore necessary to adequately respond to new risks and economic trends. And in this mission, audit in particular can be of assistance.

2.4 AUDIT MISSION AND AUDIT VISION

The outcomes presented of the literature review and content analysis can now be generalized, systematized, and summarized in the audit mission – societal trends and business changes have shifted audit toward planned and independent assurance,¹⁰⁸ i.e. proclamation or confirmation that the audited processes work in the organization, or are absent. At the same time it is quite clear that the mission of audit has been¹⁰⁹ and continues to be¹¹⁰ oriented on past processes, i.e. ex-post. Yet the visions resonating with modern organizations relate to digitization.¹¹¹ Digitization, which enables the audit mission to transform from ex-post approaches to online approaches, or even to predictive or diagnostic approaches, i.e. ex-ante. This would contribute to earlier detection of potential risks.

¹⁰⁷ KUPEC, V., LUKÁČ, M., ŠTARCHOŇ, P., PAJTINKOVÁ BARTÁKOVÁ, G.: Audit of Museum Marketing Communication in the Modern Management Context. In *Int. J. Financial Stud.*, 2020, Vol. 8, No. 39, p. 3.

¹⁰⁸ KUPEC, V., PÍSAŘ, P., LUKÁČ, M., PAJTINKOVÁ BARTÁKOVÁ, G.: Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. In *Sustainability*, 2021, Vol. 13, No. 12, p. 13.

¹⁰⁹ MOELLER, R. R.: *Brink's Modern Internal Auditing: A Common Body of Knowledge*. New Jersey: John Wiley & Sons, 2016, p. 9.

¹¹⁰ RAMAMOORTI, S.: *Internal Auditing: History, Evolution, and Prospects*. Altamonte Springs: The Institute of Internal Auditors, 2003, p. 13.

¹¹¹ PETRŮ, N., KRAMOLIŠ, J., STUHLÍK, J.: Marketing tools in the era of digitization and their use in practice by family and other businesses. In *E & M: Economics and Management*, 2020, Vol. XXIII, No. 1, p. 199.

3 RISK ANALYSIS AND CULTURAL CHALLENGES

One of the audit tasks is to analyze risks detected¹¹² in the processes of organizations,^{113,114} or museums, individual risks designated for auditing. In *Merriam-Webster's Collegiate Dictionary*, a risk is defined as "to expose to hazard or danger".¹¹⁵ "Risk is a measure of the probability and consequence of uncertain future events."¹¹⁶ "It indicates a potential negative effect on an asset that may derive from given processes in progress or given future event."¹¹⁷ Risks can be classified according to their individual attributes,¹¹⁸ which are primarily the probability of occurrence and magnitude of impact,¹¹⁹ see Formula 1. At the same time, a risk is associated with *uncertainty* and *consequences*.¹²⁰

$$R = I_R * L_R$$

Where:

R = Risk

I_R = Risk Impact

L_R = Risk Likelihood

FORMULA 1: RISK MEASUREMENT

Source: HOPKIN, P.: *Fundamentals of Risk Management: understanding, evaluating and implementing effective risk management*. London: Kogan Page, 2017, p. 20.

¹¹² PICKETT, K.: *Auditing the Risk Management Process*. New York: John Wiley & Sons, 2005, p. 1.

¹¹³ KUPEC, V.: First Step of Marketing Audit: Risk Analysis. In ČÁBYOVÁ, L., R. RYBANSKÝ and Z. BEŽÁKOVÁ. (eds.): *MARKETING IDENTITY: Digital Mirrors – part I*. Trnava: UCM, 2018, p. 370.

¹¹⁴ PÍSAŘ, P., TOMÁŠKOVÁ, A.: The importance of social networks for the SME's innovation potential in Industry 4.0. In *Innovative Marketing*, 2020, Vol. 16, No. 3, p. 48.

¹¹⁵ DAMODARAN, A.: *Investment Valuation: Tools and Techniques for Determining the Value of any Asset*. New Jersey: John Wiley & Son, 2012, p. 58.

¹¹⁶ YOE, CH.: *Principles of Risk Analysis: Decision Making Under Uncertainty*. Boca Raton: Taylor and Francis Group, 2012, p. 1.

¹¹⁷ ANDERSEN, T.J., Garvey, M., Roggi, O.: *Managing Risk and Opportunity: The Governance of Strategic Risk-Taking*. Oxford: Oxford University Press, 2014, p. 6.

¹¹⁸ GATT, M., GRIMA, S., THALASSINOS, Y.E.: An Enterprise Risk Management (ERM) Maturity Index for European Airports. In: NERMEND, K., ŁATUSZYŃSKA, M., TAHLASSINOS, E. (eds): *Decision-Making in Management*. Cham: Springer, 2021, p. 338.

¹¹⁹ HOPKIN, P.: *Fundamentals of Risk Management: understanding, evaluating and implementing effective risk management*. London: Kogan Page, 2017, p. 20.

¹²⁰ HILLSON, D., MURRAY-WEBSTER, R.: *Understanding and Managing Risk Attitude*. Hants: Gower Publishing, 2007, p. 5.

Risk analysis, which detects the individual risks, can be defined as follows: “*The risk analysis comprises risk identification and estimation.*”¹²¹ Risk analysis¹²² can be procedurally divided into *Risk identification and description*, *Risk assessment through probability calculation* and *Risk aggregation*.¹²³ Risk analysis using the *CRAMM* method,¹²⁴ the *OCTAVE* method,¹²⁵ or the expanded *Delphi* method.¹²⁶ “*The Delphi technique involves the collection of independent opinions without group discussion.*”¹²⁷ For these reasons this method is also used in the following text. “*The Delphi technique is a procedure to obtain a reliable consensus of opinion from a group of experts.*”¹²⁸

The practical results of risk analysis¹²⁹ and the *Delphi* technique¹³⁰ performed using the *CASI* method (Computer Assisted Self Interviewing)¹³¹ on a sample of museum facilities can be presented by the following chart (see Chart 4). Risks are assessed in terms of their significance¹³² on a scale of 0 to 5 (0 being the lowest significance; 5 being the highest). Chart 4 displays the most significant risks according to their probability of occurrence and the magnitude of their impact (axes *x* and *y*). Probability means

¹²¹ ANDERSEN, T. J., GARVEY, M., ROGGI, O.: *Managing Risk and Opportunity: The Governance of Strategic Risk-Taking*. Oxford: Oxford University Press, 2014, p. 75.

¹²² YOE, CH.: *Principles of Risk Analysis: Decision Making Under Uncertainty*. Boca Raton: Taylor and Francis Group, 2012, p. 4.

¹²³ ANDERSEN, T. J., GARVEY, M., ROGGI, O.: *Managing Risk and Opportunity: The Governance of Strategic Risk-Taking*. Oxford: Oxford University Press, 2014, p. 75.

¹²⁴ VACCA, J. R.: *Computer and Information Security Handbook*. Burlington: Morgan Kaufmann, 2009, p. 518.

¹²⁵ TALABIS, M., Martin, J.: *Information Security Risk Assessment Toolkit*. Waltham: Synpress, 2013, p. 28.

¹²⁶ TARANTINO, A.: *Essentials of Risk Management in Finance*. New Jersey: John Wiley & Sons, 2011, p. 58.

¹²⁷ MADURA, J.: *International Financial Management*. Boston: Cengage Learning, 2018, p. 453.

¹²⁸ TARANTINO, A.: *Essentials of Risk Management in Finance*. New Jersey: John Wiley & Sons, 2011, p. 58.

¹²⁹ ANDERSEN, T. J., GARVEY, M., ROGGI, O.: *Managing Risk and Opportunity: The Governance of Strategic Risk-Taking*. Oxford: Oxford University Press, 2014, p. 75.

¹³⁰ TARANTINO, A.: *Essentials of Risk Management in Finance*. New Jersey: John Wiley & Sons, 2011, p. 58.

¹³¹ FOWLER, F. J.: *Survey research methods*. Boston: Center for Survey Research, 2014, p. 32.

¹³² GARVEY, P. R.: *Analytical Methods for Risk Management*. Boca Raton: Chapman & Hall, 2009, p. 4.

the likelihood that the potential risk will occur over units of time. Impact means the results or consequences of the potential risk in monetary units.

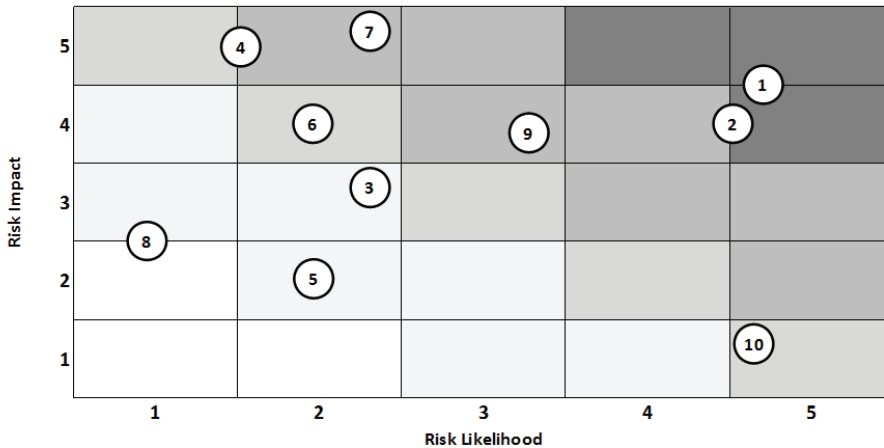


CHART 4: MUSEUM RISK ANALYSIS RESULTS

Source: Own research

The risks recorded can be systematized according to a basic risk scale into *strategic, operational, financial, and compliance*.¹³³ The recorded risks are at the same time predominantly operational: “*The risk of loss from failed or inadequate processes, people, systems or external events.*”¹³⁴ The results thus point to substantial risks in museums (see Chart 4): 1. Failure to uphold principles 3E; 2. Failure of third parties to perform obligations; 3. Inadequate physical security of facilities; 4. Inadequate fire safety of facilities; 5. Inadequate climate conditions for exhibitions; 6. Complexity of capitalizing on grant allocations; 7. Pandemic measures; 8. Low patronage; 9. Inadequate/out-of-date valuation of exhibits; 10. Excessive bureaucracy.

4 DIAGNOSTIC AUDIT

Contemporary audits, while performed using modern approaches, are demanding in terms of time, personnel, and finances. The proposed diag-

¹³³ SMEJKAL, V., RAIS, K.: *Řízení rizik ve firmách a jiných organizacích*. Praha: Grada Publishing, 2013, p. 150.

¹³⁴ TATTAM, D.: *A Short Guide to Operational Risk*. Farnham: Gower Publishing, 2011, p. 9.

nostic audit model (A_D) therefore seeks to eliminate these demands. It uses for this purpose an ex-ante detailed description of processes (see below), through which the potential risk points are identified (O_R). These points are also designated as diagnostic points (O_D ; $O_R = O_D$). The novelty of this solution consists of the following methodology: The diagnostic audit does not audit the entire process (P_n), but audits primarily the diagnostic points of the process (O_{D1} through O_{Dn}). If a diagnostic point is fully functional, the audit will continue to the next points. If any of the points is not completely functional, an audit of the entire process ensues.

The diagnostic audit (see Chart 5), as a planned and independent assurance,¹³⁵ is thus focused primarily on the diagnostic points of the process it is auditing. Here the process graphically consists of closed cycle (P_n), which reflects the integrity of the process and the duration of the process in units of time (t). Based on ex-ante descriptions, for example according to management requirements, legislative requirements, previous audits, best practices, or indeed the aforementioned risk analysis, the process displayed in this manner can be characterized by diagnostic points (O_{D1} to O_{Dn}).¹³⁶ And it is these very diagnostic points and the audit verification of their functionality that the diagnostic audit targets.

¹³⁵ KUPEC, V., PÍSAŘ, P., LUKÁČ, M., PAJTINKOVÁ BARTÁKOVÁ, G.: Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. In *Sustainability*, 2021, Vol. 13, No. 12, p. 13.

¹³⁶ Risks must be updated regularly.

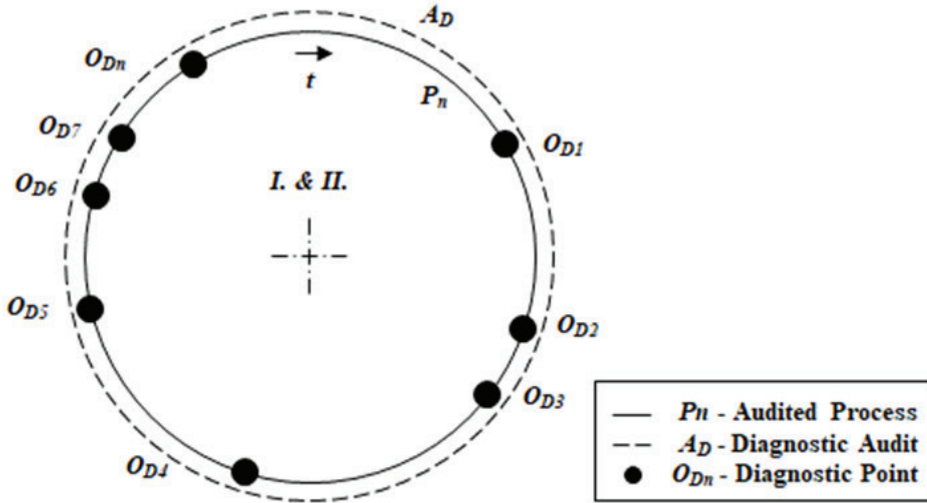


CHART 5: THE DIAGNOSTIC AUDIT MODEL

Source: Own research

The diagnostic audit (A_D) takes place typically in the traditional phases (see Formula 2): *I. Audit Preparation*, *II. Audit Execution*, *III. Discussion of Audit*, and *IV. Audit Follow-Up*. During phase *I. Preparation* and *II. Execution*, direct audit performance of the selected process takes place, i.e. verification of the functionality of the individual diagnostic points (O_{D1} to O_{Dn}). During phase *III. Discussion*, the direct performance of the audit for the most part does not occur, as is the case during phase *IV. Audit Follow-Up*. For this reason the model of the *Diagnostic Audit* shows only phases *I.* and *II.* It can be added that phase *IV. Audit Follow-Up*, in which verification of the performance of corrective actions, takes place, is not part of the audit in certain fields.

Where:

 A_D = Diagnostic Audit

$$A_D = I_{P_n} + II_{P_n} + III + (IV)$$

 P_n = Audited Process $I - IV$ = Audit Phases

FORMULA 2: DIAGNOSTIC AUDIT

Source: Own research

The proposed model of the diagnostic audit (A_D) can be practically applied to the museum environment in the following manner: As part of phase *I. Audit Preparation*, based on the *Deplhi* technique¹³⁷ performed by applying the *CASI* method,¹³⁸ the identification of significant risks (O_R) in the process (P_n) takes place via risk analysis.¹³⁹ This also determines the diagnostic points for the audit (O_D ; $O_R = O_D$). In phase *II. Audit Execution*, the functionality of all diagnostic points (O_{D1} through O_{Dn}) are verified. If so much as a single lack of function is identified, the entire process is verified. From Formula 3 below it is clear that the proposed diagnostic audit is more effective than the complete/traditional audit.

$$t_{Pn} \geq t_{OD1} + t_{OD2} + \dots + t_{ODn}$$

Where:

t_{Pn} = time of audited process

t_{ODn} = time of audited point

FORMULA 3: TIME EFFICIENCY OF THE DIAGNOSTIC AUDIT

Source: Own research

DISCUSSION AND CONCLUSION

The diagnostic audit and its applications must be placed in a technical context. By way of introduction it must be discussed whether the proposed audit assurance is full-fledged¹⁴⁰ and will meet the obligations arising from the professional definition of audit.¹⁴¹ Primarily, it must be stated that the proposed model has ambitions to implement auditing principles into environments that are audited sporadically, if at all (i.e. museums). Secondly,

¹³⁷ TARANTINO, A.: *Essentials of Risk Management in Finance*. New Jersey: John Wiley & Sons, 2011, p. 58.

¹³⁸ TARANTINO, A.: *Essentials of Risk Management in Finance*. New Jersey: John Wiley & Sons, 2011, p. 58.

¹³⁹ ANDERSEN, T. J., GARVEY, M., ROGGI, O.: *Managing Risk and Opportunity: The Governance of Strategic Risk-Taking*. Oxford: Oxford University Press, 2014, p. 75.

¹⁴⁰ KUPEC, V., PÍSAŘ, P., LUKÁČ, M., PAJTINKOVÁ BARTÁKOVÁ, G.: Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. In *Sustainability*, 2021, Vol. 13, No. 12, p. 1.

¹⁴¹ RAMAMOORTI, S.: *Internal Auditing: History, Evolution, and Prospects*. Altamonte Springs: The Institute of Internal Auditors, 2003, p. 13.

it must be noted that the diagnostic audit is not limited to partial assurance, but effectively works with audit phases (see the individual audit phases). During auditing, the complete assurance of the audited processes occurs via diagnostic points. Diagnostically, therefore, the audit provides assurance according to its professional orientation.

The model of diagnostic audit compiled undoubtedly contributes toward building what is called *Audit Advocacy or Audit Marketing*.¹⁴² “Although today’s audit no longer relies on hard control techniques but rather concentrates on soft consultancy performance, its perception inside companies is ambivalent. This means that auditors, much like dentists, are welcome in case of need, but are otherwise refused.”¹⁴³ The reason is that audits are associated by the lay public with negative events or pointlessly sophisticated approaches. This can deter some managers¹⁴⁴ from audits. The diagnostic audit, however, offers the management of an organization accessible solutions, which can lead to useful expansion of auditing methods into more economic sectors.

During the compilation of the diagnostic model, an area was also revealed that needs to be systematized. This area is the issue of *business processes*. “A business process consists of a set of activities that are performed in coordination in an organizational and technical environment. These activities jointly realize a business goal.”¹⁴⁵ As described herein, processes consist of other activities, or subprocesses. It is therefore a new question to what extent audited processes must be broken down and to what level of analytical detail, or with what level of precision auditing can take place. Resolving this question will of course have an impact on audit findings and the effectiveness of audits.

Here it is possible to identify other trends in audit diagnostics. It can be expected that it will be primarily connected with the digitization of the

¹⁴² KUPEC, V.: Marketing Communication and Auditor’s Brand. In PETRANOVÁ, D., MATÚŠ, J., MENDELOVÁ, D. *MARKETING IDENTITY: Brands we love – part I*. Trnava: UCM, 2016, p. 445.

¹⁴³ KUPEC, V.: Marketing Communication and Auditor’s Brand. In PETRANOVÁ, D., MATÚŠ, J., MENDELOVÁ, D. *MARKETING IDENTITY: Brands we love – part I*. Trnava: UCM, 2016, p. 445.

¹⁴⁴ BEDNÁRIK, J.: Change of Paradigm in Personnel Strategy – Corporate Social Responsibility and Internal Communication. In *Communication Today*, 2019, Vol. 10, No. 2, p. 42.

¹⁴⁵ WESKE, M.: *Business Process Management: Concepts, Languages, Architectures*. Berlin: Springer, 2019, p. 5.

environment.¹⁴⁶ “*The future promises digital audits performed online from various locations focusing on various processes.*”¹⁴⁷ These tendencies are visible in the long term, yet are currently gaining intensity. The potential options for diagnostic audit consist in direct digital connection to the audited processes of the organization. This would allow an entirely new concept of audit services, which would also advance ex-post execution into online execution. In the auditing profession, the analog approach would thus be transformed into a digital approach, which would reduce the reaction time for detecting and eliminating risks.

In conclusion, it can be summarized that museums are a significant part of society, as they are the caretakers of our culture. This places steep demands primarily on the management of museums, who can take advantage of the approaches of a diagnostic audit. This audit utilizes ex-ante description of processes and specification of the diagnostic points of the process. If a diagnostic point is fully functional, the audit will continue to verify other points in the process. If any of the points is not completely functional, an audit of the entire process ensues. At the same time, the calculations performed demonstrate that a diagnostic audit is more effective than other tools. This audit thus reflects economic development and offers management an efficient solution for achieving articulated goals.

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¹⁴⁶ BEZÁKOVÁ, Z., ZAUŠKOVÁ, A.: *Marketing communication in the eco-innovation process*. Katowice: Wydawnictwo Unikat 2, 2016, p. 32.

¹⁴⁷ KUPEC, V.: *Audit Essentials*. Praha: Vysoká škola finanční a správní, 2021, p. 6.

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HUMAN RESOURCE MANAGEMENT IN HERITAGE INSTITUTIONS

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Motto

*My job is not to be easy on people. My job is to take these great people
we have and to push them and make them even better.*

Steve Jobs, founder of Apple

INTRODUCTION

The first time the term *museum* appeared was in 1682 in England, where it was a description of a collection of exotic objects and curiosities. This collection was donated by Elias Ashmole to Oxford University. It was common for museums to be established by the donation of objects from private collections or by gifts from the aristocracy^{2, 3}. Nowadays, museums are considered specific institutions because they have their own economic rules; at the same time, we classify them as places providing leisure activities. Heritage institutions and foundations are the main carriers, preservers, and mediators of social, technical, scientific, and cultural heritage, knowledge, and learning. They form the core group of organizations making national

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² BLACK, G. (2005). *The Engaging Museum: Developing Museums for Visitor Involvement* (1st ed.). Routledge. <https://doi.org/10.4324/9780203559277>

³ PROKÚPEK, M. (2020). *Ekonomika a měření výkonnosti muzeí* (1st ed.). Prague, Wolters Kluwer. ISBN: 9788075986

cultural heritage accessible. Heritage institutions and foundations include archives, libraries, museums, galleries, facilities dedicated to protection of the heritage fund, specialized professional institutes and facilities in the cultural field, universities, the Academy of Sciences, and organizations for the management and protection of copyright and protection of intellectual and industrial property. Through their activities, museums contribute to education, promote tourism, and support local communities and social life in the region in which they are located⁴. Technical progress and new technologies, together with economic pressures in society, have made the environment in which heritage institutions operate increasingly complex. Because of these changes, they have been forced to adapt their methods of working and implement difficult decisions to cope with the current changing situation. In this period of rapid change and limited resources, heritage institutions are beginning to use strategic planning and modern management methods to achieve their goals and objectives. The reason is that it is not merely a question of finances, but also human resources and data in some form. A good manager and strategist will not take risks with even a single item in this equation, because his or her goal is to extract the maximum necessary to achieve the particular mission of the organization.

Every organization is limited by its external and internal environment. The external environment consists of the following critical parts:

- economic environment,
- technical and technological environment,
- socio-demographic environment,
- cultural and educational environment,
- political-legislative environment,
- ethical environment.

The internal environment is oriented towards the interior of the organization. Its elements that decisively influence management include:

- organizational structure,
- organizational culture and management culture,
- human resources, quality, and innovation.

⁴ PŮČEK, M. J., SOBOTKA, M., ŠIMČÍK, A. (2016). Lidské zdroje v dynamickém modelu muzea: Human resources in dynamic model of museum. *Regionální rozvoj mezi teorií a praxí*. Prague: Vysoká škola regionálního rozvoje Praha, (4), 79-88. ISSN 1805-3246.

The issue of human resource management in heritage institutions is still of interest to experts.

1.1 THE EVOLUTION OF HUMAN RESOURCES MANAGEMENT

The human being in the employment relationship is a subject of interest in management theory and practice. We can differentiate between several stages (theories) that match to the dynamic development of management theory and practice. The different stages bring us closer to different ideas about the human being in the employment process. The terms we encounter in theory and practice are also related to this process:

- personnel work;
- HR;
- personnel administration;
- personnel management;
- human resources management.

These terms are often considered synonymous, but from a theoretical point of view they represent different conceptions of personnel work⁵.

The foundations of human resource theory were laid by Elton⁶, who undertook a research project in the 1920s known as the „Hawthorne Studies”. Proponents of this research believed that work productivity is directly related to job satisfaction and job outcomes will be more pronounced if someone they respect shows interest in them. The authors⁷ and⁸ representatives of humanism – the belief they espoused – argued that the human factor is crucial when studying behavior in an organization. People should be treated as responsible and progressive beings. It is believed that the first mention of human resources appears in Bakke⁹ and later in Armstrong¹⁰, who stated that people are the key resource in organizations and businesses.

⁵ DUDINSKÁ, E. (2011). *Manažment ľudských zdrojov*. 1st ed. Prešov: Vydavateľstvo Michala Vaška, 214 p. (bound) graphs, charts, tables; 25 cm. ISBN 9788071658313

⁶ ELTON, M. (1933). *The Human Problems of an Industrial Civilization*. New York: Macmillan Co, Print.

⁷ LIKERT, R. (1961). *New patterns of management*. McGraw-Hill.

⁸ MCGREGOR, D. (1960) *The Human Side of Enterprise*. McGraw-Hill Book Co., New York

⁹ BAKKE, E.W. (1966). *Bonds of Organization: an appraisal of corporate human relations*. Archon: Hamden.

¹⁰ ARMSTRONG, M. (1977). *A Handbook of personnel Managemet practice*, 1st ed. London: Kogan Page.

However, the American theorist Charles Fombrun and his colleagues, the authors of the „matching model”, as well as Michael Beer and his colleagues, the authors of the „Harvard model”, are considered to be the founders of human resource management.

Today, human resource management is considered to be what HR managers and line managers do routinely with human resources in an organization. Little attention has been paid specifically to the theoretical underpinnings of human resource management, which is unfortunate given that understanding its very essence, in the form of different models of human resource management, provides a sound foundation for the application and development of practical approaches to human resource management.

More than a century of theoretical development has led to the emergence of a large number of definitions of people management, as well as concepts or models of effective people management. Among the best known definitions are the following:

- leading people means encouraging people to high performance through motivation and in accordance with the capabilities of the particular organization and with factors in the external environment¹¹.
- the leadership of people is an interaction between two or more members of a group that often involves organizing or adapting and changing a particular situation, the perceptions of the members of that group, as well as their expectations. Managing is influencing the willingness and motivation of group members¹².
- people management, in turn, is defined as influencing the actions of individuals or groups in order to achieve certain organizational goals under certain situations¹³.
- people management is characterized as building trust and mutual support among people who matter in the pursuit of organizational goals.

¹¹ BURNS, J. M. 1978. *Leadership*. New York: Harper & Row, 1978. 532 pgs. ISBN 0-06-010588-7

¹² BASS, B. M. 1990. *Bass & Stogdill's Handbook of Leadership: Theory, Research and Managerial Applications*. New York: The Free Press, 1990. 1182 pgs. ISBN 978-0-029-01500-1.

¹³ DUBRIN, A. J. 1990. *Essentials of Management*. Cincinnati: South-Western Publishing, 1990. 425 pgs. ISBN 978-0-538-85546-4.

- leading people means influencing and motivating others and enabling them to contribute to the effectiveness and success of the organizations to which they belong¹⁴.
- leading people is expressed as a measure of influencing others to understand and accept the goals to be accomplished and the means of accomplishing them, and to encourage individual and collective efforts toward the accomplishment of shared goals¹⁵.

Reflecting on the different content of definitions of people leadership led us to the realization that all definitions contain some structure of people leadership in organizations. Each of these organizations must answer the questions „Who?, What?, By Whom? and How?” to lead people in the organization¹⁶. Thus, leadership is understood as a systematic process in which a manager or leader directs, guides, motivates, and coordinates the activities of people inside the organization in order to fulfill the strategic goals of the organization.

The definitions variously address the processes of change, activating, directing, influencing, coordinating, organizing, and supporting the people being led in an organization.

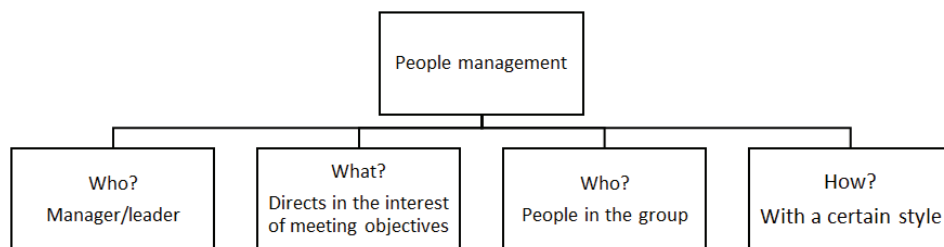


FIGURE 1 HUMAN RESOURCE MANAGEMENT

Source: Lašáková, 2013

¹⁴ HOUSE, R. J., JAVIDAN, M., DORFMAN, P. 2001. *Project GLOBE: An introduction*. In *Applied Psychology*. 2001, vol. 50, no. 4, pp. 489-505. ISSN 0269-994X

¹⁵ YUKL, G. 2010. *Leadership in Organizations*, Upper Saddle River: Pearson - Prentice Hall, 2010. 528 pgs. ISBN 978-0-132-77186-3.

¹⁶ LAŠÁKOVÁ, A. 2013. *Vedenie ľudí*. In RUDY, J. et al.: *Manažment a organizačné správanie*, 2013. Manuscript.

1.2 MODELS OF HUMAN RESOURCE MANAGEMENT

Human resource management is based on human resource management models, which according to Šikýř¹⁷ include the Michigan Model/Matching Model, the Harvard Model, and the European Model. Dvořáková¹⁸ adds that there are also Stochastic Models that are limited to US conditions and argues that „these models seek to reveal and describe that there is some coherence and persistence between human resource management policies and practices in order to accelerate the implementation of strategic change”.

The “*Matching Model*” proposed by Fombrun et al. in 1984 is one of the earliest models. The presenters of this model,¹⁹ maintained that the system and structure of human resource management of a given organization must be managed in accordance with the organization’s strategy, in the form of human resource cycles²⁰.

The Harvard Model

Based on the Michigan model, the authors developed their own proposal for a model of human resource management built on the assumption „that human resource management encompasses all the decisions and actions of managers that affect the nature of the relationship between the organization and the employee.” They also stress that it is essential to address people management in the longer term and to approach people as a potential asset rather than as a variable cost²¹. Human resource management is described in this model in relation to four areas that represent the set of tasks performed by managers. These are the areas of human resource flows, reward systems, employee influence, and work systems. The Harvard model has had a „significant impact on both theory and practice, particularly in its emphasis on the fact that human resource management concerns all managers rather than

¹⁷ ŠIKÝŘ, M., 2014. *Najlepší prax v riadení lidských zdrojov*. 1st ed. Prague: Grada Publishing. 37 pgs. ISBN 978-80-247-5212-9

¹⁸ DVOŘÁKOVÁ, Z. *Řízení lidských zdrojů*. Prague: C.H. Beck, 2012. Beck’s edition of economics. ISBN 978-80-7400-347-9.

¹⁹ DEVANNA, M.A., FOMBRUN, C., and TICHY, N. (1981) *Human Resources Management: A Strategic Perspective. Organizational Dynamics*, 9, 51-67

²⁰ ARMSTRONG, M. *Řízení lidských zdrojů: nejnovější trendy a postupy*: 10th ed. 1st ed. Prague: Grada, 2007, 789 pgs. ISBN 978-80-247-1407-3.

²¹ BEER, M. et al. 1984 *Managing Human Assets*. New York: Free Press.

just HR departments and HR professionals”²². They add that „*Personnel activities will not be a set of uncoordinated activities*”²³.

The Contextual Model

The contextual model of human resource management focuses its attention on environmental factors (such as social, political, organizational). These factors have been greatly underestimated in other models. The authors²⁴ state: “*The context is both a condition of and is simultaneously conditioned by human resource strategy. Human resource strategy involves a number of stakeholders²⁵, who may be both internal and external and are simultaneously influenced by the organization’s strategic decisions.*”

5-P model

This model was formulated by Schuler in 1992 and represents human resource management in terms of five elements, namely:

Human Resources Philosophy – expresses the approach to people in an organization from the perspective of the overall success of the organization.

Human Resource Policies – represent the principles for developing and implementing human resource programs and practices in alignment with the organization’s strategic goals.

Human Resource Programs – these allow for the prepositioning and direction of necessary organizational changes.

Human Resource Practices – these include human resource provision, performance management, compensation, training and development, labor relations, and administration.

²² ARMSTRONG, M. Řízení lidských zdrojů: nejnovější trendy a postupy: 10th ed. 1st ed. Prague: Grada, 2007, 789 pgs. ISBN 978-80-247-1407-3.

²³ DVOŘÁKOVÁ, Z. et al. *Management lidských zdrojů*. Prague: C.H. Beck. 2007 ISBN 978-80-7179-893-4

²⁴ MARTÍN-ALCÁZAR, F., ROMERO- FERNÁNDEZ, P.M.- SÁNCHEZ-GARDEY, G. 2005. *Strategic human resource management: integrating the universalistic, contingent, configurational, and contextual perspectives*. International Journal of Human Resource Management.16(5), 633-659.

²⁵ SCHULER, R.S. , JACKSON, S.E., 2000. *Strategic Human Resource Management*. Oxford: Blackwell.

Human Resource Processes – primarily includes formal procedures and methods that are designed to carry out strategic plans and policies in the area of human resource management.

European model

This was developed in response to the adaptation of the American concept of human resource management to the conditions (cultural, social, natural, etc.) of European countries. Brewster²⁶ characterized the European model of human resource management as follows:

- *environment* – the legal environment in which an organization is located;
- *objectives* – the goals of the organization and social responsibility/people as a key resource;
- *focus* – cost-benefit analysis in the context of the environment;
- *employee relations* – trade unions;
- *relationships with line managers* – expertise and synergy;
- *staffing and roles* – specialization, flexibility, resilience.

The European model has been further characterized by Mabey²⁷ et al. (1998, p. 107) as follows:

- dialogue between social partners;
- emphasis on social responsibility;
- multicultural organization;
- contributions to decision-making;
- continuous learning.

In the case of the difference between the American and the European understanding, it is an „*examination of the differences between the universalist, that is, the concept of human resource management which promotes universally applicable principles and practices through which the performance of the organization is improved, and the 'contingency concept of human resource management'* which, on the contrary, promotes more non-universally applicable principles and practices, i.e., principles and practices applicable according to the circumstances of their application”.

²⁶ BREWSTER, C. (1993): *Developing a 'European' Model of Human Resource Management*. In: *International Journal of Human Resource Management*, 4(4): 765-784.

²⁷ MABEY, C.; SALAMAN, G.; STOREY, J. 1998. *Human Resource Management: A Strategic introduction*, 2nd ed. Oxford:Blackwell.

In the *Anglicko-český výkladový slovník personalistiky* [Interpretive English-Czech Dictionary of Human Resources]²⁸, the universalist approach is referred to as BEST PRACTICE and is defined as „an approach based on the belief that there is some set of perfect or superior practices in human resource management that, if used, will lead to better organizational performance. The contingency practice is referred to as BEST FIT and is based on the belief that there can be no one-size-fits-all prescription for human resource management policy and practice. It all depends on the existing conditions and environment of the organization, its culture, and its business strategy.

In recent years, much emphasis has been placed on human resource management as a very important part of the whole organization and its management. Human resource management models are built on theoretical foundations, just like most of the models we encounter in science. On the other hand, the theoretical framework in which they have been developed gives organizations some scope for possible simulations and adaptation to conditions. The individual deviations of models from realistic outcomes are primarily due to the human factor, not always their rational decision-making and the wide range of their intrinsic motivators.

1.3 NEW APPROACHES TO PEOPLE MANAGEMENT

Previous theories described the management of people, but unfortunately did not take into account the emotional relationship between the supervisor and subordinate, which can greatly influence people's behavior and goal achievement. Nowadays, many leaders use emotional bonds to motivate their subordinates to work effectively and guide on the paths they should take. The hallmarks of the new form of HR are: personalization, flexibility, activation, and anticipation. Personalization of human resources management means taking into account the individual characteristics of the employee and is embedded at the levels of personnel policy, compensation, qualifications, flexible work and leave schedules, and the use of communications channels. Implementing new “personal” management is not easy for an organization, especially when setting individual work schedules. The personalization of human resource management involves introducing or developing rating

²⁸ KOUBEK, J. (2003). *Anglicko-český výkladový slovník personalistiky*. Prague: Management Press, ISBN 80-7261-080-5.

systems to evaluate employee performance, assessing the qualities and potential abilities of staff on the basis of surveys and questionnaires, and analyzing reports on the work of both subordinates and their supervisors. Flexibility in human resources management means effective adaptation of staff to ongoing changes as well as rapid response to internal and external queries. Flexibility of work expresses the company's flexibility in terms of time, place, and way of working. Workforce flexibility takes into account the ability of employees to react, adapt and adjust quickly to change. Workforce flexibility focuses on the introduction of flexible working arrangements and the loosening of employment relationships. It means working agreed working hours according to the needs of the company but also according to the needs of the employee. This will lead to greater use of external staff from other companies, the introduction of flexible working hours, alternative working arrangements. Rapid adaptation to management conditions appears to be one of the priorities, if not the main, the tasks of the enterprise are unthinkable without the initiative, social ability, dynamism of the management and the entire staff of the enterprise. Activation in human resource management means the focus of employees on solving the tasks facing the enterprise and on the implementation of these tasks. The activation of individual resources leads to an increase in the economic performance of the enterprise as a whole. Utilising the skills and initiatives of employees through their participation in the management of the enterprise on an equal footing with managers means increasing the competitiveness of the enterprise. The enterprise's employee should not be regarded by the employer as a source of antagonistic contradictions and problems, but as a source of additional resources. Foresight in human resource management promotes the adaptation of the enterprise to unexpected reversals of the economic conjuncture. Planning and managing a company without rational forecasting increases the risks of the enterprise and threatens its viability in the future. Thus, short-term planning of mass wages cannot be rational if it does not fit into the long-term strategic perspective of the enterprise's compensation and benefits system. In the same way, an annual professional development and retraining plan will only make sense if it is logically linked to a long-term plan²⁹.

²⁹ VETRÁKOVÁ, M. et al. 2011 *L'udské zdroje a ich riadenie*. Banská Bystrica: Matej Bel University, Faculty of Economics, 2011. 276 pgs. ISBN 978-80-557-0149-3.

Transactional management

From previous approaches that portrayed the leader as an authoritative hero, two directions have now evolved, namely transactional and transformational leadership styles. Transactional leaders seek to motivate their subordinates by observing their performances and based on those, identify sources of reward for their appropriate behavior. Leaders also make decisions to define work goals and behaviors in order to achieve the company's goals. The essence of transactional leadership is changes or transactions with subordinates³⁰. The leader offers rewards to his/her employees and in return they contribute their efforts and qualifications. In practice, this is often manifested in the form of benefits, e.g., promotions, salary increases, and other material rewards such as cell phones, laptops. In contrast, there are sanctions, which can take the form of a reduction in salary, demotion, or in extreme cases dismissal. As mentioned above, the essence of transactional leadership lies in the transaction, i.e. the shift or trade. Transactional leadership may therefore take any of the following forms³¹:

Managing by exception – this is a reaction to some undesirable condition or deviation from the firm. It occurs when workers deviate from the required standard or fail to meet the specified requirements. In this case, the supervisor will take exceptional measures, such as reassigning the worker or sanctioning the worker.

Contingent rewards – This option consists of rewarding workers if they achieve the required performance. These rewards may be financial or in kind, for example in the form of a company car. However, they can also be in the form of obtaining a better position or even a possible promotion.

Transformational leadership

A transformational leader seeks to go beyond the incentive-based motivation. He or she therefore develops, motivates, and inspires employees. This is to motivate them to go beyond their self-interest and focus on serving higher interests and the collective goals, mission, and vision. Leaders inspire their

³⁰ ARNOLD, K., TURNER, N., BARLING, J., KELLOWAY, K., MCKEE, M. (2007). *Transformational Leadership and Psychological Well-Being: The Mediating Role of Meaningful Work*. Journal of occupational health psychology. 12. 193-203. 10.1037/1076-8998.12.3.193.

³¹ BĚLOHLÁVEK, F. *Jak řídit a vést lidi* 2nd ed. Brno: CP Books, 2005., 100 p. paperback. ISBN 80-251-0505-9

subordinates mainly by their personal example³². Subordinates, or rather supporters, are motivated by this example and feel emotionally connected to the leader. In this way, the leader can transform the whole company. The hallmarks of the transformational style are:³³

- Fostering Participation;
- The ability to share power and information;
- Strengthening the self-esteem of the managed workforce;
- The art of getting colleagues excited about a task.

Specifically, transformational leadership relies on a clear and emotional vision of the future state of the company, which is called a vision. A leader can convince his subordinate workers about it and sweep them away with his enthusiasm for superior performance. This leader then guides the people by special means³⁴:

Charisma – this is a strong emotional relationship that gives the leader recognition, admiration, love, and trust in the eyes of his or her followers. Subordinates have unwavering faith in the rightness of what the leader is doing and in the leader himself or herself. A transformational leader sets an example for his or her followers to follow. This leader also likes to talk enthusiastically about future work tasks and devotes maximum energy to achieving these goals. He or she does not think of personal gain and does not let anything discourage him or her from achieving goals, but openly admits the obstacles and dangers that lie ahead on the way to the goal and is not afraid to fight them.

Personal Respect – Transformational leaders often literally act as fathers to their subordinates. They usually interact in a friendly, informal, and confidential manner. These types of leaders treat subordinates as equals, even though there are differences in status and experience between them. They also pay special attention to neglected team members, deal with each team

³² ARNOLD, K., TURNER, N., BARLING, J., KELLOWAY, K., MCKEE, M. (2007). *Transformational Leadership and Psychological Well-Being: The Mediating Role of Meaningful Work*. Journal of occupational health psychology. 12. 193-203. 10.1037/1076-8998.12.3.193.

³³ BEDRNOVÁ, E., NOVÝ, I. et al. *Psychologie a sociologie řízení*. 3rd expanded and supplemented edition. - Prague. Management Press, 2007. - 798 pp. ISBN 978-80-7261-169-0

³⁴ BĚLOHLÁVEK, F. *Jak řídit a vést lidi* 2nd ed.. Brno: CP Books, 2005. , 100 p. paper-back. ISBN 80-251-0505-9

member individually, and are always appreciative of a job well done. They assign challenging tasks to workers, thus encouraging their self-confidence.

Emotional encouragement – this is the use of emotional resources in leading workers. The leader behaves in an encouraging manner, thereby stimulating enthusiasm for work in subordinates. His or her pep talk creates confidence in the workers' own abilities to successfully complete assigned tasks and achieve group goals.

Thought Stimulation – This is the ability to imagine a non-existent, future state and transfer it to other people. Intellectual stimulation is especially important when a group is solving a complex and ambiguous task.

For effective staff work, the collection and documentation of information needs to be systematic, clear and usable for the purposes needed. For these purposes, companies use HR software. Record-keeping is based on the company's HR department, structure, and HR strategy. This also influences which parts of the personnel work that is the focus of the information system. In comprehensive use it covers personnel planning, payroll, development, recruitment, appraisal, reward systems, and care for employees³⁵.

Talent Management

Talent management is based on attracting and retaining high-performing employees, because talent creates competitive advantage and higher added value. The concept of talent management was introduced by McKinsey in 1997. At that time, companies were restructuring their HR policies to adapt to changing conditions. This was due to increasing demands from employees related to working conditions and compensation, which resulted in increased competition among companies for the best employees. Every company perceives talent differently. For some, it means employees in senior positions. However, talent is broadly understood to mean all employees, as each has a particular talent and it is the company's job to recognize, develop, and utilize them³⁶. It therefore includes all measures of personnel policy in the company with the goal of optimally filling important positions and managerial positions for the long term. Due to the different require-

³⁵ DVOŘÁKOVÁ, Z. *Řízení lidských zdrojů*. Prague: C.H. Beck, 2012. Beck's edition of economics. ISBN 978-80-7400-347-9.

³⁶ KOCIANOVÁ, R. *Personální činnosti a metody personální práce*. Prague: Grada, 2010. Psyché (Grada). ISBN 978-80-247-2497-3.

ments imposed by the given company's industry, products, or services, talent management must be developed specifically for the company³⁷. Instead of sub-processes, talent management focuses on the big picture. In this way, the different sub-areas of classical human resources work are brought together into a central process:

- Recruitment: hiring and onboarding;
- Staff development: education, and training;
- Personnel planning: quantitative and qualitative staffing requirements;
- Employee loyalty: career planning, development plans, company benefits;
- Talent relationship management: talent tracking through active networking;

Talent management is concerned with the measures used to find talent, promote it and finally use it in a targeted way. The goal is to ensure that individual talent needs are met in the best possible way to enable long-term attachment to the company³⁸. This is a more important component for meeting the growing demands for personnel work. Holistic measures can initiate retention of talent in your own company before they are actually hired. Even after recruitment, a holistic approach helps develop and motivate capable employees, thereby tying them to the company in the long term.

Social responsibility

Social responsibility means dealing with your employees in a socially acceptable manner on site and taking into account consumer protection and customer interests. It is important that companies recognize the added value of CSR measures in terms of social issues as well. Investing in training new employees, in further training programs, in reconciling family and work or in measures to achieve equal opportunities is always an investment in the productivity and viability of a company³⁹. Indeed, companies are always faced with the challenge of attracting and retaining skilled workers. Active policies on integration and disability, as well as support for healthy lifestyles, are not only linked to gaining goodwill for the company, but also increasing

³⁷ ARMSTRONG, M., TAYLOR, S. *Řízení lidských zdrojů*. Thirteenth edition. Translated by Martin ŠIKÝŘ. Prague: Grada Publishing, 2015. Expert. ISBN 978-80-247-5258-7.

³⁸ KOCIANOVÁ, R. *Personální činnosti a metody personální práce*. Prague: Grada, 2010. Psyché (Grada). ISBN 978-80-247-2497-3

³⁹ KAŠPAROVÁ, K., KUNZ V., 2013. *Moderní přístupy ke společenské odpovědnosti firem a CSR reportování*. Prague: Grada Publishing. ISBN 978-80-247-4480-3.

employee motivation and loyalty to the company⁴⁰. Leading a company based on values and responsibility towards people and the environment is increasingly becoming a fundamental requirement of modern business. The expectations that companies will take on this responsibility are increasing on the part of the public and investors. This includes work-life balance, which refers to the optimal balance between a person's personal and professional life. This is an approach that promotes employee satisfaction while working as an incentive for better engagement and productivity in the workplace. Achieving ideal work-life balance is a task shared by workers, employers, and the authorities, because the benefits are shared. People improve their health, increase their work performance, and better spend time with their families. Companies enjoy low absenteeism rates and greater employee engagement. This means higher productivity and lower costs. Countries spend less on health services, reduce environmental pollution due to reduced traffic burdens, and raise education levels thanks to a strong family foundation. The relationship between the two areas is crucial, but so too is the individual quality of each individual area⁴¹. If a worker draws the problems of his work life into his or her private life, the entire structure suffers. An excessive orientation on private interests can in turn have a negative impact on work life.

At the same time, work-life balance has become deeply entrenched in the new millennium, as the boundary between work and private life is being removed due to the daily use of sophisticated technologies (smartphones, tablets, and laptops connected to the Internet) and generational change. Work-life balance, as already mentioned, has an impact on employee health. An imbalance can result in stress, which has become the problem of the 21st century. Managing stress in business simply means being able to handle certain situations. There are different types of stress at work:

- eustress, which stimulates and increases productivity
- distress, which has the opposite effect and can cause illness
- chronic stress, which is an alarming condition.

⁴⁰ ARMSTRONG, M., TAYLOR, S. *Řízení lidských zdrojů*. Thirteenth edition. Translated by Martin ŠIKÝŘ. Prague: Grada Publishing, 2015. Expert. ISBN 978-80-247-5258-7

⁴¹ KOCIANOVÁ, R. *Personální činnosti a metody personální práce*. Prague: Grada, 2010. Psyché (Grada). ISBN 978-80-247-2497-3

Stress at work manifests itself when an employee thinks that the demands of the job are greater than the resources available. The resources can include the necessary qualifications, time, or work resources. Job demands can arise from an uneven or inefficient distribution of work tasks. According to⁴² stress prevention includes:

- Setting goals and standards that are feasible for employees;
- Assigning tasks based on qualifications and abilities;
- Encouraging career growth;
- Open communication between employees and management;
- Avoidance of favoritism and unequal treatment of employees;
- Educating managers on stress management and stress mitigation.

Stress management or mitigation is therefore a systematic approach that is applied at the following levels:

- Perception and interpretation of stress;
- Specific coping strategies;
- Avoidance of stressful situations;
- Changing the stressful situation.

Ideally, the sufferer recognizes the threat of excessive demands and is able to manage, avoid, or actively change them through consciously initiated behavior. This active role significantly helps to regain control in stressful moments.

2. HUMAN RESOURCE MANAGEMENT IN HERITAGE INSTITUTIONS

Culture is not exactly an area that comes to mind first in the context of the market economy and profit generation. Cultural institutions often operate on the basis of state support or operate in the not-for-profit sector in such a way that money raised from various collections and foundations allows them to finance their activities. Culture, apart from its broad meaning, is often linked to experience, and in economic terms is not primarily focused on profit. That culture is even typically described as a poor field (in terms of cash flow) is evidenced by the salary conditions of employees working in cultural institutions. We see the solution to strengthening the cultural sector in our country in increasing the attractiveness of the cultural sector⁴³.

⁴² ARMSTRONG, M., TAYLOR, S. *Řízení lidských zdrojů*. Thirteenth edition. Translated by Martin ŠIKÝŘ. Prague: Grada Publishing, 2015. Expert. ISBN 978-80-247-5258-7

⁴³ LUKÁČ, M. (2013). *Vplyv marketingu na návštevnosť hradných múzeí*. -Trnava, University of Sts. Cyril and Methodius in Trnava, 153 p.- ISBN 978-80-8105-532-4

The cultural sphere can be characterized as a part of public life comprised of institutions of an artistic, spiritual, or sociocultural nature. One such type of organization that offers a very strong potential for exploitation: museums. Since time immemorial, museums have played a key role in the presentation of cultural heritage. They are based on the past, but under the lens of the present, looking for what lives in the present. Museum activities are linked to services that make a significant contribution to human and regional development. They are of great importance in the development of society and national cultures, and their historical significance is irreplaceable. They protect, preserve and present collections of a natural, artistic and cultural-historical nature. Today, museums are increasingly becoming cultural and leisure centres. However, if they are to compete in the leisure market, they must constantly seek ways of capturing the public's attention

The management of cultural organizations differs in many ways from the market sector. He discusses this issue⁴⁴ and draws attention to the fact that the very creation of indicators that measure the performance of a given company is problematic. In the for-profit sector, indicators are broadly grasped because the basic input (the means to success) as well as the output (the measure of success) is money. In cultural organizations, money is only an input. The fundamental question in measuring outputs should be: „*How effectively are we fulfilling our mission and what is their impact in relation to our resources?*” The implication for us is that in organizations, performance must be evaluated in the context of the company's mission, not on the basis of financial returns. Although in some cases outputs are almost unmeasurable – the main idea must remain the same – there is a need to separate inputs from outputs. We understand the services that museums provide as public services, where the user – or consumer – is the public, as a social subject⁴⁵. If the service providers are public sector organizations, the purpose is not profit but to achieve benefits for the population⁴⁶.

⁴⁴ COLLINS, J. *Good to Great and the Social Sectors: Why Business Thinking is Not the Answer*. New York: Harper Business, ISBN 978-80-977-3264-02.

⁴⁵ OCHRANA, F., 2007. *Manažerské metody ve veřejném sektoru*. 2nd updated and expanded edition. Prague: Ekopress. ISBN: 808692923x

⁴⁶ WRIGHT, G. – NEMEC, J. 2003. *Managment veřejné správy. Teorie a praxe*. Prague: Ekopress. NISPAcee. 417 pgs. ISBN 80-86119-70-X

TABLE 1 DIFFERENCES IN PERSONNEL MANAGEMENT ACTIVITIES ACROSS SECTORS

Personnel activities	For-profit sector	Cultural/non-profit sector
Personnel planning	Focus on production, employee compensation and allocation, designing employee needs	ensuring conditions for the work of volunteers, carrying out the organization's events
Employee training	very important, changes in requirements in the business environment and competitive pressures	insufficient emphasis, depends on the finances of the organization
Employee compensation	leads to increased productivity, staff retention	job satisfaction focused on philanthropy, participation in fundraising events
Employee evaluation	based on the assessment of the opportunity increase in personal allowance, commendation	performance appraisal, praise for a job well done
Recruitment	generally on the basis of experience or recommendation	on the basis of recommendation, even without experience, application of volunteers, specialists, professionals
Relationships in the workplace	very important, employees do compete and seek promotions or salary increases over others	very important, rather friendly relationships

Source: COLLINS, 2011 – author elaboration

In assessing outcomes, we should ask: „What exactly do we mean by a great outcome?“ The options are many and the definitions of the indicators to be measured are at our discretion. In a museum, such a measure might be the number of visitors, the expansion and quality of year-round program offerings, or the number of professional publications produced.

In the for-profit sector, a clear and straightforward management structure prevails. In contrast, in the cultural sector, power is more diffuse and the leader alone does not have such strong decision-making authority. Leaders may come across as indecisive, but their perceived indecisiveness only masks complex governance and diffuse power structures.

These institutions are supposed to benefit society through their actions, while also meeting the demands of the people. Mission and vision are important concepts in these institutions. The mission should be defined succinctly and concisely. It describes the reason for the existence of the institution and shapes its objectives in the long term. The vision informs the development of the strategic plan and defines the presentation of the institution. For example the mission of Spiš Castle is a unique example of the development of castle architecture not only in Spiš, but also in a national and European context. Its large Romanesque layout from the 13th century is evidence of the defensive and residential function of the castle with a fortified castle core (acropolis), a Romanesque forecourt, a refugium, and preserved typological building types such as defensive towers, a residential royal palace, a cistern, and entrance gates (towers). This form has been preserved to a significant extent and is still clearly visible today. Similarly, all other stylistic alterations are evidence of the castle's structural development and the changes in its functioning, initially as a royal residence and later as a noble residence⁴⁷.

2.1 HUMAN RESOURCE MANAGEMENT IN MUSEUMS

At present, human resources management in institutions operating in the cultural sector mostly takes place at the administrative level. The authors⁴⁸ state: *„Attention to human resources work in monuments is mainly given to compliance with obligations arising from labor legislation and other regulations. Critical personnel processes tend to include recruitment, selection and adaptation, training and development, employee evaluation, information and feedback.”* As we can see from the text these are all important HR activities that must be carried out in organizations.

⁴⁷ <https://www.snm.sk/?spissky-hrad-historia-muzea>

⁴⁸ DOSTÁL, P. et al. *Marketingové řízení památkových objektů*. 1st ed. Prague: Ekopress, 2014. 195 p. ISBN 978-80-87865-14-9.

This fact is due to the particularly specific working environment in which cultural institutions are based. Organizations tend to employ a smaller number of staff, but their workload varies considerably and they are often required to be more flexible in terms of time. In addition, informal relationships prevail in this type of workplace. As a result, personnel matters are carried out in many cases in a haphazard and inexpensive manner, often without any preparation. At the same time, the authors also define several advantages of employment in this type of organization. These include, for example, working in small teams in which friendly relationships are established. This is also true in the relationship between employee and employer, which is more personal and intimate. Such an environment creates better conditions for autonomy and flexible allocation and, in some cases, greater opportunities for work-life balance. On the other hand, employees working in organizations that are tied to the budget of a ministry, municipality or higher authority usually have to count on lower pay or salaries and minimal employee benefits. Related to this is little support for training and development. Staff have irregular working hours throughout the year, which are adapted to the season and the needs of customers (visitors).

Last but not least, there are few opportunities for promotion. Among other things, it is important to mention that the quality and management of personnel matters depends primarily on the manager – on his/her personality, motivation, and approach to dealing with different personnel disciplines. In this position, he or she determines the strategic direction of the organization within the context of external boundaries, and within these boundaries he or she develops his or her own unwritten HR strategy and policy. The manager leader represents certain values and accordingly specifies the requirements that should be met by the organization's staff. As mentioned above – the public sector funding system (and therefore a significant part of cultural institutions) is based on the distribution of funds, resources from public budgets. Furthermore, we are in an environment of various regulations and norms that restrict the powers of managers. In this situation, it is complicated to find a uniform framework for evaluating managers, because it is necessary to take into account the diverse environment in which they find themselves. As Kesner⁴⁹ states: „*It is equally unquestionable*

⁴⁹ KESNER, L. *Marketing a management múzeí a pamiatok*. Prague: Grada, 2005. ISBN 80-247-1104-4, cit. p. 261.

that the fundamental prerequisite for radical change, i.e. improvement of the status quo, is not in the hands of the directors themselves, but lies above all in the transformation of the relationship of cultural institutions with their founders and in the change of the way they are financed.”

In the management of cultural institutions, two basic issues have been addressed for several years – the first one deals with the possibility of selecting a suitable candidate for the management of a museum (or other cultural organizations), the second one opens a debate on the choice of the right management style and the possibility of using approaches coming from the commercial sphere. Currently, management positions are filled by professionals in the field, rather the exception being positions filled by a manager with, for example, an economic or legal background. In 1978, the American Association of Museums stated: *„It makes more sense to train art historians to become managers than to train managers who have no natural interest in art to develop an appreciation and sympathy for art and to understand the functions of museums.”*

Thus, the management position is occupied by people with professional qualifications, but who in the past have been involved in economic and marketing activities, among other things, and at the same time must also be involved in human resource management. There have been several attempts in the past to implement human resource management models from commercial practice into the management of cultural institutions. However, cultural institutions have encountered a number of problems. These attempts to implement new elements of management have become an important milestone that has taken the issue further. In practice, however, it turns out that the development of institutions is rather hampered by the directive-state mode of management, where the greatest power is vested in the official/economist, who ticks the boxes and reallocates resources as he sees fit. This determines the organization's programmatic offerings and future for the whole of the coming period.

Human resource management in museums includes personnel and management activities such as: planning, organizing, directing, leading, motivating and controlling personnel processes and human resources. Museums must, first and foremost, comply with the legislation in force, the objectives set and the performance indicators in their activities and in the management of human resources. Strategic human resources management is also important,

as it defines the vision, objectives, indicators and main approaches in the management of the organization and human resources. However, as it turns out in practice, most museums do not have any strategy and therefore the management of HR activities in the museum is often unsystematic. A very important area is the creation and management of the personnel budget as well as the optimization of the staff. The selection of staff, which should be carried out through a selection procedure, is also a key personnel activity to be monitored. Properly defined requirements and competencies for staff in museums is a very important area, especially in terms of the quality of services provided⁵⁰. Competencies (defining responsibilities and authorities for the required roles) result in competencies for human resource development. The competency approach is built on the adoption of competencies as the cornerstone for the areas of recruitment, performance appraisal, development, training and career planning of employees. Competencies can be expressed as necessary behaviors. The definition of a competency is a set of skills, knowledge, and abilities needed to successfully manage roles and tasks⁵¹. By acquiring a competency, it is possible to assign competency as authority. Competency in psychological terms is the competence, qualification, and ability to perform an activity or actions, yet at the same time competency is defined as a set of behaviors a worker must use in a given situation in order to competently manage his/her tasks⁵². To competencies we can also assign the formal authorization to perform activities in public administration. In a museum setting, then, we can divide specific competencies into:

- on „hard” competencies (length of experience, knowledge),
- „soft” competencies (e.g. skills and abilities, character, discipline, drive),
- formal competencies – authorization (e.g. production of proof of prescribed education, driver’s license, proof of passing prescribed examinations, criminal record certificate,). Competency management focuses on the prerequisites for achieving objectives (this includes employee com-

⁵⁰ ČAPOŠOVÁ, E. (2018). *Miestna samospráva v kontexte manažérstva kvality* [electronic] - 1st ed. - Trnava: University of Sts. Cyril and Methodius in Trnava, 140 p. [CD-ROM]. - ISBN 978-80-8105-941-4.

⁵¹ KUCKA, M., MANÍKOVÁ, J. 2001: Rozvíjanie manažérskej kompetencie. City University Bratislava Foundation, p. 51, ISBN 80-89045-06-5

⁵² KUBEŠ, M., SPILLEROVÁ, D., KURNICKÝ, R. 2004: Manažerske competence-způsobilosti výjimečných manažerů. Prague: Grada Publishing. ISBN 80-247-0698-9

petencies), performance management focuses on results or achievement of results. Competency management is mainly based on competency audit (which compares the competencies set for a given position with the competencies of a specific employee who has actually filled the position). Both competency and performance management should have a direct link to the compensation and benefits system⁵³.

Effective human resource management is associated with the problem of optimizing the number of staff. This term refers to the number of staff when, given the museum's objectives and the constraining conditions (especially resources), the museum is able to efficiently meet the set indicators for the fulfillment of the objectives. Optimization of the number of staff is therefore linked to the dynamics (mobility) of the staff. For this purpose, personnel or process audits have been used in the past as analyses to determine the actual need for staff in museums. A staff audit is a good way to arrange a review of activities performed inefficiently or duplicated, the workload of individual staff members, the suitability and fulfillment of qualification requirements for individual functions, and the personality profile of staff with identification of the strengths and weaknesses of the staff's personality⁵⁴. The basic starting point for an effective personnel or process audit is the correct assignment by the commissioning body (which may be the founder, director, etc.). It is very important to clarify why we want the audit, what questions it is to answer, what it is to focus on, what procedures are to be preferred. Without a clear terms of reference, clear results cannot be expected. A confused or purposeful assignment can then lead to confused or purposeful audit results. The main methodological approaches include:

- Performance audit – this uses procedures under the Financial Control Act;
- comparative audits – benchmarking against comparable museums or against an ideal (or standard).

The problem, however, is that most consulting firms conducting audits do not have data for benchmarking. If an audit is based on benchmarking with comparable museums, it can tell us how far we are from the best in the field in terms of performance in particular activities. However, if we

⁵³ OCHRANA F., PLAČEK M., PŮČEK M., ŠIMČÍK A. (2018). *Management a hospodaření muzeí*. 1st edition. Prague: Karolinum, 244 pgs. ISBN 9788024636382.

⁵⁴ PORTER, B., SIMON, J., HATHERLY, D. (2003). *Principles of External Auditing*. West Sussex: John Wiley & Sons, Ltd, 608 pgs. ISBN 0-470-84297-0.

have information about who we are comparing ourselves to, we can look for good practice in the best and implement it.

- measuring work and trends – this uses observation methods, measuring the time of individual tasks, making educated guesses and standardising tasks. In this type of measurement, processes are described, structured interviews are used, as well as self-assessments and trend analyses and evaluations are carried out.

However, the question remains to what extent this well-established method, used successfully especially in manufacturing companies, can be transferred to museum conditions.

- sector- or subject-specific audits – these are audits of the storage of collections in depositories,
- audit of public contracts, property.
- efficiency audit – compares the activities actually carried out with what is expected by customers.⁵⁵

If the museum management decides to carry out any of the above audits, it must remember that its main objective is to manage the museum efficiently. The staff audit should be seen as a path to prosperity and a way of ensuring the development of the organization. There is no rivalry in the true sense of the word in the museum environment; their purpose is still to provide a service to the public. Museum staff are the most essential element of the organization, and it is important to point out that a staff audit is a means of assessing the potential of staff and helping to optimally set up processes in the organization. With the help of a personnel audit, an organization can achieve greater motivation and satisfaction among its employees, can increase work productivity and thus improve its overall image in the eyes of the public. In Slovakia, personnel audit is still wrongly perceived as a tool for dismissing employees.

CONCLUSION

We consider human resource management in heritage institutions to be a key area of organizational development. It substantially influences the skills, attitudes, behavior and knowledge of employees, who in turn influence the overall performance of the organization, the quality of services

⁵⁵ OCHRANA F., PLAČEK M., PŮČEK M., ŠIMČÍK A. (2018). *Management a hospodaření muzeí*. 1st edition. Prague: Karolinum, 244 pgs. ISBN 9788024636382.

provided and, most importantly, the satisfaction of customers. The area of human resources is one of the problematic areas in museums. Training and education of staff for museums needs to be given special attention. It is also necessary to address the issue of the successor generation of current museum professionals in order to maintain the continuity of work in museums and galleries and to increase its professional quality. The issue of human resources is also closely linked to wage policy. Low average wages below the national average are a problem that museums still face, resulting in a relatively low interest on the part of the younger generation in employment in fund-holding institutions.

Museums are both a product of culture and a means of preserving it. The importance and social role of museums derives from this perspective. Museums can be studied from the point of view of different scientific disciplines, depending on which sub-problem is being analyzed. In this publication, we have sought to contribute to the growth of knowledge of museum issues from the perspective of management and human resource management. The activities of the museum as a scientific institution and visitor centre include important activities that are part of the development of the region and tourism. Further stimulating conclusions arise from the research oriented towards human resources and managerial functions that help us to make the management and management of museums more effective.

In turn, human resources development is a prerequisite for the implementation of new methods of managing museum staff, which is closely linked to the support of public funding. It is necessary to ensure that the potential of museums is also linked to the educational system in terms of regional development and tourism.

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CONTROLLING MANAGEMENT SYSTEMS IN CULTURAL ORGANIZATIONS IN THE POST-COVID-19 ERA

PŘEMYSL PÍSAŘ¹

ABSTRACT

Cultural organizations have been heavily affected by the COVID-19 pandemic and need to be prepared for successfully operating in the post-COVID-19 era. A Controlling Management System is naturally prepared for times of turbulence, accommodates rapid changes, and forces organizations to be flexible and resilient in the face of rapid developments. Cultural organizations may find in CMS a powerful tool for overcoming obstacles created by the COVID-19 pandemic. Everything we knew has changed dramatically and will probably not return to its original state. We live in a time of significant changes and need to evolve and adapt to stay resilient. This article uses three research efforts conducted in cultural organizations during 2019-2021, as well as experimental tests of article results and conclusions for real practice, based on which it promotes the advantages of the CMS implementation, in addition to identifying common CMS mistakes, missteps, and obstacles in cultural organizations.

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Controlling is not only checking, reporting, or calculating... Controlling is a tool for any cultural organization focused on its future development, improvement, and goal achievement.

1 INTRODUCTION AND REVIEW OF LITERATURE

The time of the COVID-19 pandemic has affected our lives and had an important impact on the operations, management, and performance of cultural organizations. These times of dramatic changes bring a need for rapid evolution and assimilation to the rapidly changing environment. One of the managerial tools available, which is oriented around the principle of “preparing for and stimulating” such evolution and organizational development, is controlling².

1.1 CULTURAL ORGANIZATION MANAGEMENT AND THE COVID-19 PANDEMIC

The importance of cultural heritage and its role in societal development are unquestionable. Understanding history and comparing its results with current trends generate new questions and form future trends. Cultural heritage can consist of everything tangible and intangible that constitutes evidence of the value of civilization³. Cultural and economic results have been dramatically changed by the impact of the COVID-19 pandemic. Based on a report from the World Travel and Tourism Council, the changes caused by the COVID-19 pandemic (from 2019 to 2020), include a decrease of EU GDP by 51.4% and a decrease in employment of 9.6%⁴. The European Parliament assessed the average change in the cultural and creative industries as a decrease in revenue of 31%, with a decrease of 90% for the performing arts⁵. The COVID-19 pandemic, and efforts to contain it,

² ALINA, Sakun, et al. Innovative Paradigm of Management Accounting and Development of Controlling in the Entrepreneurship. 2021. vol. 9, no. 4, p. 548-564

³ MATTEO, Eleonora Di et al. Development of a Decision Support System Framework for Cultural Heritage Management. Sustainability [online]. 2021, vol. 13, no. 13, p. 7070.

⁴ World Travel and Tourism Council. Travel & Tourism—Global Economy Impact & Trends 2020. 2020. Available online: <https://wtcc.org/Research/Economic-Impact> (accessed on 18 July 2021)

⁵ European Parliament. Impacts of the COVID-19 pandemic on EU industries. Available online: [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662903/IPOL_STU\(2021\)662903_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662903/IPOL_STU(2021)662903_EN.pdf) (accessed on 18 July 2021)

have caused a massive reduction in the activities of cultural organizations⁶. The COVID-19 pandemic and subsequent restrictions made it difficult to form cultural organization management activities and strategies. The key to resilience for cultural organizations lies in the interaction between marketing activities and continual environmental analysis.⁷ In times of uncertainty⁸ and the rapid changes caused by the COVID-19 pandemic, it is complicated for cultural organizations to form and develop strategies^{9,10}.

1.2 CONTROLLING

The present world is still rapidly changing; technologies, communication, social networks, and new standards are challenging our lives¹¹. How can we attract and develop culture, aid in its understanding, and generate people's interest in it? To answer these questions and increase awareness of culture as an important part of our lives, cultural organizations need a modern managerial tool. A controlling management system¹² (CMS) is

⁶ TSALPARA, C.; SOULOPOULOS, I.; SKLIAS, I.; GRAMMALIDIS, N. COVID-19 Pandemic's Influence on Popular/Folk Culture and Tourism in Greece: Shaping the Future and Beyond. In *Strategic Innovative Marketing and Tourism in COVID-19; 9th ICSIMAT Conference 2020*; Springer: Cham, Switzerland, 2020.

⁷ LUKÁČ, Michal, Václav KUPEC, Přemysl PÍSAŘ, and Peter ŠTARCHOŇ. The Interaction Between the Marketing Communications Audit and Visitors in Museum Facilities. *Communication Today*. Trnava: FMK UCM, 2021, vol. 12, no. 1, p. 80-95. ISSN 1338-130X.

⁸ MATTEO, Eleonora Di et al. Development of a Decision Support System Framework for Cultural Heritage Management. *Sustainability* [online]. 2021, vol. 13, no. 13, p. 7070.

⁹ DELLA SPINA, L. Adaptive sustainable reuse for cultural heritage: A multiple criteria decision aiding approach supporting urban development processes. *Sustainability*. 2020, 12, 1363

¹⁰ DELLA SPINA, L.; GIORNO, C.; GALATI CASMIRO, R. An integrated decision support system to define the best scenario for the adaptive sustainable re-use of Cultural Heritage in southern Italy. In *Proceedings of the International Symposium: New Metropolitan Perspectives, Italy* (online), 26–28 May 2020; p. 251–267

¹¹ PÍSAŘ, Přemysl and Mariá E. MAZO. Controlling, Communication, and Corporate Culture – Opportunities for SMEs. *Economics & Sociology* [online]. 2020, vol. 13, no. 3, p. 113-132. ISSN 2071789X.

¹² PEREIRA, Audrey P. and Monika M. WAHI. Strategic Approaches to Increase Course Management System Adoption by Higher Education Faculty. *Journal of Higher Education Theory and Practice* [online]. 2017, vol. 17, no. 2, p. 61-69. ISSN 21583595.

a tool that may be the solution not only for the current situation¹³ but also for developments in the near future¹⁴. In historical terms, controlling can be seen as a process or procedure for data acquisition and analysis – usually of financial data. The perceived idea of the historical aspect of controlling is that the results of the data analysis end with the reporting of the results¹⁵. Unfortunately, this is an often widespread misconception of controlling.

The modern controlling management system views the analysis of historical data as a basis of analysis necessary for planning, creating strategies, and achieving goals¹⁶. The modern CMS¹⁷ is obviously characterized by its future orientation – setting and achieving goals¹⁸. The modern CMS is not only a passive analytical tool but in time becomes a continuously proactive managerial tool. The current hyper-competitive environment, globalized world, and technologies are challenging for any management system¹⁹, because to be good is simply not enough for future development²⁰.

¹³ BARRATT, M.; CHOI, T.Y.; and M., LI. Qualitative case studies in operations management: trends, research outcomes, and future research implications; *Journal of Operations Management*; 2021, vol. 29 no. 4, p. 329-342.

¹⁴ KEOGH, Olive. The things that keep SME owners awake at night: Bad time management, controlling costs, and worries about recruitment are three major concerns. *Irish Times* [online]. Jul 20, . 2018, p. 7. ProQuest Central.

¹⁵ VITEZIC, Neda and Vanja VITEZIC. A Conceptual Model of Linkage Between Innovation Management and Controlling in the Sustainable Environment. *Journal of Applied Business Research* [online]. 2015, vol. 31, no. 1, p. 175-n/a. ISSN 0892-7626.

¹⁶ Project Management Services Such as Scheduling and Cost Controlling, Fund Controlling and Construction Management of Supplementary Management for the Complete Repair of the Milheimer Bridge in Cologne. *MENA Report* [online]. 2018.

¹⁷ ALEEDANESHVAR, A. and A. KHORRAMIAN. The impact of CMS inclusive jet data on parton distribution functions and their uncertainties. *International Journal of Modern Physics.A, Particles and Fields, Gravitation, Cosmology* [online]. 2017, vol. 32, no. 22. ISSN 0217-751X.

¹⁸ PAVLÁK, Miroslav and Přemysl PÍSAŘ. Strategic management controlling system and its importance for SMEs in the EU. *Problems and Perspectives in Management* [online]. 2020, vol. 18, no. 3, p. 362-372. ISSN 17277051.

¹⁹ RATTEN, Vanessa et al. The Journal of Family Business Management: a bibliometric analysis. *Journal of Family Business Management* [online]. 2021, vol. 11, no. 2, p. 137-160. ISSN 20436238.

²⁰ TAMULEVIČIENĖ, Daiva and Armenia ANDRONICEANU. Selection of the indicators to measure an enterprise's value and its changes in the controlling system for

According to Písař²¹, any management systems are challenged by two factors: time and costs. For success, any organization needs to have the correct information in the shortest possible time, because the usefulness of accurate, but non-current information is declining rapidly²². The factor of cost limits what types of information the organization will collect and how it will be analysed, because each time the organization need to calculate the costs²³ as well. These two limitations also apply to a CMS. The basic prerequisite for a well performing management system are excellent analytical capabilities²⁴. Based on accurate cultural environment analysis²⁵, as well as understanding people's expectations and what new trends will come, is vital for the strategy development of cultural organizations.

1.3 CULTURAL ORGANIZATIONS AND CONTROLLING MANAGEMENT SYSTEMS

Spicer sees the impact of COVID-19 as causing a large-scale social, cultural, and economic shock that transformed cultural organizations²⁶. Cultural organizations are an essential component of national economies and they have essential footprint in employment²⁷. The Committee of Sponsoring

medium-sized enterprises. *Entrepreneurship and Sustainability Issues* [online]. 2020, vol. 7, no. 3, p. 1440-1458.

²¹ PÍSAŘ, Přemysl. European SMEs' value management based on controlling, financial analysis and ratios – empirical study. *Investment Management & Financial Innovations* [online]. 2019, vol. 16, no. 4, p. 277-289. ISSN 18104967.

²² LOPEZ-ARREDONDO, Laura et al. Reengineering of the software development process in a technology services company. *Business Process Management Journal* [online]. 2020, vol. 26, no. 2, p. 655-674. ISSN 14637154.

²³ GANZARAIN, Jaione and Nekane ERRASTI. Three stage maturity model in SME's toward industry 4.0. *Journal of Industrial Engineering and Management* [online]. 2016, vol. 9, no. 5, p. 1119-1128. ISSN 20138423.

²⁴ ZUHAIRA, Behjat and Naveed AHMAD. Business process modeling, implementation, analysis, and management: the case of business process management tools. *Business Process Management Journal* [online]. 2021, vol. 27, no. 1, p. 145-183. ISSN 14637154.

²⁵ KUPEC, Václav et al. Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. *Sustainability* [online]. 2021, vol. 13, no. 12, p. 6691.

²⁶ SPICER, André. Organizational Culture and COVID-19. *The Journal of Management Studies* [online]. 2020, vol. 57, no. 8, p. 1737-1740. ISSN 00222380.

²⁷ OECD. Culture shock: COVID-19 and the cultural and creative sectors. 2021. Available online: <https://www.oecd.org/coronavirus/policy-responses/culture-shock-covid-19-and-the-cultural-and-creative-sectors-08da9e0e/> (accessed on 25 July 2021)

Organizations of the Treadway Commission (COSO) defines the concept of controlling as follows: “An internal control is a process effected by an entity’s board of directors, management, and other personnel designed to sustainably provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance”²⁸.

Just as the COVID-19 pandemic has caused a dramatic change in our lives, it has done likewise in cultural organization management. The changes varied and were specific to the given cultural organization, and when they recur in the future they most likely will not follow a similar path²⁹. The COVID-19 pandemic could also be seen as an accelerator of systematic changes in cultural organizations and their rapid development. The classical approach was replaced with innovative solutions, digitization, creative marketing, and more³⁰. The cultural organization, with its heritage and specific environment, is forming unique systems³¹. The ability to quickly and accurately analyse and take corrective action may be a tool that can serve as a vital factor driving the development of cultural organizations in the time of COVID-19. A modern CMS based on digitation and computing performance may be used as a managerial performance tool³². How can a CMS be implemented in cultural organizations? How can the behaviours of cultural organizations be based on historical experience, and focused at the same time on future challenges and development? Modern controlling

²⁸ COSO. Internal Control—Integrated Framework. 2013. Available online: <https://www.coso.org/Documents/990025P-ExecutiveSummary-final-may20.pdf> (accessed on 19 July 2021).

²⁹ VRDOLJAK, Ana Filipa and Alexander A. BAUER. Pandemics and the role of culture. *International Journal of Cultural Property* [online]. 2020, vol. 27, no. 4, p. 441-448. ISSN 09407391.

³⁰ JIN, Hooi Chan et al. Entrepreneurial orientation of traditional and modern cultural organisations: Cases in George town UNESCO world heritage site. *Cogent Social Sciences* [online]. 2020, vol. 6, no. 1.

³¹ FABBRICATTI, Katia; Lucie BOISSENIN, and Michele CITONI. Heritage Community Resilience: towards new approaches for urban resilience and sustainability. *City, Territory and Architecture* [online]. 2020, vol. 7, no. 1.

³² WIJETHILAKE, Chaminda, Rahat MUNIR and Ranjith APPUHAMI. Environmental Innovation Strategy and Organizational Performance: Enabling and Controlling Uses of Management Control Systems: JBE. *Journal of Business Ethics* [online]. 2018, vol. 151, no. 4, p. 1139-1160. ISSN 01674544.

is analysing historical data for comparison with current results³³. Based on that, controlling is searching for deviations between the organization's goals and real results³⁴. Where a deviation is identified, corrective action is designed and tested. This process typically runs until the goal is reached or is redefined or cancelled³⁵.

1.4 CULTURAL ORGANIZATIONS, CONTROLLING, AND POST-COVID-19 STRATEGIES

What are the mastery goals of cultural organizations in the time during and after COVID-19? What could be a successful strategy for developing cultural organizations in the post-COVID era? Everything has been changed by the pandemic. There are internal and external factors that are influencing cultural organizations; unfortunately, their influence cannot be clearly sorted³⁶. If we allow ourselves the option of not sorting out perfectly accurate factors, we can divide them into factors that the cultural organization can influence and factors to which it must adapt.

Before the pandemic, cultural organizations faced the common challenges of attracting visitors across age groups, and were focused on marketing strategies and on finding topics attractive to new visitors³⁷. Indeed, cultural organizations are also partly dependent on public funds because maintaining and developing the value of cultural heritage is not possible by commercial principles alone. Not everything can be evaluated using money – cultural heritage is a typical example.

³³ PÍSAŘ, Přemysl and Karel HAVLÍČEK. Advanced Controlling and Information Systems Methods as a Tool for Cohesion and Competitiveness of the European Union. In VŠB - Technical University of Ostrava. Proceedings of the 4th International Conference on European Integration 2018. Ostrava: VŠB - Technical University of Ostrava, 2018. p. 1172-1181, 1678 p. ISBN 978-80-248-4169-4.

³⁴ SHIPUNOVA, Olga D. et al. Cultural Code in Controlling Stereotypes of Mass Consciousness. European Research Studies [online]. 2017, vol. 20, no. 4, p. 694-705. ISSN 11082976.

³⁵ PÍSAŘ, Přemysl and Václav KUPEC. Innovative controlling and audit – opportunities for SMEs. Problems and Perspectives in Management [online]. 2019, vol. 17, no. 3, p. 184-195. ISSN 17277051.

³⁶ ALVAREZ-SOUSA, Antonio and Jose Luis PANIZA PRADOS. Visitor Management in World Heritage Destinations Before and After COVID-19, Angkor. Sustainability [online]. 2020, vol. 12, no. 23, p. 9929.

³⁷ AZHARI, D. et al. Achieving Sustainable and Resilient Tourism: Lessons Learned from Pandeglang Tourism Sector Recovery. IOP Conference Series. Earth and Environmental Science [online]. 2021, vol. 704, no. 1. ISSN 17551307.

COVID-19 caused not only a dramatic decrease in income from the operating activities of cultural organizations, but also caused major changes in the field of human resources management³⁸. The problem raised by the COVID-19 pandemic was loss of employee motivation³⁹ and loss of employees to other industries⁴⁰. Now, after the one and half years that the COVID-19 pandemic has been “with us,” the need to form strategies for cultural organizations is frequently revisited⁴¹. In fact, the COVID-19 pandemic started and accelerated a process of dramatic changes⁴². The environment is becoming focused on technologies, and effective communication⁴³ using Industry 4.0 technologies⁴⁴ has begun.

2 MATERIAL AND METHODOLOGY

- The aim of this article is to evaluate the ability to use a controlling management system and its suitability for cultural organization resilience in COVID-19 and post-COVID times.

³⁸ TUFFS, Richard, Jan LAROSSE and Dimitri CORPAKIS. Post-COVID-19 Recovery Policies: Place-based and Sustainable Strategies *. Symphonya [online]. 2020, no. 2, p. 55-62. ISSN 15930300.

³⁹ Perspective on COVID-19 Pandemic Factors Impacting Organizational Leadership. Sustainability [online]. 2021, vol. 13, no. 6, p. 3230.

⁴⁰ ISDARMANTO, D.R. SUSANTO and A. KISWANTORO. Tourism Branding: A Strategy of Regional Tourism Sustainability Post COVID-19 in Yogyakarta. IOP Conference Series. Earth and Environmental Science [online]. 2021, vol. 704, no. 1. ISSN 17551307.

⁴¹ MAGEE, Bronagh. Sustainable marketing strategy and the case of museums [online]. Reading: Academic Conferences International Limited, 2021. 568-575, XV p. Copyright - Copyright Academic Conferences International Limited May 2021; Poslední aktualizace - 2021-07-27.

⁴² IRIMIÁS, Anna and Ariel MITEV. Change Management, Digital Maturity, and Green Development: Are Successful Firms Leveraging on Sustainability?. Sustainability [online]. 2020, vol. 12, no. 10, p. 4019.

⁴³ BODENHEIMER, Miriam and Jacob LEIDENBERGER. COVID-19 as a window of opportunity for sustainability transitions? Narratives and communication strategies beyond the pandemic. Sustainability : Science, Practice, & Policy [online]. 2020, vol. 16, no. 1, p. 61-66.

⁴⁴ MINUNNO, Roberto and Gregory M. MORRISON. Strategic Decisions for Sustainable Management at Significant Tourist Sites. Sustainability [online]. 2020, vol. 12, no. 21, p. 8988.

- A secondary aim is to customize the controlling management system for specific cultural organizations, including basic implementation and development analysis.

This article is based on the data, results, and conclusions from the articles “The Interaction Between the Marketing Communications Audit and Visitors in Museum Facilities⁴⁵”, “Increasing Personnel Competencies in Museums with the Use of Auditing and Controlling⁴⁶”, and “Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment⁴⁷”.

The data obtained and analysed for the aforementioned articles were collected using Computer-Assisted Self-Interviewing (CASI) questionnaires operated from 2019–2021 in EU 27 states. The research samples were obtained through a randomized procedure using the European Amadeus database by Bureau van Dijk. This database was used for selection by email using a request for cooperation⁴⁸. The final research samples were verified for reliability by calculating Cronbach’s alpha^{49,50} testing for a high-reliability

⁴⁵ LUKÁČ, Michal, Václav KUPEC, Přemysl PÍSAŘ, and Peter ŠTARCHOŇ. The Interaction Between the Marketing Communications Audit and Visitors in Museum Facilities. *Communication Today*. Trnava: FMK UCM, 2021, vol. 12, no. 1, p. 80–95. ISSN 1338–130X.

⁴⁶ KUPEC, Václav, Michal LUKÁČ, Přemysl PÍSAŘ and Katarína GUBÍNIOVÁ. Increasing Personnel Competencies in Museums with the Use of Auditing and Controlling. *Sustainability*. Basel: MDPI, 2020, vol. 12, no. 24, p. 1–18. ISSN 2071–1050. doi:10.3390/su122410343.

⁴⁷ KUPEC, Václav, Přemysl PÍSAŘ, Michal LUKÁČ and Gabriela PAJTINKOVÁ BARTÁKOVÁ. Conceptual Comparison of Internal Audit and Internal Control in the Marketing Environment. *Sustainability*. Basel: MDPI, 2021, vol. 13, no. 12, p. 1–18. ISSN 2071–1050. doi:10.3390/su13126691.

⁴⁸ Lukáč, M.; Mihálik, J. Data Envelopment Analysis—a Key to the Museum’s ‘Secret Chamber’ of Marketing? *Commun. Today* 2018, 9, 106–117. Available online: <https://www.communicationtoday.sk/download/22018/08.-LUKAC-MIHALIK-E28093-CT-2-2018.pdf> (accessed on 6 January 2021)

⁴⁹ KRAMER, R.; MILEVA, M.; RITCHIE, K.L. Inter-rater Agreement in Trait Judgements from Faces. *PLoS ONE*, 2018, 13, e0202655

⁵⁰ WIJAYATUNGA, P. A geometric view on Pearson’s correlation coefficient and a generalization of it to non-linear dependencies. *Ratio, Math.* 2016, 30, 3–21.

value of 0.7⁵¹ and further analysed using Pearson's correlation analysis^{52,53} testing if the linear dependency of the variables is greater than 0.4⁵⁴ in absolute value for a minimum intermediate relationship or higher than 0.7 in absolute value for an essential dependence. The subsequent steps were computing models using linear regression, testing the model achieved with a minimum of 5% statistical significance. More detailed information on the procedures and results may be found in the IBM SPSS software user manual and methodological guide according to Darlington and Hayes⁵⁵, as well as the presented articles.

The experiences and data gathered according to this article were further developed and tested in different cultural organizations. The following chapter 3 contains the conclusion of the research, experiences from experimental testing in practice, and a literature review of the issues.

3 CONTROLLING MANAGEMENT SYSTEM

3.1 CONTROLLING, AS A STATIC PROCESS, NEEDS TO BE DYNAMIC IN TIME

Controlling as a static process can be presented using the M&C⁵⁶ model, further developed by Písař.

⁵¹ Laval, V. How to Increase the Value-Added of Controlling; Gruyter: Berlin, Germany, 2018.

⁵² TSINTSADZE, A.; ONIANI, L.; GHOGHOBERIDZE, T. Determining and Predicting Correlation of Macroeconomic Indicators on Credit Risk Caused by Overdue Credit. Banks and Bank Systems. 2018, 13, 114–119.

⁵³ PÍSAŘ, P.; BÍLKOVÁ, D. Controlling as a tool for SME management with an emphasis on innovations in the context of Industry 4.0., Q. J. Econ. Econ. Policy 2019, 14, 763–785.

⁵⁴ EVANS, J.D. Straightforward Statistics for the Behavioral Sciences; Thomson Brooks Cole Publishing Co: Boston, MA, USA, 1996.

⁵⁵ DARLINGTON, R.B.; HAYES, A.F. Regression Analysis and Linear Models: Concepts, Applications, and Implementation; The Guilford Press: New York, NY, USA, 2017.

⁵⁶ HAVLÍČEK, Karel. Management: malé a střední firmy. 1st Edition. Prague: Vysoká škola finanční a správní, 2011, 210 p. ISBN 978-80-7408-056-2.

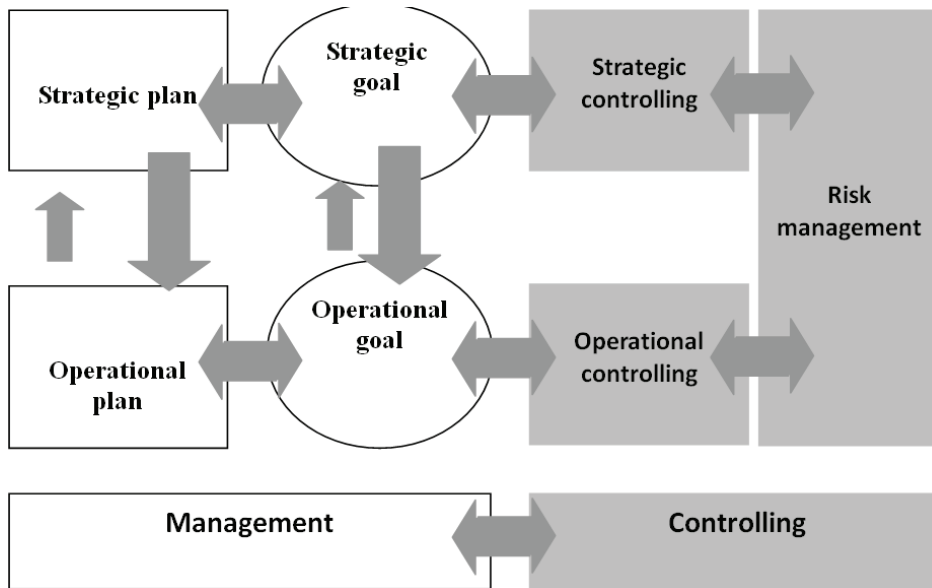


FIGURE 1. MANAGEMENT & CONTROLLING = M&C UPDATED MODEL

Source: Based on HAVLÍČEK, Karel. Management: malé a střední firmy [Small and Medium Enterprises]. 1st Edition. Prague: Vysoká škola finanční a správní [University of Finance and Administration], 2011, 210 p. ISBN 978-80-7408-056-2., further developed by author

This model shows the interaction between the approaches of management and controlling. Organizations that use this type of model usually set and develop their own mission, vision, and strategy. The strategy in the M&C model is represented by strategic goals. Operational goals are defined for strategic goal achievement. The position of controlling is to operate the achievement of the given goals and the management of related risks. Controlling is evaluating deviations and designing corrective actions when needed. The logical question must therefore be “what do you do with the information collected when detecting a deviation and eliminating its consequences”? The original M&C model does not contain the “feedback or two-way communication” necessary to analyse the efficiency of the organization, because the environment around the organization is also changing, and the static model will lose its performance. **Then, logically, controlling must be used as a dynamic process in time.**

3.2 CONTROLLING – A DYNAMIC PROCESS IN TIME

The present hyper-competitive and rapidly changing environment is causing changes to which organizations must react for their future development. This situation was made more challenging with the development of the COVID-19 pandemic. The position of cultural organizations is one that needs a managerial tool with the ability to quickly react to changes that will stimulate their long-term⁵⁷ resilience. The controlling management system as a dynamic⁵⁸ process in time suits this situation perfectly. The following subchapters present the principle of the CMS and how this managerial tool may be initiated, implemented, and developed in cultural organizations.

3.2.1 BEFORE LAUNCHING THE CONTROLLING PROCESS

Before setting up any goal, plan, or controlling process operation, it is necessary to perform an analysis that will enable understanding of the environment and conditions specific to the interest area of the organization. This step is an inseparable part of the CMS. Because controlling is a dynamic process in time, then the analysis or analyses used may be operated under ordinary conditions and continuously. This will allow us to evaluate the “trend” over and also to formulate a prognosis for future development. This is a very important point. Whoever can predict more accurately will be better prepared and thus gain an advantage. For cultural organizations in a hyper-competitive environment, in turbulent times, and during the COVID-19 pandemic, it can make the difference between ceasing all activity or being resilient and successful in the future.

⁵⁷ BIENKOWSKA, Agnieszka, Zygmunt KRAL and Anna ZABŁOCKA-KLUCZKA. Selected functional solutions of strategic controlling in organisations operating in Poland. *Management* [online]. 2017, vol. 22, no. 1, p. 101-118. ISSN 14299321.

⁵⁸ BIENKOWSKA, Agnieszka, and Katarzyna TWOREK. The Moderating Role of IT in Process of Shaping Organizational Performance by Dynamic Capabilities of Controlling. *Applied Sciences* [online]. 2021, vol. 11, no. 2, p. 889.

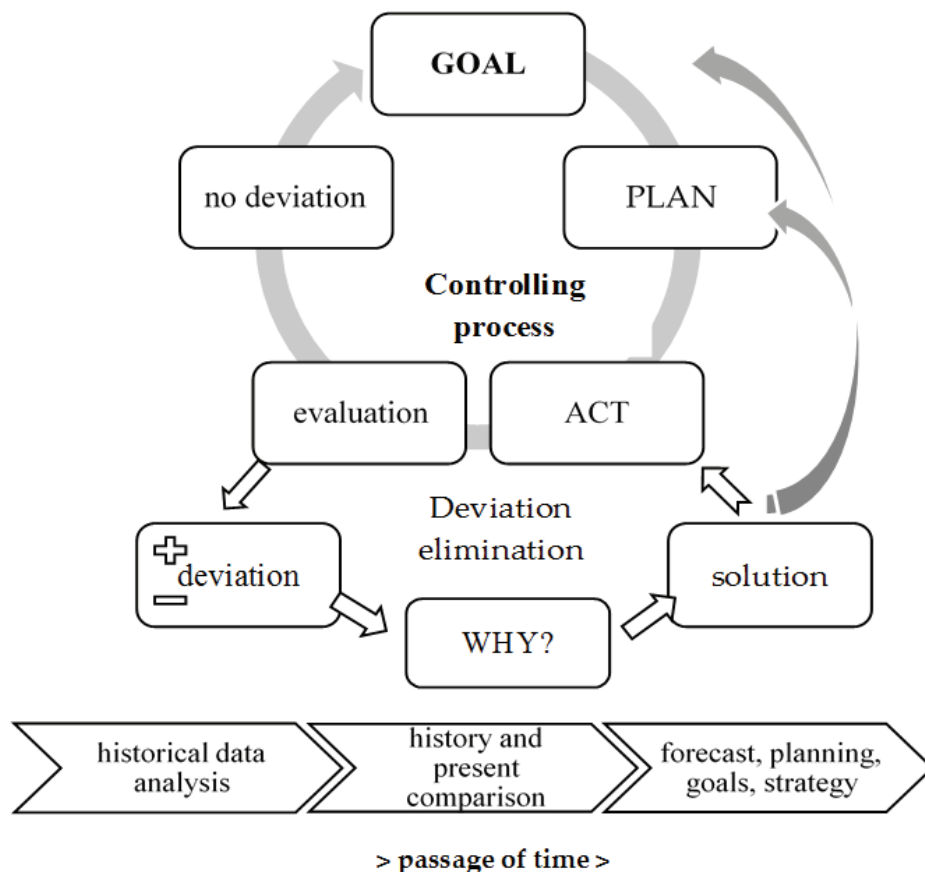


FIGURE 2. CONTROLLING – A DYNAMIC PROCESS IN TIME

Source: model⁵⁹ updated by the author

3.2.2 GOAL

It does not matter if the goal is strategic, operation, or minor (or spanning one day, one hour, etc.). The first condition when defining the goal is that it must be in line with the organisation's mission, vision, and strategy. When is not, then it will inevitably lead to malfunction or misunderstanding with negative consequences for the organisation. The second condition is that

⁵⁹ KUPEC, Václav, Michal LUKÁČ, Přemysl PÍSAŘ, and Katarína GUBÍNIOVÁ. Increasing Personnel Competencies in Museums with the Use of Auditing and Controlling. *Sustainability*. Basel: MDPI, 2020, vol. 12, no. 24, p. 1-18. ISSN 2071-1050. doi:10.3390/su122410343.

the goal must be well-defined – ideally according to SMART⁶⁰ methodology – and then thoroughly explained and communicated with HR, and eventually with the public. Failure to define goals well makes it complicated or impossible to proceed with achieving them.

3.2.3 PLAN

Complex planning is required for the next procedural steps in controlling. Planning must contain the parts necessary for goal achievement. Essentially, planning is defining the resources (finance, HR, equipment, know-how, other resources), managerial prerequisites⁶¹, timeline, and Key Performance Indicators (KPI)⁶². A well-defined plan determines how goal achievement will be evaluated, how often, what results are expected, who will be responsible, and a great deal of other information. While designing the plan, it is also necessary to understand the importance of the goal and the resources in order to create the plan. Simply put – creating a plan for daily building clean-up cannot be more expensive or take longer than the clean-up itself. The principle of proportionality must be applied.

3.2.4 ACT

Enacting the plan to achieve the goal is one of the most critical failure points in the controlling process. Organizations use resources (time, money, people, etc.) to develop plans that are never implemented, leading to a decrease in the organization's effectiveness. Another perspective is that sometimes the organization may conclude during the planning process that the area of interest or set goal is no longer in line with the organization's strategy and may abandon the plan. It follows that the choice of individual areas of interest and the setting of goals should be based on previous experience, and the organization should set new goals with caution/with higher efficiency.

⁶⁰ DORAN, G. T. There's a S.M.A.R.T. way to write management's goals and objectives. *Management Review*. 1981, vol. 70, no. 11, p. 35–36.

⁶¹ PALERMO, Tommaso. Accounts of the future: A multiple-case study of scenarios in planning and management control processes. *Qualitative Research in Accounting and Management* [online]. 2018, vol. 15, no. 1, p. 2–23. ISSN 11766093.

⁶² CAROLINA CRUZ VILLAZÓN et al. Identification of Key Performance Indicators in Project-Based Organisations through the Lean Approach. *Sustainability* [online]. 2020, vol. 12, no. 15, p. 5977.

3.2.5 EVALUATION

Evaluation is a critical part of the controlling process. Any inefficiencies or malfunctions in controlling process arise at this point. It is very important to evaluate the process of goal achievement at regular periods defined by the plan. The second important condition is to use correctly set KPIs and, if possible, use the same metrics for evaluation. Ideally, there should be no deviations from the plan, but this is often not the case. When no deviation is detected, the process continues until the goal is reached.

3.2.6 DEVIATION

A deviation is the difference between the goal and the reality. Deviations could be positive or negative. No one deviation is good for the organization. A negative deviation indicates that something is lower than we planned. It brings to the surfaces problems with lack of funds, time, human resources, and others. A positive deviation could be seen as a good one; and yet it is not. It means that the organization did not plan well. There are problems in the accuracy of the plans, and usually a poorly executed forecast. This means that the company efficiency is lower than it could be.

3.2.7 ELIMINATING THE CONSEQUENCES OF A DEVIATION

When a deviation is detected, the next step is to understand why there is a deviation. That means analysing what is causing the deviation⁶³. Typically, the most problematic areas are the operation of the plan in terms of the human factor, or some important external factors such as, for example, the COVID-19 pandemic. When the reason for the deviation is not detected in these areas, then usually the cause of the deviation is found in the plan, and less often in an incorrectly defined or outdated goal.

The next step is to design a solution that will lead to the elimination of the cause of the deviation. The solution is applied at the point where the deviation began. The controlling process is then resumed and used to evaluate whether the solution is leading to elimination of the cause of the deviation. If not, then the process continues until the cause of the deviation

⁶³ SEDLIAČIKOVÁ, Mariana et al. Controlling Implementation: What are the Benefits and Barriers for Employees of Wood Processing Enterprises?. *Acta Facultatis Xylologicae Zvolen Res Publica Slovaca* [online]. 2019, vol. 61, no. 2, p. 163-173. ISSN 13363824.

is eliminated or, in some cases, until the goal is reformulated or the plan is suspended.

3.2.8 CONTROLLING AND THE PAST, PRESENT, AND FUTURE

Historical data – financial data is not the only useful source of information. Controlling analyses historical data in order to compare past results with the current result. The value of history lies in the ability to understand what we did, what results it yielded, and what leads to failure. Present data – important for deviation analysis and for improving plans and increasing their accuracy. Based on historical and present results and their continuous analysis,⁶⁴ controlling forecasts future results, sets goals, and formulates (or re-evaluates) the strategy.

3.2.9 CONTROLLING – A TOOL ORIENTED FOR THE FUTURE

Consider an example: a museum evaluates the number of visitors every week for five years. The museum recognizes the influence of seasonality, segments visitors according to age, gender, nationality, etc. They can compare the number of visitors in a time series and what comprised a visitor's portfolio. By understanding the history, the museum is able to design new products, new approaches to how they present their expositions... They can then compare the change to their KPI (Q of visitors for example). They can evaluate the change, if any. When a deviation is detected – positive or negative – the museum can update or change something to achieve the set goals.

If this controlling process is operated continuously under regular conditions, then after some completed cycles, the museum will be better at eliminating the causes of deviation, the ability to form better products or a better strategy will increase because the museum will be better qualified for successful management.

In the future, for forming or re-evaluating the strategy⁶⁵, for a more accurate forecast, the museum will be using past and present data while

⁶⁴ PUZANOV, Iliya I. et al. Continuous Monitoring of Information on Anode Current Distribution as a Means of Improving the Process of Controlling and Forecasting Process Disturbances. Journal of Siberian Federal University. Engineering & Technologies [online]. 2016, vol. 9, no. 6, p. 788-801. ISSN 1999494X.

⁶⁵ WIJETHILAKE, Chaminda, Rahat MUNIR and Ranjith APPUHAMI. Environmental Innovation Strategy and Organizational Performance: Enabling and Con-

understanding causality. Continuous environmental and results analysis support the ability to develop more accurate forecasts, more effective plans, and more prudent goals. This means the resilience⁶⁶ of the museum will increase.

3.2.10 RISK CONTROLLING

Any organization is exposed to environmental influences and its own decisions. These generate different types⁶⁷ of risk. One of the most important tasks of controlling is to manage risk⁶⁸ or move it outside the organization (if possible, the best way to manage risk). Controlling regularly repeated cycles of evaluation and comparing it to planned values provide the organization information on what (if anything) caused the deviation. It means that the organization is able, after a certain number of cycles, to recognise potential risk⁶⁹ and assess it (impact, costs, other). For a CMS it is important to be able identify a risk and evaluate it⁷⁰, then be able to manage it. Does this seem impossible or difficult? It is not. Here is an example: Do we know when we will die? No, only God knows... that is one answer. Another answer is that the insurance company knows. How is that possible? They use data, they evaluate data; they can quantify the risk and then evaluate it⁷¹. In the end, an insurance company can achieve this: they know that the highest

trolling Uses of Management Control Systems: JBE. Journal of Business Ethics [online]. 2018, vol. 151, no. 4, p. 1139-1160. ISSN 01674544.

⁶⁶ TENG-CALLEJA, Mendiola et al. Building organization and employee resilience in disaster contexts. International Journal of Workplace Health Management [online]. 2020, vol. 13, no. 4, p. 393-411. ISSN 17538351.

⁶⁷ GRECU, Violeta Mihaela and Ioana Maria POPESCU. Operational Risk Mapping and Controlling – From Theory to Practice: Acces la Success. Calitatea [online]. 2018, vol. 19, p. 250-253. ISSN 15822559.

⁶⁸ GRISHUNIN, Sergei V. Developing the mechanism of qualitative risk assessment in strategic controlling. St.Petersburg State Polytechnical University Journal.Economics [online]. 2017, no. 2. ISSN 23049774.

⁶⁹ OROBINSKY, A. P. et al. Development of Risk-Oriented Technologies of the Corporate Financial Controlling System. European Research Studies [online]. 2018, vol. 21, p. 333. ISSN 11082976.

⁷⁰ WANG, Yichen, Hong ZHENG and Xinyue LU. Dynamic Risk Analysis in Metro Construction Using Statistical Process Control. Mathematical Problems in Engineering [online]. 2020, vol. 2020, p. 11. ISSN 1024123X.

⁷¹ POGGI, Sylvain et al. Alternative Strategies for Controlling Wireworms in Field Crops: A Review. Agriculture [online]. 2021, vol. 11, no. 5, p. 436.

mortality is under one year of age, then for men in particular between 17 and 20 years of age, and then rapidly increasing when people are older than 65-70 years. Based on this, an insurance company can set prices or terms for life insurance.

Any type of risk can be identified, evaluated, and managed. Controlling is the perfect tool for risk management⁷² because it is collecting and continuously evaluating data while also preparing to predict future trends.

3.3 CMS AND COVID-19 PANDEMIC

The COVID-19 pandemic brings cultural organizations too many, not positive changes. How can the Controlling Management System help cultural organizations withstand the impacts of this pandemic, and indeed to develop further in post-COVID times? The biggest advantage of the CMS is in its continuous analysis and evaluation. The organization can identify the possible problem (for example, a rapid decrease in visitors Q) and related to that also decreasing income and the ensuing negative consequences. Yes, when the pandemic began, there were numerous question marks. At this point, if the organization has been evaluating collected data continuously, then their own results will inevitably yield a larger quantity of skills and experiences. They can then predict how the organization's operations will be affected⁷³ by the COVID-19 pandemic. Where could this position lead?

The organization could improve their anti-COVID-19 procedures, or focus on different visitors' groups by visitor portfolio, or they can come up with something new and try it – for example, technology to develop new products, to create (open, or break into) new markets, to innovate⁷⁴. The CMS is a powerful tool for increasing the resilience of cultural organizations and supporting their innovative development.

⁷² FIRMENICH, Jennifer. Customisable framework for project risk management. *Construction Innovation* [online]. 2017, vol. 17, no. 1, p. 68-89. ISSN 14714175.

⁷³ GALIĆ, Matej, PhD, Petra P. BIŠKUPEC PhD and Marko GALIĆ MSc. Assessment Of Management Controlling In Pandemic Times [online]. Osijek: J.J. Strossmayer University of Osijek, 2021. 766-781 p. Copyright - Copyright J.J. Strossmayer University of Osijek 2021; Poslední aktualizace - 2021-07-31.

⁷⁴ BALASUBRAMANIAN, Sreejith, Sultan AL-AHBABI and Sony SREEJITH. Knowledge management processes and performance: The impact of ownership of public sector organizations. *The International Journal of Public Sector Management* [online]. 2020, vol. 34, no. 1, p. 1-21. ISSN 09513558.

3.4 RELATIONSHIP BETWEEN STRATEGIC AND OPERATIONAL CONTROLLING

According to figure 1 it can be concluded that operational controlling is subordinate to strategic controlling⁷⁵. This point of view would be supported by the claim that operational goals arise from strategic ones. This is true. It also applies that with a poorly performed strategy⁷⁶, operational performance will subsequently decrease as well. Another perspective is that if the organization performs well in the strategic long term and with achievement of strategic goals, then this can only be based on functional operational management⁷⁷. Simply stated, an organization cannot achieve strategic goals when it is unable to perform basic activities⁷⁸ – for example, necessary revenue streams.

What is the relationship between operational and strategic controlling? Operational controlling⁷⁹ and its function of continuous evaluation allows an organization to detect if the execution of the strategy is decreasing or increasing performance, for example, by focusing on a performance KPI. When the quantity of visitors constantly decreases for a longer period, then something is wrong. The problem could be in the organization's operational activities (the controlling process may be able to identify the problem after multiple cycles), or it could be related to the organizational strategy. This signals the focus for strategic controlling⁸⁰, to find the cause of the deviation. This could lead to updating the strategy, mission, or vision, or creating new

⁷⁵ AMMAR, Sameh. Enterprise systems, business process management and UK-management accounting practices: Cross-sectional case studies. *Qualitative Research in Accounting and Management* [online]. 2017, vol. 14, no. 3, p. 230-281. ISSN 11766093.

⁷⁶ PAVLÁK, Miroslav and Přemysl PÍSAŘ. Strategic management controlling system and its importance for SMEs in the EU. *Problems and Perspectives in Management*. Ukraine: LLC "Consulting Publishing Company "Business Perspectives", 2020, vol. 18, no. 3, p. 362-372. ISSN 1727-7051. doi:10.21511/p.m.18(3).2020.30.

⁷⁷ KÜPPER, Hans-Ulrich. Controlling und Operations Research — Der Beitrag quantitativer Theorie zur Selbstfindung und Akzeptanz einer praxisorientierten Disziplin. *Zeitschrift Für Betriebswirtschaft* [online]. 2007, vol. 77, no. 7-8, p. 735-758. ISSN 00442372.

⁷⁸ FRANCISOVICS, Anna, Agnes KEMENDI and Attila PIUKOVICS. Controlling as a Management Function. *Management, Enterprise and Benchmarking in the 21st Century* [online]. 2019, p. 35-42.

⁷⁹ PAVLIK, Lí. Competition and Controlling in Higher Education, a Crucial Segment of the Public Sector. *Public Finance Quarterly* [online]. 2017, vol. 62, no. 1, p. 50-73.

⁸⁰ POGODINA, Tatiana Vitalievna, Tatiana Viktorovna MUZHZHAVLEVA and Natalya Leonidovna UDALTSOVA. Strategic management of the competitiveness of in-

ones. When the organization accepts the CMS as a dynamic process in time, it must also accept the fact that operational and strategic controlling cannot be separated and that strategic and operational controlling they are inextricably linked⁸¹.

3.5 STRATEGIC CONTROLLING IN CULTURAL ORGANIZATIONS

What is the ideal procedure for setting up and operating strategic controlling in cultural organizations? To put it simply, we cannot say. Every organization is different and operates in a specific environment. There are many existing mastery procedures for how to set up and develop an organization's strategy. They have common procedures and methods.

- Phase one – the organization must understand the internal and external environment⁸². The mastery goal of this step is understanding the ability of the organization to find a strategic gap⁸³ on the market (or anywhere else) and to identify possible risks.
- Phase two – based on this analysis, the organization formulates or updates their strategy^{84,85}, strategic goals, strategic partnerships, mission, vision, and any other important point of interest.

dustrial companies in an unstable economy. *Entrepreneurship and Sustainability Issues* [online]. 2020, vol. 7, no. 3, p. 1555-1564.

⁸¹ HAJDÚ, Noémi. Strategic and Operative Marketing Controlling. Theory, Methodology, Practice [online]. 2013, vol. 9, no. 1, p. 23-30. ISSN 15893413.

⁸² KÖSEOGLU Mehmet Ali et al. Competitor intelligence and analysis (CIA) model and online reviews: integrating big data text mining with network analysis for strategic analysis. *Tourism Review of Aiest - International Association of Scientific Experts in Tourism* [online]. 2021, vol. 76, no. 3, p. 529-552. ISSN 16605373.

⁸³ KAUSHIK, Vivek. Contributions Published in 0RW1S34RfeSDcfkexd09rT2Strategic Analysis1RW1S34RfeSDcfkexd09rT2 in 2019. *Strategic Analysis* [online]. 2020, vol. 44, no. 1, p. 81-90. ISSN 09700161.

⁸⁴ MAKHONIN, V. A. Strategic Thinking and Strategic Analysis: Comprehending Terms. *Military Thought* [online]. 2018, vol. 27, no. 2, p. 53. ISSN 02362058.

⁸⁵ CHUPRYNA, Liudmyla V. and Lina O. RUBAN. Matrix Modelling as an Instrument of Strategic Analysis in the System of Strategic Managerial Accounting. *Aktual'Ni Problemy Ekonomiky = Actual Problems in Economics* [online]. 2017, no. 187, p. 409-417. ISSN 19936788.

- Phase three – the organization implements the outcomes of the second step. The implementation of any change⁸⁶ – especially changes linked with strategy – is extremely difficult, and the organization must attend to excellent communication with people because otherwise, their people (through misunderstanding or refusal) could become the reason the implementation will fail.
- Phase four – to execute the strategy⁸⁷ and evaluate its performance.
- All four phases must be operated in accordance with the principle of controlling and repeated in adequately frequent cycles. When the organization respects this rule, then the CMS will be able to help organizations keep performance high, stay current, and focus on long-term development.

3.6 OPERATIONAL CONTROLLING IN CULTURAL ORGANIZATIONS

Operational controlling in cultural organizations is focused on operational goals according to the selected KPI⁸⁸. It is important to mention the consequences between strategic and operational controlling according to chapter 3.4.

Operational controlling uses a wide range of analytical tools and techniques which are used for efficiency or for KPI achievement of the given goals. The crucial factor of operational controlling is that it be repeated in regular cycles adequate in terms of time and cost expended performing the controlling. This is the only way to conduct analysis and link it with prognosis/the ability to forecast. The organization that can forecast with higher accuracy is also better able to be prepared.

⁸⁶ MA Regina, M. HECHANOVA, Jaimee CARINGAL-GO and Jowett F. MAGSAY-SAY. Implicit change leadership, change management, and affective commitment to change: Comparing academic institutions vs business enterprises. *Leadership & Organization Development Journal* [online]. 2018, vol. 39, no. 7, p. 914-925. ISSN 01437739.

⁸⁷ WANG, Linghong. Strategic Analysis on innovation of enterprise statistical management under the new economic environment. *Journal of Physics: Conference Series* [online]. 2021, vol. 1802, no. 2. ISSN 17426588.

⁸⁸ BOTELHO, Carlos. The influence of organizational culture and HRM on building innovative capability. *International Journal of Productivity and Performance Management* [online]. 2020, vol. 69, no. 7, p. 1373-1393. ISSN 17410401.

The frequent problem faced by cultural organization management arise from specific environmental⁸⁹ and human factors⁹⁰. In culture it is not so easy “to place pressure on individual performance”, because people engaged in culture hold different values than in the commercial sector, for example. Based on previous research, one possible way to overcome this barrier is through leadership⁹¹ customized for this sector. It is mostly due to failure to understand this specific element that controlling is poorly performed and fails to guide the organization toward development and long-term resilience.

CONCLUSION

Cultural organizations in the time of COVID-19 and the post-COVID era are facing and will continue to face challenges. Cultural organizations are more sensitive to pandemic restrictions, and culture is not among the basic human needs. This sector and environment have their own specific aspects and partly depend on support from public funds. These factors defining a position in which cultural organizations are not, in comparison with other industries, as compelled toward flexibility, innovation, and the imperative for necessary development. Experimental testing from the research has proven that CMSs have a positive influence on cultural organizations and stimulates their development and the innovation activities necessary to the organization’s long-term resilience. Moreover, the disadvantage of a CMS is given by the specific environment of a cultural organization. A CMS is also a source of changes, which people do not like in general. After one and half years of “living with COVID-19”, organizations that operated according to a CMS are currently on a good path and are transforming themselves to become flexible and resilient. This translates to a competitive advantage: not settling for the current situation, not shifting responsibility to anyone

⁸⁹ AKANJI, Babatunde et al. Exploring cultural values in conflict management: a qualitative study of university heads of departments. *Qualitative Research in Organizations and Management* [online]. 2021, vol. 16, no. 2, p. 350-369. ISSN 17465648.

⁹⁰ DALTON, Kevin and Cecilie BINGHAM. A social institutionalist perspective on HR diffusion: historical and cultural receptivity to HRM in a post-communist context. *The International Journal of Human Resource Management* [online]. 2017, vol. 28, no. 6, p. 825-851. ISSN 09585192.

⁹¹ YAN, Kaining et al. Overcoming the Service Paradox by Leveraging Organizational Design and Cultural Factors: A Combined Configuration and Contingency Approach. *IEEE Transactions on Engineering Management* [online]. 2021, vol. 68, no. 2, p. 498-512. ISSN 00189391.

else. Searching for new approaches and solutions. This is the mastery role of the CMS in cultural organizations. The goal set for this article may be considered reached.

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- ALINA, Sakun, et al. Innovative Paradigm of Management Accounting and Development of Controlling in the Entrepreneurship. 2021. vol. 9, no. 4, p. 548-564
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