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Bachelor Thesis

Horse Riding Industry in Czech Republic

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Declaration

I declare that I have worked on my bachelor thesis titled “ Horse riding industry in Czech Republic” by myself and I have used only the sources mentioned at the end of the thesis.

In Prague on date 30.04.2010

signature _____
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Horse Riding Industry in the Czech Republic

SUMMARY:

This thesis is about horse stable management, namely livery yards. It tries to link the level of the structural development of those companies to the quality of service provided and business success. The human resource management is reviewed and the link between the quality of human resource management and that of offered services is drawn.

SOUHRN:

Práce se zabývá řízením sportovních koňských stájí. V práci je naznačeno spojení mezi úrovní strukturálního vývinu těchto společností a kvalitou služeb, které nabízejí. Práce také identifikuje a analyzuje spojení mezi kvalitou služeb a kvalitou řízení lidských zdrojů.

KEY WORDS:

Livery yard, human resource management, organizational structure, quality of services

KLÍČOVÁ SLOVA:

Sportovní stáje, řízení lidských zdrojů, struktura organizace, kvalita služeb

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1. Introduction and objectives

Horses were for a long time source of sustenance and means of survive for whole human society; they have been working hard on fields to get crop out of land, pulling heavy loads with goods as same as light gigs used for transport of people; they were tools of conquerors, spoil of war and symbol of property. But mainly because of the technical revolution, the role of horses has changed, and nowadays they are used mainly as a source of recreation and enjoyment, and thus also as a business commodity.

Goal of this bachelor thesis is to examine the situation in equestrian sector in the Czech Republic. Industry which is connected with horses is much wider than could be seen for the fist view; consequently it is beyond the scope of this work to study all its parts. For this reason it is necessary to focus on special part of equine industry. Because of these purposes I decided to focus on the special part of the service sector of the horse riding industry – the livery yards for sport horses. It is fast developing business in the Czech Republic, the demand for high quality stabling with proper facilities and equipment is increasing and during last years there spring into existence a lot of yards for sport horse. Probably it is because where is sport, there is desire to be at least better or the best, where is a human desire to be the best there are always money, and where are money there is possibility of a profit.

Hypothesis:

A lot of livery yards in the Czech Republic are unprofitable and the available services are low. The fruitlessness is cause by unoccupied yard capacity. The reason of dead space is poor quality of services available. Aim of this bachelor thesis is to prove that it is caused by no development of the business, poor economic education of the owners and management and by wrong human resources management. The fruitlessness is cause by unoccupied yard capacity.

2. Methodology

Methodology of this bachelor thesis consists mainly of two following parts:

- Literature analysis
- Qualitative research - case studies

Literature analysis is used for definitions of terms, which are used in this bachelor thesis, and for creating basis for qualitative comparison of organization development, management functions and human resources management in the equine industry. For the description of company's development are used Henry Mintzberg's forms of organizational structure.

Data for qualitative research were gathered by the qualitative questionnaire (see supplements), which was send to chosen organizations, their internet web pages and on my own experiences with surveyed organizations. All data are real, but the owners did not give me permission to use their names or names of their companies in my bachelor thesis. Thus I do not mention any of names and I can not mention internet resources I used, because the names of the companies are consistent with their websites.

To prove the hypothesis above I decided to compare 3 competitive yards, when each of them represents different development of the company in context of their different sizes. All of these yards meets same requirements – are situated near Prague –the maximum distance from the centre of Prague is 40 km (20 from the suburban), offering stabling with adequate horse care and also facilities suitable for sport training – at least outdoor arena, riding hall and social facilities.

3.Literature review

3.1. Definition and segmentation of the equine industry

For better understand of aim of this bachelor thesis would be firstly useful to define key terms ensuing from the title of this thesis: “Czech” means relating to Czech Republic; “equine” means meaning of, relating to or affecting horses (Eastwood, Jensen, Jordon, 2006) and “industry” means an activity in which a great deal of time or effort is expended. The term “horse riding” should be understood in the same way as “equine” with one difference – in connection with the term “industry” does not include meat production.

Equine industry in Great Britain could be divided into five sectors (fig.1):

- breeding and manufacturing sector
- sports sector
- racing sector
- recreation sector
- service sector

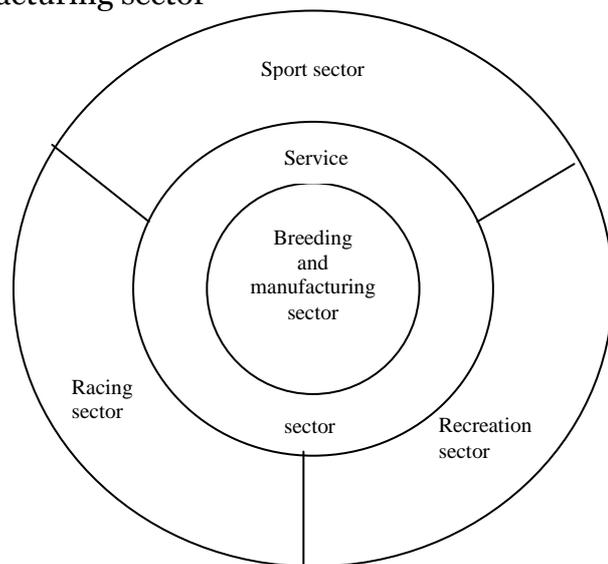


Fig. 1 – The equine industry

Just tree sectors are directly connected with using of horses – racing, sport and recreation sector.

Breeding and manufacturing sector could be also named sector of row materials and it is a core component of whole horse riding industry. Main important part of this sector is breeding, because production of horses is

necessary for all other sectors. The majority of horse breeding in Britain is concerned to breeding of potential racehorse, but in the production of top class sport horses they are behind Germany and Holland, which have an established program for breeding and developing of these sport horses. To change this long lasting situation there was the breeding and database program put in place by British Equestrian Federation. Manufacturing are those companies that take raw materials and produce a finished product for supply to the retail market (Eastwood, Jensen, Jordon, 2006). Here could be comprised food production, horse boxes construction, arenas and other equipment and so on. Because of the visible growth in the whole equine industry is for some other manufacturers from other industries this sector a suitable arena in which to expand (Eastwood, Jensen, Jordon, 2006).

Because sports are games or activities providing pleasure and exercise, usually involving competition ((Brown, 2001), in the **sports sector** horses are the base element, they are taking place of sport instruments. Riders are usually also the owners of horses. These sports include a huge variety of competitive activities like polo, driving, reining and western riding, hunting, endurance, vaulting and so on, but the most popular are three Olympic sports: dressage, showjumping and eventing. The Olympic sports are together with few other sports controlled by British Equestrian Federation (BEF) in the Great Britain and by Czech Equestrian Federation (ČJF – Česká jezdecká federace) in the Czech Republic, which are together with other nation federations affiliated to the International Equestrian Federation (FEI). The FEI is international governing body of equestrian sport and it establishes the rules and regulations for the conduct of international equestrian events including the supervision and maintenance of the health and welfare of the horses.

Racing is called the: “Sport Of Kings” and it has an long tradition in the Great Britain (first race was held in Newmarket in 1634) as well as in the Czech Republic. It is divided into Flat and National Hunt racing “over the sticks”. It has a high profile and an enormous following. The horses are valuable and the prizes sometimes huge (Brown, 2001). Owners usually do not ride on their horses; they even do not know anything about them. Racing is governed by

different associations than horse riding sport, which the main important is British Horseracing Board (BHB) in the Great Britain and Jockey Club in the Czech Republic.

The **recreation sector** is hard to be categorized, because there is a huge diversity of activities. There could be counted all other activities connected with horses like riding schools, trekking, hacking and a lot of other activities which could consider under the term recreation: Recreation is the refreshment of the mind and body through diverting of activities (Brown, 2001).

The aim of the **service sector** is to offer services to all other sectors and often they are connected with more sectors. This sector include e.g. vets, farriers (a farrier is one, who cares for horse's feet), grooms, trainers, livery yards, saddle fitters, working horses and also equine dentists and therapists, magazine producers, shipping agents, bookmakers and Betting Shops, insurance companies and so on (Brown, 2001). One of the most interesting part from the business point of view are livery yards. Their aim is to accommodate the owners horses for some fee. The price varies in dependence of services available.

There are different types of liveries out of them the most important for us are Competing yards, where owners of the sport horses are prepared to pay substantial amounts to have their horse looked after. Here the total responsibility for the animal's welfare and fitness will lie with the stable. The animal must be fed, groomed and exercised properly. (Macdonald, 1980 and 1998) Expect available services they are also interesting in good facilities like outdoor arena, riding hall or horse walker.

3.2 Running of the business

3.2.1. Organizational structures

Development of the company could be described on the basis of Mintzberg's five forms of organizations structures. For the purposes of the equine industry are most important the first three forms. These types are:

- **The Simple Structure**
- **The Machine Bureaucracy**
- The professional bureaucracy
- The Divisionalized Form
- The Adhocracy

The **Simple Structure** is the basic form of organization. The prime coordinating mechanism in this structure is direct supervision and the main design parameter is centralization and organic structure. Typically it has little or no technostructure, few support staffers, a loose division of labor, minimal differentiation among its units, small managerial hierarchy, little of formalized behavior, and it makes minimal use of planning, training and the liaison activities (Mintzberg, 1993, 1983). The centralization means that the power is in hands of one person and is typical for small and young firms, owner-managed organizations (entrepreneurial firms) and crisis organizations. Businesses of this form have a lot of advantages results from the centralization – their simple structure allows them to be dynamic, flexible and adaptable in strategic response and decision making and exist in risky environment. Other advantages of these organizations are minimal dependence on staff specialization and informally communication flows, where chief communicates with everyone else. Besides this type of communication is very effective in small companies it also allows development of charismatic organization, where people are concentrated around a charismatic leader, which also leads to identification of employees with the organization – they have a sense of mission. The opposite of the charismatic organization is an autocratic organization, where the chief executive hoards

power and avoids the formalization of behavior. It could be reason why some people sense the simple structure to be highly restrictive – they feel being used for someone else’s profit. Another negative of the simple structure is the high risk – everything is dependent on one individual.

The **Machine Bureaucracy** is the second form of organization. The prime coordinating mechanism is a standardization of work processes. The operating work of these firms is simple, repetitive and thus routine. The components of this structure are standardized responsibilities, qualifications, communication channels, work rules and clearly defined hierarchy of authority and main design parameters are: behavior formalization, vertical and horizontal job specialization, functional grouping, large operating-unit size, vertical centralization and limited horizontal decentralization and action planning (Mintzberg, 1993, 1983). This type of organization is very well suitable for mass production, and consistent output, which does not need any innovation and is stable. The stability is one of the advantages of this structure, especially in some types of services – e.g. hotel’s guests like to find everything working according to standards. But the machine bureaucracy is not suitable only for mass production firms, which use standardized operation to make an output out of raw materials, but also form small manufacturers and other service firms (which could be cold white-collar bureaucracy) such as insurance companies, where operating work is single and repetitive. There are also another types of bureaucracies: the public machine bureaucracy like government agencies, which are controlled externally by the public, safety bureaucracy, which arise from the need for safety (airlines), control bureaucracy (regulatory agencies, police forces) and contingency bureaucracy, which need to stand ready (fire crew). In these firms, where the power for decision making is centralized, everything should work as a machine, which brings engineering efficiency on one hand, but also human problems in the operating core – not everyone enjoy single routine work thus workers are usually unsatisfied with their work and this system is not designed for conflicts like this. As same as standardization of processes and out coming stability are it’s main advantages there are it’s main disadvantages – the stability brings

inflexibility and no adaptability, this structure need simple and stable environment because it is not able to adapt to dynamic and complex environment. Thus some giant companies tend to control the forces of supply and demand – they becoming their own suppliers ad costumers.

Instead of all these negatives this structure is remains the dominant organization. To summary machine bureaucracy it is the best to use Mintzberg's words: "When an integrated set of simple, repetitive tasks must be performed precisely and consistently by human beings, the machine bureaucracy is the most efficient structure – indeed, the only conceivable one."

The prime coordinating mechanism in the third type of organization, the Professional Bureaucracy, is standardization of skills and main design parameters are training, horizontal job specialization and vertical and horizontal decentralization.

The standardization of out outputs is a prime coordinating mechanism of Divisionalized Form and along its' main design parameters belongs market grouping performance control system and limited vertical decentralization.

For the Adheocracy the mutual adjustment is the prime coordinating mechanism and its' main design parameters are liaison devicies, organic structure, selective decentralization, horizontal job specialization, training, functional and market grouping concurrently.

From the point of view of this bachelor thesis further definition and descriptions of Professional Bureaucracy, Divisionalized Form and the Adheocracy is not important, because they are not forms of interest and are not suitable for yard management.

3.2.2. Management functions and managerial activities

Main aims of running a business are survival, profitability and development. To reach these basic goals is a job for the management. According to Ivancevich, Donnelly and Gibson this key term could be defined as follows: "**Management** is the process undertaken by one or more persons to

coordinate the activities of other persons to achieve results not attainable by any one person acting along.” Management functions are defined as:

- **planning**, which determines what results the organization will achieve,
- **organizing**, which specifies how it will achieve the results,
- **leading**, which leads members of organization to achieve the results and
- **controlling**, which determines whether the results are achieved

(Ivancevich, Donnelly, Gibson, 1989)

Planning is the essential management function. All organizations operate in uncertain environments. For the organization to succeed, management somehow must cope with, and adapt to, change and uncertainty. Planning is the only tool management has to help in adapt to change. Planning includes all the activities that lead to the definition of objectives and to the determination of appropriate courses of action to achieve those objectives. Objectives refers to the future of the company and could be understand as a goal to achieve in a given time period (for example: “the objective of the firm is to increase its turnover by 5% by the 2 years”). Different objectives are usually stated for the different time periods and have different priority, which is important for rational allocation of resources. Well-managed business organization have at least four categories of objectives: profitability, as the most important objective which brings the financial resources for future expansion and innovation; competitiveness, which is focuses on the prospects for long term profitability and measures competitive strength of the company; efficiency, which reflect how well the organization’s resources are employed and flexibility, which is the way how to guard the company against unforeseen problems. (Ivancevich, Donnelly, Gibson, 1989)

Managerial decision making could be divided into two types: programmed decisions, which is repetitive and routine (e.g. processing payroll vouchers) and have to be done according to given rules, standard operating procedures and policies and nonprogrammed decisions, which are complex and novel (e.g. introducing a new product) and need creative problem solving. There are three different conditions the manager might face: certainty, risk and

uncertainty. A certainty situation means that a perfectly accurate decision will be made time after time. It also means that there is perfect information about future states of nature available, which is rare. The risk situations require the use of probability estimates. The ability to estimate may be due to experience, incomplete but reliable information, or intelligence. Decision making under risk also needs the use of expected values. When there are no data concerning the probabilities for the occurrence of the states of nature, the manager faces conditions of uncertainty. (Ivancevich, Donnelly, Gibson, 1989)

The planning is followed by **organizing** function. In a practical sense the organizing function involves managers in decision which result in a system of specialized, coordinated jobs. It is done by designing of the structure of task and authority relationship. Important are stable relationship and processes of the organization. The structure of an organization can be viewed as a framework which focuses on differentiation of positions, formulation of rules and procedures and prescription of authority. Thus the purpose of structure is to regulate, or at least reduce, uncertainty in the behavior of individual employees. It clarifies the responsibility, authority and channels communication. There are four decisions which determine organizational structure: job design, where managers have to specify what each of jobs, which have to be done, will do and get done; departmentation, where should comes the decision how to group the jobs; span of control, which involves how many jobs should be included in each department; and delegation of authority, where is important how much authority individuals should have to do their jobs. Authority could be defined as the right to make decisions without having to obtain approval from a supervisor. (Ivancevich, Donnelly, Gibson, 1989)

Leading, or we can use term leadership, is necessary function of all levels of management regardless of the size of the company. Leadership is the ability to influence through communication the abilities of others, individually or as a group, toward the accomplishment of worthwhile, meaningful, and challenging goals. First, this definition indicates that one cannot be a leader unless there are people to be led. Second, leadership involves the practice of influence skills. Finally, an objective of leadership is to bring about influence so

that the important goals are achieved. (Ivancevich, Donnelly, Gibson, 1989)
Motivation is part of leading.

The **controlling** consists of actions and decisions managers undertake to ensure that actual results are consistent with desired results. For effective controlling is important plan for specific results. Managers must recognize unforeseen events such as fuel shortages, strikes, machine breakdowns, and government influence which can sidetrack the organization from its initial plans. (Ivancevich, Donnelly, Gibson, 1989)

Effective control requires three basic conditions:

- standards, that reflect the ideal outcomes,
 - information, that indicates division between actual and standard results and
 - corrective action for any deviations between actual and standard results
- (Ivancevich, Donnelly, Gibson, 1989)

Quality is an important aspect of business management mostly in the sector of services. High-quality services lead to customer goodwill and satisfaction which in turn brings loyal customers. High-quality standards are also often used as corporate objectives. Surveys showed that customers prefer quality and are willing to pay more to receive it. Quality is also linked to organizational performance – higher quality, higher income. To get an “excellence” perception from the customers it is necessary to meet his specifications and requirements. (Ivancevich, Donnelly, Gibson, 1989) Quality control system must be focused on following factors affecting quality:

- Policy – to concern the product quality
- Information about customer preferences and about competitor quality standards and costs
- Engineering and design – to translate the policy into an actual product or service
- Materials – finished product is as good as materials used
- Equipment – the good equipment, the opportunity to compete
- People – the quality of the employee, the quality of service

- Field support, which determines the product's quality image

All managers at all levels of an organization perform these functions, but they have different activities. These activities are mainly:

- Human resources
- Marketing
- Finance/Accounting
- Production

3.3 Managing of the human resources on livery yard

For the good running of any business the competent and happy staffs are necessary. Satisfactory pay and conditions and a happy working atmosphere and environment are essential if people are to give of their best. Although working with horses may be a vacation “job satisfaction” cannot compensate for meager rewards (Brown, 2001). When it is necessary to hire a new staff it is appreciate to think about future of the business and think which skills the staff should have for the future use. The most important is to find the right person for the given job. The vacancy should be advertisement after assuring how the ideal applicant should look like and what are the job conditions and requirements. Employer should ask for candidates’ references and checked them; than the preliminary selection can be made and remained aspirants should be invited to the interview, which will bring more detailed information about the candidates’ character and skills as well as detailed job information.

Employees are on of the most expensive business cost – it tends to be about 60% of the total cost of keeping a horse (after discounting the cost of the premises). To reduce these costs they usually have to look after more horses. This requires labour-saving equipment as well as good routines (Brown, 2001). Exercising of the horses is often one of the time consuming staff duties, thus there are used horse-walkers or equine swimming pools which allow exercising more horses at a time and require less labour. But here often comes the question whether to invest in new equipment or another worker.

Employers should always be fair, predictable and reasonable (Brown, 2001); it is important for good environment. Because the discipline is based stone of the good routine, there should be a formal disciplinary procedure, in every business; so that the employee can be treated fairly and in accordance with natural justice if he/she steps out of line. Also a grievance procedure could be useful – it lets employees know what to o if they are dissatisfied. Equal opportunities policy, like free of discrimination and no toleration of harassment, is also useful. (Brown, 2001) Employees tend to take their example from the person immediately above them. Good head lad or head girl with high standards

can create an excellent atmosphere in the yard, which is important for the horses as well; human feelings and tensions communicate themselves to horses. If the horses are relaxed and happy they can use their energies to best advantage. (Brown, 2001) Therefore the supervisor (head lad, head girl) is the key person in the team. The supervisor sets the standards required, whether of cheerfulness, time-keeping, loyalty, hard work, smartness, attention to detail or anything else (Brown, 2001). He or she must to give instructions what has to be done and also to show how to do it and explain why the job should be done – workers have to know why they are doing the job, because understanding the importance of a job leads to pride in the work done (Brown, 2001). As was mentioned above, the good routines are vital for running of the yard. One reason is that horses are creatures of habit; routine makes them feel happy and secure and so they thrive and perform better. Another reason for routine is minimizing or avoiding accidents as horses could be dangerous. Many stable tasks are repetitive and following the agreed routine will be the most efficient way of doing the job. (Brown, 2001)

Safety should not be underestimated especially on places where people are getting into contact with living creatures, which are sensitive and usually perceive everything slightly different than people. Here is important safety for both – horses can be dangerous to workers and inexperienced workers can be dangerous to horses. It is the responsibility of both employers and employees to ensure that safe working conditions are observed and employer's duty is to provide safe equipment, safe premises and safe system of work. Employees should be covered by employers' liability insurance in case they are injured or contract certain diseases whilst carrying out their job. (Brown, 2001) Safe work routines have to be stated in the written policy and functional responsibilities for health and safety have to be clear to everyone. Also hazards must be identified and listed together with rules and practices to avoiding them. A proper first aid must be provided, staff has to be vaccinated against tetanus, wear protective clothing (hard hat, protective gloves, protective shoes, ideally with toe, and so on) and use respiratory protection in the dusty conditions. On of the safe working procedures are also good lifting and carrying techniques,

which should be shown, trained and checked to reduce fatigue and improve efficiency.

For high standards and efficiency of the yard are the most important competent and good working employees. The best tool to attract and keep competent and reliable staff is motivation. Most people are motivated to work by a mixture of pride and profit (Brown, 2001). While today's consumer society increase individual's needs, thus financial benefits are important when choosing a job; pride makes employees ambitious and successful (Brown, 2001). The good employer will pay the staff the best and the most competitive rates he/she can afford (Brown, 2001). It is also important for the staff to feel secure in the job enjoy good living conditions and a satisfactory and pleasant working atmosphere. Staff also should feel part of the enterprise and they should be consulted and respected. Good work should be praised; less satisfactory work should be queried (Brown, 2001). Important part of communication with employees is using of the "magic words": 'please', 'thank you' and 'we'. Remuneration is a type of reward, which includes benefits attached to the job such as board and lodging, keep of own horse, use of vehicles and so on. The possibility of accommodation is often necessary, especially in cases when the yard is situated far way off a civilization and the charges are not too high. Costing of keeping worker's horse is more complicated; there is the cost of keeping the horse, the loss of potential profit and the cost of the time the employee spends in looking after the horse. Another possibility is use of a vehicle in free time. Another motivator is possibility of training and skills developing. There are two types of training: in-house training which is done in the place of the business and external or agency training, which is held somewhere else and is usually designed as a course. The training will satisfy staff ambitious for personal development. Training needs are partly exposed by staff appraisal interviews, which should be held for each employee annually and all used benefits should be set down in writing, so that both parties can see the total value of the package. (Brown, 2001)

4. Own Contribution

4.1. Introduction of case studies and premises

4.1.1. Case study 1

This livery yard is situated 28 km from the centre of Prague and 14 km from the edge of the capital city. The area lies in proximity to the highway and near to Brdy mountain with its beautiful nature and woods. This area is also well reachable by the urban transport. Owner of the yard comes from the agrarian family and got this estate by the restitution.

There is capacity for 40 horses and six ponies, where 22 are indoor boxes, 16 are outdoor boxes, 2 are outdoor and separate boxes and 6 boxes are special designed for smaller ponies. Indoor boxes are situated in an old type of building with a small openable window in each box and strong walls which brings good temperature conditions, there is warm in the winter and cool in the summer, and it is important for horses' welfare and good condition. Because of the low roof there is not any draught out of which horse can catch a cold and it is a bit disadvantage too, because the standing air with small amount of ammonia is not healthy at all especially in the winter when windows have to be closed. Another disadvantage of these boxes is quite narrow corridor – the recommended wide for the safety of horses is about 3 meters and there is just about 1,7 meters. Outdoor boxes have the roofed corridor of normal wide, there is also flow of fresh air and gate which could be closed in case of a stronger wind. Also the situation next to riding hall is pleasant when it is raining outside. The main disadvantage of these boxes is that they are made of wood and they are not isolated – so during the winter there is quite cold (but horses are able to warm up it by their breath), but during the summer there is really hot and it is quite normal that horses are wet. The two separate boxes are used for horses with breathing complications, but are situated next to the platform car with manure and are made of wood too, so there are the same bad temperature conditions. Boxes for ponies are also wooden, so there are the same temperature problems in the summer and they are situated close to the highway, which is noisy. All of

the boxes in the area have feeding mangers are situated on the opposite side of the doors of the boxes, which is quite labour consuming.

Customer can find there a lot of useful facilities – there is a metallic riding hall with diameters 16x60 meters, good elastic surface and artificial lighting, 25x75metrs outdoor arena with sandy surface, grass jumping arena, outdoor circle arena, smaller indoor circle arena, horse treadmill with roof, wash box with solar light, grasslands and meadow with hard fences usable for cross country riding. Weakness of all off surfaces is that costumers have to take care about enough wet of surface before exercising their horses which is quite time consuming, because there is not proper machinery – in riding hall there is just one small water hose (proper watering of its' 960 m2 takes at least one hour); and although there are water pistols on the outside arena, it is not much easier, because there is not enough pressure to water whole arena at a on time, and during watering of one part, the other dries up. Also these surfaces are not maintained annually, which makes bad training conditions – at sides of the arena the surface is too hard and in the middle part there is too deep, which can cause injury of horses tendons. From social facilities there is tack- room, cloak-room, shower and toilet, but the shower is not used much – it is usually dirty, as same as cloack-room, there is not any cover on the ground just cement concrete. Horse owners can use also the bar which is situated in the guest-house. Another problem of this yard is that from on side (where is the outdoor arena and nice, but poorly exploited guest–house) it is really nice and reconstructed, but the other side, where horse owners spend the most of the time, it is unsightly and after rain there are uncomfortable and dirty slops on the back yard.

The price for rent of one box with full service and available equipment is 6 500 CZK and 5 500 CZK for the pony box. Despite the good placement and high amount of facilities this yard was not fully utilized for a long time and costumers turn there a lot. Costumers often complain on worse care and communication problems and sometimes also on the bad conditions of the back yard.

4.1.2. Case study 2

This premise is one of the top yards in the Czech Republic, which is situated on nice place near to Nature Park with good car accessibility – it is 29 km from the centre of Prague and only 17 km from the Prague periphery. It was built in 2001 by the successful businessman with sense of pomposity and functionality. It becomes one of the most luxury yards; furthermore it is very well suitable for horse riding sports. Although it is just few minutes from the Prague by car, it is harder to get there by the public transport – the bus frequency is low and it takes about 45 minutes from the metro station on the periphery. There are a lot of things which are not important for the riding, but which gives impression of pomposity – beautiful park with Celtic playground, pond with fountain, outdoor grill and the biggest wooden spoon in the Europe. Riding hall with stables creates the most dominant part of the area.

Stabling capacity is 52 indoor boxes, which are divided into two stables along the riding hall; each of stables has its' own washing box, tack room, feeding room, cloak room, toilet and entrance into the hall, which is very comfortable, especially during the winter. Boxes are bright and there is flow of the fresh air in the stables and more than half of the boxes have a big open able window. Feeding mangers are accessible from the outside to save the time. The biggest problems of these stables are their thin walls which are not able to keep the temperature during the hot summers colder than outside, but horses do not sweat there. The riding hall with its' 60x25 dimensions is the pride of this yard – it has high quality elastic surface and due to the plastic parts of the roof it is also brightly enough. Outdoor arena with diameters of 60x40m has also high quality of surface. All surfaces are maintained annually and indoor arena is watered daily in contrast to outdoor arena, which is its' main disadvantage. There is also cross-country course, circle arena, horse treadmill with roof, solar light and individual grasslands. For horse owners there are social facilities available: tack- room, cloak-room, shower and toilet, costumers also can use the restaurant with riding hall view.

The price for rent of one box with full service and available equipment is 11 000 CZK, which is pretty expensive. Customers often recommend this yard because of good horse care and good training conditions in spite of expensive stabling fee. What is usually mentioned as disadvantage is high concentration of horses which does not provide enough peace for working with horses – mainly in the winter, where customers can use just riding hall when can be just six horses in time, because of safety. Even if the price is high, these stables are full.

4.1.3. Case study 3

This yard is one of new build yards – it is working since the year 2002 and is situated in beautiful nature. It's distance from the centre of Prague is 37 km and 20 km from the suburban.

Stabling capacity is just 15 boxes: 10 indoor boxes in roomy stables, and 5 outdoor boxes which are isolated. Indoor boxes are bright and there is flow of the fresh air in the stables and more than half of the boxes have a big open able window. Feeding mangers are accessible from the outside to save the time. From the other equipments there is riding hall 40x20 available, large outdoor arena 75x 55 m, circle arena, indoor and outdoor washing box, tack room, feeding room, cloack-room, bathroom, and clubroom with fireplace. Everything seems to be clean.

The price for placing a horse is 8 000 CZK. It is quite high, when we consider that there are not any other equipment like grass arena or horse walker and the distance from Prague is longer. But the added value is in it's "chamber" atmosphere. The amount of just 15 horses brings enough peace for working with young or sensitive horses. Customers often recommend this yard because of good horse care and the peaceful environment.

4.2. Organizational structure and development

The development of the firm as well as development of the living yard could be seen on its structure. While small and new business use the simple structure with centralized control, the more stable and longer-running businesses tend to develop to more complicated structures with decentralized responsibility and decision making power. The **problem** of lot of livery yards lies in their continual using of the **simple structure**. This structure is well suitable for new and small companies, which are not developed and they are highly adaptable and aggressive regardless to its high risk. But the livery yards are specialized subject of business, which does not change as markedly as other business, so there is not such a need for flexibility. Otherwise they are fixed by its permanent physical facilities. A lot of owners think they have to control every movement on their yards.

4.2.1. Case study 1

This yard is managed by the owner and his female partner, but he has the definitive decision power. Her aim is to take care about finances and accounting, communication with new costumers and sometimes she also leads the training hours. Every change (change in horse food, exercising and so on) and all complains of costumers should be discussed with the owner or his partner. Horse care is delivered by three employees who answer directly to the owner; although there is a head girl. The head girl does not have much more responsibility – only in case of owners (and his partner) absence the changes can be discussed with her. The biggest difference between the head girl and other stuffs is in amount of work – sometimes happened that she worked for 30 days in month. The owner also takes care about fields, harvesting and hay production and farms land of other owners. There is one another employee who helps owner with farming and also works as a service man for the whole yard. When it is necessary the owner also works on yard and lead the training hours.

Structure of this business is purely the simple structure (fig. 2) with centralized power in the owner's hands.

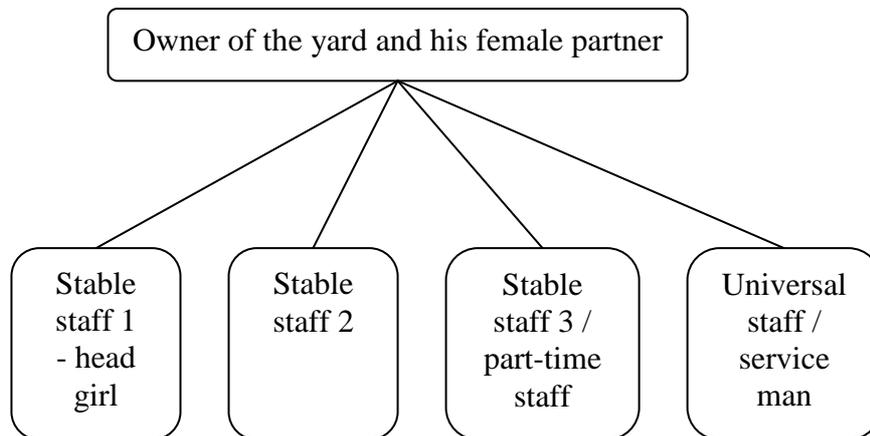


Fig. 2 – the organization structure - case study 1

This structure is of the biggest risk, because the owner is not very young and in case something would happen to him all business will be put into danger.

4.2.2. Case study 2

This yard is managed by the female partner of the owner. She communicates with costumers, takes care about documents and accounting and deals with problems. Because she is not an expert in horse care, the responsibility for taking care of horses is delegated to the head girl. In case the owner needs to have some food changes, he should communicate with the head girl, but can also communicate with staff, which usually takes care about his horse. Staffs answer primary to the head girl. The employees there have more responsibility – it is normal when the horse does not look well, it is the staff who calls to the owner, that something is wrong or that the horse has high temperature ad so on. Taking care for the area and equipment is delegated to the groundsman, to whom can be hired a part time worker when it is necessary

(for example during summer). He also takes care about watering and maintaining of the riding hall. There could be seen the difference in the organizational structure (fig. 3) to other cases – here could be seen the limited horizontal decentralization of the decision making power and specialization, which creates stable structure of the organization.

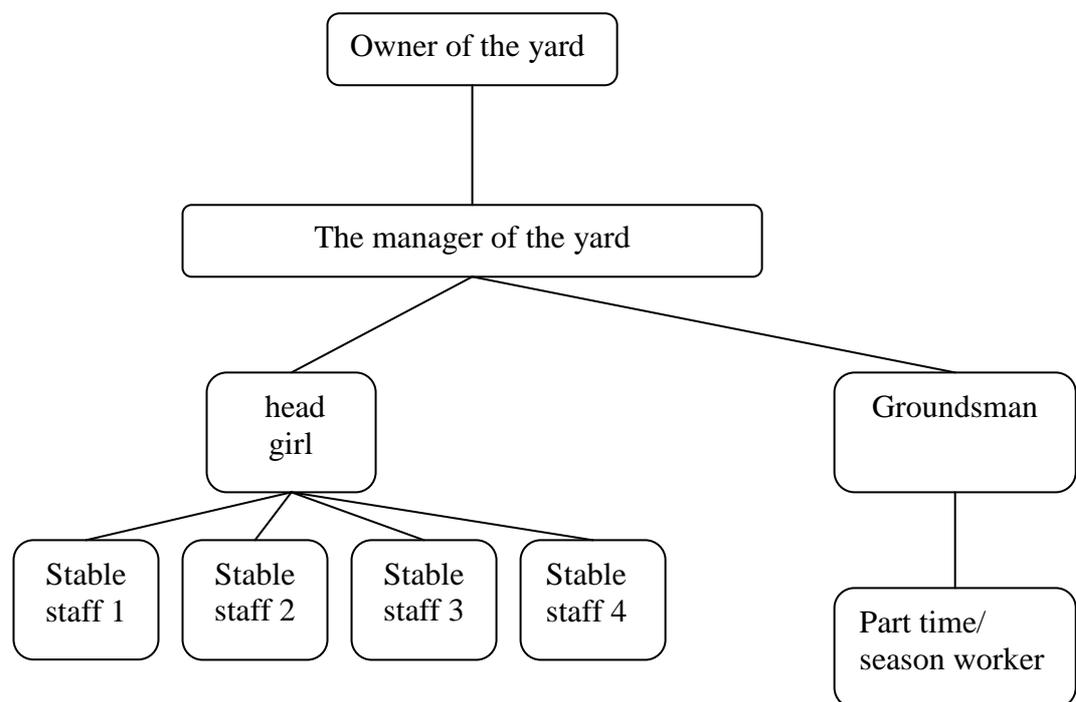


Fig. 3 – the organizational structure – case study 2

4.2.3. Case study 3

This yard is run by its owner (female) and her brother who takes care also about the guest-house which is part of the area. The owner is not Czech citizen, but she speaks very well Czech and she also manages her own company (different to the livery yard). Even that she likes to ride a horse sometimes, she does not understand animals too much, so the main responsibility for horse care

is delegated to the head girl, which is also the only one yard employee. In case of sickness or free day of the head girl, the owner, or her brother has to take place of the head girl – in these day the quality of services goes little bit down. Surfaces are maintain by the owner with her car and the watering is usually done by the costumers. Care about other parts of the yard (grasslands) is outsourced. Right now, in this yard there is only one possible structure – the simple structure (fig 4).

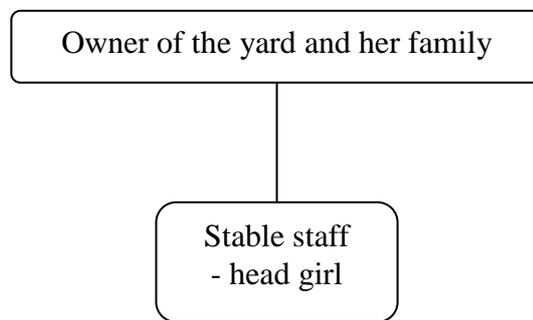


Fig. 4 – the organization structure – case study 3

As could be seen from the picture, this structure is of high risk – in case of long term sickness of the head girl, or if something will happen to the owner this system could destroy everything.

4.3. Managing and competence of the yard manager

4.3.1. Case study 1

The owner of this yard comes from the agrarian family and during the communist area was not able to get appropriate education. A lot of costumers say that he has frozen in socialistic Czechoslovakia, because he would like all costumers to work on yard (and still pay for stabling) and sometimes he tries to command some of the costumers – especially the young one, who he sometimes use for riding his horses. He is of hardworking person and spends a lot of time working on fields. The question, if it would not be better to take more about the business.

The pity of this area is that there is not a capacity for making some plans and innovative decision making. Only decisions making which is done are the programmed decisions of daily routines.

Organization of the company was described above and has no other function. The leading is not done. Only controlling which is done is out of the daily routines.

4.3.2. Case study 2

The owner of this yard is not a rider, but he is a successful businessman, so he knows how to manage a business even though he did not attend any school except the primary school. But he is not the person responsible for running of this yard. It is his female partner who manages this yard. She does not ride and she does not have proper education, but the communication is on the business standard and on friendly basis.

There are some sense of planning, because sometimes there are rent for some special action, which could be considered as training to reach new goals and also the nonprogrammed decision making.

Controlling and especially quality control is done by the head girl and also by the manager of the stable.

4.3.3. Case study 3

The owner knows how to run a business, attract costumers and how to save money. In this small structure it is problem, that she is not educated in equine sciences and in case of missing had girl she is not able to afford appropriate help and knowledge.

Via this structure there can not be done quite any of managerial function except those which touch running of the yard and maybe quality control. There is not a capacity for planning.

4.4. Human resources management

4.4.1. Case study 1

Way of hiring new employees is not clear. Cheap end especially seasonal working force is hired via placement efforts agencies for Ukraine workers. These workers are working on fields during harvesting and so on. It seems to be hard to find the proper person for taking care of horses – the educated and skilled suppose they will get quite high wage. There are done just brief interviews, when hiring new people if there are any. Wages are low – in the terms of gross salaries they vary from 8 000 CZK up to 10 000 CZK in dependence on the using of accommodation, which is available to some employees on the basic of lower wage in case of using of the accommodation which is a type of remuneration. Only the head girl gets about 14 000 CZK, but she is not accommodated in the area and often she works for more than 5 days a week, once there happened that there was not enough workers and she had to come every day for a whole month.

The labour saving design is poor. Feeding mangers are not accessible from the outside of the box which time consuming and the risk of injury of the employee or the horse is higher. There are two lorries for manure gathering, one of them is situated near the outside boxes and main part of the way to it is under roof, which is comfortable during rain. It is also situated on the lower ground so the employee does not have to push the heavy push-truck upwards. On the other hand the second lorry is farther away from the indoor stables, is situated on the open surface and is almost on the same ground – so it is harder for the stuff to get out the manure from the indoor boxes – maybe it is the reason why the urine could be smelt there.

The owner is sometimes moody and could be impolite to employees, which cause the bad working environment and the question is if in such situations the owner is fair to employees. Using of “magic words” is not common every day; we can speak more about commanding than leading. The pity is that this style of human resource management does not make happy and

pleasant environment and workers can hardly have the feeling of the pride and satisfaction from the well done work.

4.4.2. Case study 2

It is not so hard to hire a new and skilled people there. \it is probably because of its

The employees are well paid – the head girl gets the gross salary about 25 000 CZK and the others accommodate workers get 13 300 CZK. Responsibilities are also delegated to the employees. This enables them to identify with the company and it leads to the self esteem. This in turn leads to the increase in the quality of work so the level of services is high.

4.4.3. Case study 3

Head girl is responsible for the whole process and her own performance. It is disputable if the responsibility for the work and quality of services does not create to strong pressure upon one worker. The quality of services is still high.

5. Conclusion

Concluding my research I found that structure is related to the success of the company. The more successful company (case 2) demonstrated the machine bureaucracy being stable and safe creating ideal conditions for the horse business. The companies labeled as case 1 and 2 demonstrated only the simple structures, in a case 1 company rests on the verge of profitability in the case 3 organization is very small and although it is profitable it relies on a single employee which is certainly bearing some risks. Both companies should shift to the second stage of machine bureaucracy where the vertical decentralization of decision making power and responsibility takes place. Company from case 3 should hire another employee, which might be difficult due to the size of the business and the step cost problem associated with another employee. Standardization of work processes connected to so called machine bureaucracy will enhance the productivity of the case 1 company. The success of the companies can be linked to the managerial experience and education of their managers; for the case one managing owners have no previous management experience or education, in the case 2 company is owned by experienced entrepreneur and managed by his wife in case 3 company is run by owner who has previous experiences with management.

From the cases description is also clear that the way and quality of human resource management has a strong influence to offered services.

While for the case study 2 and 3 were chosen the more profitable stables it seem that human management resources together with organization structure should be changed in many livery yards.

6. Resources:

- ❖ Brown, J. H. Horse business management: managing a successful yard. 3rd edition. Oxford: Blackwell Science, 2001. 245 p. ISBN 0-632-05826-9
- ❖ Eastwood, S., Jensen A.R. and Jordon, A. Business management for the equine industry. 1st edition. Oxford: Blackwell Publishing, 2006. 158 p. ISBN 978-1-4051-2606-9
- ❖ Ivancevich, J.M., Donnelly, J.H. and Gibson, J.L. Management: principles and functions. 4th edition. Boston: BPI Irwin, 1989. 765 p. ISBN 0-256-06671-X
- ❖ Macdonald, J.W. Running a stables as a business. 1st edition. London: J.A. Allen, 1980 and 1998 (revised edition). 110 p. ISBN 0-85131-737-5
- ❖ Mintzberg, H. Structure in Fives: designing effective organizations. 1st edition. Englewood Cliffs: Prentice-hall, 1993, 1983. 312 p. ISBN 0-13-855479-X

7. Supplements

Questionare (english version)

- Is it hard to find skilled/educated staff?
- How many employees do you have? How do you motivate them?
- How do you try to attract new customers?
- What facilities do you have?
- What are advantages of your yard?
- How many horses can you placed?
- Are there any free boxes?
- What is the fee for placing one horse?
- Do you manage everything ...?
- Have you been educated in managing of the business?
- Have you ever been educatd in the subject management/ stable management?

Dotazník (Czech version)

- Je složité najít kvalifikované a odborně školené ošetřovatele?
- Kolik máte zaměstnanců? Jak je motivujete?
- Jak se snažíte zaujmout nové zákazníky?
- Jaké je vybavení vašeho areálu?
- Jaké jsou podle vás přednosti vašeho areálu? (vybavení, služby, poloha)
- Jaká je kapacita ustájení?
- Máte nějaké volné boxy, nebo je plně obsazeno?
- Jaký je poplatek za ustájení jednoho koně?
- Máte na starosti všechno sám/sama?
- Absolvoval/a jste předtím vzdělání v oboru řízení/řízení stájí?