

ECONOMICAL EFFICIENCY OF A SELECTED AVIATION COMPANY

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The issue of evaluation of the success the company has a global justification. Successful businesses can only be one that can handle the flow of finance arrangement within the enterprise and beyond. The current period of particular desires successfully employed businesses and heed should be given to those who do not. The paper evaluates the economic efficiency of existing aviation company. It focuses on the distribution of assets in the company and cash flow. These economic indicators tell us about the management company for each accounting period. The results of the economic indicators are compared over different time periods, the value of which air traffic management. To draw conclusions one needs to portray profile operation, from which we derive important information about how the company should manage in the future. In this paper we use the method of solution as analysis, synthesis and interpretation. After synthesis of information from different parts of thesis deduce a conclusion on management of air operations and propose a sequence of steps that a company should undergo. However, if the efficiency.

Key words: effectiveness, air operation, economic returns

1 INTRODUCTION

The economic efficiency of the enterprise, is a feature that discusses the company's ability not to waste their funds, but on the contrary, their appreciation and use fully to achieving the economic benefits. At present, the issue of economic efficiency, extended in every sphere of business. This is so because of market saturation businesses that offer the same or very similar products or services at the same price. Only those businesses that handle efficiently with their resources and manage its operations effectively, they can face the pressure of competition and do not venture possible negative impact on their business. The global economic crisis has hit especially those companies whose management was ineffective. Although since the beginning of the crisis has passed several years, its impact on the world economy continues to this day. Enterprises must borrow, it means taking out loans from banks, which provide them for increasingly higher interest rates as the crisis has also affected them must borrow the inhabitants of countries who do not have enough finances in order to meet their basic human needs. This phenomenon is directly linked mainly with companies that operated ineffectively and the coming crisis stopped them. The downstream effect of interference enterprises has resulted in a sharp rise in unemployment and indebtedness of the population.

The main objective of this thesis is to examine the economic efficiency of Czech Airlines. This objective is achieved during the examination of issues in each chapter. The thesis is intended to understanding the economic efficiency of existing air traffic and draw a particular conclusion about its management. The work is divided into four chapters, each dealing with the issue from a different perspective.

The first chapter is devoted to general working knowledge of economics, which defines the various economic indicators. These indicators are structured into five subsections. Indicators help us to define the economic situation in the company and are to conclude that the financial health of the company. The second chapter deals with the methodology of labor and capital as well as the definition of partial goals. Use of images is documented in detail the whole process of work, which typifies the reader, what, when and how it

was achieved. The methodological section describes the logic used methods that we use in each chapter. To successfully complete the work we have set four partial targets whose attainment we can better address the main objective work.

The third chapter is divided into two parts, of which the first part devoted to analyzing the airline aimed to show its profile, history and economic indicators, balance sheet and profit and loss account. The second section focuses on the calculation of various economic indicators, which are summarized in the charts, located under each calculation.

The achieved results of the calculations are discussed in the last chapter titled Proposal for improving efficiency. In addition to the analysis of the results obtained by this chapter devoted to presenting proposals for improving efficiency in the various subsections. The proposal represents a solution to reduce costs and increase revenue in the economic activity of the airline. By following individual advice should achieve higher economic efficiency of Czech Airlines.

2 BASIC DEFINITIONS EFFICIENCY OF THE

Economic efficiency is currently one of the key conditions that the company was able to defend and attack the competition proved yourself to correct those areas of their management, which for him are the weak points. Efficient operation waits development, growth, market share, competitors easier averting attacks and peacemaking standards in their field. Conversely, inefficient operation is considered an easy target for competitors and generally known as throwing it "sticks below the knee", resulting in a decline in traffic, reaching negative values in business piped into bankruptcy. The term "throw obstacles in their knees" means competition between businesses themselves, whether it is a price or non-price competition. When it comes to price competition they are offering the customer similar products / services at a lower, more acceptable price. Non-price competition is mainly about promoting products or services through advertisements, commercials or offering a higher level of service and access to customers. The aviation industry has even the slightest error results in a decline in the market. Competition is so strong that the aviation industry is a monopolistic

competition model, which implies that for start-up companies is almost impossible to get into this market. The overall economic efficiency lies in the correct synchronization following economic indicators: liquidity, debt, and profitability activities.

Liquidity reflects the company's ability to pay its current obligations, the logical assumption is sufficient inflow of funds in the optimal time distribution. Marketability liquidity refers to the ability of individual forms of assets

This ability is different, the order of the assets under the liquidity standards are as follows: short-term financial assets (referred to as the most liquid) - Short-term receivables - stock - current financial assets types of time deposits, securities, long-term receivables - to intangible and tangible assets (such as minimum liquid). The most commonly used liquidity ratios are immediate liquidity, quick ratio, current ratio and overall liquidity¹.

The indebtedness of the company is a condition in which the company must draw funds from foreign funds. It is a condition when a company fails to cover the costs of the costs from their own resources and thus are inclined to finance these expenditures through borrowed funds. These sources include various forms of credit provided by banks. In the case of leverage can consider the above loans to business each other. The use of leverage is a natural part of business management. External sources help us to develop more rapidly in any area. It is important that the company owned only so much leverage, how much they can pay their own economic activity. Between debt ratios include: self-financing ratio, an indicator variable flow-under-capitalization and indebtedness.

indebtedness :

- Up to 30 % is low debt,
- 31-50 % the mean debt,
- 51-70 % is high indebtedness,
- Over 70% of the debt risk

Activity - this is the assessment of the effective use of corporate assets. The company has assets deposited their funds, often not only own, but also lent (more expensive interest), the management and care of assets requires considerable funds, and so it should be interesting or manage purchases and subsequently used so as not to create redundant outflow of funds or increased management costs, as well as undersized Net Assets could create obstacles to the smooth provision of the main activity of the company. The most commonly used indicators of activity are time asset turnover, inventory turnover, receivables turnover time and turnover of assets.

Profitability indicators comprehensively informed about the success of the business. The numerator is always in net profit or modification. If the denominator of sales, an indicator shows how much

profit the company achieved sales of one crown. The ratio of net income and capital can determine the effectiveness of its use.

According to what we use capital, divided indicators:

- Return on capital employed (ROA)
- On equity (ROE)
- Long-term capital employed (ROCE)

Results of ratios may differ suggesting that the company is doing better in one area than in others. The conclusion of the analysis lies in whether the verdict can count on a long lasting business going concern. The verdict is supported by numerical results. Using a rapid test point method we assess the most important indicators. The final grade is calculated as the simple average of the marks for the individual variables. This method is called Synthetic reflection of the financial health of a company, the Králíčková rapid test.

3 ANALYSIS OF AIR CSA

3.1 History

CSA was founded 6 October 1923 the Czechoslovak government as Czechoslovak State Airlines. About twenty days later he made the first flight from Prague to Bratislava.

Distance then broke chief pilot Karel Brabenec the machine Aero A - 14th In 1929 the company became a member of the International Air Transport Association (IATA). Initially Airlines flew only on national lines and the first line abroad was in 1930 in Zagreb. Later flights were also extended to Rijeka and Dubrovnik. 11th September 1933 was opened regular line in the direction of Prague - Bucharest, 2 September 1936 together with CSA Prague international airport Sheremetyevo in Moscow.

In August 1992, CSA has been transformed into a joint stock company with registered capital of 2.7 billion dollars. Although never not paid dividends, share capital of the company calculated according to Czech accounting standards gradually declined and in 2009 reached negative values.

In 2005, the fleet included the first two Airbus A320 - 200 for regular services and two Airbus A321 - 200 on charter flights. In 2006, the airline transported for the first time in history, a record 5.5 million passengers. In the spring of 2007, CSA received the first two brand new Airbus A319 - 100th This year, CSA introduced new product - Internet clearance (Internet check-in). In 2008, CSA gradually got four brand new Airbus A319 - 100th Financial situation sharply deteriorated, despite an accounting profit of 1.1 billion dollars from the sale of real estate in the area south to equity fell by 1.1 billion dollars to only 102 million USD. It was a call for tenders for selling the CSA, but in 2009 the Government, in agreement with the unions withdrew it from the sale. In 2010, the company completed 75 years of regular service

¹ MAREK, Petr. 2009. *Studijní průvodce financemi podniku. 2. aktualizované. vydanie. Praha: Ekopress, 2009, str. 290. ISBN 978-80-86829-49-1.*

in the UK and domestic routes to Brno , after which they took CCA that it CSA for several years provide².

3.2 Subsidiaries

Since 2005, the company provides CSA Services Ltd. , through its own agency labor recruitment services , temporary work assignment , so-called . temporary help or consultation in the field of human resources . Since 2006, offers services and call center desk . CSA Services to further develop its activities in the organization of training courses and other educational activities.

Czech Airlines Handling Ltd. , provides clearance of passengers , aircraft , cargo and mail , not only for flights with Czech Airlines , as well as the lines of other companies .

With superior facilities and skilled personnel cleared every year more than half of all aircraft and passengers at the airport Prague - Ruzyně .

The company also focuses on the non-contractual handling , aircraft cleaning and objects , operates passenger and freight traffic and maintaining vehicles and mechanization not only for the companies within the Group Czech Airlines , as well as for external customers . In addition to ensuring Prague from 2010 Czech Airlines Handling the new ticketing and ticketing service at airports in Ostrava and Karlovy Vary .

In the modern facilities airport Prague - Ruzyně offered by Czech Airlines Technics as its clients with highly professional and certified services in the field of technical maintenance, transport aircraft , based on a long tradition and experience .

Czech Airlines Technics specializes in the periodic review of aircraft , carry out repairs to a damaged operating year-round providing support mainly Airbus , Boeing and ATR .

Czech Airlines Technics maintains daily contact with aircraft manufacturers , which , inter alia, gaining valuable information on recommended adjustments to the aircraft of their customers . Developmental Center of creating designs for non-standard repairs , approving aircraft manufacturers themselves and then applied in practice . The objects of the company's business includes the testing of aircraft parts .

Czech Airlines Technics , inter alia, mediates borrowing tools and equipment and ensures the operational deployment of a new technique outside the company headquarters for repairs , testing and release of certified aircraft in service .

For travel agents and other contractors are provided by HOLIDAYS Czech Airlines , as scheduled (charter) flights to attractive tourist spots . Destinations to which it flies by , to the greatest extent reflect the demand of clients . HOLIDAYS Czech Airlines is transported throughout the year hundreds of thousands of tourists for

leisure and entertainment , sports teams , musical ensembles , pilgrims and many other special and esteemed clients .

Among the main partners HOLIDAYS Czech Airlines include major travel agencies in the Czech Republic but also abroad . The airline also operates inter alia flights for clients of health insurance in the healing and stays for children with special health problems . Forms an integral part of the activities of travel agencies³.

3.3 Economic reports

Analysis airline would no specific data on the distribution of funds in the company. To view this layout we used economic indicator called the balance sheet. Another important indicator is the income statement, which shows the flow of funds in various levels of business.

Fig.1 Abridged Balance Sheet (in thousands. EUR).

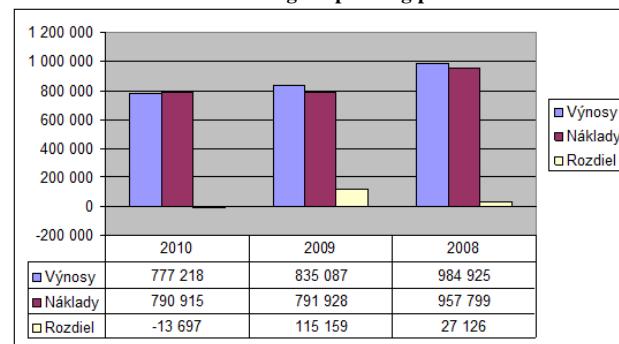
	Rok 2010		Rok 2009		Rok 2008	
	Hodnota	%	Hodnota	%	Hodnota	%
Aktiva celkom	258 322	100	309 560	100	405 767	100
Dlhodobý majetok	113 444	43,92	153 049	49,44	177 389	43,72
Krátkodobý majetok	112 354	43,49	125 488	40,54	197 887	48,77
Časové rozlišení	32 524	12,59	31 023	10,02	30 491	7,51
Pasíva celkom	258 322	100	309 560	100	405 767	100
Dlhodobé (Vlastné zdroje)	14 658	5,67	-91 601	-29,59	3 960	0,89
Krátkodobé (Čudzie zdroje)	179 006	69,3	337 106	108,9	330 042	81,34
Časové rozlišení	64 658	25,03	64 055	20,69	71 765	17,69

Fig.2 The summarized profit and loss account (in thous. EUR)

	Výnosy			Náklady			Spolu		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Prevádzkový	777 218	835 087	984 925	790 915	791 928	957 799	-13 697	115 159	27 126
Finančný výsledok	31 447	82 338	94 402	42 404	88 124	102 076	-10 957	-5 786	-7 674
Vimoriadny	29 898	0	0	2 306	2 646	1 134	27 592	-2 646	-1 134
Výsledok							2 938	106 727	18 318

On the basis of the abridged profit and loss account, we have compiled graphic design indicators for better comparison.

Fig.3 Operating profit

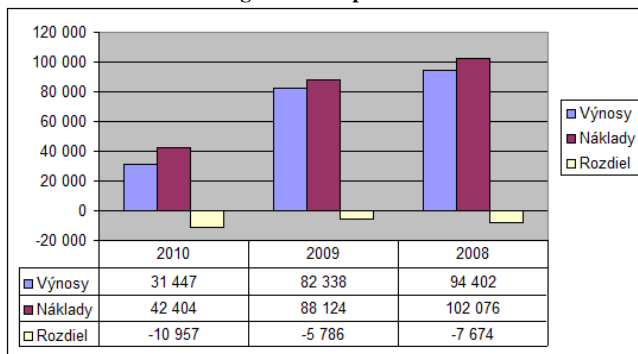


² História [online]. 1998-2013, [cit. 2013-12-02], České aerolinie. Dostupné na internete: <http://www.csa.cz/cs/portal/quicklinks/about-us/history.htm>

³ Výročná správa ČSA. 2010. [online]. 2010. [cit. 11-02-2013]. Dostupné na internete: http://www.csa.cz/cs/portal/quicklinks/news/vyrocnizpravy/vz_2010.pdf

In the income and expenses we have a view of how society in operational management came from positive to negative values, indicating problems in the enterprise, related to the low occupancy of flights as well as a fall in profits from non-aeronautical activities.

Fig.4 Financial profit



In the area of financial profit to the airline throughout the three reference years held in negative values which results in both the economic crisis and in the second case it may indicate a bad investment funds.

Fig.5 Extraordinary profit or loss

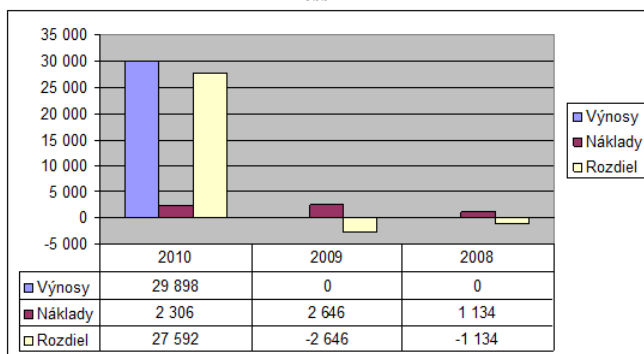
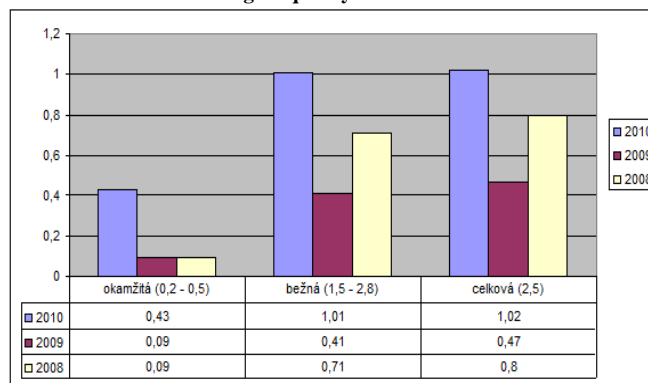


Figure 3 is visible, as the airline began to realize the recognition of a loss of its status as an economic and financial management, trying to minimize the difference extraordinary economic activity that showed a significant gain.

4 CALCULATIONS

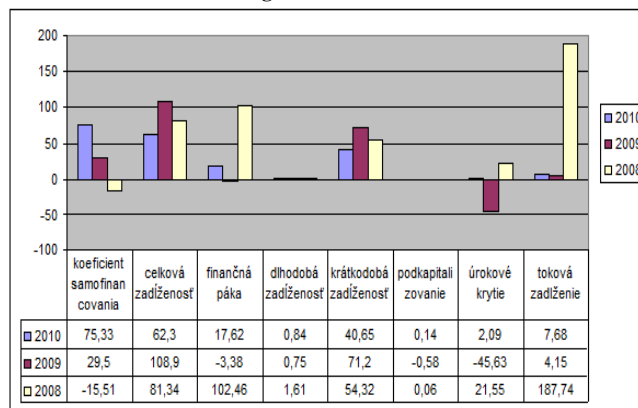
In Chapter calculations, we calculate the values for each variable and the resulting values to better illustrate, create a graph. Calculation for a single variable at work is three times what is important to compare the airline management in different accounting periods. Individual results are analyzed and compared in the last chapter proposal for improving efficiency.

Fig.5 liquidity ratios



Liquidity ratios show restoring the airline. And current value of instant liquidity, in 2010 most recommended value closer to businesses. Total liquidity continues to hold out below the recommended value, but even in 2010 it was closer than recommended.

Fig.6 debt ratios

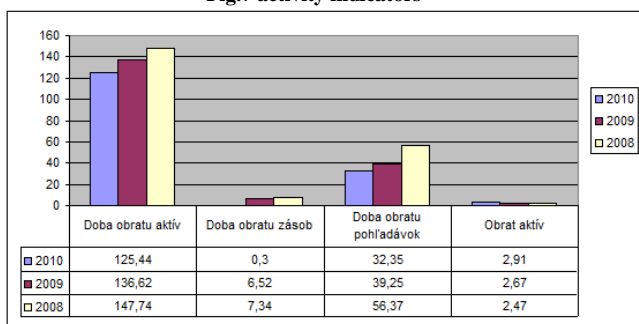


Debt ratios are divided into eight items. We were interested primarily indicators of cash flow, gross debt, long-term debt and short-term debt.

The figure shows that the degree of self-financing is gradually moving from negative values to positive. This means that the airline was able, despite the onset of the economic crisis yourself to ensure running of its operations.

When the total indebtedness of the company in 2010 managed to get to the recommended limit of 60/40, which means that the company is 40% self-financed and 60% foreign. Long-term debt is in the range of 1.61% to 0.84%. Compared with 2009 long-term debt recorded a slight increase but it is probably related to restoring the financial health of the airline associated with different investment business, possibly with the adoption of a new loan to resume operation. Indicator of short-term debt recorded in 2010, the lowest value (40.65%) suggesting restoring airline in the repayment of short-term liabilities other entities.

Fig.7 activity indicators



Values of indicators show the shortening of periods of turnover of individual parameters. Shortening turnaround means increasing the frequency of turnover for a period of time. Hence the fact that the company reduced the status of the individual parameters resulting in a recovery company.

5 THE DRAFT AMENDMENTS TO INCREASE THE EFFICIENCY

In order for the airline operated efficiently, it is necessary that showed profits from his business. Gain can be achieved by increasing sales of its economic activities which must exceed the cost of that activity or reducing the cost of their economic activities while maintaining the same income.

Name chosen solution is a combination of both models and to reduce costs and increase profits. Achieving a reduction in the consumption of aviation fuel can be achieved by improving the planning of routes from point to point, using the most direct course. Reduction in premiums and allowances flying personnel falls under the category of structural changes in personnel, which allows for a reduction in staff and the accumulation of work activities.

Another option is a preference for employment of workers under 29 and use of subsidies provided by the state for employment of these workers. The state in this case subsidizes half the funds needed to cover the cost of such an employee. To reduce the cost of taxes relevant to the flight is the solution similar to the LPH reducing costs, streamlining plánovania choice of destinations for those in which they are mentioned taxes as low as possible, to maintain those destinations for which there is demand from passengers respectively. reducing those destinations that do not interest to travelers.

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The increase in sales can be achieved by increasing prices for transport for the line. It could, however, decrease the number of customers. If we offer a higher standard of service to the board at the lowest possible cost. This problem can be solved by offering services on board the aircraft at a higher level such that we achieve more professional trained staff, offering daily regional and foreign newspapers when boarding an aircraft. These changes relate to international as well as domestic passenger air transport. For air cargo propose an increase in freight rates, which weighs more than 200 kg of a 1% weight exceeds 250 kg of 1.5%.

In the case of handling services to other airlines propose to adjust the price performance so as to cover the costs of these services and ensure the profitable growth of the business. To cover these costs is sufficient to raise the margin for each output by 1%. This price increase would not constitute for customers of these services have a significant change and should not jeopardize the demand for these services.

6 CONCLUSION

Economic efficiency is a business nowadays, when almost no business is guaranteed foothold in the market (with the exception of monopolies), wide issues, which should definitely be paying attention. This issue is justified mainly because of competition between undertakings each other and because of the consequences for the world economy after the global economic crisis. We meet with a large number of enterprises whose managers believe that managing effectively, but the opposite is true. From the second quarter of 2008 the number of deaths of jobs to rise sharply, to reach its peak in early 2009. The trend of cutting jobs continues today.

The rate of job creation is still lower than that of their death. The job destruction is closely related to the disappearance of inefficient farming enterprises. In order to effectively manage the company started its restructuring is needed and technical oversight of finance and real business valuation. Only after making these changes can be achieved by ensuring that the company modified the trend of its management, which would otherwise lead to its demise. The effectiveness of management lies in minimizing excess costs and maximizing revenue needed. To determine the effective management of our company are various economic indicators. Being able to correctly interpret the results of each calculation is the most important prerequisite for achieving economic efficiency.

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