Intellectual Resources Used in Developing Tourism and Hospitality Industry

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ABSTRACT
The article studies the role and significance of intellectual resources of the society in the establishment and development of the tourism and hospitality industry. From the theoretical and methodological point of view, the study shows the genesis of the key components of intellectual resources: intellectual capital, social capital, intangible assets; the principal methods for assessing the performance of using intellectual resources and the specific aspects of managing business processes where the resources are used are systemized. The main trends and patterns of tourism development in Russia and one of its regions (the Tula region) are highlighted. The authors consider the options of using intellectual resources in the tourism and hospitality industry taking the Tula region as an example. An extrapolatory analysis of the main tendencies of tourism development has been made, the Tobin’s Q ratio has been calculated, which shows the level of using intellectual resources in the hotel business, and the transformational opportunities of using place branding to increase the attractiveness and competitiveness of locations have been identified.

Keywords: tourism, hospitality, intellectual resources, intellectual capital, social capital, place branding, Tobin’s Q ratio.
INTRODUCTION

Objectively, Russia has all the conditions to boost tourism and hospitality. They include: the geographical location and a favorable climate, a variety of natural, historical and cultural, tourist and recreational resources. However, only about one percent of the world tourist flow is directed to Russia [1]. At the moment, the emphasis in all spheres of business activities is made on intellectual resources which serve as starting blocks for innovation boost and the increase of the competitiveness of an organization. For instance, according to international approach, 80% of the market value of an economic structure is made up of its intangible assets excluded from the book value [2]. Positive goodwill created in the course of a company's business is capitalized as an intangible asset, competes, stimulates production, intensifies quality control, facilitates personnel recruitment, contributes to the creation of the corporate spirit, promotes creativity, and allows the combination of tradition and innovation [3, 4]. In other words, intellectual resources are a combination of resources available to a business unit and used in the process of its business activity which are intangible and necessary to create a competitive advantage for a company. Intellectual resources include intellectual capital, intangible assets, intellectual property, as well as knowledge and social capital [5].

MATERIALS AND METHODS

The following methods have been selected by the authors as scientific tools for this study: theoretical methods (systematization, analysis and synthesis, concretization and generalization, comparative analysis, scientific abstraction, induction and deduction); empirical methods (collecting information, monitoring, studying best practices); economic and statistical methods (application of indices and coefficients, identification of development trends, graphical and tabular methods).

The informational base of the study was statistical materials and analytical materials issued by the Federal State Statistics Service, research and development projects of the Research Institute of the Hospitality Industry at Plekhanov Russian University of Economics; publications in recognized domestic and foreign periodicals; electronic content of Russian and foreign Internet portals.

Let us inspect the components of the "intellectual" sphere of the society, which will allow us to determine the terminology and content of each category. As we have mentioned earlier, intellectual resources represent a combination of intellectual capital, intangible assets, intellectual property, knowledge and social capital.

The terms "intangible assets", "intellectual property", "intellectual capital" are often used in the scientific literature and business practice to refer to different objects. Everyone ascribe their own meaning to those terms, hence, there is a confusion and substitution of the concepts, which often leads to a misunderstanding of both the theoretical essence of the phenomena in question and the practical aspect of accounting and economic analysis of the business led by enterprises. Furthermore, the concepts and their components differ both in the spheres of their application and the categories of experts who use them (see table 1). Most authors argue that the concept of intellectual capital is an umbrella term for the
concepts of intellectual property and intangible assets. However, despite the prevalence of that approach, all three concepts are used in different spheres by different experts.

**Table 1.** Definitions and spheres of application for the concepts of intellectual capital, intellectual property and intangible assets

<table>
<thead>
<tr>
<th>Concept</th>
<th>Intellectual capital</th>
<th>Intellectual property</th>
<th>Intangible assets</th>
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<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Intangible asset which is used to objectively drive the market value of a company and provide the company with a competitive advantage</td>
<td>Implies the right of an individual to use an intangible object, exercise rights, allow or deny the use of such object. Objects of intellectual property are legally protected.</td>
<td>Assets which are not physical in nature and generate income.</td>
</tr>
<tr>
<td><strong>Purpose of use</strong></td>
<td>Raising investment funds, Business valuation, HR management, Corporate strategy development</td>
<td>Protection and safety of rights to intellectual property assets, Business valuation</td>
<td>Accounting as an asset of an enterprise, Tax mitigation, Business valuation</td>
</tr>
<tr>
<td><strong>Professional sphere of use</strong></td>
<td>Management</td>
<td>Law</td>
<td>Accounting, valuation</td>
</tr>
</tbody>
</table>

Unlike the era of pure capitalism where the development of intellectual capital pertained mainly to the domain of private capital, mixed capitalism leads to the dependence of the intellectual capital development on the common capital representing the interaction of state funds and private capital. The sphere of intellectual capital development should cover the entire reproduction process, basic production as well as infrastructure, in order to achieve a full innovative development of the economy as a whole [6].

However, the concept of "intellectual capital" began to form and develop simultaneously with the economic thought as a scientific line of research. The contemplation of the genesis of intellectual capital may begin with the works of A. Smith and J.S. Mill. The scientific treatises of those scholars do not yet use the term "intellectual capital" as it is, but they introduce the concept of humanitarian capital. Humanitarian capital was regarded as "a general concept of the quantity and quality of the human ability to work". At that time, links were established between the quantitative characteristics of intellectual capital and the main demographic trends, for example, changes in the number of employable population. Two of the factors which determine the qualitative characteristics of intellectual capital were science and education. Education and science in their close interaction were the ones to determine (and still determine) the possibilities of increasing labor performance. At the present stage of the development of economic relations, scientists still do not disregard the concept,
emphasizing the importance of an intellectual component in the development of qualitative social and economic processes.

Below are some definitions of the intellectual capital proposed by the researchers in this sphere:

- Intellectual capital is a system of capital stable intellectual advantages of a given company or a firm on the market [7];

- Intellectual capital is a set of intangible assets which enhance competitive advantages if they are available to an enterprise, and make it impossible for an enterprise to exist if they are not available. Intellectual property, human assets, information and market assets are the main components of intellectual capital [8];

- Intellectual capital is the economic value of two categories of intangible assets of a company: organizational (structural) capital and human capital (the Organization for Economic Cooperation and Development).

Thus, the definition of E. Brookings manifests the position of a practical expert, i.e. intellectual capital here is regarded as a managerial concept. The approach of B.B. Leontiev shows the nature of intellectual capital as a factor influencing the formation of competitive advantages. The definition given by the OECD determines and synthesizes the value of intangible assets.

To highlight the structural components of intellectual capital, we need to turn to the works of T. Stewart, who represents intellectual capital in three elements: human capital, structural capital and consumer capital (Figure 1) [9]. Such dissection of the intellectual capital is convenient in terms of measuring each structural element and adjusting it for investment.
Figure 1. Building blocks of intellectual capital [extended by the authors]

The authors added to the structure of intellectual capital such components as social capital and trust, investment potential, and information transparency.

Social capital, i.e. the potential of social links between different communities, is the development pool for any company implementing innovative ideas and solutions. In general terms, social capital may be defined as a set of institutions, rules and relations which define and shape social interaction in a society both quantitatively and qualitatively. The well-being of different communities, individuals, economic actors at all levels is affected by horizontal links, social networks, standards defining the rules of interaction, i.e. the individual building blocks of the social capital. All the variety of the building blocks of social capital may be structural and cognitive (Figure 2).
Both the structural and the cognitive forms of social interaction may exist independently as certain standards or values. But the positive influence of the social environment is manifested only via the intertwining of the structural and cognitive capitals, their interaction at all three levels. Not unlike any other intangible resource, social capital
grows in value if it is used and loses value if it is neglected. The economic essence of social capital is the possibility to capitalize the benefits of the interaction between different economic actors at different levels.

The tourism and hospitality industry still reasonably play quite an insignificant role in the development of the Russian economy. Drastic changes unfolded in the Russian tourism industry against the backdrop of sanctions and economic crisis. According to the Federal State Statistics Service, the outbound tourist flow from Russia decreased by 40% in 2015. Despite the growing number of travel agencies and hospitality companies, their share is still fairly small (Figure 3).

Figure 3. The total number of tourist agencies in the country

The analysis of the number of travel agencies revealed an increase by 30% over five years (from 2010 to 2015). The grounds for the slow growth, in our opinion, were the bankruptcy of several tourist companies such as Labyrinth, Neva, etc., which provoked the distrust of citizens towards tourist companies in their entirety. The Rosturizm (the Federal Tourism Agency) resolved to exclude a number of major travel agencies such as Pegas Touristik, Anex Tour, SANMAR Tour, their subsidiaries and several less known travel agencies from the Unified Federal Register of Tour Operators on January 01, 2016.

2014–2015 were hard for the Russian tourism. Due to the political situation and the weakening of the ruble, Russian residents had to deny themselves travelling abroad. The first countries to lose Russian tourists were European countries, where the tourist flow decreased by 25–30%. Of all European countries, only Cyprus was able to keep the positive trends, as the government made their best efforts to maintain the percentage of Russian tourists achieved earlier. Russians demonstrate an increased interest in Hungary and Bulgaria. The tendency is explained by the fact that the countries have their own currencies, and the prices are relatively low in comparison to other European countries. Turkey and Egypt are closed for Russians tourists due to the changes in the world market and the threat of terrorism. Figure 4 shows the comparative analysis of the booked tours with departure from Moscow in 2014–2015. The analysis of Figure 1 shows a decrease in the year on year number of tours in 2015 to the Czech Republic (by 0.5%), Greece, Spain and Italy by more than a half.
In 2015, travel agencies no longer focus on the number of their outbound tourists. The emphasis is put on the profitability of the business and the preference of domestic tourism. According to the Rosturizm, the year on year flow of Russian tourists travelling within Russia in 2016 increased by 30%. This trend contributes to the active involvement of all adjacent organizations in tourism, which affects the development of the country and regions, making an impact on the structure of the economy as a whole. Tourism triggers the development of local infrastructure, stimulates employment and services sectors.

To enhance the influence of tourism on the economy of the country and regions, the state policy for the development of the tourist industry becomes more active, committees and ministries for the development of tourism are established at the regional level [10]. For instance, a tourism promotion strategy has been developed in the Tula region, which represents a number of programs, individual projects and out of program activities of an organizational, legal and economic nature which offer an effective solution to the issue of dynamic and sustainable development of tourism [11].

The Tula region has the advantage of location (the center of Russia, in the proximity of Moscow, international airports, on the most important Russian communication lines) and a comprehensive complex of cultural, historical and natural attractions which make it a prospective ground for the development of domestic and inbound tourism. However, the number and the level of travel agencies do not differ much from the common trends across Russia (Figure 5).
Analyzing Figure 5, we see that the number of travel agencies increased by 52% over five years (from 2010 to 2015). Compared with other countries where the services sector, and tourism in particular, has become one of the revenue generating sectors of the economy, the Russian services sector and tourism business are currently in development. The income from tourism and hotel businesses has a tiny share in the gross domestic product of the country (Figure 6).

![Figure 5. The number of travel agencies in the Tula region ["Regions of Russia", 2016, annual statistical compilation]](image)

The dynamics of the industry as a whole demonstrates an increased interest of Russian tourists in domestic tourism (Figure 7). After the extrapolation of the available data we may forecast the development of domestic tourism.

![Figure 6. Breakdown of gross value added (% of the total) ["Regions of Russia", 2016, annual statistical compilation]](image)
Russian tourism industry mainly focuses on import substitution, which implies the creation of a competitive domestic tourism product suitable to meet the growing demand of Russians due to the decline in outbound tourism happening for a number of reasons. At the same time, exchange rate differences make trips to Russia (inbound tourism) very cost-efficient [12].

Another notable trend is emergency of the new types of tourism [13]. For example, rural tourism aimed at spending vacations far from civilization, preferred by those who desire to switch from work to rest, spend their holidays without mobile signal. More and more young people prefer active holidays and adventure tourism (tours with extreme programs: rafting, off-road, kiting, jumping, ballooning). Another new global trend is growing popularity of the so-called mystical tourism. People are drawn to places shrouded in secrets and legends about ghosts and spirits: abandoned stations, castles, houses, etc.

Modern tourists often split their vacations into several parts, thereby increasing the need for the maximum number of options in a limited period of time. Hence the demand for weekend tours suitable for tourists choosing close locations with a convenient accessibility by transport. All of the above largely shapes the tourist preferences for rural tourism, short-term leisure, recreation out of high season, active tourism, short-term trips to other cities with educational purposes, the choice of tours with accommodation in self-catering apartments instead of hotels, etc.

Some experts explain the increasing domestic tourism by the constant threat of terrorism in the world, others see the dependence on the growing number of tourist trips per year due to the breakdown of a holiday. This tendency needs to be considered when the state policy aimed at boosting domestic tourism is developed and implemented.

In Russian regions, in the Tula region in particular, the dynamics of domestic and outbound tourism are similar and affected by the general economic situation (Figure 8).
Keeping in mind all of the above, intellectual resources look quite promising as a tool for the development of tourism at the regional level, as a new source of creating competitive advantages. To attract tourists, one needs to give zest to the business, which is exactly what intellectual resources may do. Many regions follow the route of developing territories at the expense of intellectual resources instead of natural ones. One of the examples is Veliky Ustyug, the homeland of Father Frost. It took few years for the tourism industry to occupy the leading position; hotels and roads were built, local crafts were developed [14]. One of the elements of a successful economy is image and reputation.

Tula and the Tula region is a territory with such touristic sights as the museum and natural reserve "Kulikovo field", the museum and nature reserve "Yasnaya Polyana", the home of L.N. Tolstoy, the museum estate of A.T. Bolotov "Dvoryaninovo". The crown jewel of the Tula region is its famous brands such as "Tula gingerbread", "Tula samovars", and "Tula weapons". Those are the components which must be used to build a policy for the promotion of tourism and hospitality industry. Due to its geographical location (the center of Russia, in the proximity of Moscow, international airports, on the most important Russian communication lines) and a diversified complex of cultural, historical and natural attractions, Tula is a promising region for the promotion of domestic and inbound tourism.

RESULTS AND DISCUSSION

Creating added value by using intellectual resources, building effective systems of managing them is a paramount objective in the main goal to ensure the continuous and sustainable economic growth.

One of the most important properties of intellectual resources is sustainability, which reflects the level of perception of scientific knowledge and innovations by the society. Sustainability may be defined as a measure of universality, i.e. how convincing (true, evidenced) it is for most economic actors. Sustainability is a unique property of intellectual resources which traditional (material and financial) resources lack. Indeed, the sustainability of knowledge is manifested in the fact that, unlike traditional resources, it is an unlimited public good with an increasing marginal utility, which is augmented as the resources are used.
We argue that "sustainability", inherent in knowledge as such and intellectual resources in general, is the property which forms the basis of competitive advantages achieved by enterprises. Transforming information initially into informal (implicit) knowledge and afterwards into formalized (explicit) knowledge, companies create innovations, commercialize them, thereby achieving competitive advantages. The transformational variety of knowledge can be illustrated in detail by a knowledge spiral, i.e. a model which explains the transition of information as implicit knowledge into a competitive advantage as explicit knowledge (Figure 9).

Figure 9. Sustainability expressed in the process of knowledge transformation [complied by the authors on the basis of the knowledge spiral model developed by I. Nonaka and H. Takeuchi [15]]

The property of sustainability implies that a certain "absolute knowledge (constant and necessary for a business structure)" is present at all stages of the transformation of information into a competitive advantage. At the stage of socialization, this "absolute
knowledge" is created for an economic structure, i.e., a business idea is formed. At the stage of externalization, the business idea becomes a technical or organizational solution, the "absolute knowledge" is expressed through innovations. At the stage of combination, a technical or organizational solution is finalized in the form of intellectual property (e.g., invention, industrial designs, utility models, titles to which are patented; know-hows are protected and used as production secrets). At the stage of internalization knowledge is widely and commonly popularized via the commercialization of title to intellectual property, which provides high competitiveness of economic structures.

Thus, the basic methodological principle of achieving competitiveness of economic systems may be defined as follows: sustainability - the unique property of intellectual resources - is transformed through the system of organizational and management mechanisms into the sustainability of economic structures and systems. These transformations in practice can be illustrated by the example of the Tula Gingerbread, the brand which was used as a business idea to attract tourists (Figure 10).
Figure 10. Sustainability expressed in the process of knowledge transformation

The management of competitiveness at different levels by influencing non-material factors can be regarded through two prisms: assessment and the creation of an effective system. The main purpose of assessing intellectual resources is to ensure the continuous development of the economic system. The current practical assessment of intellectual resources is made with quantitative as well as qualitative methods, using financial and non-financial estimates. The choice of a method to assess and construct efficient processes should be based on the purposes of company business activities and specific problems to be solved (Table 2).
Table 2. Methods to assess the efficiency of using non-material resources

<table>
<thead>
<tr>
<th>Assessment level</th>
<th>Object of assessment</th>
<th>Applied methodology</th>
<th>Performance indicators (combination thereof)</th>
<th>Key performed managerial functions</th>
<th>Potential to integrate in the system of managing competitiveness</th>
</tr>
</thead>
</table>
| Macrolevel (countries, regions) | The extent of prerequisites for the country to switch to the knowledge-based development model | - "Knowledge for Development" program  
- Index of country readiness for network economy  
- Indicators system developed by the OECD | Standardized quantitative indicators determining the difference between the development levels of countries | Planning, control | Identifying weak points of economy in action, using the experience of leading countries when achieving competitive advantages, designing a development strategy for a country |
| | Business processes associated with the application of intellectual resources | - Skandia navigator  
- Sveiby monitor of non-material assets  
- Measures that Matter - Ernst&Young methodology  
- Value Chain Scoreboard model developed by B. Lev  
- Technology broker | A combination of qualimetric characteristics of changes in business processes | Planning, organization, motivation, control | Constructing efficient business processes by integrating a balanced system of indicators of using intellectual capital elements into the development strategy |
| Microlevel (organizations) | Business value | - Market capitalization method  
- Method of assessing the performance of investment in intellectual capital management processes | Tobin's Q Ratio  
Investment performance indicators (NPV, PI, PP, IRR) | Planning, motivation, control | Increasing business value |
| | Competence of an individual | Expert's opinion | Score and rating indicator | Motivation | Increasing competence-based potential |
| | Intellectual property object | Value estimate for intellectual property objects | Money value of an object of intellectual property | Motivation, control | Creating efficient innovative processes |
To analyze the effectiveness of using intellectual resources of a hotel business, the authors of this study calculated the Tobin's Q Ratio which is the ratio of the market value (capitalization) of a company to the book value of its assets. The calculations were based on the financial statements of hotels and the market information used to assess the value of the business. The results of the calculations are given in Table 3; they show low investment potential and scarce use of intellectual resources in a given business. Five hotels in Tula with high visitor ratings on Tripadvisor were selected for the assessment. The semantic analysis of the names and business of the hotels showed that only one hotel (SK Royal Tula) uses the "characteristic features" of the region in its name and its daily business. The rest of the hotels do not use or promote the existing brands which could give them a competitive advantage.

Table 3. Assessment of using intellectual resources by Tula hotels

<table>
<thead>
<tr>
<th>Hotel name</th>
<th>Client rating on Tripadvisor</th>
<th>Assets, '000 RUB</th>
<th>Capitalization, '000 RUB</th>
<th>Tobin's Q ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>SK Royal Tula</td>
<td>4.0</td>
<td>98,243.1</td>
<td>210,240.5</td>
<td>2.14</td>
</tr>
<tr>
<td>Hotel&amp;Garden</td>
<td>5.0</td>
<td>18,991.9</td>
<td>23,360.0</td>
<td>1.23</td>
</tr>
<tr>
<td>Evropeyskiy Guest House</td>
<td>4.0</td>
<td>29,507.4</td>
<td>28,032.0</td>
<td>0.95</td>
</tr>
<tr>
<td>Sofia Inn</td>
<td>4.0</td>
<td>31,667.6</td>
<td>22,484.1</td>
<td>0.71</td>
</tr>
<tr>
<td>Armenia Hotel</td>
<td>3.5</td>
<td>160,600.2</td>
<td>144,540</td>
<td>0.89</td>
</tr>
</tbody>
</table>

Notably, numerous researchers, practical experts, and professionals in the field of intellectual capital management have been tackling the problem of assessing intellectual capital. However, none of the approaches has become ubiquitous yet [4]. A universal methodology to assess intellectual resources may not, in fact, be in high demand, since intellectual resources are a multifactorial phenomenon, changing rapidly, specific for each individual, organization or country. Considering the high competition in the tourist and hotel business, new ways and elements of efficient business need to be discovered. One of the main paths is the development and application of various innovations and know-how which may be a powerful development boost in the country [16].

Innovations of all kinds are simultaneously the factors of viability and competitiveness of tourist and hotel organizations [17]. The systemic and ubiquitous use of innovations to ensure the improvement of a company performance is now recognized by a wide range of scientific researchers and practicing managers. The wide-scale application of new knowledge, as well as combination thereof, facilitates the emergence of new services, products and technologies in tourism and hospitality.

A modern trend which has become an indispensible part of the travel industry is IT-technologies. The Internet is becoming the key trip planning tool. Tourists constantly use booking platforms to buy tickets to museums and theaters, hotels, restaurants; travel with the help of navigators and tourist applications; use social networks to share travelling
pictures with their friends in real time. All of that causes the representatives of the tourism industry to adopt new technological trends, review their strategies and "digitize" their services.

An important factor of creating the image of a tourist and travel friendly country is the evaluation of tourism potential of the country by the global community, the state of security and development of this economy sector. The corresponding indicators have been digitized for the study "The Travel & Tourism Competitiveness Index (TTCI)".

IMPLICATIONS AND CONCLUSION

The assessment of intellectual resources is the foundation for building the efficient processes of achieving competitiveness by economic structures and the mechanisms to ensure their sustainable development. The use of intellectual resources at the macroeconomic level demonstrates to what extent countries and regions are prepared to switch to a knowledge-based development model; the business processes based on the use of intellectual resources in the aggregate and their individual structural elements are assessed at company level; the objects of intellectual property or human competence are individually assessed at the level of intellectual potential holder or knowledge holder.

The new capital structure is a distinctive characteristic of modern companies in comparison to the companies in the past. The defining factors are information, knowledge, in addition to material stock and capital. At the same time, however, the role of the man remains fundamental. Therefore, it can be argued that modern companies are companies developed on the basis of using intellectual resources.

The use of intellectual resources in the tourism and hospitality industry is an important development path for this segment, especially within the framework of the development of a tertiary economy sector, the switch from material production to services, and the implementation of a modern knowledge economy paradigm.

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