

Intangible Resources in Sustainable Agritourism: As A Competitive Advantage

*Luis Alberto Morales-Zamorano, Camacho-García A. L., Bustamante-Valenzuela A. C., Suarez-Hernández Á. M.,
Holguin-Moreno O.*

(Facultad de Ingeniería y Negocios San Quintín, Universidad Autónoma de Baja California, Mexico)

Abstract: Analyzing the potential of resources that an agricultural ranch can offer to the invited tourist leads to describe the intangible heritage that gives the unique value and difficult to imitate each farm. That is why we started from the classification of intangible assets recognized as assets in the financial-accounting field, as intangible capital within the company and as intangible assets and services in sustainable agritourism activities. These last resources were basically referred to cultural and natural intangibles, each of which was broken down and analyzed. The analysis focuses on the imperative need to maintain and continuously improve the quality of intangible heritage, since they are the nature of the value on which the farm bases its attractions to compete. Make feel, live, experience and surprise the tourist will be the challenge that transforms the values that the farm has in distinctive strengths and can with them manage to transform them into competitive advantages. It is concluded that the great amount of values that an agricultural ranch can offer to the tourist will depend on the way in which the visitor is shown the intangible heritage.

Key words: sustainable agritourism; intangible cultural heritage; intangible natural heritage; distinctive strengths

JEL codes: L83, Q01, Q5, Q51

1. Introduction

The financial situation of companies has been, by tradition, a classic measure to locate the competitive position and economic health of companies, for many investors. Under these principles, financial strengths and weaknesses have been used as the basis for strategy formulation. However, although operations and services activities may represent one of the most valuable parties as intangible assets, they have almost always been relegated to the forefront. These areas of business performance can be used as great opportunities for the formulation of strategies and instruments of competitiveness in all types of companies, especially in those of agrotourism activities.

1.1 Theoretical Framework: Intangible Assets and Resources

Intangible resources, such as services, non-monetary values such as cultural, natural and social heritage, trust, experience and loyalty, the good image and reputation of companies, are among non-financial resources, which

Luis Alberto Morales-Zamorano, Ph.D., Facultad de Ingeniería y Negocios San Quintín, Universidad Autónoma de Baja California; research area: agritourism. E-mail: lmorales@uabc.edu.mx.

are not they can be physically perceived (seen, touched, measured) and have the characteristic of being of very difficult economic valuation. Intangible resources have been studied by several authors (Figure 1) since the last century as important sources of competitiveness in companies (Hall, 1993; Fernández-Sánchez, Montes-Peón & Vazquez-Ordás, 1998; Kaplan & Norton, 2004; Fuentes, Osorio and Mungaray, 2016). Fernández et al. (1998) studied four broad categories of intangible resources: human capital, organizational capital, technological capital and reputation. They conclude that “the competitive advantage of companies lies in creating and exploiting an imperfect type of resources from the perspective of the neoclassical economy: intangible resources. In this way, differences in competitiveness within industries could be attributed, in part, to the different types and combinations of intangible resources used and developed by companies”.

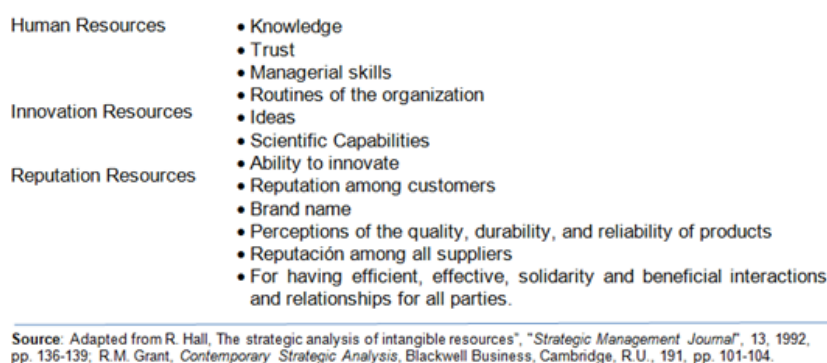


Figure 1 Classification of Intangible Resources (Hitt, Ireland & Hoskisson, 2008)

On the other hand, Kaplan and Norton (2004) concentrated intangible assets within a learning and growth perspective: Human capital (skills, competencies, knowledge and skills of all members of an organization), Organizational capital (Culture, leadership, teamwork) and Information Capital (System, databases, ICTs and networks). Hitt, Ireland & Hoskisson (2008) affirmed in this regard that intangible resources in organizations are a superior and more powerful source of basic competencies, coming to consider that in the global economy, the success of a corporation lies in its intellectual abilities and of the advanced information systems used (intangibles), rather than their tangible assets.

The ASB (Accounting Standard Board, 1993) defines intangible assets as those non-financial assets that have no physical substance, but are identifiable and controlled by the company. This concept is complicated when it refers to the fact that these assets can be controlled through legal rights or physical custody, which makes an intangible asset clearly identifiable and can be sold independently of the company. However, when it refers to those assets that, by logic, offer benefits to the company, must be controlled by the company, it gives them the power to obtain economic benefits through them, which can give them the virtue of being managed as an advantage. competitive, restricting access to competition to them and may be technical or intellectual knowledge, can be kept secret and in custody.

In particular, the concept of “intangible assets” has been characterized and defined by accounting and financial associations in a very particular way. These are identified because they lack physical properties, that is, they cannot be physically perceived. Classic examples of them are the value of the Brand, Intellectual Property (patents, registered trademark, copyright), licenses, concessions and permits, franchises, etc. and they have the ability to generate future economic benefits to companies. They are said to have a physical but not material presence, because they have a value that, due to their importance, is required to be presented as a “Non-current or

long-term asset” (NIF C-8, paragraph 116). For an intangible asset to be considered as such, it must generate profits (economic benefits) in the future; it must be identifiable and separable (to be able to transfer, assign or exchange; and control must be taken to restrict access to third parties of the benefits obtained (García Arrieta, 2001; Guajardo & Andrade de Guajardo, 2008).

For the IASB (International Accounting Standards Board), only intangible assets from which the company expects to obtain economic benefits from its use can be considered intangible. Additionally, because it is a resource that must be controlled by the company, when it is stopped, it cannot be incorporated as an intangible asset and the opportunity to manage it is lost, to the advantage of it.

The financial information standards state that there are two classes of intangible assets: those related to the use of services or the consumption of goods and which are expected to produce income in the future. The other class implies a privilege or characteristic of reducing costs, improving quality or promoting value and market acceptance (Guajardo & Andrade de Guajardo, 2008).

So that the strengths of a company can be managed and controlled, it is very important to know the value of the intangible assets that are possessed. The total value of a company must include all its assets, whether material or non-material. The challenge is knowing how to incorporate intangible assets into the company's balance sheet. The strengths of companies, often determined by human capital or information, constitute a large part of the value of a company's assets. However, these assets can also be considered intangible values such as the knowledge developed by an organization, a structure of skilled and motivated employees, loyal and satisfied customers or business growth due to the result of investigations or patents, among others.

Given the characteristics of intangible assets, Rodríguez-Castellanos, Arregui-Ayastuy & García-Merino (2006) consider that the most appropriate way to obtain their value is according to the market in which they are traded, or if it does not exist, using those approaches that, according to the available information, better determine their value (replacement or replacement value, capitalized historical cost, comparative methods, etc.). This is what these authors call the conventional value of intangible assets.

The relationships of a company with its customers would not be intangible assets but intangible resources, just like the reputation of that company, since the company cannot guarantee the control of those resources (López-Triana & Sotillo, 2009).

Knowledge management and the combination of capabilities, as a valuable part of human capital, constitute a basic pillar in the creation of competitive advantages (Kogut & Zander, 1992). Knowledge is moving very quickly to the so-called factors of production for decades. Faced with this rapid process, the financial statements are losing utility and credibility for long-term decision making, when future benefits are sought that give companies greater competitiveness.

Agricultural companies are mainly oriented towards measuring benefits and creating value in the company and its products, mainly in monetary terms. This way of measuring value does not accurately reflect the real assets owned by these companies.

The generation and maintenance of competitive advantages by companies determine their capacity for value creation, which is closely related to investment in intangible assets and the efficiency of their management, introduction and maintenance within them. (García Parra, Simó Guzmán, Mundet Hiern, & Guzmán Conesa, 2004). These authors point out that intangible assets can be differentiated in three different ways: Those acquired from third parties and that they can be capitalized at the acquisition price; Those acquired as part of a business, and whose value can be measured reliably; and internally generated intangible assets, which may be recognized

only if they have a clearly assignable market value, that is, that they have a market capable of establishing a value for these assets.

To the above it is possible to deduce that, for an intangible asset to be considered as such, it must meet the following four requirements: it must be immaterial; that can be identifiable, classifiable and reliably measurable; it must be possible to have control over them; and must have the ability to obtain future economic benefits.

Due to the subjectivity with which some intangibles are valued, such as the case of human talent, García Parra and collaborators (2004) consider that they do not satisfy the definition of assets and, therefore, should be recorded as an expense when incurred; not appearing in the balance sheet asset.

1.2 Performance in Internal Processes and External Processes

For example, the frequency of use, the magnitude of the constancy and effort or the same level of performance

- a) **Measuring the performance of internal processes** as an indicator of expected results should be useful to measure progress in meeting the strategic objectives.

Evaluate the value proposition in the learning and growth of human talent, also known as “internal customers” to improve the company’s value with its skills, motivations and positive attitude, as well as production and/or sales and marketing activities, It represents a strong differentiation strategy that should not go unnoticed. Internal processes create and deliver the value proposition for customers. That is why Business Processes carried out by executives that transform the intangible into tangible can represent differentiating strategies of great relevance.

With the purpose of achieving a more efficient internal communication, innovation activities in information technologies, internal social networks in the company, as well as the creation of an organizational climate conducive to the performance of all members of the company achieve the Strategic objectives represent the way that can strategically allow the company to advance in its competitive development.

First of all, intangible assets must be described, that is, explicit in what areas or departments exist and how to create value with them (Dion, 2000). The objective of this exercise is to achieve, under any possible technique, to select a scale or unit of measurement that allows quantifying its performance. Only by knowing and describing in detail the intangible performance we can induce the achievement of being able to measure the unmeasurable.

- b) **Measure the performance of external processes.**

It is indisputable that there is a need to continuously measure performance in customers, suppliers, distributors, transporters, including in the commitment and attitudes of shareholders to promote change and improvements outside the company.

Relational capital, which is defined as the set of all relationships — market, power and cooperation — that are established between companies, institutions and people, and that arise from a great sense of belonging and a very cooperative capacity developed, common among people and institutions, also represents an intangible asset that must be considered in the performance of processes in companies (Delgado-Verde, Martín-de-Castro, Navas-López and Cruz-González, 2011).

2. Methodology

An exploratory documentary investigation of descriptive type was carried out in order to identify, in agricultural and livestock companies, the main intangible resources that they could count on to receive their guests, as tourists, within their farms. Each of the intangible resources, as well as some tangibles identified, was classified

under criteria of culture, natural values, services, processes and activities to be developed within the farm. The location of each intangible, within the value chain, was considered to see the possibility of highlighting them within the agricultural or livestock activities on the ranch. This demonstrates the need to consider distinguishable or distinguishable attributes that could be used as strengths and be used as competitive advantages.

3. Results

Intangible resources in agrotourism can be classified and weighted in many different ways. One of them is the one presented below (Figure 2), which shows a division of Intangible Heritage based on a consideration of cultural and natural heritage, which includes services and activities within the farm.

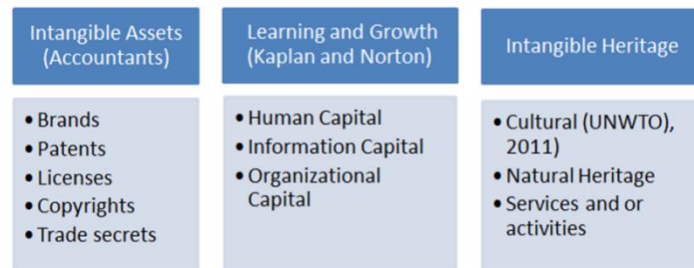


Figure 2 New Classification of Intangible Resources

Source: Own elaboration.

Below are results of some resources that can be offered within agricultural ranches, particularly referred to intangible resources, which are accompanied by some tangible resources, cultural and natural heritage, as well as services and activities to be developed by the invited tourist within of the agricultural farm (Figure 3).

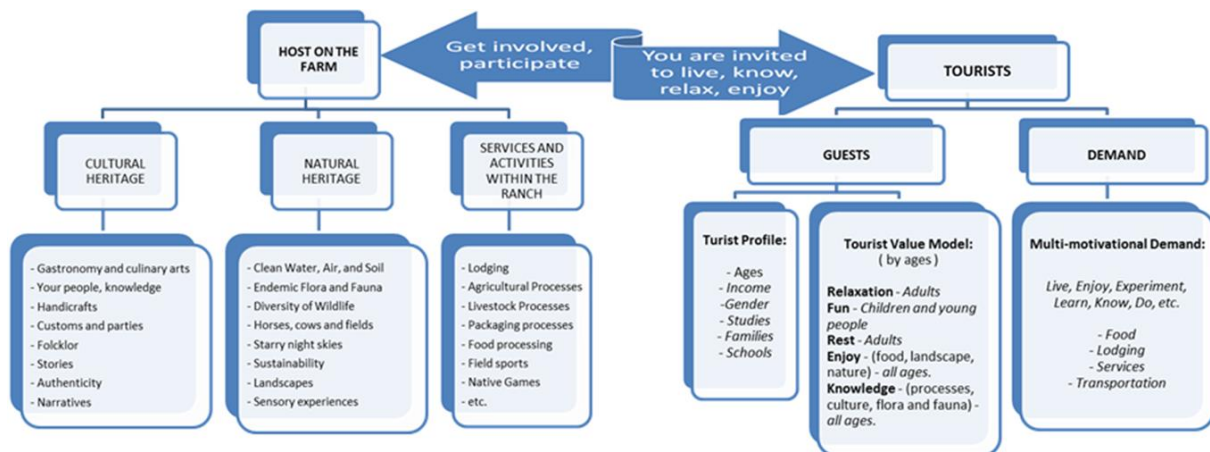


Figure 3 Interrelation Between the Supply of Intangible Heritage by Hosts in Agricultural Ranches and the Multi-Motivational Demand of Invited Tourists, Based on the Profile of the Tourist

Source: Own elaboration

“Intangible Cultural Heritage” (PCI) means, uses, expressions, knowledge and techniques, as well as associated cultural objects and spaces, which communities and individuals recognize as an integral part of their cultural heritage. Transmitted from generation to generation, and constantly recreated, it instills in mankind a feeling of identity and continuity (Definition based on the Convention for the Safeguarding of the Intangible

Cultural Heritage of UNESCO, 2003).

The World Tourism Organization has proposed six essential areas of intangible or intangible cultural heritage (UNWTO, 2011): Crafts and visual arts; Gastronomy and culinary arts; Customs, rituals and parties; Music and the performing arts; Traditions and oral expressions; and Knowledge and uses related to nature and the universe.

3.1 Intangible Cultural Heritage

Its people: friendly, sincere, hardworking, with healthy lifestyles and work of active farmers and ranchers with collaborative participation of family members. Listening to their experiences represents a very valuable asset for tourists.

Knowledge: Know how the people who produce our food are, the investment involved in producing them, the hygiene conditions required, the number of people participating, the time required to produce it, etc.

Customs, rituals and parties: Knowing and enjoying the traditions, folklore, knowledge and history of its regions represents part of the intangible cultural heritage of incomparable value.

Gastronomy and Culinary Arts: Tasting of emblematic foods, the special flavors of natural, organic, fresh, nutritious and original food. Know how to prepare the food of traditional cuisine in the countryside, such as bread, tortillas, dried meats, many freshly harvested fruits and even processed products, among many others.

Authenticity: Rural agricultural activity is characterized by the value of its authenticity. Authentic, unique experiences should surprise the tourist. To the extent that authenticity is lost, the product tends to devalue or lose the authenticity of its culture.

Opportunities: Recreation, reflection, family reunion, living with friends.

Good Health: Feel the breath with clean air, the pleasure of eating healthy foods, meet and experiment with medicinal herbs, etc.

The narrative: The content, as a livelihood of digital marketing, is often based on “telling stories”. Because reading or listening to anecdotes, experiences, legends, stories, stories, “hook”, it is possible to consider narratives as an intangible asset of great value that “catches” tourists.

As intangible resources identified (but difficult to measure), natural heritage could be determined. Protecting the resources of this heritage requires a very strict control of its waste, emissions (dust, smoke, noise and bad smells, among others) and the sustainable use or consumption of them. In this regard, Cruz-Torres & Quezada-Fleites (2018) recommend establishing rules and regulations for both hosts and tourists visiting farms that lead to reduce, recycle or reuse waste as well as prevent or avoid emissions that could damage the Ecological balance, wildlife diversity and landscape harmony as fundamental and sustainable values of the host ranch.

Below is a brief explanation of the intangible natural heritage identified as one of the riches that can be offered to tourists on farms or ranches.

3.2 Intangible Natural Heritage

Water, air, soil: Awareness of the conservation, cleanliness and good quality of these basic resources, sustenance of the life and health of the planet and living beings.

Floristic resources: Discovering flowers for industrial use such as those with great potential for cultivation and use for various purposes (health, beauty, nutrition, etc.);

Wildlife resources: Discovering wildlife, from birds, reptiles, to endemic or protected mammals, herds of goats, sheep, cows, horses, many animals in the grasslands, etc.

Sustainability: With agricultural processes that do not “depredate” the ranch ecosystem; generally with compost production, organic agriculture, water pumps with wind generators, container reuse and efficient water

management, among others.

Ecological balance: The diversity of plants and animals as well as the relationship of interdependence between them and their natural resources represents an attraction that deserves to be appreciated by every human being who respects the right to life.

Environmental education: Strengthen the values in tourists, related to the conservation of natural resources, ecological balance, diversity and wildlife.

Landscapes: Appreciation of purity in landscapes such as sunsets and sunrises in a framework of natural vegetation, wild animals, natural treasures, colorful flowers and fields, starry skies, etc.

Peace and tranquility: Relaxation under the shade and protection of trees; of life and communication with nature; the feeling of freedom, of the living nature, of happiness by the song of the birds, etc.

Sensory experiences: Smells of grass, herbs, flowers; Sounds of birds, insects (bees), sounds of animals raised in free life (goats, sheep, cows, horses, etc.); live the sounds of the wind by breaking with trees, riding horses, etc.

As part of the intangibles offered to tourists, complementary to cultural and natural heritage, are the services and activities associated with the production of the farm. Among them you can find the following:

3.3 Services and/or Activities Within the Property

Commerce: Direct purchase of producers, with the added value that gives the personalized treatment, in a farm environment.

Lodging: From tents, through cabins, hostels, mobile homes, to traditional hotels with all the comforts. The “Rest and Rural Breakfast” (D&D R) is becoming increasingly widespread.

Agricultural processes: Appreciate and value industrial agricultural processes; live experiences of feeling protagonist in the field; know the origin of many foods; see so many people participating in producing them; day laborers between farming furrows and agricultural machinery at work, the huge areas used, etc.

Livestock processes: live experiences of seeing how our food is produced and / or participate in animal husbandry processes, milking, cheese production, tanning, harvesting and tasting honey, raising chickens and harvesting their eggs, etc.

Fishing and aquaculture: Interaction with production, cultivation and extraction processes. Care should always be taken not to contaminate the productive sites or their surroundings.

Field sport: Take walks with hiking or mountain biking, horseback riding, boating, sport fishing, theme tours in tourist destinations, etc.

4. Discussions

An important source of competitive advantages lies in generating and exploiting an imperfect type of resources from the perspective of the neoclassical economy: intangible resources (Fernández-Sánchez, Montes-Peón & Vazquez-Ordás, 1998). Intangible resources are not usually available in the market and due to their difficulty of being imitated they represent a source of distinctive competence in organizations (Hall, 1992). The “Know How” represents an intangible resource (cluster of knowledge) that gives rise to distinctive competencies.

Knowledge and information are, therefore, among the most valuable intangibles of companies that, being difficult to imitate, represent an important source of value and give companies competitive advantages. If

knowledge is shared among the employees of a company, it does not diminish its value for any person. On the contrary, two people who share their individual knowledge can create new knowledge that helps improve the company's performance (Hiit et al., 2008). The same goes for many cultural intangibles, which are usually very original and difficult to imitate or substitute for competitors. Thus, companies prefer to rely on them, instead of using tangible resources that are easy to imitate as a basis for their basic skills and competencies.

Cruz-Torres & Quezada-Fleites (2018) make a series of suggestions for a sustainable farm. For example, they highlight the need for rational, efficient and sustainable use of local resources, proposing that renewable energy sources be considered as panels, solar heaters and windmills, among others. Regarding intangible resources, they highlight the need to keep alive the traditions, language and culture of rural communities, the order and cleanliness of the pens, because they are part of the value and it is what makes the site more attractive to tourists.

Companies should follow three steps to develop a system that allows them to manage their intangibles: Identify their critical intangibles related to value creation, Measure their intangibles with suitable indicators and continuously monitor their intangible resources and activities (Sánchez, Chaminade & Olea, 2000). This system to manage intangibles should be carried out in order to give value to the monitored intangible resources and activities and thus be able to create a competitive advantage of the ranch, which could be used as a "spearhead" that allows it to differentiate and compete within the sustainable agrotourism activities.

Morales-Zamorano & Camacho García (2019, pp. 45-50) suggest the use of intangibles to increase the productivity and competitiveness of micro enterprises. The competitive advantage in agrotourism companies can consist in creating and exploiting, in a sustainable way, different types and combinations of intangible resources, developed by agricultural companies (Camisón-Zornoza, 2002).

Díaz-Chao & Torrent-Sellens (2010) have helped to demonstrate the growing role that intangible capital plays in the explanation of competitive advantages, associating it with the growth of technological innovation, improvements in productivity, cost reduction, product differentiation, increase in quality, among other effects.

In general, internal processes in companies call for compliance with quality levels demanded by the market and comparable or higher than those of the competition. That is why a proposal to incorporate 5 intangibles is suggested as a preliminary requirement to induce the achievement of superior quality in agrotourism companies. These are the 5 C's, which refer to the following: Communication (information, knowledge); Training; Commitment; Collaboration; Trust.

5. Conclusions

It is necessary to maintain and continuously improve the quality of intangible heritage, since the nature of the value on which the farm bases its attractions to compete can be found. Making the tourist feel, live, experience and surprise will be the challenge that transforms the values that the farm possesses into distinctive strengths and can transform them into competitive advantages. It is concluded that the large amount of values that an agricultural ranch can offer the tourist will depend on the way in which the intangible heritage is shown to the visitor.

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