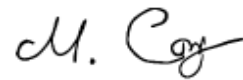


Bachelor's Qualification Work

Managing intangible capital (On the basis of The Premier Hotel)

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Table of Content

Introduction	3
 Chapter 1. General characteristics of intangible assets.....	6
1.1 The concept of intangible assets and their economic content	6
1.2 Cost of intellectual property	20
1.3 Methods for valuation of intangible assets	23
 Chapter 2. Intangible assets in the hotel industry.....	27
2.1 The use of intangibles in the hotel industry based on practice	27
2.2 The problem of selecting the right information technology in the hotel business.....	33
2.3 Research on Human Capital Importance in the hotel industry	43
 Chapter 3. The significance of intangible assets in the modern world	45
3.2 Increasing the productivity of the use of intangible assets.....	49
3.3 The rise of intangible assets in the global economy	51
Conclusion and Suggestions	53
List of references	55

Introduction

Today intellectual capital is a key factor in a company's profitability. Over the last two decades, two fundamental drivers have pushed the high-performance workplace: globalization and the rising speed of technology development. In this environment, intellectual capital and intangible assets, in general, are fundamental to success. Knowledge assets give a lasting competitive advantage in the changing economic environment. The assessment is necessary to support management decisions about investment allocation and investor judgments about value against price indicators.

Efficient operation of the enterprise under modern conditions directly depends on economic resources: their number, quality, speed of receipt, and terms of use, which affect economic development in general. But it is impossible to imagine a functioning company that would not use such elements as trademark registration, copyright, invention, website, etc. as well. On the one hand, intangible factors are increasingly used by all areas of activity (promoting innovation development), and on the other - are actively considered by economists and managers to more accurately define their nature and aspects of government regulation. The issue of accounting and management of intangible assets is becoming increasingly important with the development of market relations and an innovative economy. The presence of intangible assets in the resources of the enterprise increases its market value and investment attractiveness.

A characteristic feature of the modern period of development of all civilized countries without exception is the increasing role of scientific and technical knowledge and other results of human creative activity in social production. The increasing use of the accumulated potential of knowledge causes significant changes in the strategic orientations of enterprises and organizations: the importance of physical resources (objects and means of labor) is gradually decreasing, while the importance of services and intangible resources is steadily growing.

By their very nature, intangible resources arise either as a result of new unique knowledge in any form or as a result of the rarity (natural or organized) of any resources. In both of these cases, the use of such resources creates their owners' exceptional opportunities inaccessible to competitors in the production and sale of certain products.

In conditions of market saturation with a variety of goods, the enterprise must improve the possibilities of production, promotion, and sale of its goods or services. An effective instrument of competition, in this case, may be the use of intangible resources. For example, the possession of a license gives its owner the exclusive right to use a certain technical achievement, and this provides him with a corresponding competitive advantage. A registered designation of origin of goods always guarantees the consumer special, elite, and sometimes unique properties of the product, which also increases the competitiveness of the latter. Due to the wave of acquisitions of certain businesses by others, the pace and size of technological progress, the expansion of information technology, and the complexity and unification of the financial market, intangible assets are starting to gain more importance for any sort of business.

In today's world, the world of information and new technologies, in a world in which society and technology are developing in the most rapid way, copyright protection is a very important issue. After all, every scientist, poet, writer, programmer, musician, etc. strives to protect the "product" he/she created from attacks and the appropriation of a work. Therefore, the development of methods for protecting intellectual property from theft and unauthorized use is an extremely important process in the modern world as well.

The object of research – is intangible capital and intellectual property.

The subject of research – is intangible capital management.

The purpose of this paper is to investigate the influence of intangible assets on the business performance of the specific hotel where the internship was

completed, as well as the hotel sector in general. This paper will go through the hotel's business performance measures in further detail. Special questionnaires were created and given to hotel managers to assess the particular hypothesis on the relevance of human capital using the descriptive analysis approach.

The work provides an observational study of the hotel industry's development in intangible asset management and intellectual capital, as well as its relationship to decision-making. The findings revealed both progress in intangible assets management and intellectual capital, as well as a few difficulties that the hotel sector is still dealing within those areas. Business procedures, information technology, staff competency, and measures to improve efficiency were all discussed in further detail. Based on past internship experience as a hotel administrator, this report will try to explore the value and importance of intangible assets in the industry.

Tasks of the paper that are going to be reviewed further:

- Define the idea of intangible assets and their economic relevance.
- Learn how to value intangible assets using various methodologies.
- To evaluate the cost of intellectual property.
- Determine which intangible assets can be applied to the hotel industry.
- Understand what information technologies are available for managing hotel business services and what is required for these services to be properly automated.
- Explore the significance of human capital in the hospitality industry.
- Look for ways to make the usage of intangible assets more productive.
- Indicate the nature and impact of intangible assets on the global economy.

Chapter 1. General characteristics of intangible assets

1.1 The concept of intangible assets and their economic content

Intangible resources, like other resources used in the activities of the enterprise, must be created or acquired by the enterprise. At the same time, intangible resources differ from material resources in certain characteristics related to their nature and ways of practical use. For example, new knowledge as a result of human creative activity is a public good and can be used by all business entities. There is a danger of imitation, copying, and use of this knowledge for free. Under such circumstances, no one dares to invest first in the creation of new knowledge. Therefore, there is a need to protect the copyright of the author. Consequently, access to such knowledge is protected by rights, which in themselves are intangible assets.

If we are talking about intangible assets that are rare in nature, then they are created not as a result of investing funds, but due to the assignment of rarity (for example, the right to use natural resources). However, in this case, access to limited scarce resources is also protected by appropriate rights.

The principle of the legal protection of intellectual property objects is quite simple: it is prohibited to use intangible assets without the permission of their owner or to falsify them. However, the forms of legal protection differ depending on the type of assets. Intangible assets include property that meets the following conditions:

- Does not have a material and material structure;
- can be identified from other property;
- Intended to be used for a long time (over 12 months);
- the subsequent resale of this property is not expected;
- able to bring economic benefits to the organization;
- there are proper documents confirming the existence of the asset itself and the exclusive rights to it.

Intangible assets are a set of long-term use objects that do not have a material form but are necessary for enterprises and organizations for the effective implementation of economic activities. They have a value and the ability to bring economic benefits to the organization, i.e., income.

Intangible assets have the following characteristics:

- are held by the enterprise for use and not as an investment;
- the term of their use - more than one year;
- are evaluated depending on the ability to generate income for their owners;
- gradually lose their value and are written off as expenses through depreciation.

Intangible assets also have additional characteristics:

- the presence of a large degree of uncertainty about the future benefits that can be derived from an intangible asset;
- the value of intangible assets has a wider amplitude, as it largely depends on competition;
- intangible assets can be of value only for one enterprise.

Without understanding intangible assets, creating accurate information about company processes is nearly difficult nowadays.

Now let's define the classification of intangible assets. In order to understand the classifications of intangible assets, one should, first of all, delve into their essence. Intangible resources are extremely widespread. The fundamental difference and the main characteristic of intangible property is that it does not have materiality. That is why the ways of applying and using such "objects" are fundamentally different from material resources. Basically, modern economic science determines that this economic category implies a set of objects that do not have a material expression and have the property of long-term use. Their functional purpose is clear: the effective implementation of the economic activity of the enterprise.

There are 4 types of intangible assets:

- objects of intellectual property;
- rights to use natural resources;
- deferred costs;
- firm price.

According to the Civil Code of Ukraine, objects of intellectual property include:

- objects of copyright: literary and artistic works; computer programs; databases, if they are the result of the selection or ordering of their constituent parts;
- objects of related rights: performance; phonograms; programs of broadcasting organizations;
- scientific discoveries;
- invention, utility models, industrial designs; layout of integrated circuits; rationalization proposals; plant varieties, animal breeds;
- commercial names, trademarks (marks for goods and services), geographical names;
- trade secrets.

Industrial property includes inventions, utility models, industrial designs, trademarks, trade names, and geographical names. Industrial property objects make it possible to improve the technical and technological base of production, increase and expand its capabilities, and contribute to the promotion and sale of the company's goods on the market. Their use in the production and commercial activities of an enterprise is an effective means of competition, in particular, to maintain market positions and form competitive advantages.

Among the objects of industrial property, the central place belongs to inventions. An invention is the result of human creativity in any field of technology. An invention is considered suitable for acquiring intellectual property rights to it if it is:

- new, i.e., if among the information that has become publicly available in the world by the day of filing an application for an invention, nothing identical to the claims of this invention has been revealed;
- has an inventive step, i.e., if for a specialist it does not follow by itself the level of technology;
- suitable for industrial use, i.e., if it can be used in industry or other fields of activity. In this case, direct use is not a prerequisite.

The object of the invention may be a product or process in any field of technology.

A utility model is the result of human creative activity, the object of which may be the design of devices. A utility model is considered suitable for acquiring intellectual property rights to it if it is new and suitable for industrial use, suitable for reproduction by industrial means. The subject matter of utility models differs from those of other industrial property objects in that it is simply the device's constructive solution.

An industrial design is the result of a person's creative activity in the field of artistic design. The object of an industrial design may be a shape, pattern, color, or

combination of them that determine the appearance of an industrial product and are designed to meet aesthetic and ergonomic needs. An industrial image can be three-dimensional (model), flat (drawing), or combined. In fact, an industrial design is a new artistic and constructive solution to a product: in which the unity of technical and aesthetic properties is achieved. An industrial image is considered suitable for acquiring intellectual property rights to it if it is new.

The principle of the legal protection of intellectual property objects is quite simple: it is prohibited to use intangible assets without the permission of their owner or to falsify them. However, the forms of legal protection differ depending on the type of assets. Thus, the acquisition of intellectual property rights to an invention, utility model, and the industrial image is certified by a patent.

A patent is a document of protection issued by an authorized state body (the State Department of Intellectual Property), which confirms the right of its owner to the relevant object of industrial property. A patent provides its owner with certain rights, in particular:

- the exclusive right to use the relevant object of industrial property at one's discretion;
- the right to prohibit third parties from using it without the permission of the owner;
- the ability to transfer, based on a contract, the right of ownership to the relevant object of industrial property to any person who becomes the assignee of the patent;
- the right to issue a license to any person to use an invention, utility model, or industrial design based on a license agreement (agreement), etc.

In case of violation of the rights of the patent owner, he/she can demand compensation for losses through the court. An infringement of an exclusive right is the unauthorized manufacture, use, offer for sale, sale, or other introduction into

economic circulation of goods or their components created on the basis of a technical solution covered by a patent. The exclusive right granted by a patent exists only in the territory of the country that issued the patent, and cannot go beyond its borders.

The term of protection provided by a patent for an invention in most countries, including Ukraine, is 20 years. It may be extended for an invention, the testing of which requires special tests and official authorization.

The procedure for granting protection for a utility model is simple and cheap compared to a patent for an invention. This type of title of protection is attractive given the limited financial possibilities and the need to accelerate the implementation of the invention. Because of this, utility models are of considerable interest to small and medium-sized businesses. Protective rights to them are valid in Ukraine for 10 years from the date of filing the application in the prescribed manner.

Industrial designs are protected from unauthorized manufacture of products or their imitation in different countries for 5 to 15 years. In Ukraine, an industrial design is protected for 15 years from the date of filing an application for it in the prescribed manner.

Trademark (mark for goods and services) is any designation or any combination of designations by which the goods and services of some persons differ from similar goods and services of other persons. Such designations can be, in particular, words, letters, numbers, figurative elements, and color compositions.

It should be noted that the Ukrainian legislation has a fairly wide list of designations that are not subject to registration as signs for goods and services. In particular, these include the notation:

- depicting state emblems, flags, and emblems, official names of states, abbreviated or full names of international intergovernmental

organizations, official control, and guarantee stamps, seals, as well as awards and other insignia.

- not having a distinctive ability, i.e., incapable of generating in the consumer associative images sufficient to identify the product and its manufacturer, which are commonly used, illusory, or capable of misleading regarding the product (service) or the person manufacturing this product;
- which are identical or similar to the extent that they can be confused with signs for goods and services, trade names, appellations of origin of goods, previously registered and owned by other persons;
- reproducing industrial designs, names of works of science, literature, and art known in Ukraine, or quotations and characters from them without the consent of the copyright owners, as well as nicknames, names, portraits, and surnames of persons known in Ukraine without their consent.

A trademark's primary function is to identify a product and its producer in the marketplace. At the same time, it simultaneously performs two functions: advertising the product and guaranteeing its quality. The use of a trademark is considered to be its use on goods or on their packaging, as well as its use in advertising, printed publications, in signboards when demonstrating exhibits at exhibitions and fairs held in Ukraine, on official letterheads of enterprises, etc.

The acquisition of intellectual property rights to a trademark is certified by a certificate. The certificate is valid for 10 years, which can be repeatedly extended for the same number of years. A trademark certificate provides its owner with the exclusive right to use and dispose of the trademark at his own discretion; the right to prohibit other persons from using the mark without the permission of the owner; the right to issue a permit (license) to any person to use the brand based on a license agreement. The owner of such a certificate also has the right to affix a warning label next to the mark, indicating that this mark is registered in Ukraine.

A company (commercial) name is a designation of an enterprise or an individual entrepreneur on whose behalf production or other activities are carried out. It is used to recognize businesses and distinguish them from others. The intellectual property right to a trading name is valid from the moment of the first use of this name and is protected without the obligatory filing of an application for it or its registration, regardless of whether the trade name is or is not part of the trademark. Information about the trade name of the enterprise is entered into the relevant registers upon its submission. An enterprise whose trade name was entered in the register earlier has a priority right of protection over any other enterprise whose identical trade name is entered in the register later.

A geographical indication is a designation of the origin of goods, which can be of two types: simple and qualified. A simple designation of the origin of goods is any verbal or pictorial (graphic) designation that directly or indirectly indicates the geographical place of origin of the goods. At the same time, a geographical place is understood as any geographical object with officially defined limits: a country, a region as part of a country, a locality, a terrain, etc.

The concept of "qualified designation of origin of goods" implies not only an indication of the place of origin but also the presence of special properties, qualities, reputation, and other characteristics of the goods, exclusively or mainly due to the natural conditions inherent in a given geographical place or a combination of these natural conditions with a characteristic of this geographic location by the human factor. Thus, a simple designation of the origin of a product gives only a general idea of the place of its manufacture. Qualified - directly indicates the direct objective dependence of the properties of the goods on the place of their origin.

The purpose of registering a geographical indication is to protect this name, preventing its use for other goods that do not have such properties. It is forbidden to use the designation of origin of goods in translation, as this may mislead consumers about the place of origin and the special properties of the goods.

An individual or legal entity that has registered a designation of origin of goods acquires the right to use it for advertising purposes by placing it on the relevant product, its packaging, in brochures, printed publications, signs, official letterheads, invoices, and other shipping documentation.

The legal protection of a geographical indication has certain features, consisting of its collective nature. This means that the holder of a certificate of geographical indication of origin does not have the exclusive right to use it and cannot authorize others to use it. Such permission to any other natural or legal person operating in the same territory and producing goods with identical properties is granted by the Patent Office. Products of foreign origin or their packaging, as well as domestic products or their packaging intended for export, must contain information about their country of origin.

In addition to objects of industrial property, computer programs and databases, rationalization proposals and trade secrets, and other objects provided for by law are recognized as objects of intellectual property rights in the field of management.

Computer programs – are the programs that specify an algorithm for solving a specific problem and are used in working with computers. Databases are a named collection of information units in a specific subject area that displays the state of objects and their relationship. Topography of integrated circuits is a spatially geometric arrangement of a set of elements of an integrated circuit and the connections between them fixed on a material carrier.

The emergence and exercise of copyright in general, and for computer programs and databases in particular, do not require the fulfillment of any formalities. A copyright holder may use the copyright protection sign to communicate his rights to computer programs and databases, which is placed on each copy of the work and consists of the Latin letter C in a circle (©), the name (title) of the copyright holder right, and the year of the first publication of the work, the notice of the right to the

topography of an integrated circuit consists of the letter T in a circle, the date of commencement of the exclusive right to use this topography and information that allows identifying the right of the owner of the topography.

Rationalization proposals play a significant role in the activity and development of the enterprise, raising its technical and technological level. A rationalization proposal is a proposal recognized by an enterprise that contains a technological (technical) or organizational solution in any area of its activity. It is the result of human creative activity and provides, in particular, the improvement of product design, production technology and the equipment used or the composition of the material, methods of control, observation and research, safety, etc.

Legal protection in the form of a certificate for a rationalization proposal is provided by the enterprise to which it was submitted and which recognized the rationalization proposal as new and useful for itself, regardless of whether this technical and technological solution is known elsewhere or not. The scale of the novelty of the technical and technological solution is limited only by the level of the given enterprise. By this, i.e., a measure of novelty, rationalization proposals differ from inventions.

The process of improving all aspects of an enterprise's activities in a competitive environment should go on continuously, and who, if not its employees (primarily workers and specialists), can know and improve their work better than others, so leading companies pay great attention to stimulating rationalization work. It should be noted that according to the Civil Code of Ukraine, the author of a rationalization proposal has the right to a bona fide encouragement from the legal entity to which this proposal has been submitted.

The introduction of inventions and rationalization proposals is one of the factors in the growth of labor productivity. At the same time, it is advisable to divide the beneficial effect of inventions and rationalization proposals into two components:

- firstly, direct material returns, are expressed either in reducing the level of labor costs, material and raw materials, fuel and energy, and other resources or in achieving a certain positive result in meeting a particular need, for example, by improving product quality;
- secondly, obtaining new information, knowledge, and skills that contribute to scientific and technological progress, thereby providing feedback, since they create the basis for new inventions, as well as already implemented ones, are based on many others, including several unrealized ideas and proposals in practice.

As a rule, only one out of twenty inventions and far from all rationalization proposals are put into practice and bring immediate results, so the effect of inventive activity is largely brought by the second component. In this connection, the direct unprofitability of the introduction of a particular scientific or technical idea cannot serve as a reason for its rejection.

Information of a technical, organizational, commercial, production, and other nature about the activities of an enterprise that is not a state secret, but the disclosure of which may harm the interests of this enterprise or cause economic losses, is its commercial secret.

It is worth noting that the company that owns certain information has the right to protect it from illegal use by third parties, provided that this information has commercial value since it is unknown to third parties and there is no free access to it by other persons on legal grounds, and the owner of the information takes appropriate measures to protect its confidentiality.

The term "know-how" falls under the category of a trade secret. Know-how is unprotected and unpublished (in whole or in part) knowledge or experience of a technical, industrial, managerial, commercial, financial, or other nature that can be practically used in research and development, in the manufacture, sale, and operation of competitive products, providing certain advantages to their owner. Know-how also

includes inventions that are not patented for various reasons. An important feature of "know-how" is the confidential nature of the knowledge and experience, for the development (acquisition) of which the enterprise, as a rule, spends significant funds and time.

A fairly common type of transfer of ownership of intangible assets is the sale of licenses. License - permission to use a technical achievement or other intangible assets for a certain period of time for service. The sale of licenses by the owners of intellectual property objects and their acquisition by business entities is carried out based on a license agreement (agreement).

License agreement - an agreement according to which the owner of an invention, industrial design, utility model, trademark, trade secret, etc. (licensor) transfers to the other party (licensee) a license to use, within certain limits, its rights to these objects.

The transfer of ownership can be subject to various conditions regarding the term and scope of use, the completeness of the information transferred, etc. In accordance with this, there are several types of licenses classified according to certain criteria:

- Depending on the basis on which permission is issued to use the object of the license, there are voluntary and compulsory licenses;
- Depending on the nature of the object that is transferred under a license agreement, a distinction is made between patent and non-patent licenses;
- Depending on the scope of rights to use a license, there are non-exclusive (ordinary) and exclusive and full licenses.

The essence of a voluntary license is that the owner of a patent for a technical achievement voluntarily transfers his property rights to another individual or legal entity on the basis of an agreement that regulates the obligations of each party, the

amount of use, and the procedure for paying remuneration. The license agreement is considered valid if it is concluded in writing, signed by the parties, and registered.

A compulsory license is a permission to use an invention, which is issued by an authorized government agency for a fee set by it against the will of the patent owner. World practice proves that they are issued only in exceptional cases.

In Ukraine, compulsory licenses are authorized to implement by the State Department of Intellectual Property. According to the legislation of Ukraine, this can take place when a legal entity that wishes to use a patented invention is unable to obtain the direct permission of the patent owner. However, a compulsory license is a certain restriction of the rights of the owner, therefore, it can be challenged by the patent owner in court.

A patent license provides for the transfer of a technical achievement protected by a patent. The terms of the license agreement regarding the scope of rights and duration, in this case, are determined by the rules that govern the exploitation of the patent.

The essence of a patentless license lies in the fact that the owner of a technical solution (technology) gives permission or discloses to the contract partner knowledge that, for certain reasons, has not been patented or is not patentable.

An ordinary (non-exclusive) license grants the licensee the right to use the object of the license, while the right of disposal, including the right to personal use of the object of the license, remains with the licensor.

An exclusive license grants the licensee the right to exclusive use of the object of the license provided that the licensor retains the right to use the technical solution in the part that is not transferred to the licensee. At the same time, the licensor does not have the right to license the use of an industrial property object to another person in this very territory to the extent of the rights granted to the licensee. Under a full license, the licensee receives all rights to use and dispose of the technology.

Let's define the most common intangible assets. Assets that cannot be felt are known as intangible assets, such as brand value, Goodwill, and intellectual property such as trademarks, patents, and copyrights; intangible assets are further classified into market-related, customer-related, contract-related, and technology-related intangible assets, which include assets such as logos, self-developed software, customer data, franchise agreements, Newspaper Mastheads, license, royalty, Marketing Rights, and so on. Examples of intangible assets are noted below (see Table 1).

Table 1. Examples of intangible assets

Marketing-Related	Customer-Related	Artistic-Related	Contract-Based	Technology-Based
<ul style="list-style-type: none"> • Trademarks • Newspaper mastheads • Internet domain names • Non-competition agreements 	<ul style="list-style-type: none"> • Customer lists • Order backlog • Customer relationships 	<ul style="list-style-type: none"> • Literary works • Musical works • Pictures • Motion pictures and television programs 	<ul style="list-style-type: none"> • Licensing agreements • Service contracts • Lease agreements • Franchise agreements • Broadcast rights • Employment contracts • Use rights (such as drilling rights or water rights) 	<ul style="list-style-type: none"> • Patented technology • Computer software • Trade secrets (such as secret formulas and recipes)

1.2 Cost of intellectual property

Intellectual capital is considered the most important asset of many of the world's largest and most powerful companies; it serves as the basis for dominating the market and ensuring the continued profitability of leading corporations. It often plays a key role in mergers and acquisitions, and knowledgeable companies are increasingly taking advantage of licensing opportunities to move these assets to low-tax jurisdictions.

However, the role of intellectual property rights in business is not yet fully understood. Accounting standards usually fail to reflect the value of intellectual property rights and intangible assets in a company's accounts, and intellectual property rights are often not fully valued, used, and managed. Despite the importance and complexity of issues related to intellectual property rights, as a rule, there is no necessary coordination between the various professional specialists dealing with issues in this area. In order to better understand the role of intellectual property rights for a company, it is necessary to know the answers to the following questions: What intellectual property rights are used in the business? What is their cost (and therefore the level of risk)? Who owns them (can I sue, or can anyone sue me)? How can they be better used (for example, selling or buying technology under a license)? At what level do I need to ensure the risk in the field of intellectual property rights?

One of the key factors influencing the success or failure of a company is the degree of effective use of intellectual capital and risk assessment. Of course, the management of the company must know the value of intellectual property rights and related risks for the same reason that management must know the value of the company's tangible assets because the leaders of the enterprise must know the value of all assets and liabilities under their management and control to maintain this cost. The exercise of intellectual property rights can take many forms, ranging from the direct sale of assets, the establishment of a joint venture, or the conclusion of a license agreement. Of course, their use increases the risk assessment.

Valuation is primarily a combination of the economic concept of value and the legal concept of ownership. The presence of assets is a function of their ability to provide income and determine the discount rate of this income. The cardinal rule of commercial valuation is this: the value of something cannot be stated in the abstract; all that can be specified is the value of the thing in a specific place, at a specific time, in specific circumstances. This rule is especially important when evaluating intellectual property rights. There will usually be one or two stakeholders involved and the score for each will depend on the specific circumstances. If these circumstances, and the circumstances of the rights holder, are not taken into account, the assessment will be meaningless.

For someone who evaluates intangible assets, calculating the value of intangible assets is usually not much of a problem if they have received official protection through trademarks, patents, or copyright. However, this does not apply to such intangible assets as know-how (which may include talent, skills, and knowledge of work resources), training systems and methods, technical processes, buyer lists, distribution networks, etc. These assets may be equally valuable, but more difficult to define in terms of the revenues and profits they generate. For many intangible assets, a very thorough preliminary analysis needs to be carried out together with intellectual property lawyers and company accountants.

Ownership value, market value, reasonable value, and tax value are the four fundamental notions. Ownership value often determines the price in negotiated transactions and often depends on the owner's view of value if he were dispossessed. The basis of market value is the assumption that if a comparable value has a certain price, then the price of the property in question will be close to it. The concept of fair value, at its core, is the desire to provide fair treatment for both parties. This concept recognizes that the transaction is not carried out on the open market and that the contact between the seller and the buyer takes place in the form prescribed by law. Tax value has been the subject of case law throughout the world since the turn of the century, and it is a little-understood practice. There are quasi-concepts of value that

touch on each of these main areas, in particular investment value, salvage value, and going concern value.

1.3 Methods for valuation of intangible assets

There are three types of acceptable valuation procedures for identifiable intangible assets and intellectual property. These are methods based on market relations, based on value, or based on the assessment of past and future economic benefits.

In an ideal world, an impartial expert would always prefer to calculate the market value by referring to comparable market transactions. This is quite difficult when valuing assets such as bricks and mortar because it is impossible to find a completely comparable deal here. When evaluating an object of intellectual property, the search for a comparable market transaction becomes almost useless. This is not only due to a lack of compatibility, but also because the criteria for selling intellectual property are generally not well developed, and many sales are only a small part of a larger transaction, the details of which remain strictly confidential. There are also other barriers that limit the usefulness of this method, such as specialty buyers, varying negotiation skills, and the distorting effects of peaks and troughs in business cycles.

Cost-optimized methodologies such as the "cost of creation" or "cost of replacement" of a particular asset assume that there is some relationship between cost and value, and this approach is not attractive except for ease of use. This method ignores changes in the value of money over time and does not take into account maintenance costs.

Valuation methods arising from the estimation of past and future economic benefits (also called income methods) can be divided into four groups: 1) capitalization of historical profits, 2) methods for estimating the difference in gross profit, 3) methods for estimating excess profits, and 4) the method exemption from royalties.

1. Capitalization of historical profits allows you to determine the value of intellectual property rights by multiplying the maintained historical profitability of an asset by a multiple of the number that was determined after reaching the relative strength of the intellectual property rights. For example, a multiple is determined after evaluating a brand in the light of factors such as leadership, stability, market share, internationality, profitability trend, marketing and promotional support, and protection. While this capitalization process takes into account some of the factors that should be taken into account, it has serious drawbacks, mainly related to the generation of past earnings. This method almost does not take into account future possibilities.

2. Gross margin valuation methods are often associated with the valuation of trademarks and brands. These methods consider differences in sales prices adjusted for differences in market value, i.e., the difference between the price fluctuation margin of a branded and/or proprietary product and a product without a brand name or with a generic name. This formula is used to provide cash flow and cost calculations. Finding generic patent equivalents and definable price differences is much more difficult than finding retail brand price differences.

3. The excess profit method considers the present value of the net tangible assets used as the basis for the estimated rate of return. It is used to calculate the return required to encourage investors to invest in these net tangible assets. Any income generated in addition to the profit required to encourage investment is treated as excess income secured by intellectual property rights. Although theoretically based on future economic benefits from the use of assets, this method is associated with the difficulty of adjusting for alternative uses of the assets.

4. The royalty exemption method takes into account what a buyer can afford or be willing to pay for a license to similar intellectual property rights. After that, the royalty stream is capitalized, which reflects the relationship between the risk and return of investing in this asset.

Discounted cash flow analysis considers the last three methodologies and is probably the most comprehensive valuation method. Potential earnings and cash flows need to be carefully assessed and then compared to present value by using a discount rate or rates. The mathematical modeling of discount cash flow confirms that €1 in your pocket today is worth more than €1 next year or €1 one year from now. The time value of money is calculated by adjusting expected future returns against the present value of money using a discount rate. The discount rate, which takes into account risk and predicted inflation rates, is used to assess the economic worth.

When considering your asset, the appraiser will need to take into account the environment in which the asset is used to determine the potential for growth in market earnings. Forecasting market returns will be a critical step in the valuation process. Potential returns need to be assessed concerning the longevity of the asset and its marketability, and therefore consideration of costs should be linked to an estimate of residual value or final value if any. This method takes into account market conditions, possible performance and potential, and the time value of money. It is illustrative in terms of cash flow potential, and not illustrative in terms of ownership, it attracts a lot of attention and is widely used in the financial community.

The discount rate applied to cash flows can be determined using various models, including common sense, the accumulation method, dividend growth models, and the weighted average cost of capital.

These processes will come to nothing if due diligence and the evaluation process do not allow the remaining useful life and decay rates to be determined. This will make it possible to determine the shortest of the following periods: physical, functional, technological, economic, and legal. This process is necessary because, like any other asset, intellectual property rights have a different ability to provide economic returns depending on these basic periods. For example, in a discounted cash flow model, it would be incorrect to expect to receive cash flows over the entire legal period of copyright protection, which can be more than 70 years, when the

valuation refers to computer software that has a short economic life of 1-2 years. However, the fact that the legal term of a patent is 20 years can be very important for evaluation purposes, which can often be seen in the pharmaceutical sector when generic competitors rush to market as quickly as possible when the term expires. The idea is that when making a valuation using a discounted cash flow model, the valuator should never make projections beyond these base periods.

It should be noted that in many situations, after carefully considering these periods in order to forecast cash flows, it is often impossible to give a reliable forecast for a period of more than 4-5 years. Mathematical modeling takes this into account in such a way that at the end of the period, when forecasting becomes useless and cash flows do not “fall out of the sky”, the final cost is used, which is calculated by using moderate growth rates (for example, inflation) that remain constant throughout the year, but also not taking into account this forecast in relation to the assessment date.

Although some of the above methods are widely used by the financial community, it is important to note that valuation is more of an art than a science and is an interdisciplinary study covering areas such as law, economics, finance, accounting, and investment. It would be reckless to attempt an assessment using so-called industry/industry standards without considering the fundamental theoretical basis of the assessment. When valuing intellectual property rights, context is very important and the appraiser must take this into account when determining the true value of the assets.

Chapter 2. Intangible assets in the hotel industry

2.1 The use of intangibles in the hotel industry based on practice

Before studying the use of intangibles in the hotel industry more precisely, let's once again get acquainted with the basics of intangible capital. In the modern sense, intangible assets are those assets that have a certain legal status, are identified by the time of appearance and availability, belong to private property, need legal protection, and have a certain manifestation or proof of their existence. Many types of intangible assets are produced within the enterprise and have an intangible nature. They create an indisputable competitive advantage for any, including a hotel, or enterprise. Their valuation is a capitalization tool that forms an attractive image of the company from a financial point of view.

Therefore, intangible assets are those types of assets that do not have a material form, such as production equipment or finished products, but they, at the same time, contribute to increasing the company's income in one way or another. Such assets include a wide variety of objects. It could be a license or a patent, or it could be a computer program or even a company logo.

A distinctive feature of intangible assets is the fact that they serve the company for a long period of time, more than a year in accounting terminology. In this way, they resemble the basis of funds and, like fixed assets, they lose their value over several reporting periods. So, to reflect this phenomenon, we need to use the help of depreciation.

In the future, after the object is accepted for accounting, a change in the actual (initial) value of intangible assets is allowed only in case of revaluation or depreciation. In the balance sheet, intangible assets are reflected at their residual value, which is determined as the difference between the initial cost and accumulated depreciation as of the reporting date.

According to experts, in the conditions of a developed economic system, the property of an enterprise consists of 30-60% of intangible assets, and a trademark in their composition can take about 80%.

Intangible assets include organizational expenses. Organizational expenses include fees to lawyers for the preparation of constituent documents, services for registering a company, and so on, carried out at the time of creation. Expenses for re-registration of constituent documents, and production of new seals and stamps are not included in intangible assets.

Thus, the use of intangible assets in economic turnover makes it possible for a modern enterprise to change the structure of its production capital. By increasing the share of intangible assets in the cost of new products and services, their knowledge intensity increases, which is of great importance for increasing the competitiveness of products and services.

My object of the internship study was The Premier Hotel, which is situated in the heart of Kamyanske, near the city's Historical Museum. The business's organizational structure is a limited liability corporation. Collective ownership is a type of ownership.

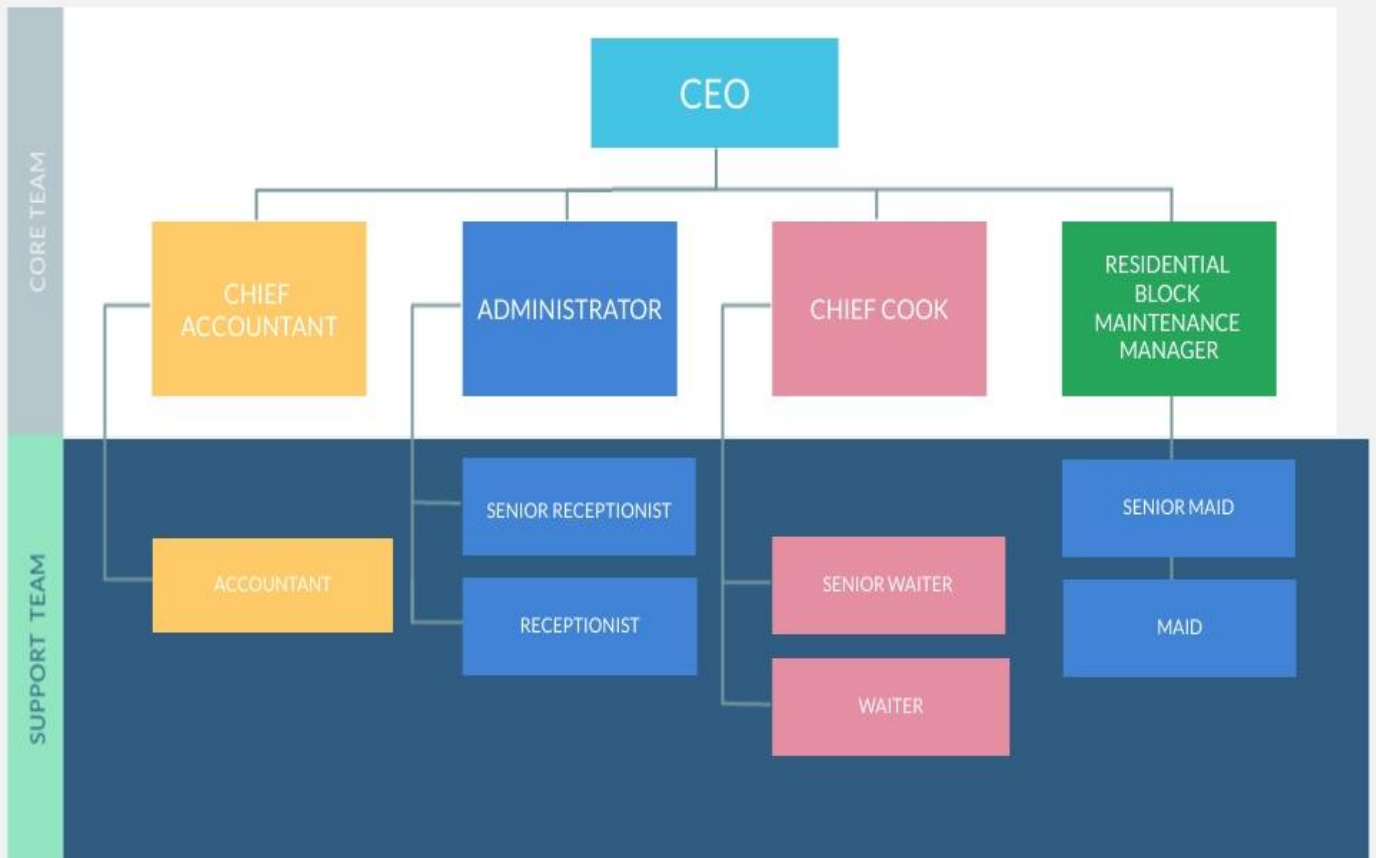
Basic activities include:

- Hotels and different sorts of accommodation;
- Restaurants and meal delivery;
- Rental and administration of both owned and rented properties.

In terms of market ratio, the Premier Hotel leads the city's hotels, as it provides the optimal balance of low pricing policy and excellent quality of service for both organized groups and individual visitors.

Managers, their deputies, managers of multiple structural divisions, structural divisions, and leading experts executing separate duties or parts of functions are all

ORGANIZATIONAL CHART



part of the management network. They are in charge of the direct executors (service employees). The hotel's owner and CEO are at the apex of its management hierarchy.

Fig.1.1 depicts the organizational management structure of Hotel 'Premier'. It's possible that the organizational chart may transform. This should be evaluated on a regular basis, mainly if the hotel's management structure changes significantly. Depending on their credentials and numbers, various workers may have different tasks.

Fig.1.1 Organizational management structure of Hotel «Premier»

To successfully perform important duties of workers, define their accountability, and assure proper efforts by staff, the organizational structure is required. The hotel personnel is separated into workers and employees based on the nature of their jobs. Workers directly deliver services. The workforce includes the hotel's junior personnel, such as janitors, cleaners, and others. Employees coordinate people's activities, hotel department administration, financial and accounting, supply, legal, and other responsibilities. They are divided into various categories and belong to people who operate mostly with their minds.

The key performance metrics for Premier Hotel LLC for the years 2018-2020 are shown in Table 1.1.

Table 1.1. Performance metrics of Premier Hotel LLC for the years 2018-2020

#	Indicators	Unit	Previous year	Reporting year	Growth rate%
2018-2019					
1.	Income from product sales	thousand UAH	13419	18145,4	135,22
2.	Number of employees	people	41	42	102,43
3.	The average capital of the enterprise	thousand UAH	11737,9	18010,3	153,44
4.	Cost of sold services	thousand UAH	10105,6	13278,4	131,40
5.	Financial result before tax	thousand UAH	3971,2	4197,9	105,71
6.	Profit	thousand UAH	3071,5	4197,9	136,67
2019-2020					

1.	Income from product sales	thousand UAH	18145,4	21138,7	116,50
2.	Number of employees	people	42	44	104,8
3.	The average capital of the enterprise	thousand UAH	18010,3	25747,9	142,96
4.	Cost of sold services	thousand UAH	13278,4	16291,7	122,69
5.	Financial result before tax	thousand UAH	4197,9	4761,7	113,43
6.	Profit	thousand UAH	4197,9	4513,8	107,53

After analyzing the data in Table 1.1, we can conclude that:

- In comparison to 2018, revenue from product sales climbed by 35.22 % to 18145.4 thousand UAH in 2019. Meanwhile, the cost of sold services increased by 31.4 % to 13278.4 thousand UAH in 2019.
- The 2019 pre-tax financial performance demonstrates considerable gains compared to 2018, with a 5.71 % growth.
- The entire amount of capital in 2019 grew by 53.44 % compared to the previous year and reached 18010.3 thousand UAH.
- In 2019, the total number of workers grew by one, while average productivity improved by 32 % over the previous year.
- Income from product sales climbed by 16.5 % in 2020 compared to 2019 and was equivalent to 21138.7 thousand UAH; the cost of offered services increased by 22.69 % in 2020 compared to 2019 which is 16291.7 thousand UAH.

- There are considerable positive improvements in the pre-tax financial result in 2020 compared to 2019 - a profit rise of 13.43 %, or 563.8 thousand UAH.
- The average total capital improved by 42.96 % from the year 2019 and seemed to be equal to 25,747.9 thousand UAH.
- In 2020, the number of staff expanded to 2 persons, and average productivity improved by 13.79 % compared to 2019.

2.2 The problem of selecting the right information technology in the hotel business

Choosing a hotel management system for a particular hotel is a difficult task to determine the optimal software product. To this end, targeted work is required to search for experts and specialists who could unbiasedly determine and compare the functionality that a certain software package has, as well as assess the needs for automating business processes in a particular hotel. It is difficult to understand modern enterprise management systems without special knowledge. The classification and list of information and consulting services are presented in Table 2.1 below.

Scope of the service	Name of service	Brief description of the service
1. Areas of information management		
Information systems (IS)	Services for the creation and support of information systems	Development, creation, and support of IS and Automated Enterprise Management System
Information Services	Services for the creation and support of information services	Creation of separate IS modules and services
Databases (DB) and decision support systems (DSS)	Services for the creation and maintenance of databases and decision support systems	Creation of a database and DSS by a developer company
Using business processes via the Internet (web development)	Services for the integration of business processes into the worldwide network	Creation of a company's business process management system based on the "Intranet" and (or) "Internet" network for a distributed business
Information management	Services for providing businesses with an information management system	Creation of operational management systems for enterprises and their components: client module; administrative module for information management support.
Content	Content management	Software or complex solution; workflow functionality

management	services for websites and portals	(visualization of workflows); personalization; installation, customization (customization for a specific customer order and system validation), support; localization of software components; implementation and system support
2. Areas of information consulting		
System Analysis	Services for the study, description, and analysis of existing systems	Analysis of enterprise information systems
Audit of information systems	Business technology support system audit services	Audit of business technology support systems
Forecasting	Services for information forecasting of business processes	Analyzing and forecasting the use of information in business
IT support	IT Services - Business Process Support	Outsourcing of IT or its elements
Quality control	Business process quality assurance services	Analysis of the situation in the company and recommendations for improving the quality system

Table 2.1 The classification and list of information and consulting services

From table 2.1 it follows that information and consulting services can be provided by information technology (IT) professionals who work in a hotel enterprise in IT departments. The problem facing the hotel management is not so much in choosing a relatively cheap automated control system, but in determining its potential, i.e., the possibility of adapting to various tasks of the hotel enterprise. Therefore, many hospitality enterprises use the possibilities of outsourcing in the field of IT.

IT outsourcing is the transfer of information systems to specialized organizations (for example, technical support; support and maintenance of a corporate mail system, web server, and website; hosting; information security; administration of computer networks; development, implementation, and subsequent maintenance of corporate software products, etc.).

Currently, the market offers a wide range of software products of both domestic and foreign production. On the world market, among foreign solutions for automating the management of a hotel enterprise, Lodging Touch software products (Hotel Information System, HIS, USA), OPERA Enterprise Solution (MICROS Systems Inc., USA), Fidelio E8 (MICROS Systems Inc., USA), Guest Centrix Hotel & Resort Solution (CMS Hospitality, Australia).

The main criteria for choosing a software product for a hotel enterprise are:

- functionality of software systems;
- used technical platforms and tools;
- taking into account requirements of the country's legislation;
- conditions and cost of maintenance;
- development of systems in the future;
- experience of practical use of the software product in hotels.

Automated control systems for the hospitality industry are developed by experienced specialists in the field of automation of hotel enterprises. The completeness of the functionality of these software products makes it possible to make the solution a universal tool for organizing a unified information system at the enterprise, covering the main tasks of management and accounting.

Solutions can be implemented based on different platforms (for example, Microsoft Dynamics NAV, "1C: Integrated Automation 8", etc.). These software products are tools to achieve the goal, and before proceeding with the choice of an automated control system for a hotel enterprise, it is necessary to determine, as noted above, the tasks solved with its help and the required implementation result.

So, Microsoft Dynamics NAV is an integrated enterprise management system that combines the capabilities of financial management, business analysis, production management, distribution, e-commerce, and customer relations. This ERP solution

improves the efficiency of various enterprises, the level of service, and customer satisfaction.

"1C: Integrated Automation 8" is an application solution that performs the tasks of complex automation of management and accounting for a wide range of commercial enterprises, including hotels. In its unified information base, management, accounting, and tax accounting can be carried out for both one and several organizations. Along with this product, there is a product "1C: Production Enterprise Management 8" - a comprehensive application solution covering the main contours of management and accounting at the enterprise. It allows you to organize a comprehensive information system that meets corporate and international standards and ensures the financial and economic activities of a hotel enterprise.

A number of industry solutions have a modular structure. The implementation of modules can be carried out in stages and in the set that is necessary for a particular hotel company. Consider the content of the modules included in the AIS.

The main modules of the system:

- Sales management:
 - control of creditor limits,
 - managing settlements under contracts,
 - maintaining mutual settlements according to the scheme of agency agreements,
 - tools for debt control, an extended set of reports and visual reminders,
 - formation of sales documents for work with diplomats,
 - formation of the book of sales;
- Management of mutual settlements:
 - maintaining mutual settlements with suppliers, tax authorities, accountable persons,

- conducting mutual settlements under contracts (with the functions of analytical accounting),
 - tools for debt control, an extended set of reports and visual reminders,
 - formation of the book of purchases,
 - functional receipt of fixed assets, goods, food, materials,
 - functionality for the implementation of third-party services;
- Procurement management:
 - preparation of requisitions for the purchasing department,
 - planning the replenishment of stocks of inventory items based on the minimum stock, consumption rate, and planned activities;
- Financial management:
 - formation of planned and actual reporting in the context of budget items and responsibility centers (cash flow budget, payment calendar),
 - organization of the accounting of the company's funds,
 - planning and analysis of cash flow,
 - prevention of cash gaps,
 - planning the order of payments according to their priorities,
 - calendar of payments and receipts,
 - payment planning, taking into account cash gaps and payment priority;
- Personnel management:
 - Creation of work schedules and staffing;
 - accounting of employees' working time, and timesheet;
 - maintaining information about the employees of the organization (hiring, personnel transfers, dismissals);
 - entering information on planned accruals and deductions;
 - payment for work on holidays and weekends, overtime;

- writ of execution;
 - calculation of personal income tax;
 - reflection of wages in regulated accounting;
 - import (export) of operations on personal accounts of employees;
- Management of fixed assets and inventory items (Inventory and Materials):
 - accounting of equipment and construction objects, fixed assets,
 - accounting of intangible assets,
 - accounting of overalls and special equipment,
 - accounting of goods and materials,
 - cost management of goods and materials;
- Inventory control:
 - ensuring the correct maintenance of accounting records of goods and materials and products, taking into account the costing method,
 - organization of the process of receiving, shipping, and posting goods to the warehouse, organization of the process of transfer to production, control of goods and materials in the context of financially responsible persons;
- Accounting:
 - Accounting for deferred expenses,
 - formation of financial results,
 - reformation of the balance sheet,
 - accounting of expenses for voluntary insurance;
- Tax accounting and reporting:
 - distribution of expenses by type of activity,
 - rationing of advertising costs,

- rationing of hospitality expenses,
- rationing of expenses for voluntary insurance and expenses for reimbursement of employees' expenses for paying interest,
- calculation of income tax,
- formation of tax registers,
- closing of tax accounts;

- Management Accounting:

- the possibility of registering documented unconfirmed costs,
- independent reflection of transactions in regulated accounting, tax accounting, and management accounting,
- simultaneous reflection of operations in management and regulated accounting,
- the possibility of calculating, regardless of the accounting of management costs,
- setting up the possibility of reflecting accounting data in the context of management accounting,
- management reporting in accordance with USALI standards,
- the possibility of establishing budgets and obtaining plan-factual reporting,
- the possibility of manual adjustment of management data for management accounting,
- reports on the current state of receivables (accounts payable) by days of delay,
- the possibility of registering documented unconfirmed costs,
- independent reflection of transactions in regulated accounting, tax accounting, and management accounting;

- Accounting of medical services:

- patient records
- patient flow management
- management of personnel activities and equipment loading,

- personalized accounting of the volumes of medical care provided,
 - accounting of mutual settlements with contractors for medical care,
 - formation of registers of services rendered for legal entities or insurance companies, according to the price list of medical services of the counterparty,
 - formation of regulated and management reports;
- Accounting for SPA services:
 - customer accounting
 - customer traffic management,
 - management of personnel activities and equipment loading,
 - personalized accounting of the rendered volumes of SPA services;
- Booking, registration, and accommodation (Housekeeping):
 - accounting for the number of rooms,
 - settlements with partners,
 - working with groups
 - booking resources – conference rooms, saunas, etc.,
 - planning events and banquets,
 - keeping a register of registration of foreign citizens,
 - management of tariffs by days of the week, by seasons,
 - management of discounts, cumulative discounts,
 - room service management,
 - formation of tasks for cleaning, planning, and control over the performance of work in the rooms,
 - online booking,
 - accounting in one database of any number of hotels and buildings,
 - the ability to work with different currencies;
- Cash desk (bank):

- formation of payment orders incoming (outgoing),
 - formation of payment orders,
 - automatic generation of cash flow documents based on account statement lines,
 - maintaining a register of cash payment documents (receipt-cash and expenditure-cash orders),
 - formation of the cash book,
 - report of the cashier on the cash desk of the organization,
 - accounting for operating cash desks;
- Production of dishes and calculation of their cost, provision of catering services:
 - establishment of a range of products, semi-finished products, and dishes;
 - indication of units of measurement for the nomenclature;
 - Entering the nutritional and energy value of products;
 - adding components;
 - cost control;
 - formation of a menu plan for the following days - meals for guests and employees, production of a confectionery shop and a blank kitchen;
 - formation of a menu plan for banquet services;
 - detection and cancellation of marriage;
 - Ordering products from suppliers;
 - formation of a cost estimate based on a menu plan;
 - formation of a cost estimate for manufactured dishes based on completed sales;
 - analysis of missing components according to recipes;
 - write-off of components, posting of finished dishes;
 - preparation of documents for the sale of dishes;
 - accounting for the re-sorting of goods;
 - inventory of alcoholic products with the possibility of accounting for containers;
 - technical and technological map.

The use of the modular principle in automated information systems in the activities of hotels allows them to solve the following tasks:

- increase the investment attractiveness of the hotel enterprise;
- simultaneously conduct accounting, management, and tax records;
- keep records according to various international standards;
- control and coordinate payments according to the budget;
- promptly generate reports;
- optimize the mechanism for accounting for fixed assets;
- optimize the procurement planning mechanism;
- calculate the cost of produced dishes;
- simplify the process of posting an inventory item through the use of barcoding technology;
- minimize labor costs and increase the efficiency of the staff.

Thus, the software products used in the hospitality industry are a system for registering and accommodating guests, making settlements with partners (travel agencies) and residents, etc. In addition, additional program modules allow you to automate room reservations and the sale of vouchers, including the Internet applications, and solve other important tasks for managing a hotel enterprise.

2.3 Research on Human Capital Importance in the hotel industry

In modern conditions of global competition and the rapid emergence of new technologies, the growth of various consumer requirements for the quality of a hotel product, the knowledge of the staff of the hospitality industry organization is the main factor determining the effectiveness of its work in the market in the long term. The knowledge that ensures success forms the competitive potential of the hotel within the industry. The hotel staff may have the same level of core knowledge as the employees of the competing hotels, but some specific knowledge of the hotel employees allows them to use the differentiation strategy more effectively, thanks to which the hotel can claim success in the competitive position where it knows more competitors. Under these conditions, such intangible assets of hotels as knowledge are of particular value and contribute to increasing the competitiveness of the organization and creating a sustainable competitive advantage for it.

At present, many experts estimate the role of knowledge even higher than that of tangible assets in general and financial assets in particular. Therefore, the future of any company depends on its ability to extract, create, store and distribute knowledge. The development of procedures that ensure the identification, transfer, replenishment, and exchange of knowledge is becoming one of the main activities of hotel companies to increase their competitiveness in the global hotel market.

The introduction of a knowledge management system in hotels helps to reduce risks and leads to an increase in the efficiency of both individual companies and the entire national hotel system as a whole.

It has been thought that the quality of Human Capital in the field of hospitality is considered one of the most important competitive advantages and it differentiates any hotel from other hotels. The objective of the study was to evaluate the influence of Intellectual Capital on managerial decisions in the hotel. Secondary data were collected from relevant textbooks, journals, and online databases. Primary data were collected using a questionnaire as a data collection instrument. A structured

questionnaire was designed and distributed to the managers of the hotel. To measure Human capital importance, I designed the following components of the questionnaire with the ranking system from 1 to 5: employees' competencies, employees' attitude to work, employees' innovativeness toward human capital, and employees' skills, experience, and training. Results of the research are provided in Table 3.1 below.

#	Statements	MEAN	SD	CV	RANK
1.	Employees competences	4.20	0.41	9.76	1
2.	Employees' attitude to work	3.45	0,59	17.10	3
3.	Employees' innovativeness for human capital	3.90	0,68	17.46	4
4.	Employees' skills, experience, training	4.10	0.45	10.98	2
	TOTAL	3.89	0.23	5.91	-

Table 3.1 Descriptive analysis of Human capital importance

According to Descriptive statistics in table 3.1, it can be concluded that:

- The three most homogeneous variables are employees' competencies, employees' skills, experience, training, and employees' attitude to work, with a coefficient of variation (9.76%), (10.98%), (17.10%) respectively.
- The value of the total weighted mean for Human capital importance is (3.89), with a coefficient of variation (5.91%).

Chapter 3. The significance of intangible assets in the modern world

3.1 The influence of intellectual capital on hotel efficiency

Hotel intellectual capital is measured in three ways: human, organizational, and customer capital. As the hotel industry has become increasingly competitive, many hotels are looking for ways to improve their operations and boost the value of their assets. As much as technical ventures and process changes increase the worth of service firms, the personnel and customer relationships do as well. Hotel operations have recently recognized the importance of managing intellectual resources as a means of obtaining and maintaining a competitive advantage. Knowledge-based resources, also known as intellectual capital, are used to create new open doors in the hotel industry.

The hotel industry's success is largely on its ability to adapt to changing business environments, which is dependent on the hotel industry's expertise and intellectual capital. The expanded business rivalry has a substantial impact on hotel industry competition and stimulates the development of intellectual capital as a competitive weapon.

Human capital is not a physical resource that is measured by the number of employees in a company. Nevertheless, it is linked to an employee's education, knowledge, training, experience, life and business conduct, talents, hereditary legacy, traits, and values. Human capital is a multidimensional concept that includes tangible and intangible perspectives and is considered a component of the productive process. It refers to the explicit knowledge that individuals possess, as well as their capacity to acquire it, that is beneficial to the organization's mission and includes values, attitude, aptitudes, and skills. The term "workforce" is frequently used in the hospitality literature as a surrogate for human capital and as one of the intangible resources. One of the components of the intangible asset value is the workforce.

Staff skill, work attitude, and creativity are considered a measure of human capital in the hotel business. Human capital is a term that refers to a large portion of an organization's expertise. It is seen as a critical asset in gaining a competitive edge. Human capital focuses on the economic worth of what an employee can produce and represents individual and collective employee capability. Competence is defined as the ability to complete an agreed-upon task using a combination of education, information, and abilities. An employee's knowledge and abilities cannot be validated if he or she does not perform well in the organization. As a result, the company must encourage its employees to demonstrate their abilities by investing in employee education and training.

Human capital includes not just all of the knowledge and skills acquired by employees that are vital and critical, but also the devotion of each individual and elements such as his or her inspiration and job happiness. Human capital is essential for any organization since it is a source of innovation, development, and strategy renewal. Employee innovation allows them to use their knowledge and talents more flexibly and to be more creative all of the time.

In the hotel, all levels of management have a preference for using and valuing human capital metrics above structural capital indicators. Their replies may reflect their supervisory knowledge in general. They understand the immediate relevance of persons to the success of their operations since they are more familiar and pleased with this sector. All hotels place a premium on leadership abilities, employee contentment, employee motivation, and years of industry expertise in order to maintain their most valuable intangible asset — people.

Because supervisors do not link their efforts to manage human capital (training, tutoring, mentoring, performance indicators, competence profiles, and employee satisfaction questionnaires) to hotel performance, managing human capital is a relatively slow process. At the end of the day, managers understand the significance of human capital even if there is no proof that it should be raised. For example, hotel training will result in increased output performance. Intellectual capital will continue

to be treated as a cost rather than an investment unless substantial and quantitative proof of favorable long-term returns is produced. The notion that not all human assets are of equal worth clashes with the fact that training is routinely provided to all employees. It would be beneficial to distinguish between value-added and non-value-added human capital while managing intellectual capital and maximizing human capital concerning the firm's strategic needs.

Rivalry in the hotel business has become particularly fierce in an age of globalization, technological innovation, and growing tourism requirements. Hotels that pay attention to and adapt to their customers' requirements and preferences achieve better levels of success and maintain a strong competitive edge. In this environment, intellectual capital and innovation allow hotel managers to present new services that improve quality, allowing them to meet the changing needs of potential clients while also increasing their market share, sales, and profits. This is particularly important for the hotel business. Hotels maintain their competitive advantage by emphasizing differentiating techniques, introducing new services, and providing quality standards that satisfy their customers' expectations.

Even though marketing research has explored the link between customer orientation and company performance, there has been an inadequate study that has examined the impact of customer orientation on hotel function and shown a favorable correlation. A hotel's industry outcome in terms of increased competitiveness and extensive performance is influenced by a variety of factors, including client orientation, intellectual capital, and innovation.

Powerful intellectual capital management is such organizational systems and practices that demand a mutually supportive connection between information technology's data and information-processing capacity and people's creative and innovative capacity. There is a wide range of intellectual capital models available, each focusing on the concrete and intangible components of managing intellectual capital. For business-level analysis, measurement models are offered that attempt to build the financial and non-financial value-generating parts of the firm for external

reporting that leads to good performance. Non-financial metrics must complement financial measurements, according to the most commonly acknowledged for gauging intellectual capital management.

Knowledge management (KM) and intellectual capital (IC) are built on the implicit notion that greater corporate performance is the result of knowledge management in employees' heads. What has been done is usually linked to specific components of IC (e.g., human capital) and if they influence performance. Improved financial performance will not be seen if knowledge assets or intellectual capital are prioritized. Industries differ in terms of the physical assets they require (capital, equipment, and basic labor), as well as the intangibles that drive success—intellectual capital. The ideas are based on more established theories, such as the resource-based theory of the organization, which claims that the current competitive advantage comes from some one-of-a-kind, difficult-to-copy feature.

3.2 Increasing the productivity of the use of intangible assets

In today's world, any country's scientific and technical advancement is critical. As a result, a lag in the growth of science-intensive industries and technical innovations causes a lag in the development of force productivity, resulting in the weakening of many sectors of the economy that embody the outcomes of new ideas. Many businesses' experiences demonstrate that all effective activities and initiatives require the mobilization of resources and close collaboration of all or most services and divisions. It is not required to form a separate department to utilize intangible assets in order to avoid squandering the enormous prospects for gaining economic advantages from their utilization.

A company's goods must be continually improved if it is to be profitable. If this is not done, other companies will seize a significant portion of the market and offer consumers superior products. New designs, materials, or processing processes might render things that were formerly deemed cutting-edge outdated. Continuous research and development allow you to compete on an equal footing with your rivals.

It is vital to assess probable mistakes and violations in the use of intangible assets by an enterprise to develop strategies to successfully employ intangible resources in an enterprise's activities.

The following are the most common mistakes made while accounting for intangible assets:

- financial reporting does not account for intangible assets;
- items that can only execute their roles as part of the complex are recognized by various inventory objects;
- a lack of supporting papers or mishandling of key documents;
- aside from the fact that the institution's accounting policy states that analytical accounting of intangible assets should be kept in inventory cards, this is not done in the institution, which considers the maintenance of such cards to be

unnecessary, instead referring to copies of inventory lists available in the accounting department, and in those institutions where these cards are kept, they do not always comply with the requirement for the completeness of filling in the voids;

- liability is only formed regarding permanent assets; it is not constituted in relation to intangible assets;

- uncertainties between information regarding the presence of intangible assets and information about their amounts on inventory cards sometimes result in inaccurate depreciation;

- posting of intangible assets at a lower price than when they were purchased;

- depreciation (wear and tear) of intangible assets is accrued once a quarter or less frequently;

- depreciation accrued by the institution for things whose normative function has expired;

- Intangible asset theft (the main type of fraud).

Taking into account all of the above mentioned, we can determine that strict adherence to the legislation in the field of intangible asset accounting will enable not only the avoidance of inspection authority punishments for violations but also the more efficient use of these assets. And their rational use will enable the institution to conduct financial and economic activities while avoiding the presence of an unused and obsolete asset on the one hand, and incurring unnecessary expenses for the acquisition of new intangible assets on the other. As a result, the enterprise will improve the efficiency of the use of intangible assets, and, as a result, the company will be able to further develop and increase its income from properly used intangible assets.

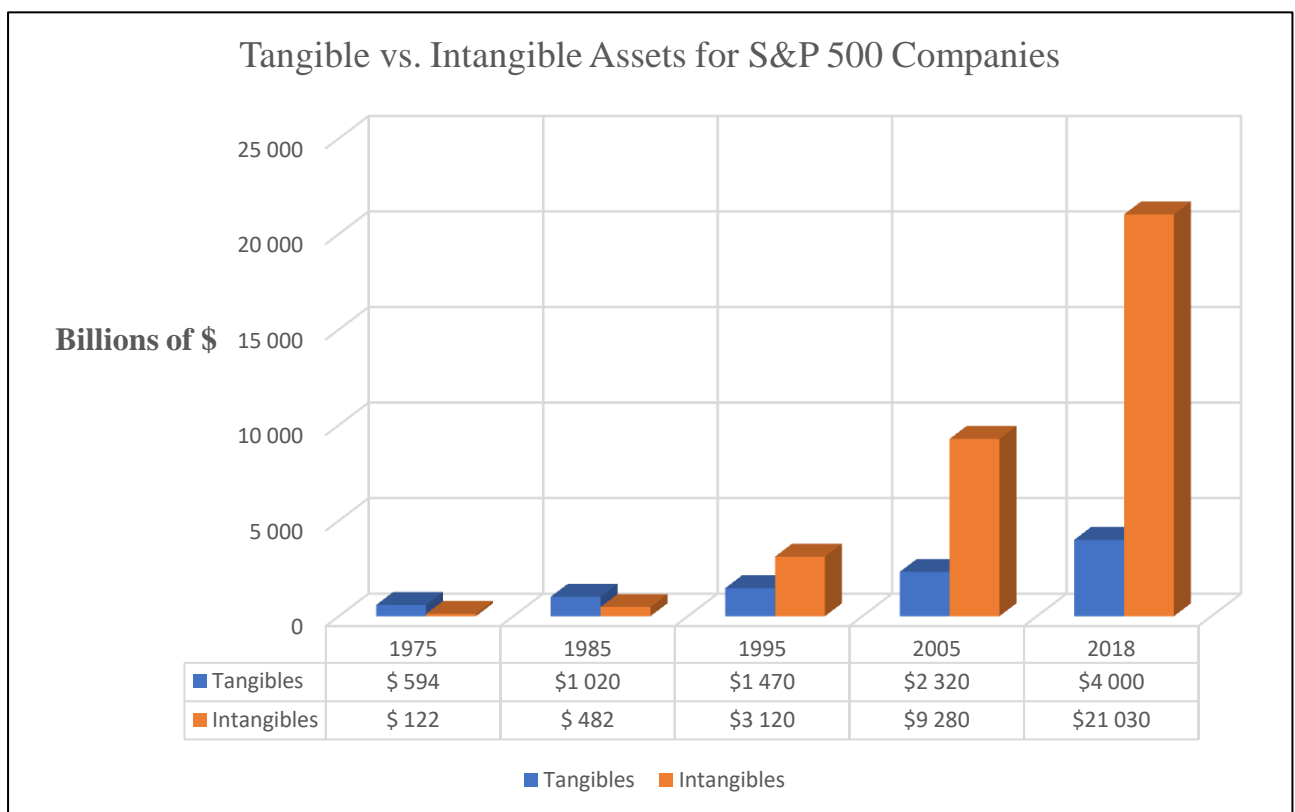
Many aspects of sensitive information relating to the primary commercial operation must be secured against unlawful release, according to the company's management. The more successful the business is, and the more flawless and

competitive the items are, the more valuable any knowledge about it is to competitors.

3.3 The rise of intangible assets in the global economy

Some time ago, tangible assets accounted for the majority of a company's value. Plants, machines, raw materials, and other items were processed into completed goods, which were then sold and converted into money. These assets were recorded on the balance sheet, making the balance sheet a good picture of a company's assets at any one moment.

In today's world, "intangible" assets have taken center stage and are the primary generator of firm value, particularly among technology companies. Consider



patents and trademarks, software and data, customer franchises, and even goodwill and brands as examples of intellectual property.

Fig 2.1 Tangible vs. Intangible Assets for S&P 500 Companies

Source: Aon and the Ponemon Institute (2020). Intangible Assets Strategy, Capital Markets and Risk Management.

Intangible assets have increased from 17 percent of S&P's enterprise value in 1975 to over 84 percent currently, as seen in the graph above.

Intangible assets now account for the bulk of the value of most of the world's top corporations. And this pattern is likely to continue its growth.

In the mid-to-late 1990s, investment in intangibles overtook investment in tangible assets, as seen in the graph below. The investment in intangibles and the delta have continued to rise since then.

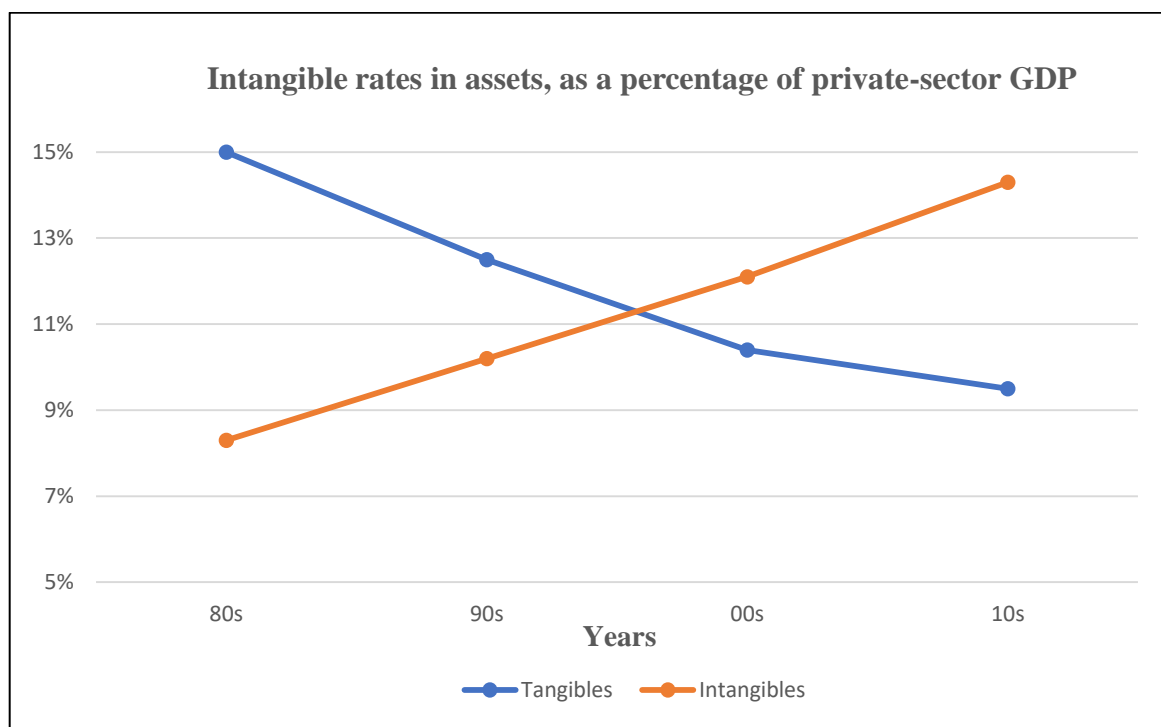


Fig 2.2 Intangible rates in assets, as a percentage of private-sector GDP

Source: Wall Street Journal

The way growth is created has altered several times as a result of industrial and technological revolutions. From agriculture to manufacturing to computers, we've come a long way. In an increasingly digital environment, our instruments are becoming highly intangible. Now is the moment to pay attention to "intangible

assets," which are considerably more than an exotic type of investment that only interests accountants. Intangibles are altering economies and fueling development, according to rising consumer data.

Conclusion and Suggestions

Due to the obvious emergence of the knowledge-based economy, intangible assets are increasingly viewed as a critical aspect in the growth of hotel businesses, their effective usage resulting in competitive advantage and greater productivity. The aim of the paper was to examine the impact of intangible assets on the business performance of the particular hotel, where the internship was made, and on the hotel industry in general. This research is built with the help of existing literature and scientific data on intangible assets in the hotel business. Furthermore, descriptive analysis was used to test the specific hypothesis on Human capital importance via special questionnaires distributed to the hotel's managers. The paper has also highlighted the business performance metrics of Hotel 'Premier'.

Despite the fact that intangible assets cannot be seen or touched, they nonetheless have value and are critical to a company's success and growth. These sorts of assets can also add to the value of a company's equity. As a result, intangible asset preservation and management might be the difference between success and failure. Hence, identifying and developing a solid strategy to generate intangible assets and reduce risks is critical. Finally, here are some of my recommendations for proper intangible capital management:

- To recognize the dimensions of IC in the hotel business, owner and managers should create a specific measuring scale for employees' performance.
- Hotel management should indeed recognize the importance of managing intellectual resources as a means of gaining and maintaining a competitive advantage.

- Every organization, not only those in the hotel industry, should focus on creating its unique intangible capital or thoroughly developing existing ones as the value and demand for those assets rise from the global economic perspective.
- Management should more accurately analyze an organization's entire intangible value and discover hidden intangibles that are important but not apparent on the balance sheet, such as brand awareness and reputation.
- Patent, trademark, and copyright registrations should be used to protect intangibles. Employees may be required to sign non-compete and non-disclosure agreements if there is a need.

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