An Examination of Intellectual Capital in the Accommodation Sector of Antalya Region, Turkey

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AN EXAMINATION OF INTELLECTUAL CAPITAL IN THE ACCOMMODATION
SECTOR OF ANTALYA REGION, TURKEY

Volkan ALTINTAŞ, Nilüfer TETİK, Burcu DEMİREL UTKU

ABSTRACT

This study uses survey research to examine the nature and role of intellectual capital in the lodging or accommodation sector of the Antalya Region, Turkey. At the onset, the concept of intellectual capital is discussed in detail. Thereafter, survey research data from 5-star hotels and first class holiday villages in Antalya, a region that hosts over 30% of Turkey’s lodging firms, were examined. As such the nature and importance of intellectual capital for wealth creation in the lodging or accommodation sector is better understood.

INTRODUCTION

Together with globalization activities nowadays, intellectual capital has become the most important factor for businesses in wealth creation. The age in which we find ourselves is the age of information and what is important is the economics of information. In information economies, the most important elements which ensure the ability to compete are not physical and financial resources as in the past but intellectual capital in the hands of businesses and the way this is managed.* Basically the economy is the same. Its natural laws have not changed. However, it is not possible to ignore the fact that information has opened the way to significant changes in the economy and economic theory.

Technology, the Internet, globalization, the flow of information and so on are changing operational structures and producing a significant increase in productivity. While old sectors and material values are declining in importance, new sectors are growing very rapidly and these sectors have become the Locomotives of economic growth while non-material assets are growing in importance all the time. In this context, in accommodation establishments in the service sector non-material assets are of importance because of the high share of these establishments in total demand and their labor intensive nature. This situation causes information to be of great importance amongst production factors. This study uses survey research to examine the nature and role of intellectual capital in the lodging or accommodation sector of the Antalya Region, Turkey. At the onset, the concept of intellectual capital is discussed in detail. Thereafter, survey research data from 5-star hotels and first class holiday villages in Antalya, a region that hosts over 30% of Turkey’s lodging firms, were examined in detail to understand the nature and importance of intellectual capital in the Turkish accommodation sector.

THE CONCEPT OF INTELLECTUAL CAPITAL

For management in our time, it is possible to express "citius, altius, fortius", the famous slogan of the Olympic Games which described the competition to be faster, higher and stronger, as "cheaper, higher quality, quicker". It is a fact that in order to maintain and increase their competitive ability, managements in a global world are forced to provide higher quality products at a lower price and faster than others.

The ability of an organization to meet customer needs quickly is linked to creative ability, and the ability to make rapid decisions and to create with partners a protective chain of assets by increasing prices or adding to existing assets. Nowadays information technology and high quality human resources constitute the basic dynamic of economic development. In order to possess high quality human resources, success in training directed towards competence and expertise and raising the quality of customer relations is necessary. This can be accomplished by organizations with the ability to manage these complex relationships, form partnerships or create competition and find and employ the right personnel for this structure. The key is that we cannot ignore human capital and the information they possess. Within an economy, the people and the intellectual capital, are the key assets (Koçel, 2001, 362).

* The fact that nowadays large establishments employ a CIO (Chief Information Officer) as well as a CEO (Chief Executive Officer) supports this view
The International Accounting Standards Committee (IASC) defines intellectual capital like this: "intellectual capital is a whole made up of brands, trademarks, computer programs, Incenses, copyrights, patents, franchise agreements, service and production rights, prototypes and formulae which are included amongst non-material assets."

The concept of intellectual capital is defined in various ways. The common characteristics of intellectual capital according to these definitions are listed below.

Intellectual capital is:
- the information asset of an organization (Akpunar, 2000, 52).
- everything known by people in a business which increases the business's competitive ability (Steward/a, 1991).
- unnoticed and invisible assets (Büyükozkan, 2002, 35).
- useful information in hand (Steward/b, 1997).
- all non-material assets which enable a business to carry on its activities (Brooking, 1996).
- factors which cannot be measured (Usoff, Thiodeau, Burnaby, 2002, 9).

Proceeding from all these definitions, it is possible to define intellectual capital like this: "intellectual capital is knowledge which can be turned into profit; this knowledge is the accumulation of a business's ideas, innovations, technology, general knowledge, computer programs, and designs, ability to make use of data, processes, creations and publications" (Ertugrul, 2003, 4).

When looked at from the point of view of traditional accountancy, the return for intellectual capital is the "goodwill" concept which is the difference between a business's book assets and the amount others are prepared to pay for these assets. Goodwill is inadequate to define or conceptualize the whole of intellectual capital because it can only be observed in the records of the purchaser when a business is sold and is wiped out by amortization. By contrast with goodwill, intellectual capital shows growth over a period of time in relation to performance, is a kind of capital for which businesses do not pay money and is not wiped out by amortization (Ertugrul, 2003, 5).

If non-material assets and intellectual capital are regarded as having the same meaning, in general, differences which emerge between them because they incorporate different meanings are ignored in traditional accountancy. While "non-material assets" is generally regarded as an accounting term when preparing balance sheets, "intellectual capital" is used more in the field of human resources. Economic globalisation has increased the value of the private information possessed by a business as a determining factor and this change has ensured that information networks can be cheaply acquired. In this context what secures the basic competitive advantage of companies, creates value for customers cannot be owned or imitated by rivals and has no alternative is intellectual capital (Samiloğlu, 2002, 66). The benefits which non-material assets provide a company are given below:

- Development of customer relations which can ensure the maintenance of customer confidence, effective and productive service, and lead to the identification of new customer groups and new markets;
- Development of new products and services in demand amongst target customer groups;
- Production of high quality goods and services at low cost and with early delivery times;
- Extension of information technology databases and systems.

In intellectual capital, an emphasis is placed on investment in training and teaching to enable people to work more effectively in the future and intellectual capital is regarded in the same way as physical and financial assets. Intellectual assets are company information which is recorded in tangible forms such as documents, tables, plans and lists. Intellectual capital is everything known by company employees which ensure competitive advantage for the business in the marketplace. Intellectual capital is more important in companies whose value does not depend on material assets. This situation demonstrates how important human capital, one of the three elements of intellectual capital, is to the accommodation sector. After amortization costs, personnel expenditure is one of the most significant items in these businesses. Personnel characteristics such as training, experience, creativity and 50 on affect the sector's profitability to a major extent. In the provision of service and customer relations, personal characteristics of employees such as training, experience, patience and cheerfulness play a
significant role in the creation of intellectual capital in accommodation businesses. In order for a business to be a highly competitive one which provides benefits for all those associated with it, a joint understanding shared by all employees of the aims of the business, the creation of teamwork in an environment of open and sincere communication and exhibiting the necessary care for motivation are important (Şamiloğlu, 2002, 90).

When we look at the results of the literature search carried out, we observe that there is a consensus of opinion amongst experts that intellectual capital is made up of three components (human capital-structural capital-customer capital). In the same way, the experts are agreed that these three sub-components are very difficult to assess and manage because of their varied, complex and individual characteristics.

**METHODOLOGY**

**Scope and Sampling**

This study examines the accommodation establishments in Antalya, Turkey in terms of intellectual capital. Details of all 5-star hotel establishments and first class holiday villages operating in the Antalya region (Antalya Central Sub-Province, Kemer, Çamyuva, Beldibi, Alanya, Manavgat, Side, and Belek) were obtained from the Antalya Provincial Tourism Directorate. Antalya is known as the heart of Turkish tourism, hosts 35% of tourists coming to Turkey and contributes $3-3.5 billion to the Turkish national economy. Random sampling was used. During the period of the study (January 2004 – March 2004) the target was to contact 101 chief accountants from the total of approximately 137 accommodation establishments, made up of 77 first class holiday villages and 60 5-star hotels, within the survey’s scope, this number having been calculated under the random sampling formula in the literature (Baş, 2001, 45) with a 5% margin of error. However, because the chief accountants were occupied with year end and accounting year commencement procedures and because the period of the survey did not coincide with the summer season meaning that some establishments were closed, only 37 questionnaire forms were returned. Thus the return rate of the study was 36%. Another reason for low return rate is that many managers didn’t answer the questionnaire due to the lack of knowledge about intellectual capital. The questionnaires were completed via face to face interviews with the chief accountants or by fax or mail. After the subject of the study was decided, preliminary talks were held with expert academicians and sector representatives in order for it to be comprehensive and meaningful. The questionnaire form prepared according to the literature and the preliminary talks was tested with a pilot project and its deficiencies were corrected.

**Analysis of Data**

In the analysis of data obtained from the questionnaire forms prepared and used in the study, SPSS 12.0 was used. The frequency and percentage of answers by respondents to the questions of a demographic nature and those concerning the components of intellectual capital were obtained. In section three of the questionnaire form were 9 propositions which were used to measure the effect of intellectual capital performance on measurement systems in articles by Usoff, Thibodeau and Burnaby published in 2002 and in accordance with these the research group was divided into two, those who place importance on intellectual capital and those who do not, according to the answers of the respondents which were in the form of evaluation on a one to five scale. The t-test was used to measure the differences between the two sub-groups. Factor analysis was also applied to the 9 propositions in section three and two sub-dimensions were found. However, because the data was generally concentrated in the first sub-dimension, varimax rotation was employed and as a result even distribution between the two sub-dimensions was achieved. In addition, the t-test and anova were also used in comparison between those placing importance on intellectual capital in the answers to the questions in sections one and two but no significant results were obtained (p> .05).

**Reliability and Validity of Measurement**

For reliability of measurements of the 9 propositions making up section three of the questionnaire form, the internal consistency of measurement was examined and the Cronbach Alfa coefficient for the two sub-dimensions produced the following results: measurement as a whole: 83%; first dimension: 84%; second dimension: 73%. These are very good values and demonstrate that measurement was reliable.

For measurement of validity, convergent validity of the measurement was examined. When every variable and the sub-measurements pertaining to each variable were examined in the context of convergent
validity, it was observed that there was high correlation. In this situation, convergent validity is confirmed (Table 2.8).

**FINDINGS**

The finds of the research have been studied under the following headings.

**A - Finds pertaining to some Socio-Demographic features of the research group**

Table 1.1. Some socio-demographic features of the survey group.

<table>
<thead>
<tr>
<th>TYPE OF ORGANIZATION</th>
<th>number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Star Hotel</td>
<td>26</td>
<td>70.3</td>
</tr>
<tr>
<td>Holiday village, lst Class</td>
<td>11</td>
<td>29.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACTIVITY PERIOD</th>
<th>number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open throughout the year</td>
<td>27</td>
<td>73.0</td>
</tr>
<tr>
<td>Open during April-November</td>
<td>10</td>
<td>27.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BED CAPACITY</th>
<th>number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>300-700</td>
<td>10</td>
<td>27.0</td>
</tr>
<tr>
<td>701-1000</td>
<td>6</td>
<td>16.2</td>
</tr>
<tr>
<td>1001-2000</td>
<td>13</td>
<td>35.1</td>
</tr>
<tr>
<td>2001+</td>
<td>6</td>
<td>16.2</td>
</tr>
<tr>
<td>Persons not answered</td>
<td>2</td>
<td>5.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NUMBER OF PERMANENT STAFF MEMBERS</th>
<th>number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-15</td>
<td>10</td>
<td>27.0</td>
</tr>
<tr>
<td>16-30</td>
<td>10</td>
<td>27.0</td>
</tr>
<tr>
<td>31-50</td>
<td>9</td>
<td>24.3</td>
</tr>
<tr>
<td>51+</td>
<td>8</td>
<td>21.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NUMBER OF SEASONAL WORKERS</th>
<th>number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-15</td>
<td>6</td>
<td>16.2</td>
</tr>
<tr>
<td>16-30</td>
<td>4</td>
<td>10.8</td>
</tr>
<tr>
<td>31-50</td>
<td>10</td>
<td>27.0</td>
</tr>
<tr>
<td>51+</td>
<td>17</td>
<td>45.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR OF ESTABLISHMENT</th>
<th>number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-1990</td>
<td>7</td>
<td>18.9</td>
</tr>
<tr>
<td>1991-1995</td>
<td>11</td>
<td>29.7</td>
</tr>
<tr>
<td>1996+</td>
<td>19</td>
<td>51.3</td>
</tr>
</tbody>
</table>

N=37

70.3 percent of the respondents were accountant managers of 5 star hotels, 29.7 percent were from 1st Class Hotels. 73 percent of these organizations were in operation whole year, 35.1 percent had the bed capacity of 1001-2000, 27 percent of the staff members were of 0-15 or 16-30, 27 percent of the seasonal staff members were 31-50, and 51.3 percent of the establishment year was 1996.

**B - General Remarks of the Research group on Intellectual Capital and its components**

Table 2.1. Factors effecting the success of organization

<table>
<thead>
<tr>
<th>Factors effecting your success</th>
<th>number</th>
<th>%</th>
<th>Your most important source of competition</th>
<th>number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial-tangible assets</td>
<td>11</td>
<td>29.7</td>
<td>Knowledge-intensity, qualified staff</td>
<td>26</td>
<td>70.3</td>
</tr>
</tbody>
</table>
According to table 2.1, 67.6 percent of the respondents marked the non-financial facilities as the most important factor that influences the achievement of the organization. 70.3 percent marked culture as the most important source of competition.

**Table 2.2. Intellectual Capital Use**

<table>
<thead>
<tr>
<th>What does &quot;an organization is greater than its physical assets&quot; mean?</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Betterment</td>
<td>8</td>
<td>21,6</td>
</tr>
<tr>
<td>Intellectual Capital</td>
<td>19</td>
<td>51,4</td>
</tr>
<tr>
<td>Nothing</td>
<td>5</td>
<td>13,5</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>5,4</td>
</tr>
<tr>
<td>Persons not answered</td>
<td>3</td>
<td>8,1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Do you use the term of &quot;Intellectual Capital&quot;?</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>9</td>
<td>24,3</td>
</tr>
<tr>
<td>No</td>
<td>23</td>
<td>62,2</td>
</tr>
<tr>
<td>Persons not answered</td>
<td>5</td>
<td>13,5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Way of reporting Intellectual Capital</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>We do not show it in financial or in other reports</td>
<td>5</td>
<td>13,5</td>
</tr>
<tr>
<td>Non-tangible assets entered in balance sheet</td>
<td>1</td>
<td>2,7</td>
</tr>
<tr>
<td>In Intellectual Capital reports</td>
<td>1</td>
<td>2,7</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>8,1</td>
</tr>
<tr>
<td>Persons not answered</td>
<td>27</td>
<td>73,0</td>
</tr>
</tbody>
</table>

51.4 percent of the respondents defined Intellectual Capital as "an organization is greater than its physical assets, and 62.2 percent declared that they did not use Intellectual Capital in their organization. 13.5 percent of those that used it did not enter it in their financial reports or in the other reports.

**Table 2.3. Opinion of the research group on "authority-responsibility transfer"**

<table>
<thead>
<tr>
<th>AUTHORITY AND RESPONSIBILITY TRANSFER</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority &amp; responsibility should be transferred in the same ratio</td>
<td>26</td>
<td>70,3</td>
</tr>
<tr>
<td>Responsibility can be transferred but not authority</td>
<td>8</td>
<td>21,6</td>
</tr>
<tr>
<td>Neither can be transferred</td>
<td>2</td>
<td>5,4</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>2,7</td>
</tr>
</tbody>
</table>
N=37

70.3 percent of the respondents had the opinion that authority and responsibility should be transferred in the same ratio.

Table 2.4 Methods to increase productivity of the staff

INCREASING STAFF PRODUCTIVITY AND MOTIVATION BY:  

<table>
<thead>
<tr>
<th>Method</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistent training, and establishing good relationship with the staff</td>
<td>29</td>
<td>78.4</td>
</tr>
<tr>
<td>Creating better work conditions</td>
<td>25</td>
<td>67.6</td>
</tr>
<tr>
<td>Developing social facilities</td>
<td>16</td>
<td>43.2</td>
</tr>
<tr>
<td>Promoting by objective criteria</td>
<td>14</td>
<td>37.8</td>
</tr>
<tr>
<td>Giving bonus</td>
<td>13</td>
<td>35.1</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>5.4</td>
</tr>
</tbody>
</table>

78.4 percent of the respondents stressed that it is possible to increase productivity and motivation of the staff through training, and by forming good relationship.

Table 2.5. In-service training

IN-SERVICE TRAINING IS PROVIDED  

<table>
<thead>
<tr>
<th>Provided</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>36</td>
<td>97.3</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>2.7</td>
</tr>
</tbody>
</table>

IN WHICH PERIOD  

<table>
<thead>
<tr>
<th>Period</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once a month or more frequently</td>
<td>27</td>
<td>73.0</td>
</tr>
<tr>
<td>Once every three months</td>
<td>7</td>
<td>18.9</td>
</tr>
<tr>
<td>Once a year or more</td>
<td>3</td>
<td>8.1</td>
</tr>
</tbody>
</table>

IN-SERVICE EXPENSES, WHAT KIND OF ACCOUNTANCY?  

<table>
<thead>
<tr>
<th>Accountancy Method</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>We activate spreading through years</td>
<td>5</td>
<td>13.5</td>
</tr>
<tr>
<td>In Final Accounts by entering as expense</td>
<td>20</td>
<td>54.1</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>24.3</td>
</tr>
<tr>
<td>Not answered</td>
<td>3</td>
<td>8.1</td>
</tr>
</tbody>
</table>

97.3 percent of the respondents declared that in-service training is given in the establishment, 73 percent of them declared it is given once a month or more frequently, 54.1 percent said that the in-service training expenses are stated in final accounts.

Table 2.6. Opinion on the Intellectual Capital and its Components

<table>
<thead>
<tr>
<th>Component</th>
<th>Organizations that give import. to capital</th>
<th>Organizations that give no importance to capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faster staff cycle in the accommodation facilities than the other organizations effect intellectual capital in negative way</td>
<td>28 75.5</td>
<td>9 24</td>
</tr>
</tbody>
</table>
The price of the shares of Skandia, which is the first organization that annexed intellectual capital report in their annual financial tables for support, caused about 40 percent increase in the share values the following year, and this was pertaining to the intellectual capital report.

The larger the human capital of a company, in other words, the more the ratio of the additional value operations performed by its skilled and experienced workers, the higher price may be asked for its goods and be stronger against its competitors.

Structural capital, which is the sub-term for intellectual capital, is the knowledge that is not taken home at night, in other words it is all the values that remain in the organization after the staff leaves the company. Organizations do not produce knowledge themselves, but additional value producers the walking archives.

It will be useful for the organization to include customers in the information flow. The customers who are informed, or even authorized in certain subjects will contribute towards development of the company.

According to the traditional accountancy understanding, the equivalent of intellectual capital is seen as a betterment and this is observed only in the customer's entries. But betterment does not have the same importance as intellectual capital. Betterment is subject to depreciation, and will lose its value in time, but intellectual capital will be more valuable as time goes by.

"Notes: In order to determine the degrees of participation of the respondents to the questionnaire, five-point scale Likert (1= I do not agree at all, 5= I agree extremely) was used. According to this the respondents who ticked 1,2 and 3 are the ones that do not give importance to intellectual capital, and the rest, 4 and 5, give importance to it."

In the second part of the questionnaire the research group was told as a postulation that the staff changing cycle in accommodation facilities effected Intellectual capital in a negative way, and 75,5 percent of the respondents replied that they agreed that this was so. In the second question, the group was told that Intellectual Capital affected a company, which was called Skandia, in a positive way, And 59,5 percent of the respondents believed so. In the third, fourth and the fifth questions the importance of the components of Intellectual Capital was stated and their opinion on the matter was determined. It was seen that 89,2 percent of the respondents found human capital, 67,6 percent structural capital and 73 percent found customer capital important. When the responses are examined it is seen that the most important component of Intellectual Capital is the human capital. In this section, the notion of betterment, which is in the traditional accountancy understanding, it is thought that it is not equal to Intellectual Capital. 59,9 percent of the respondents agreed to this and stated that betterment is not equal to Intellectual Capital.
Table 2.7. Degree of Participation of the Research Group

<table>
<thead>
<tr>
<th>A: Focus of performance measurement systems at the corporate level</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Assets pertaining to intellectual capital contribute towards highest gain to organization</td>
</tr>
<tr>
<td>• The intellectual capital is used to compare the performance of our organization with the others</td>
</tr>
<tr>
<td>• The intellectual capital is necessary for the organization to reach the highest performance level by providing all the opportunities for its success in the future</td>
</tr>
<tr>
<td>• The intellectual capital is used to measure the highest performance level with the old performances of the organization</td>
</tr>
<tr>
<td>High Intellectual Capital Organizations</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>26</td>
</tr>
<tr>
<td>26</td>
</tr>
<tr>
<td>26</td>
</tr>
<tr>
<td>26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B: Focus of performance measurement systems at the departmental level</th>
</tr>
</thead>
<tbody>
<tr>
<td>• In order to reach the required performance in the feature, the opportunities that are put forward the intellectual capital in the departmental level is important.</td>
</tr>
<tr>
<td>• In the measurement of the past performances, performances at the departmental level is important.</td>
</tr>
<tr>
<td>• The assets relating to intellectual capital contributes towards the measurement of department performance</td>
</tr>
<tr>
<td>High Intellectual Capital Organizations</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>26</td>
</tr>
<tr>
<td>26</td>
</tr>
<tr>
<td>26</td>
</tr>
<tr>
<td>1,05</td>
</tr>
<tr>
<td>0.72</td>
</tr>
<tr>
<td>2.11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C: Use of performance measures for rewards to employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Intellectual capital is important in performance measurements for increase in wages, bonuses, and prizes (promotions)</td>
</tr>
<tr>
<td>High Intellectual Capital Organizations</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>26</td>
</tr>
<tr>
<td>4.28</td>
</tr>
</tbody>
</table>

Notes: Organizations are classified according to the internal auditor’s response to the question: “How important is intellectual capital to your organization’s business model? The responses were on a five-point scale where 1 = “not at all”; 3 = “somewhat”; and 5 = “extremely”. High intellectual capital organisations were those with responses of 4 or 5. Lower intellectual capital organisations were those with responses of 3 or less.

Table 2.7 demonstrates t-test results which were carried out for the organizations that gave or not gave importance to intellectual capital. According to the section A of the table 2.7, we see that there is a meaningful difference (t= 4.66, p<0.05) between the organizations with high intellectual capital and the opinion that assets pertaining to intellectual capital contribute towards the measurement of the department performance is higher.
than the other group. The organizations that give importance to intellectual capital use intellectual capital to compare theirs with the organizations that have higher performance. There is a wide difference between these two groups (t = 3.09, p < 0.05).

The organizations that give importance to Intellectual Capital are those, which believe that Intellectual Capital is necessary to reach the highest performance level for the success of the organization by using all the opportunities. There is a meaningful difference between these two groups (t = 2.93, p < 0.05). The organizations that give importance to Intellectual Capital use Intellectual Capital both to measure their past performances and the highest level performances, but there is not a significant difference between these two groups (t = 0.86, p > 0.05).

According to table 2.7, section B, for the three propositions to use Intellectual Capital in performance measurements on departmental basis, no differences has been found (t = 1.05, p > 0.05, t = 0.72, p > 0.05, t = 2.11, p < 0.05).

According to table 2.7, section C, the organizations that give importance to Intellectual Capital use it in wage increase, giving bonus, and prize (promotions) measurements. There is a meaningful difference between these two groups (t = 4.28, p < 0.05).

Table 2.8. Conversion results with Factor Analysis Varimax Technique

<table>
<thead>
<tr>
<th>Factors Selected</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dimension of importance of IC on departmental basis</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets pertaining to intellectual capital contribute towards measurement of departmental performance</td>
<td>.766</td>
<td></td>
</tr>
<tr>
<td>Intellectual capital is used to compare your organization with the other organization’s performance</td>
<td>.825</td>
<td></td>
</tr>
<tr>
<td>Intellectual capital is frequently used to compare the past performance of the organization with that of the highest performance of the organization</td>
<td>.786</td>
<td></td>
</tr>
<tr>
<td>In the measurement of the past performances, the performances at departmental level are effective.</td>
<td>.594</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Dimension of importance of IC on whole organization</strong></th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intellectual Capital is important for the organization.</td>
<td>.871</td>
<td></td>
</tr>
<tr>
<td>The assets pertaining to Intellectual Capital contributes to the organization at the highest level</td>
<td>.655</td>
<td></td>
</tr>
<tr>
<td>For the future success of the organization, Intellectual Capital is necessary to put out opportunities and to reach the highest performance level.</td>
<td>.566</td>
<td></td>
</tr>
<tr>
<td>Intellectual Capital is important in wage increases, bonuses and reward (promotions) measurements.</td>
<td>.808</td>
<td></td>
</tr>
<tr>
<td>Variation declaration ratio</td>
<td><strong>34.155</strong></td>
<td><strong>30.11</strong></td>
</tr>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</td>
<td>.60</td>
<td></td>
</tr>
</tbody>
</table>

In the factor analysis carried out with the principal components method, two sub dimensions were found. The first of it is called "The importance of IC at the departmental level", and the second one, "The importance
of IC in the organization a whole”. The variations in the first and the second dimensions are in order in the table above. The explanation ratio of the variation is 64.256 %. 34.155 % of this total variation is explained by the first factor, and 30.101 % is explained by the second. KMO (Kaiser-Meyer-Olkin Measure of Sampling Adequacy 60 %), which shows the conditions for application of determinative factor analysis to research data, showed that sampling is found satisfactory.

CONCLUSION AND RECOMMENDATIONS

With this study we obtained an opportunity to discuss the subject of intellectual capital with several high level managers in the Turkish tourism sector. The results of the t-test to measure the differences between lodging establishments that placed importance on intellectual capital and those which did not, were statistically significant at p<.05). At least in the Turkish context, it was determined that:

- The most important factor affecting business success is non-material assets;
- The most important source of competitive ability amongst businesses is intensive information, trained personnel and organizational culture;
- A large majority of accommodation establishments placed importance on intellectual capital and found the concept important in increasing business success in the future but despite this do not use intellectual capital while those which do so show this in financial and other reports;
- The conception of responsibility in intellectual capital shows considerable variation between establishments, departments and individuals;
- In increasing the productivity and motivation of establishment personnel, training and the establishment of a dialogue amongst personnel are necessary;
- Personnel placed importance on in-service training of staff and most of them underwent this at monthly intervals, and training expenses were recorded as period expenditure;
- The speed of personnel turnover in the sector was high and this situation negatively affected the accumulation of knowledge and intellectual capital in businesses;
- In the flow of information, human capital and customer relations were important and human capital and customer relations took the first two places amongst intellectual capital components in the sector.

Although the accommodation establishments resembled each other from outside, they had some obvious internal differences. The study also led to other important recommendations. These are summarized as follows:

- Training efforts should be carried out jointly between managers and academicians for better awareness of intellectual capital at establishments;
- In overcoming the deficiencies of traditional accounting, reports should be prepared not to replace the reports submitted by traditional accounting but to complement them. In this way it will be ensured that users (the public) interested in the true state of establishments will be informed;
- Intellectual capital reports are an information method. However, because these reports have great importance in terms of the future of companies, company financial and accounting managers should consider them as a priority and they should be in close cooperation and coordination with company information management;
- Although assessment and reporting of intellectual assets have come to be a major necessity, it is alleged that they are significant causes of delays in this sector. it is claimed that the result which will arise from everybody's being able to learn strategic information concerning competition from this reporting may be the creation of an information manipulation environment and the creation of user risks by presenting information relating
to the future whose validity cannot be established. For this reason, accepted reporting systems for intellectual capital should be developed.

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