

## Perceptions of Taiwanese Academics Concerning Intangible Resources of Agri-tourism Businesses

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### Abstract

*Effective utilization of resources such as land, labor, and capital are the focal point of traditional farm management. Primarily serving as agricultural producers, traditional farm businesses are less likely to specifically address the importance of intangible resources. The management of agri-tourism businesses not only includes all elements of traditional farm management, but also requires farm operators to specifically address the importance of intangible resources. Since agri-tourism businesses are characterized as being both agricultural producer and service provider, the act of acknowledging, acquiring, utilizing, and accumulating intangible resources in a sustainable manner for the purpose of being competitive and profitable in the industry is imperative. The purpose of this study was to identify the roles of intangible resources related to the management of agri-tourism businesses in Taiwan. A three-round, modified Delphi technique was employed. The findings revealed that, among the competency-based intangibles articulated by the panelists, providing quality services, recognizing the needs of customers, and innovating were considered to have top priorities for the sustainability of agri-tourism businesses. Among asset-based intangibles articulated by the panelists, establishing customer trust, establishing positive business reputation, and complying with sanitation regulations were considered to have top priorities for the sustainability of agri-tourism businesses. Strong consensus across the panel on both intangible resource sets indicated that agri-tourism businesses would require vigorous planning and consideration for the sustainability of such businesses.*

**Key words:** Agri-tourism; intangible resources; the Delphi technique

## Introduction

Due to the prospect of being accepted as a member of the World Trade Organization (WTO), the government of the Republic of China (ROC) has faced various challenges. Since the agricultural industry is the first to bear the brunt of competition in both market and price, the government of the ROC has strived to promote agricultural diversification for the purpose of reducing the long-term negative impacts of newly created competition within the agricultural industry. The development of agri-tourism businesses is one of the primary steps to pursue the goal of agricultural diversification (Chiou, 2000).

In Taiwan, the idea of farm-based tourism was proposed by the Department of Agricultural Extension of the National Taiwan University and the Council of Agriculture in 1989 (Fang, 1997; Jenq, 1998). In 1993, the Council of Agriculture, the highest management authority in charge of making and enforcing agricultural policies in the ROC, advocated the “Leisure Farm Development and Management Program” in order to assist those farmers who were interested in diversifying their farm management strategies. In 1996, the “Leisure Farm Guiding Regulations” was formulated and adopted by the ROC government. The regulations not only implemented the objectives of the “Leisure Farm Development and Management Program” of 1993, but also “encouraged farm owners to integrate local cultural activities into their management strategies for the purpose of being able to improve the local industry’s cultural uniqueness and to boost the local economy” (Hsu, 2002, p. 2).

After years of promotion, Taiwan has reached a certain level of success concerning the development of agri-tourism. The expansion in the number of agri-tourism businesses and the current emphasis on the quality of products and services has reinforced the importance of focusing on the management of such business. Therefore, it has become increasingly imperative to address the no longer emerging but currently well established agri-tourism phenomenon.

Sound management is the key to the success of businesses of any kind (Kay, Edwards, & Duffy, 2004). Traditional farm businesses and agri-tourism enterprises are no exception. Traditional farm management, or the management of production agriculture, is generally centered on the details of husbandry (Turner & Taylor, 1998). Steward, Jobes, Casey, and Purcell (2000) specifically indicate that effective utilizations of resources such as land, labor, and capital are the focal point of traditional farm management. Primarily serving as agricultural producers, traditional farm businesses are less likely to specifically address the importance of intangible resources.

The management of agri-tourism businesses not only includes all elements of traditional farm management, but also requires farm operators to specifically address the importance of intangible resources (Zheng, 2004). Since agri-tourism businesses are characterized as being both agricultural producers and service providers, the act of acknowledging, acquiring, utilizing, and accumulating intangible resources in a sustainable manner for the purpose of being competitive and profitable in the industry is imperative (Zheng, 2004).

## Purpose and Objectives

The purpose of this study was to identify the roles of intangible resources related to the management of agri-tourism businesses in Taiwan. The specific objectives of this study were:

1. To identify competency-based intangible resources regarding the management of agri-tourism businesses as perceived by academics involved in agri-tourism development in Taiwan.
2. To identify asset-based intangible resources regarding the management of agri-tourism businesses as perceived by academics involved in agri-tourism development in Taiwan.

### **Methods and Theoretical Theme**

#### *Methods*

A modified Delphi technique was employed in this study. The reasons for using the Delphi technique were twofold. First, according to Witkin and Altschuld (1995), the use of a Delphi technique would be appropriate if the purpose of this Delphi was to generate, prioritize, and obtain information regarding projected areas. This study attempted to generate information and set priorities in order to provide preliminary base of knowledge pertaining to intangible resources in the agri-tourism industry in Taiwan. Second, qualified subjects were difficult to find and, thereby, the number of panelists was limited. In this case, after a review of available publications and related literature, only those academics having scholarly work in the area of agri-tourism were invited to participate in this study.

A self-administrated questionnaire was developed to fulfill the objectives of this study in the first round. The contents of the instrument used in the first round were based on an extensive review of literature (Coyne, 1986; Parr, 1991; Hall, 1992, 1993, 1994, 2000; Sonnenberg, 1994; Cheng & Chen, 1996; Sveiby, 1997; Fernandez, Montes, & Vazquez, 2000; Contractor, 2001; Inkpen & Madhok, 2001; Grosse, 2001; Sarathy, 2001; Furreer, Sudharshan, & Thomas, 2001; Bounfour, 2003; Esch, 2003; Villalonga, 2004; Zheng, 2004, Berry, 2005). A total of 44 statements were generated. Among the 44 statements, 25 were competency-based and 19 were asset-based intangibles. Each subject was asked to rate each statement on a seven point Likert-type scale ranging from 1 (Not Important At All) to 7 (Critically Important). Face and content validity of Round I instrument was assessed by a panel of experts (n=9). The invitation of panel members was based upon their expertise and knowledge in farm management, leisure and recreation management, small business management, research methodology, and/or their prior experiences in conducting relevant research in the field of agri-tourism. Procedures of back-translation and review (Brislin, 1970) were conducted because deeper meanings of certain statements in the Chinese version might not parallel the English version. Comments and inputs from panel members and the procedure of back-translation were addressed and suggestions incorporated into the final draft of the initial instrument. Regarding the establishment of reliability, traditional and more widely accepted means of building reliability were inappropriate for Delphi because the use of the Delphi technique was to encourage panelists to modify their responses as the group moved toward a consensus with possible incongruent ideas becoming a more unified construct (Hughes, 1993; Ludwig, 1994; Kelbaugh, 2003). Therefore, no attempt was made to establish reliability in this study.

#### *Theoretical Framework*

A framework, developed by Hall (1992, 1993, 1994, 2000), served as a basis from which this study was launched. Based upon Coyne's taxonomy (1986), Hall's framework linked intangible resources and differentiated capabilities (Figure 1). In this framework, four capabilities (cultural, functional, positional, and regulatory capabilities) were introduced.

Considering the nature of these four capabilities, Hall further categorized them into competency-based and asset-based intangible resources.

CAPABILITIES			
FUNCTIONAL	CULTURAL	POSITIONAL REGULATORY	
D P E P O E P N L D E E N T	Know-how of employees, suppliers, distributors	Perception of quality, ability to learn, etc	S K I L L S
	Reputation, Network		
I N P D E E O P P E L N E D E N T	Databases		A S S E T S
	Contracts, licenses, trade secrets (incl. some databases), intellectual property Rights		

Figure 1: Framework Linking Intangible Resources and Capabilities. Adopted from Hall (1994, p. 154).

The competency-based intangible resources consisted of cultural and functional capabilities. Cultural capability, based on Hall (2000), was applied to the organization as a whole and was defined as the incorporation of individual and group habits, attitudes, beliefs, and values presented in an organization. If an organization’s culture, for example, served as a driving force of providing quality products and services, that culture could be a key to the success of the organization. Functional capability, according to Hall (2000), was the ability to complete specific jobs associated with an organization. Such ability stemmed from the knowledge, skills and experiences of individuals in the organization and organization-related value chain like employers, suppliers, and advertising agents. In this study, competency-based intangible

resources were constitutively defined as collective attributes including knowledge, skills, and experiences that helped an agri-tourism business gain sustainable competitive advantage. Because the Delphi technique was employed to establish an understanding of intangible resources concerning the management of an agri-tourism business, the operational definition of competency-based intangibles was defined as a consensus identified a panel of experts through three iterations of the Delphi instrument.

The asset-based intangible resources consisted of positional and regulatory capabilities. Positional capability was a result of past decisions and actions that had built positive relationships with others. Business reputation was a salient example. Regulatory capability was defined as the possession of legal entities in an organization (Hall, 2000). Examples of regulatory capability included intellectual property rights, insurances, contracts, and trade secrets. In this study, asset-based intangible resources were constitutively defined as long-lived assets that were a result of past endeavors and the possession of legal entities at an agri-tourism business (Hall, 1993, 1994). Because the Delphi technique was employed to establish an understanding of intangible resources concerning the management of an agri-tourism business, the operational definition of asset-based intangibles was defined as a consensus identified a panel of experts through three iterations of the Delphi instrument.

### Results and Conclusions

A three round, modified Delphi was conducted via the mailed survey method. Thirteen well-known academics were invited to participate in this study. Data were collected from 12 subjects because one subject was dropped from the study. Consensus, in this study, was defined as the measure of stability that presented the marginal changes of less than or equal to .10 in two successive iterations and a mean score of agreement of 5.60 or higher. The coefficient of variation (standard deviation divided by the mean) was used to measure the stability of responses (Kalaian & Shah, 2006). A total of 35 statements reached consensus. Among these consensus-reached statements, 21 were competency-based intangibles and 14 were asset-based intangibles. Statements in Table 1 were identified as important intangible resources associated with the management of agri-tourism businesses.

Table 1

#### *Results of Competency-based and Asset-based Intangible Resources*

Statement	Mean	S.D.
<u>Competency-based</u>		
Provide quality services.	6.67	.49
Recognize the needs of customers.	6.67	.65
Innovate.	6.50	.90
Provide employee training related to customer services.	6.33	.65
Encourage teamwork among employees.	6.25	.62
Provide employee training related to technical skills.	6.25	.62
Set future growth.	6.25	.75
Regularly evaluate financial performance.	6.25	.75
Develop effective marketing strategies.	6.25	.87
Establish core values of the business.	6.25	.97
Regularly evaluate customer satisfaction.	6.17	.39

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Provide opportunities for employee growth.	6.17	.58
Provide quality products.	6.17	.72
Develop a positive work environment within the organization.	6.17	.94
Regularly evaluate employee job satisfaction.	6.08	.67
Motivate employees.	6.00	.74
Recruit capable employees.	6.00	1.13
Develop post-purchase services to customers.	5.92	1.08
Reward employees appropriately.	5.83	.58
Create ways for employees to provide feedback.	5.83	.72
Set short-term objectives.	5.67	.65

#### Asset-based

Establish customer trust.	6.92	.29
Establish positive business reputation.	6.67	.49
Comply with sanitation regulations.	6.50	.80
Secure proper operating licenses.	6.42	.67
Comply with customer safety regulations.	6.42	.79
Develop business trademark.	6.08	.90
Build supplier databases to facilitate business operation.	6.08	1.00
Build customer databases to understand who my customers are.	6.08	1.16
Build positive relationships with advertising agencies.	6.00	.85
Be aware of legal liability concerns related to agri-tourism.	6.00	.85
Build positive relationships with government agencies.	5.91	.79
Become involved in the community.	5.83	1.11
Build alliance with other agri-tourism businesses.	5.75	1.14
Upgrade technologies as required (e.g., computer software).	5.67	1.15

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Note. 1= Not Important At All; 4= Moderately Important; 7= Critically Important; N=12

Because prior study had not been conducted in the field of intangible resources associated with the management of agri-tourism businesses, no valid basis was attainable for establishing a *priori* criteria and formulating conclusion statements that were relevant to the relative importance of intangible resources. For interpretation and reporting, although it could be arbitrary, those statements receiving a mean score of 6.50 or higher were considered to have priorities for the sustainable management of agri-tourism businesses. Among the competency-based intangibles articulated by the panelists, providing quality services, recognizing the needs of customers, and innovating were considered to have top priorities for the sustainability of agri-tourism businesses. Among asset-based intangibles articulated by the panelists, establishing customer trust, establishing positive business reputation, and complying with sanitation regulations were considered to have top priorities for the sustainability of agri-tourism businesses. Strong consensus across the panel on both intangible resource sets indicated that agri-tourism businesses would require vigorous planning and consideration for the sustainability of such businesses. As noted by Wolfe and Holland (2002), “build it and they will come” successes were rarely practical in the agri-tourism industry.

### Educational Importance and Implications

Identifying important intangible resources regarding agri-tourism businesses was crucial for the understanding and betterment of such enterprises. Conducting this Delphi study allowed investigators to elicit selected panelists' opinions and, thereby, the results of this study could serve as baseline data for those who were interested in the development of agri-tourism businesses. Furthermore, in Taiwan, lack of knowledge, experiences, and skills in management and marketing, as well as insufficient information in terms of customer profiles and demands, were identified as being barriers for the development of agri-tourism businesses (Chang, 2003). Under such circumstances, providing learning opportunities and consulting channels for operators of agri-tourism businesses could be the key to further development. In this case, Extension professionals could act as a facilitator for all agri-tourism operators to identify problems and possible solutions. Alternatively, offering educational programs related to the management of agri-tourism businesses could be particularly beneficial to inexperienced farm operators. Hopefully, the results of this study could serve as a reference for Extension professionals to acknowledge the relative importance of assorted intangibles regarding the management of agri-tourism businesses and enable them to assess the educational needs and to organize effective programs for those who would be interested in the development and management of agri-tourism businesses.

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