Reputation as Part of Intangible Property, Intangible National Wealth and Intangible Heritage

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Abstract

The role of intangible values increases in the modern information society: knowledge, information, reputation and other intangible objects are capable to provide a competitive advantage of individual companies and states in general. The share of intangible capital in the structure of national wealth of the majority of developed countries increases. In our opinion, in the modern economic science there are no accurate criteria differentiating such categories as intangible heritage, intangible national wealth and intangible property that leads to the mix of concepts and complicates the definition of mechanisms which increase the intangible capital at the state level. One of the objectives of our research is differentiation of categories of intangible national wealth, intangible property, intangible heritage and identification of intangible objects, which they include. A large number of modern researches are devoted to the topic of reputation, scientists agree that this intangible resource has a great impact on competitiveness and efficiency of economic activity. However reputation isn't considered on a macrolevel, its influence on the activities of regions or country is not studied, questions of studying of the essence of reputation and factors influencing it at the macrolevel became the second problem of our research. The objective of this research is the study of reputation as a part of intangible wealth, heritage and property and identification of the factors which can be considered as a source of the increase in these intangible assets. Statement and proof of working hypotheses were carried out on the basis of methods of classification, analysis, synthesis, standardized analytical approach and analogy. As a result the reputation is considered to be the phenomenon with multiple aspects, which is subject to numerous factors such as actions and events in the region, social, economic, political and legal status of the region and etc. The analysis of reputation of the Republic of Tatarstan is carried out. It is defined that the improvement of reputation of the country and region increases the intangible national wealth, intangible property and intangible heritage.

Keywords: reputation, reputation capital, non-material property, information economy, gross regional product, labour market

1. Introduction

Intangible values in information economy are becoming the fundamental resource, providing competitive advantage of the worker in a labor market, a company or states. Reputation is considered as an intangible object which is an asset of the enterprise or as not identified object of intangible property. Questions of studying of reputation as an intangible resource were considered by Russian scientists such as Bykova Yu.A., Blanka H.A., Gorina C.B., Gryaznova A.G., Yershova E.A., Ivanova A.P., Kovalyov V. V., Ovchinnikova K. D., Sokolova Ya.V., Khrustalyova E.Yu. and also by foreign scientists such as Braly R., Bernstein JI.A. Daulinga G., Kolass B., Kotlera F. ,Mayers S., Shera I. F., Shmalenbakh E., Hirsch P.B., Swanson Z.L., Singer R., Downs A. (Fakhrutdinova et al, 2013) However, these scientists generally studied questions connected with reputation of a company:reputation assessment, management of reputation, the analysis of the reasons and the prerequisites influencing reputation. Reputation is not considered at macrolevel, as part of intangible heritage or national wealth. In the work we decided to consider reputation as a component of intangible property, national wealth and intangible heritage, and also to study the factors influencing reputation at macrolevel.

2. Intrinsic Characteristic of Intangible Heritage

Currently there are many interpretations of the term heritage. According to one of them the heritage is understood as a phenomenon of spiritual life, mode of life, lifestyle, inherited, perceived from former

generations, from predecessors (Fakhrutdinova, 2013). However, we consider that this treatment doesn't allow to consider a material component of heritage, for example, a work of art, architecture and etc., that narrows the heritage category. Often, on the contrary, the heritage is perceived solely as a set of material values from previous generations: heritage - objects of immovable property with the related works of painting, sculpture, arts and crafts, objects of science and equipment and other subjects of the material culture, resulted from the historical events, representing the value from the point of view of history, archeology, architecture, town planning, art, science and technology, esthetics, ethnology or anthropology, social culture and being the evidence of eras and civilizations, original sources of information on origin and cultural development (The federal law of 25.06.2002 N 73-FZ, 2013). The attention of modern researchers is concentrated on a consideration of objects of cultural and historical heritage that can lead to the fact that some of the objects which are not subject to the concept cultural and historical can be ignored for example reputation or natural objects. We believe that for the division of heritage according to the spheres of its application it is expedient to divide it on cultural and natural. Subdividing heritage on historical and cultural, we narrow the concept culture, using the classification of a natural and cultural heritage, we understand culture in a broad sense, i.e. culture – everything that men created and in fact is synonymous to a concept civilization. We think that it is necessary to understand heritage as a set of material and non-material objects which represent a certain cultural, historical or other interest for society. As a rule, speaking about heritage it is necessary to perceive it cumulatively, as we consider that the heritage is a general concept including a variety of forms of richness of the previous generations interacting with each other and forming a certain institutional environment. In general, we believe that it is possible to deduce the following classification of heritage.
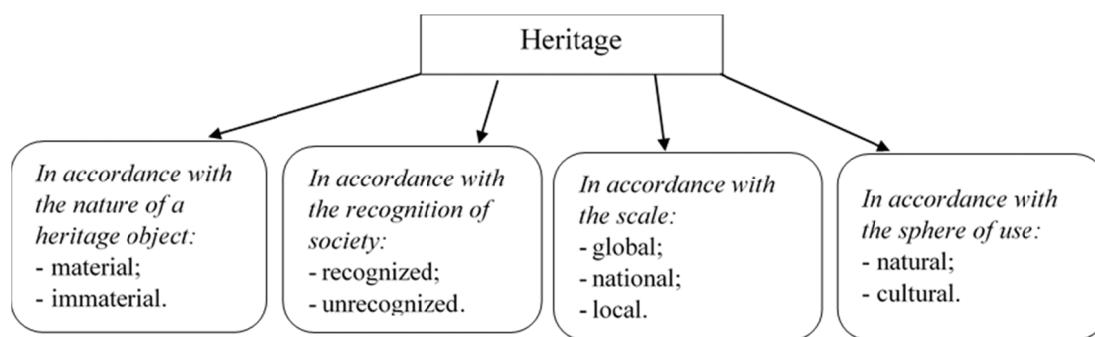

Figure 1. The classification of the term heritage according to the various grounds

Heritage can be divided into global, national and local in compliance with a scale of its importance for society. Very often for example works of artists became recognized after many years of their death (Van Gogh, Gauguin and others).   Ricardo explained this phenomenon by the fact that after the death of the artist a painting became a rare and non-reproducible resource (Fakhrutdinova, 2013). Thus, many cultural and natural objects become such thanks to the historicity of their origin (antiques), rarities (environmentally friendly natural reserves) therefore understanding of their value for society can come after a long time, that's why we consider it expedient to allocate recognized and unrecognized (potential) heritage of society.

Within our work, we would like to draw attention to the intangible cultural heritage of the state. In the recent years the role of intangible values in the society increases, appear such categories as information economy and economy of knowledge. Knowledge, information, reputation, technologies become competitive advantage of companies in the modern society. Reputation can be considered as one of the components of intangible heritage. Reputation of the state in the international organizations allows to influence socially important decisions. In the developed countries there has been a steady increase in the proportion of intangible assets, according to the experts in 2015 the ratio of intangible assets to material will be 95:5 (Fakhrutdinova et al, 2013). The category intangible heritage corresponds to such categories as intangible wealth and intangible property. The intangible national wealth is understood as knowledge, level of culture, traditions, national morale and etc.

Currently the knowledge and skills, which are accumulated by the population and are used in the manufacture account for 76% of the U.S. national wealth, while the share of physical capital is 19% and the share of natural capital - 5%. In the countries of Western Europe these indicators are 74%, 24% and 2% respectively (World Bank, 2012).

Table 1. National wealth of the world in the beginning of the XXI century (Miciolino, 2013).

Countries	National wealth		Including the types of capital		
	total trln.doll.	per capita thous.doll.	human	natural	reproducible
The world in total	550	90	365	90	95
Countries of the "Big seven" and the EU	275	360	215	10	50
OPEC countries	95	195	45	35	15
CIS countries	80	275	40	30	10
including					
Russia	60	400	30	24	6
Other countries	100	30	65	15	20

The share of intangible wealth in the structure of world wealth increases therefore questions of definition of the essence of intangible national wealth; its structure and estimates gain the increasing relevance.

3. Intrinsic Characteristic of Intangible Property

Intangible property of the state - the relationship between the owner and the society with regard to the object that has no tangible manifestations, but which has potential value for the society. Relations concerning the reputation of the state, the cumulative human and intellectual capital, the level of development of culture can be attributed to the intangible property of the state. According to the World bank and to the development program of the UN today natural resources and accumulated material benefits make only 20 and 16% respectively of the world national wealth, leaving a leading place to the human capital – 64% (World Bank, 2012).

Categories objects of intangible property, intangible heritage and national wealth have a number of intersections. Intangible property by itself is the relation concerning a non-material object therefore this category isn't homogenous national wealth and heritage, however objects concerning which these relations develop are related to the listed above categories.

Intangible national wealth includes patents, trademarks, licenses, copyrights, and a commercialized part of intangible capital. We believe that an important characteristic of national wealth is its measurability therefore objects of intangible wealth have to be realized in a service and be exposed to the account, or be commercialized in any other way.

Table 2. Intrinsic characteristic of categories objects of intangible property, intangible heritage and national wealth of the state

Criterion	Intangible heritage	Intangible national wealth	Objects of intangible property
Terms of creation	Created in the past	Created in the past and present	
Possibility of assessment and identification	Includes unrecognized intangible wealth	Identifiable, measurable	Includes unidentifiable objects of intangible property
The degree of commercialization	Includes commercialized and uncommercialized objects	fully commercialized	Includes commercialized and uncommercialized objects
Change of the value in time	Maintains or increases the value over time	The value of intangible objects can change in both directions: increase or decrease due to obsolescence. It can also stay the same.	

In our opinion intangible assets which do not generate revenue, but have only the potential value and which are not subject to the account shouldn't be included in the national wealth. Thus, we can make a comparative table for such categories as objects of intangible property, intangible national wealth and intangible heritage.

With regard to the intangible heritage the question of determining the time borders remains debatable. Intangible objects, which are created in the present, can't be classified as a heritage of the state; they are objects of intangible property or in case of possibility to identificate and to assess them – intangible national wealth. When determining intangible heritage the criterion of time is essential, because time determines whether the value of intangible object is preserved. This criterion, in our opinion, allows to differentiate precisely objects of intangible property and intangible heritage: those intangible objects which value doesn't change or increases over time can be considered as objects of intangible heritage. Thus, objects of intangible property, heritage and national wealth can move from one category to another, moreover some of the objects will simultaneously belong to all three categories, for example, recipes of bread, kvas or vodka can be commercialized and classified as national wealth, at the same time are an object of intangible property as recipes can earn and be a competitive advantage, due to the fact that they were invented a long time ago and are widely known for many years recipes can be also classified as intangible cultural heritage.

If reputation is considered at a macrolevel, it can act as an object of intangible heritage since reputation is formed during many years, and, we consider that the bigger is the scale of an object of reputation (personality, company, state), the longer is a period of time considered in the analysis of its reputation. Reputation is an intangible object which is created over time that corresponds to the characteristics of heritage. Absence of factors, which influence on a reputation for a long time negatively, affects reputation positively. The reputation also can act as an object of intangible national wealth as if firm sale were carried out at the price of the cost of its assets, this difference will be considered as reputation and will be commercialized (see tab. 2). At the same time reputation created in the company or in the region can't be commercialized, according to standards of the account, therefore in this case this fact allows to consider itself as an object of not identified intangible property.

4. Reputation in Information Society

In process of informatization of economy, knowledge, information, reputation, a positive brand form competitive advantage of the firm, the region, the country, both on micro-, and macro-level. The role of the human capital and knowledge increases in modern information society. There is such direction of researches as reputation management – the package of measures, directed on formation and maintenance of positive reputation of the company. However, nowadays in the Russian account there are difficulties of commercialization of the business reputation, which appear as a result of difficulties of its assessment. In structure of assets according to accounting norms only acquired reputation can be considered, but not a created reputation inside a company. The reputation is estimated as a difference between the cost of sale of a firm and cost of its assets (Miciolino, 2013).

$$GW = k * (\text{Market capitalization of the company}) - (\text{Corrected ChA}) \tag{1}$$

- Where GW – the cost of goodwill (reputation) and k – the coefficient considering an award for control. Reputation cost within this method is a difference between corrected on extent of capitalization control of the company and its corrected net assets.

Also there is one more rather widespread method of an assessment of the reputation, based on indicators of business activity. Within this method the cost of reputation is defined as follows:

$$GW = k * A \tag{2}$$

- Where GW – the cost of goodwill (reputation), A – an indicator of a business activity and k - multiplicator defined by means of the market analysis, which is typical for branch. Most often the indicator of gross revenue of the enterprise acts as an indicator of business activity (Fakhrutdinov, 2013).

In our opinion given methods of the reputation estimation rather simplified and also they don't allow to consider all variety of the factors, which influence on cost of the reputation, besides within these techniques the reputation is identified with concept goodwill (Hirsch, 2013). In our opinion, Goodwill includes the social capital and cost of trademarks.

5. Reputation and Company Brand

Annually Reputation Institute carries out an assessment of reputation of the world companies, and the Interbrand company, and also Forbs estimates world brands.

Table 3. Rating of the most expensive world brands according to Interbrand (Swanson, 2013)

Rating	Brand	Country	Sector	Cost of the brand ($ mln.)
1	Apple	USA	Technology	98,316
2	Google	USA	Technology	93,291
3	Coca-Cola	USA	Beverages	79,213
4	IBM	USA	Business Services	78,808
5	Microsoft	USA	Technology	59,546
6	GE	USA	Diversified	46,947
7	McDonald's	USA	Restaurants	41,992
8	Samsung	South Korea	Technology	39,610
9	Intel	USA	Technology	37,257
10	Toyota	Japan	Automotive	35,346

The rating of ten the most expensive brands at Interbrand and Forbes is almost identical, as for a ratio of a rating of Reputation Institute and Interbrand, there is a number of questions. The reputation of Google in 2013 is estimated at 77,15 million dollars, while a brand at 93,29 million dollars (Best Global Brands). If to understand a brand as a set of the trademark (logo) and reputation, it is possible to note that the logo of the company costs more than 16 million dollars. At the same time the reputation of Microsoft was 76,23 million dollars, and its brand according to Interbrand was cheaper and made 59,55 million dollars (Annual Reputation Leaders Survey Whitepaper, 2013). In this case there is a contradiction between the cost of a brand and reputation cost. In this regard it is necessary to compare volume of a concept of brand, reputation and to define structure of reputation of the company.
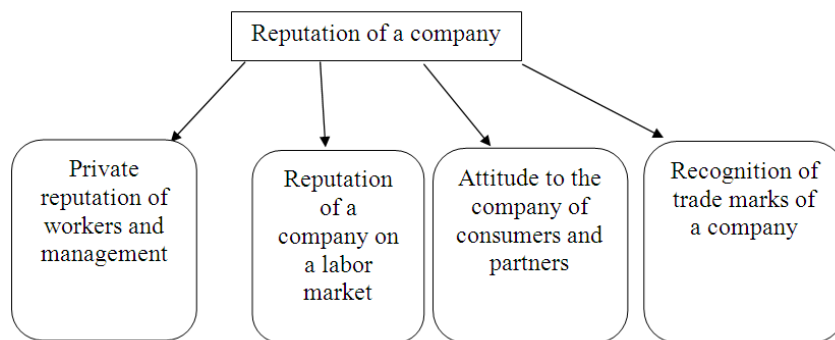

Figure 2. Structure of reputation of a company

We consider that the brand and reputation are certainly interconnected to objects of non-material property, however carrying out an assessment to a brand first of all they are guided by its recognition. The scandalous, negative reputation promotes recognition of a brand too, however it doesn't promote growth of commitment of buyers and partners. We consider that the reputation of the company consists of following components: personal reputation of workers and the management, recognition of trademarks of a company (popularity), an attitude to the company as to the employer, the partner and the producer of goods and services.

Reputation influence on region development, reputation capital of the Republic of Tatarstan.

To the most economically developed regions with positive reputation from a labour market point of view, labour inflow is carried out, in turn economic inefficient regions feel outflow of labour and as a result a staff deficit. The negative reputation of the region can lead to outflow of the population and as a result such processes as region "aging", however positive reputation can lead to mass inflow of migrants that also can negatively affect region development.

In the Republic of Tatarstan in 2013-2014 the staff deficit in construction, production and medicine was observed, also in regard with carrying out Universiade 2013 the increased demand for IT and bank experts is observed (Fakhrutdinova, 2013).

The reputation of the region is its non-material property, which is forming on the basis of actions, events occurring in the region, and also basic conditions (climate, location etc.) (fig. 2) (Fakhrutdinov, Kolesnikova, Kiselkina, & Khalikov, 2013).

The reputation of the region is a multidimensional phenomenon. The condition of a labour market, commodity market and services, science and culture level of development, recreational opportunities of the region, development rates of an economy have an impact on its formation and development. Influence of reputation of the region differs from reputation influence in the company. In the companies the positive reputation allows: to increase sales volumes, to form commitment of buyers and effective interaction with suppliers, to attract the best workers in the company. At the level of the region the reputation has an impact on: tourist streams, population shift, relationship with federal authorities.
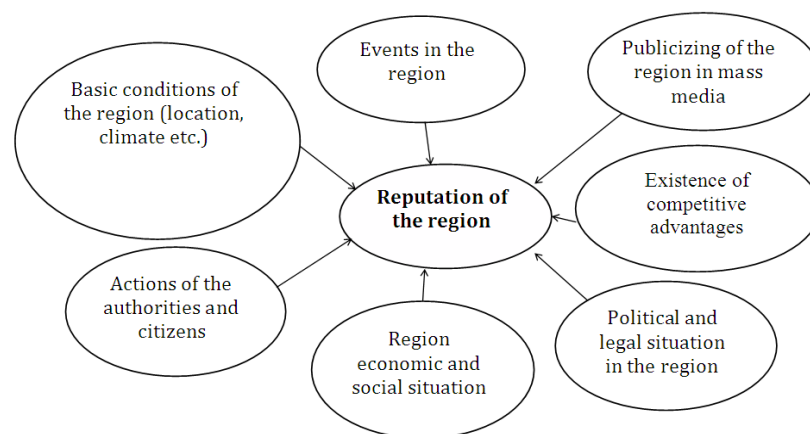
Figure 3. Factors, which have an impact on reputation of the region

The reputation capital of the company – object of the non-material property, allowing to increase the material cost of the company and entering its market cost (Miciolino, 2013).

In our opinion, the reputation capital of the region – object of non-material property of the region, providing to it the competitive advantage which hasn't been connected directly with material objects of property of the region

For example, St. Petersburg has the status of the cultural capital of Russia, Sochi always had competitive advantage thanks to the climatic conditions, and with preparation for the Olympic Games 2014 also differs with the increased rates of economic development that attracts labor of various qualification level to this region.

The reputation is non-material property of the company and the region as a whole. The reputation of the region is formed cumulatively – i.e. it consists of reputations of the separate enterprises and the organizations existing in the region (Van Meng, 2011). Also the reputation develops on separate branches, can concentrate in one branch and cannot be shown in others.

We will consider more deeply the factors, which have an impact on the reputation of the Republic of Tatarstan.

1. Basic conditions of development of the region.

Often strong remoteness of the region or severe climatic conditions negatively affect its reputation. Similar areas have a staff shortage, in a consequence of that they are compelled to apply raising coefficients at calculation of salaries to motivate arrival of qualified personnel to the region (Gross regional product). Basic conditions of Tatarstan can be characterized as neutral as they don't make negative impacts on reputation, but also don't allow to use an additional exclusive rent, as for example to Krasnodar region, Moscow, St. Petersburg.

2. Region economic and social situation.

The indicator generalizing economic development of the region is GRP indicator (gross is regional product). On the GRP level in 2011, Tatarstan is included in ten leading regions (table 4) and takes the sixth place.

Table 4. Distribution of regions on the GRP level (Safiullin, 2012)

Million rubles

Rank 2011	Region	GRP 2011	GRP 2010	GRP 2009	GRP 2008	GRP 2007
1	Moscow	10021556.8	8375863.8	7126972.4	8248652.0	6696259.1
2	Tyumen region	4091590.0	3301573.3	2870284.0	3121401.3	2758813.1
3	Khanty-Mansi Autonomous area	2434202.0	1971870.5	1778637.1	1937159.1	1728340.2
4	Moscow region	2243264.0	1832867.3	1519446.3	1645753.0	1295649.9
5	Saint-Petersburg	2071756.9	1699486.4	1475805.3	1431839.6	1119660.3
6	Tatarstan	1275531.5	1001622.8	885064.0	926056.7	757401.4
7	Sverdlovsk region	1265683.3	1046600.1	825267.4	923550.8	820792.5
8	Krasnodar region	1229738.1	1028308.4	861603.3	803834.1	648211.3
9	Krasnoyarsk region	1188778.1	1055525.0	749194.8	737950.5	734154.8
10	Yamalo-Nenets Autonomous Area	962144.9	782214.9	649640.0	719397.0	594678.6

This fact testifies about high economic reputation of the region and high financial appeal (Safiullin, 2012). We consider that the weight of social and economic parameter has considerable impact on the general reputation of the region as a whole. Increasing rates of economic growth lead to involvement of all resources in economic activity, including the labor. Finally remaining growth rates of the region economy lead to deficiency of a manpower that does the region attractive to migrants. Tatarstan keeps the place on the GRP level since 2007 (tab. 4).

3. Political and legal situation in the region.

The unstable political situation in the region, high level of a criminogenic situation does not only negatively affect quality of life of the region population, but also reduces the reputation capital of the region. This aspect, for example, is defining in the republics of the North Caucasus (possessing favorable agroclimatic conditions, it isn't possible to develop recreational resources and to attract tourist streams). The situation in the Republic of Tatarstan can be characterized as stable. The political and legal factor seldom can affect considerably a reputation gain, but in too time the negative situation in the region can level positive influence of other factors.

4. Existence of competitive advantages of the region.

Favorably the reputation is influenced by presence in the region of the recognizable and widely known brands associating with the region: Tula gingerbread, Pavloposadsky scarf, etc. The reputation of the Republic of Tatarstan is influenced by the enterprises of the petrochemical and machine-building complex, the developed system of the higher education and medicine. Tatarstan accepts annually large number of students from the next subjects of federation: Republic of Bashkortostan, Chuvashia, Mari El, Udmurtia, Ulyanovsk region.

5. Actions and events in the region.

Traditionally as events we understand the phenomena, which are occurring in the region, and not depending on conscious will of the management and the population (hurricane). To actions, on the contrary, we carry the phenomena connected with conscious activity of the person. In the republic it is possible to carry to the most significant actions and events the Millennium Kazan and Yelabuga, Universiade 2013, the FIFA World Cup 2018 and many other public, cultural and sport events. These actions form favorable perception of the republic for the population and positively affect reputation, as well as adverse events (acts of terrorism, floods etc.) can do harm on reputation of the region.

6. Publicizing of the region in mass media.

In the conditions of the modern economy information plays very important role in formation and development of reputation of regions. Depending on publicizing in mass media of every above-mentioned factors, its influence on reputation of the region can amplify or weaken. Between being made events and changes of the region reputation, there is a certain log of time, which is equal to an interval between an event and its publisizing in mass media. This factor of influence on reputation can't be underestimated or missed.

6. Conclusion

Thus, as a whole the reputation capital of the Republic of Tatarstan can be estimated positively, also there is a reserve for its increase and building in connection with positive rates of the social and economic development, the preparing sports events attracting increase in messages in mass media about the region, the called factors in our opinion have an impact on formation of reputation of the region.

Reputation was considered as a macroeconomic phenomenon having an impact on migratory processes, labour market, investments, tourism and etc. Reputation is an intangible object, which can be at the same time considered as an object of intangible property (as the positive reputation allows to increase competitive advantages in comparison with other countries and regions), as an object of intangible heritage (the reputation is created for many years), as intangible national wealth (the reputation is a subject to an assessment). The positive reputation is a competitive advantage not only for firms, but also for regions. Improvement and formation of reputation influences the increase in intangible property, national wealth and finally heritage.

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