

Turība University
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SYNOPSIS OF THE DOCTORAL THESIS

**Tourism company management in the context of end
consumer cultural differences**

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Business Administration (Dr. oec)**

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The Doctoral Thesis and its Synopsis is accessible for public review at the library of Turība University in Riga, Graudu Street 68.

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Annotation

Doctoral Thesis “Tourism company management in the context of end consumer cultural differences” has been elaborated with an aim to develop international tourism organization management model, according to end consumers’ cultural differences and to describe their place in organizations’ operation. It analyses the importance of end consumer’s cultural differences in the context of management specifics of tourism, as a service industry organization.

First two theoretical chapters are dedicated to the scientific literature review on contemporary service industry management issues and in particular management of tourism organizations, including defining tourism product, understanding of business model and its implementation opportunities, as well culture and its differences in the context of tourism organization management, analysing core approaches in the contemporary research. Third chapter is dedicated to justification of used research methods during several research stages. While fourth, empirical part, consists of author’s performed three stage research, consisting of quantitative end consumer survey, tourism industry professional’s survey and approbation of elaborated model using focus group interview. To analyse primary data correlation analysis and cluster analysis has been done. Hofstede cultural dimension scores and A. Ostervalder’s and Y. Pigneur’s business model canvas have been used as secondary data.

Author’s elaborated model describes core principles of tourism organization management, including definition of end consumer cultural differences as specific knowledge to be used rising organization’s value proposal. Knowledge has been identified as intangible asset on which are dependant all organization management principles. Besides, based on specific knowledge on end consumer, has been developed cultural differences awareness based approach to client segmentation and channels, which is displayed in the model. Apart of that, it describes system how each individual service product provider stimulates improvement of tourism organization product, corresponding to the needs of an end consumer. Thus, the model comprehensively describes tourism organization management system. Finally, the importance of destination in the management context has been defined.

Doctoral Thesis consists of 227 pages, with 49 pictures and 32 tables. List of literature consist of 317 sources and it has 13 appendixes. Synopsis of the Doctoral Thesis consists of 60 pages, supplemented with 2 pictures and 8 tables. List of literature and sources consist of 159 items.

Keywords: tourism organization management, business model, cultural differences, tourism product, value proposition, destination

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Abbreviations

IDV	G.Hofstede cultural dimension “individualism-collectivism”
LTO	G.Hofstede cultural dimension “long term orientation”
MAS	G.Hofstede cultural dimension “masculinity”
PDI	G.Hofstedes cultural dimension “power distance”
TAVA	Tourism State Development Agency of the Republic of Latvia
UAI	G.Hofstedes cultural dimension “uncertainty avoidance”
UN	United Nations Organization
UNWTO	United Nations World Tourism Organization

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Introduction

Several past decades in the context of international tourism can be described by fast increase of international tourist arrivals, emergence of new tourist destinations, development of existing destinations, development of new tourism products and diversification of tourism transactions. These changes include overall development of tourism entrepreneurship, including emergence of small and medium size tourism companies around the world. In its turn, tourism research is characterized by universalism – can be explored tourism geography, consumers and the behavioural sociology change, tourism economic impact, tourism entrepreneurship, tourism company management and several further aspects. Different tourism research directions are united by topicalities of the industry – changes related to the number of international tourist arrivals and related opportunities and threats, caused by these changes, as well as business environment changes, under circumstances of the changing organization management understanding.

In spite of the fact that tourism industry related research is gaining popularity, most often tourism research concentrates on such topics as destination development, including environmental and sustainability issues (Liu, 2003; Ozzay, 2003; Page, 2007 et.al.), tourism planning (Collier, Dollar, 2001; Cohen, 2008; Freijers, 2011; Hall, Lew, 2009; Hall, Coles, 2008; et.al.), service industry and tourism place marketing (Gruning, Morschett, 2012; Freijers, 2011; Kotler 1984; Page, 2007; Pearce, Filep, Ross, 2011; et.al). Comparably less attention is dedicated to the understanding of tourism product (Scherle, Coles, 2008; Smith, 1994; et.al.), service quality in tourism and tourist satisfaction (Cronin, Brady, Hult, 2000; Foster, 2009; Giese, Cote, 2000, Huang, Chiu, Kuo, 2006; Kobylanski, 2012; et.al.). Management science dedicates even less attention to tourism entrepreneurship and most often management research in tourism entrepreneurship explores such issues as, for example, hotel operations management (Page, 2007; Old, Jones, 2006; et.al.), sustainable development or only peculiarities of specific service providers (Goeldner, Ritchie, 2008). Generally, tourism entrepreneurship is explored within the frame of globalization and service or high intangible asset organization operation context (Reid, 2003; Reid, 2014; Scholte, 2008; et.al.). Management of travel agencies and tourism operators (or tourism companies) has been little researched and usually those are contextual researches, where tourism company management is examined as one of the examples, describing service company management. (Nageshwar, Das, 2002). Taking into consideration comparably little period of time, within which industry has experienced fast growth, lack of tourism entrepreneurship research is natural and this situation provides wide opportunities in tourism industry research.

Management science examines tourism companies as one of the service industry companies, exploring the management specifics. Similarly to other service industry companies, tourism company management is associated to general change of the understanding of the essence of management, management and manager functions. Paradigm change from tangible to intangible asset organizations has secured ground for development of new type of organizations, where main differences are embedded in different understanding about resources. Transition from tangible asset production organizations towards service organizations is among main processes which have significantly influenced the development of management as a science.

Taking into consideration the understanding definition of organization and understanding of the definition of organization in entrepreneurship also tourism industry companies can be defined as tourism organizations. However, according to the Chapter III “Tourism services” of the tourism law of the Republic of Latvia it is said that tourism services can be provided by holders of the right which aims to provide independent or complex tourism services to tourists, without any doubt, analyses organizations providing activities related to tourism entrepreneurship. Also scientific literature, exploring tourism entrepreneurship, refers to tourism enterprises or tourism companies. (Hall, Coles, 2008; Halloway, 2006; Keller, 2000; Page, 2007; et.al.), as tourism organizations, most often, are understood as non-profit organizations which

aim to support tourism development (Pearce, 2003:587-588), as well as different professional organizations and associations. Also in Latvia, previously Tourism State Development Agency (TAVA), presently department of tourism of Latvia Investment and Development Agency, definition of tourism organization understands as either non-governmental or professional tourism organizations (Tourism State development agency). Such use of the definition is provided also by *Tourism and Hospitality Explanatory Dictionary*, specifying tourism company definition, indicating, that it is understood as „a body of unified tangible and intangible elements with a purpose to perform commercial activities in tourism industry. Tourism companies are hotels, restaurants, motels, travel offices, agencies, etc.” (Tūrisma un Viesmīlības Terminu Vārdnīca, 2008: 297). This consideration of terminology is confirmed also by W. Freyer, indicating that “all companies, which create with only travelling and tourism related services, are considered as tourism company” (Freijers, 2011: 32). Therefore, analysing scientific literature which is dedicated to activities of contemporary organizations, author refers to organizations, while analysing tourism industry organizations, uses term *tourism companies*.

International tourism entrepreneurship is a complex subject. According to the definition of the international tourism, international tourism consist of tourists which cross state border and spends in the destination at least one overnight (Bardolet, 2003: 323-324), while tourist activities are organized by tourism operators and tourism whole sellers (Evans, 2003: 584-585). However, the understanding of globalization and international entrepreneurship (Daniels, Radebaugh, Sullivan, 2013) foresees that tourism, same as other companies develop their international activities, offering their services in different countries. Therefore researching international tourism within the frame of management science, international tourism entrepreneurship can be analysed both in the context of international tourists, as well as in the context of international entrepreneurship. International entrepreneurship is described also by further aspects of the management science, such as high intangible asset organization management, management of service industry companies and specific aspects exploring tourism company management. Among them should be mentioned the importance of globalization processes, end consumer cultural differences, the understanding of tourism destination and tourism product. To analyse the management of tourism companies, author sequentially analyses these aspects.

High intangible asset organizations have been explored by such authors as P. Drucker (Drucker, 1985; 1988; 1992), T. Stewart (Stewart, 1997), J. Quinn (Quinn, 1992), M. Belbin (Belbin, 2009), T. Davenport and V. Grover (Davenport, Grover, 2001), K. Dalkir (Dalkir, 2011), K.Meyer, B.Skaggs, M. Youndt (Meyer, Skaggs, Youndt, 2014) and other works. To describe the management of contemporary organization usually it is compared to the management of traditional, production based, organizations. G. Graham (Graham 1959), T. Stewart, (Stewart, 1997), A. Brooking (Brooking, 1996) and other the main difference point out the importance of employees in the organization, their knowledge and skills. Knowledge economy and acquiring of new knowledge best describe the frame of the management of such organizations. P. Senge contemporary organizations describe – the context of learning or continuous acquiring of new knowledge. Therefore, the paradigm change of the management of contemporary organizations is described by transformed understanding of resources and defining of the intellectual capital.

Last decades which embed intensification of globalization processes has risen interest about the development of international tourism. The impact of globalization to the development of international tourism has been analysed by different authors. D. Buhalis and J. Chung (Buhalis, Chung, 2009), as well D. Buhalis un V. Migetti (Buhalis, Mighetti, 2010), prioritizes the impact of technological development to the tourism industry, N. Salazar (Salazar, 2005; 2010) and M. Hall un T. Coles (Hall, Coles, 2008), analysing development of tourism product and its importance in tourism entrepreneurship, J. Hooker (Hooker, 2008), analysing tourism, as social phenomenon, J.Daniels, L. Radebaugh, D.Sullivan (Daniels, Radebaugh, Sullivan, 2013), researching tourism in the context of international entrepreneurship and others. As the outcome of globalization impact, tourism industry companies in order to understand end consumer

changes explore cultural differences in order to adapt to tourist behaviour, understand demand and maintain their satisfaction.)

Frequently the understanding of cultural differences and intercultural communication competences is considered as the intangible asset of the tourism companies and skills to acquire and implement it supports organizations' international operation success. Intangible asset (Adams, 2008; Adams, Oleksak, 2010; Hill, 1999; Kaplan, Norton, 2004; 2004; et.al.) concept can be often found, when describing contemporary organization and the specifics of its activities. For companies representing different industries they can differ, however, it is concluded that skills to manage them is considerable premise in contemporary organization activities and is among unifying element of the organization management. In the scientific literature high intangible asset organization management is analysed using business models (Bertels, Koen, Elsum, 2015; Chaterjee, 2013; Ching, Fauvel, 2013; Euchner, Gagluy, 2014; Kraaijenbrink, 2015; et.al), proposing new approach explaining what are the main principles of company's activities. Even definition of business model is comparably new in the management science, exactly the management of high intangible asset organizations can be analysed using management models – assumptions about management of particular industry company.

Tourism destination is one of the core stone of for tourism company management. The interaction between tourism destinations and tourism company management has been little researched, especially in the context of tourism product. Based on M.Hall tourism destination research in the context of tourism product (Hall, Lew, 2009) it can be concluded that multi-destination researches are completely new research direction which disclose wide opportunities to analyse the importance of different culture interaction in tourism product consumer satisfaction and tourism company management, in the discourse of management functions. In the meantime, multi-destination product definition discloses contemporary travel habits.

The following **hypothesis** has been put forward for the purposes of the Doctoral Thesis:

The study of the cultural differences of end-consumers is formed by structural knowledge, for which, when they become a non-material asset of a company, an organisation creates and supplies value to the users of the product and improves its competitiveness, while utilising the perfected value proposition, in order to:

- a) introduce client segmentation and development of successive corresponding product as an offer of tourism company value;
- b) develop structural capital with both: suppliers needed for product development and clients of a company;
- c) an improved client, supplier and end-consumer communication effectiveness;

To create a system where implementation of cooperation and partnership can utilise a tourism company management model.

The **goal** of the research is to develop and approbate a model of international tourism company management, which would be adapted to end-consumer cultural differences.

For the purposes of achieving the goal of the Thesis, the author established the following **tasks**:

- 1) To study scientific literature on the peculiarities of operation of contemporary organisations, characterising an organisation holding a high proportion of non-material assets and management of service sector organisations and opportunities for utilisation of business models in company management in the context of globalisation and related processes.
- 2) To characterise tourism company products in the context of end-consumer satisfaction and quality assessment of services by examining cultural differences, an approach to their systematisation and utilisation opportunity assessment.
- 3) To assess the necessity and opportunities for a management model improvement of an international tourism company in line with the topical tendencies in the industry.
- 4) To develop a model of international tourism company management, incorporating the conclusions of the study on end-consumer cultural differences, by applying them to the

processes characterising company operations and by performing their approbation, as well as to describe opportunities for practical application of the model.

The **object of the research** is management of an international tourism company.

The **subject of the research** is a model of international tourism company management in the context of end-consumer cultural differences.

For the purposes of defending the Doctoral Thesis, the following **theses** have been put forward:

- 1) Management of international tourism companies is determined by both - the non-material nature of the services, which in tourism companies is articulated as a product formed by individual service products and tourism destinations, and the specifics of managing an organisation with a high proportion of non-material assets, dependant on the capacity of an organisation of utilising knowledge as a resource.
- 2) The value proposition of international tourism companies lies in their knowledge and skills in developing and supplying a product in compliance with end-consumer needs, ensuring the capacity of separate service product suppliers to respond to the demands of a tourism company, sharing its knowledge and interacting with a tourism destination.
- 3) By studying the impact of end-consumer cultural differences on satisfaction assessment of a tourism company product, the tourism company acquires knowledge, which becomes its non-material asset and can be utilised for the following purposes: implementing of organisational and planning management functions, developing a tourism company product, improving its value proposition and carrying out its client communications related to company product sales.
- 4) Tourism company partnerships are developing, thus improving non-material assets of a company, which are formed by studying its end-consumers and their cultural differences, as well as by implementing successful communication with all parties engaged in developing, delivery and sales of a tourism company product, including a tourism destination where the tourism company product is consumed.
- 5) Knowledge of end-consumer cultural differences in the assessment of satisfaction with a tourism company product proves valuable when developing competitive advantage of a tourism company and can be utilised while working out a tourism company management model.

Research limitations. Range and content of the research determines several research limitations.

Firstly, it is the complex character of the culture idea, researching cultural differences and their importance in management. Cultural differences are systematic research based culture value system and its application for specific, also management based research questions, requires sufficiently wide and different culture representative samples. Such researches are based on comparison of different samples, providing opportunities to use research results. Research results have been acquired researching 12 different country end consumer cultural differences in multi-destination product end consumer satisfaction research. In the context of this research author analyses cultural differences describing end consumers only in the context of tourism company product. In the context of particular research has not been explored end consumer behaviour and have not been explained causes of end consumer behaviour in the context of cultural differences. Research volume does not allow analysing separate cultures of tourist and their specifics in product assessment and results cannot be addressed to all tourists originating from countries which have been included in the research.

Secondly, research framework does not allow to explore completely included business model block on financial flow changes, including perform cost structure analysis, using developed business model. During the approbation of the model in the focus group discussion with tourism industry professionals it was concluded that segmentation based on cultural differences can be as compensating mechanism for costs, however, to justify such hypothesis a separate research is required which cannot be included in the particular research due to its

content and volume. These blocks are included in authors' developed business model as assumptions.

Thirdly, intellectual capital and related regularities which are described in author's developed business model are originating from the context of the research, however, in the context of particular research emergence of intellectual capital and intellectual capital management process has not been analysed. Author concludes, that intellectual capital can be integrated in the model based on acquired conclusions about end consumer cultural differences as specific knowledge which company acquires and uses in cooperation with its clients and suppliers.

Fourthly, developed model does not propose development of exact marketing strategy using proposed client segmentation approach. However, research results are sufficient to be used in further marketing research.

Fifthly, aspect of security has not been analysed. Even security can be explored in the context of author's research; inclusion of security issue can be included following wider research on service quality maintenance, including security as one of the quality management system aspects. In order to include security notion it is required to continue research, analysing the understanding of security of different service providers and assessing its impact on end consumer satisfaction.

Research period is from 2010 to 2015. Already in the summer season of 2010 author performed pilot research and results demonstrated the presence of cultural differences in tourism service product assessment. Based on identified shortcomings, determined by complex character of cultural differences research, used questionnaires were improved and empirical research was carried out during summer seasons from 2011 to 2014, performing end consumer survey. In order to provide sufficient representability, research was performed during four summer seasons. End consumer survey was performed in 6 tourism destinations (Vilnius, Riga, Tallinn, Helsinki, Saint. Petersburg and Moscow) which were visited by end consumers during multi-destination trip. Thus, acquired results disclose end consumer differences for service product in Latvia and they can be addressed to Latvian tourism companies, as well to other tourism companies. In 2015 author carried out tourism industry representative survey which was performed after competition of end consumer survey and based on acquired conclusions about cultural differences of end consumers. During this survey respondents were questioned on theoretical conclusions based on scientific literature analysis and on authors' performed end consumer cultural differences research results.

Quantitative research was followed by qualitative research – focus group discussion where the elaborated model of international tourism company management was approbated, referring to end consumer survey and tourism industry representative survey conclusions. Focus group discussion was organized in November 2015.

Research methods. Doctoral Thesis theoretical part has been elaborated based on performed scientific literature review. Empirical research consist of quantitative and qualitative research methods. Primary data has been gathered using end consumer survey and tourism industry representative survey. Quantitative data has been processed using mathematical statistics methods including descriptive statistics, correlation analysis and cluster analysis. As secondary data have been used G. Hofstede cultural dimension scores to perform correlation analysis and to develop a business model A.Oservalder's and Y. Pigneur's business model canvas. Approbation of author's developed business model has been effected using focus group discussion. Use of research methods and argumentation is provided in the third chapter of the Doctoral Thesis.

Theoretical and methodological reasons are structured using exploring knowledge and its importance in "new", high intangible asset organization activities and the notion of intellectual capital using such author as P. Drucker (Drucker, 1967, 1985, 1992), I. Nonaka (Nonaka, 1991), P. Senge (Senge, 2006), works, characterizing tourism as service industry, its activities and impact factors M. Hall (Hall, 2008, 2009), N. Salazar (Salazar 2005, 2010), D.

Buhalis (Buhalis, 2009, 2010) works, while researching cultural differences and cultural differences systematization models and approaches in cultural differences research - G. Hofstede (Hofstede, 1980, 1989, 2011), I. Reisinger (Reisinger, 2009), M. Minkov (Minkov, 2011, 2012) works. To analyse present ongoing processes of the international tourism business environment have been used topical UN World Tourism Organization publication data. In the theoretical chapters mostly have been used scientific publications related to research subject in various international journals.

In the research context scientific literature on difference aspects of research, definitions and research methods has been analysed and systemized, including:

- Organization management and management changes (Adams, 2008; Brunsson, 2008; Certo, 2003; Daniels, Radebaugh, Sullivan, 2013; Drucker, 1967, 1985, 1992; Fells, 2000; Griffin, 1990; Mead, Andrews, 2011; Mintzberg, 2009; Parker, Levis, 1995; Pugh, Hickson, 2007; et.al.).
- Intellectual capital and high intangible asset organization management (Adams, Oleksak, 2010; Barney, 1991; Bontis, 2000; Dalkir, 2011; Davenport, 2001; Drucker, 1967; Grant, 1996; Griffin, 1990; Meyer, Skaggs, Youndt, 2014; Penrose, 1952; Stewart, 1999; et.al.).
- Business model notion (Chatterjee, 2013; Kaplan, Norton, 2004; Kraaijenbrink, 2015; Osterwalder, Pigneur, Tucci, 2005; Shi, Manning, 2009; et.al.).
- The management specifics of a tourism company in considering aspects of service industry (Drucker, 2003; Gruning, 2012; Hall, 2009; Hall, Coles, 2008; Halloway, 2006; Hill, 1999; Nazila, More, 2012; et.al.).
- Globalization and its impact on international tourism business environment and international tourism company activities (Amoroso, Andreeva, 2002; Daniels, Radebaugh, Sullivan, 2013; Davidson, 1993; Dunning, 2014; Ferry, Santos, 2009; Ghiurco, 2014; Harvey, 2005; Liu, 2003; Reid, 2014; Ritzer, 2004; Salazar, 2005, 2010; et.al.).
- Culture and its differences (Douglas, 1996; Frey, 1997; Gesteland, 2012; Gudykunst, 2003; Hofstede, 1980, 1989, 2011; Hooker, 2008; Hoppe, 2004; Hoult, 1969; Kluckhohn, 1952; Reisinger, 2009; et al.).
- Research methods (Bader, Rossi, 1998; Langford, McDonagh, 2003; Nykiel, 2009; Sekaran, 2011; Veal, 2007, 2011; et.al.)

Novelty of the Study:

- A model of international tourism company management has been worked out, which identifies end-consumer culture and its differences as knowledge important to the management of a company creating its value added offer.
- Cultural differences of end-consumers and their impact on satisfaction with a product of a tourism company have been studied, offering opportunities for client segmentation based on their cultural differences.
- The specifics of tourism company management have been analysed, identifying the main tasks of managing an organisation and by-factors affecting management, particularly, tourism products and destinations.
- A model, reflecting the place of providers of separate services and human resources in the development of a tourism company product, has been worked out.
- Tourism company product satisfaction assessment of multi-destination tourism products has been scrutinised and conclusions have been drawn, which can be utilised in developing tourism company products.
- Analysis of cultural dimension correlations and end-consumer satisfaction cluster analysis have been performed, characterising opportunities for end-consumer segmentation.
- Proposals to supplement "*Tourism and Hospitality Explanatory Dictionary*" with definitions of a *multi-destination trip* and *international tourism company* have been developed as part of the research. The author defines a multi-destination trip as the furthest and the most

important places of a single tour, while international tourism company as an aggregate of material and non-material elements targeted at conducting business in two or more countries.

The Practical importance of the Doctoral Thesis - in the Thesis the coherence of assessment of tourism services products in the context of cultural differences has been researched in Latvia for the first time. Since the research involves several destinations, its results are usable beyond the operations of Latvian tourism companies. The results obtained provide a notion on the importance of cultural differences for tourism industry companies, tour guides and group leaders in their operations and in communication of their staff with tourists and cooperation partners. They are also applicable for market segmentation purposes, based on the data of consumer satisfaction survey, taking into account cultural differences. In accordance with the research results and the identified role of cultural differences in consumer satisfaction with a multi-destination product, a tourism company management model has been developed. This model is applicable in practical terms, explaining the key principles of tourism company operations as well as the role of separate service providers in developing their value proposition. The universal nature of the model makes it possible to use its separate modules, while studying particular company-specific processes.

Doctoral Thesis structure is composed by four chapters, where first and second chapter is dedicated to analysis of scientific literature about company management, the understanding of culture and cultural differences, in the third chapter research methodology is explained and fourth chapter summarizes author's performed empirical research results and is provided author's developed business model essence.

Research **results have been approbated** presenting them at international scientific conferences, practical tourism industry conferences and published scientific articles, also, developed model approbated at focus group discussion with tourism industry representatives.

Doctoral Thesis results have been presented at 14 international scientific conferences in Latvia, Bulgaria, Greece, Ireland and Ukraine:

- 1) International Association of Cultural and Digital Tourism, "3rd International Conference: Tourism, Economy and Heritage in a Smart Economy", paper: "Perception of Tourism Operators in Contemporary Business Environment", 2016, May 19th – 21st, Athens, Greece.
- 2) Turība University XVI International Scientific Conference "Towards Smart, Sustainable and Inclusive Europe: Challenges for Future Development", paper: "Krievijas tūristu ceļošanas paradumi Latvijā" (Russian tourist travelling habits in Latvia), 2015, May 29th, Riga, Latvia
- 3) International scientific-practical conference "Tourism: Realities and perspectives of stable development", KNUTE, paper "Use of Hofstede Dimensions in Multi-Cultural Tourism Product Quality Evaluation", 2014, October 22nd – 23rd, Kiev, Ukraine.
- 4) Turība University "XV International Scientific Conference: 10 Years in the European Union", paper Ethics codes and management: Latvian tourism practitioner's perception, 2014, May 29th, Riga, Latvia.
- 5) The 56th International Scientific Conference of Daugavpils University, paper: "Ārvalstu tūristu gidu darba novērtējuma atšķirības un to nozīme starptautiska tūrisma uzņēmuma vadīšanā" ("Foreign tourist guide performance assesment and its importance in the management of international tourism enterprise"), 2014 April 9th – 11th, Daugavpils, Latvia.
- 6) New Challenges of Economic and Business Development – 2013, University of Latvia International Scientific Conference, paper "Intercultural Communication in Tourism Product Distribution", 2013, May 9th – 11th, Riga, Latvia.
- 7) Travel and Tourism Research Association, European Conference "New Directions: Travel and Tourism at the Crossroads", paper 'Importance of Cultural differences in organized group city sightseeing tour: Riga case', 2013, April 17th – 19th, Dublin, Ireland.

- 8) Riga Technical University 53rd International Scientific Conference Dedicated to the 150th Anniversary and The 1st Congress of World Engineers and Riga Polytechnical Institute / RTU Alumni, paper "Knowledge and culture in tourism organization management", 2012, October, 11th – 12th, Riga, Latvia.
- 9) 2nd Advances in Hospitality and Tourism Marketing & Management Conference by Alexander Technological Institute of Thessaloniki, Democritus University of Thrace, Washington State University, University of Aegean, paper "Tourism Product in Transforming International Tourism Business Environment and Management", 2012, May 31st – June 3rd, Corfu, Greece.
- 10) Liepājas Universitātes 15. starptautiskā zinātniskā konference Sabiedrība un kultūra (Liepāja University 15th international scientific conference): Mainīgais un nemainīgais cikliskumā, paper "Drošumspējas izpratne un uzņēmējdarbības nozīme tās īstenošanā" ("Understanding of resilience and the importance of entrepreneurship in its implementation), 2012, May 17th – 18th, Liepāja, Latvia.
- 11) The 54th International Scientific Conference of Daugavpils University, paper: "Kultūras atšķirību nozīme starptautiska tūrisma uzņēmuma vadīšanā" ("The importance of cultural differences in the management of international tourism enterprise"), 2012, April 18th – 20th, Daugavpils, Latvia.
- 12) School of Business Administration Turība International Scientific Conference "New Values of Tourism and Community Development", paper: "Jaunie tirgi, iespējas un produkti tūrismā" ("New markets, opportunities and tourism products"), 2011, June 3rd, Riga, Latvia.
- 13) Current Issues in Management of Business and Society Development – 2011, University of Latvia International Scientific Conference, paper: "Impact of Globalization on International Tourism Business Environment", 2011, May 5th – 7th, Riga, Latvia.
- 14) 2nd International Conference for PhD candidates "Economics, Management and Tourism" by South-West University "Neofit Rilski" – Blagoevgrad Faculty of Economics Tourism Department, paper, "New Dimensions of Interaction Between International Tourism Business Environment and Intercultural Communication", 2011, May 6th – 8th, Duni, Bulgaria.
- 15) 53. Starptautiskā zinātniskā konference (53rd International scientific conference) "Organization and Management Processes in Contemporary Society", paper "Intercultural Communication and International Tourism Business Environment", 2011, April 13th – 15th, Daugavpils, Latvia.

Research results are presented in 12 scientific publications:

- 1) Lingebērziņš, Ē. (2016). Perception of tourism operators in contemporary business environment. Article submitted to *Journal of Cultural Tourism and Digital Tourism*. **Data basis: Springer.**
- 2) Lingebērziņš, Ē., Koluža K. (2015). Krievijas tūristu ceļošanas paradumi Latvijā. *XVI International Scientific Conference proceedings*, Issue XVI, ISSN 1691-6069.
- 3) Lingebērziņš, Ē. (2014). Use of Hofstede dimensions in multi-cultural tourism product quality evaluation. KNOTE Conference abstract proceedings. ISBN 978-966-629-696-5.
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Research results presented at following practical conferences and seminars:

- 1) 2016 – Seminar for entrepreneurs – tourism product development, project “Hanza values for sustainable cooperation (HANSA), 2016, March 23rd, Cesis, Latvia. Presentation “Kā rodas tūrisma produkts” (“How tourism products are created”).
- 2) 2013 - Enjoy the Hansa route through Latvia, Estonia and Russia, ENPI Cross Border Cooperation Program, annual event, June 10th, 2013, Sigulda. „Via Hansa Hanseatic Lifestyle”, presentation “*Potential of the Brand “Hansa”*”.
- 3) 2013 - Project „Via Hanseatica” seminars for entrepreneurs, April 9th, 2013, Valka. „Development of tourism product for international markets”.
- 4) 2013 – Balttour, Russia-Baltic cultural tourism forum, February 6th, 2013, Riga. „Cultural dimensions and their application in tourism product development”.
- 5) 2011 – Baltic International Summer School 2011 course: Learn and Experience Baltics: Nature, Culture and Spa Tourism”, lecture “Approach and Experience Marketing Baltic States”, July 31st – August 14th, Valmiera, Latvija.

- 6) 2011 - EU Strategy for The Baltic Sea Region Tourism, Common Future For Baltic Tourism I, Flagship Project 12.7 - Attract tourists to rural areas especially the coastal ones May 12th, 2011, Turku. „Bike and Hike The Balticsm, Case of Activity Baltic Tourism”.

1. Tourism Companies and their Management Peculiarities

In Chapter 1 the author analyses scientific literature on management of organisations. The role of knowledge in company management has been researched, paying particular attention to tourism companies as organisations of high non-material asset proportion. The author addresses management of tourism companies in the context of globalisation processes, researching changes in the tourism environment establishing the necessity of searching for new models of tourism company management. The author identifies the role of cultural differences in forming a tourism product and its sales and the role of inter-cultural communication in tourism company management as a substantial change-determining component. Researching the importance of intellectual capital and knowledge, the author also pays attention to knowledge management and knowledge staff as contributing elements to high non-material asset proportion organisations. Taking into account the goal of this research, the notion of a business model, the main stages of its formation are addressed and alternative business model development methods analysed in scientific literature, are assessed.

The role of knowledge in securing company competitiveness serves as basis not only for knowledge management (Davenport, Prusak, 1998; O'Dell, Hubert, 2011), but also for knowledge based company theories (Grant, 1996). The task of knowledge management is to promote growth of information and knowledge as well as to create of value by means of a systemic effort (O' Dell, Hubert, 2011: 2). Taking into account the actual owners of knowledge - humans, T.Davenport and V.Prusak point out that at the age of global economy knowledge can be the strongest competitive advantage of a company (Davenport, Prusak, 1998: 13). According to the authors, knowledge advantage is simultaneously also a sustainability advantage (Davenport, Prusak, 1998: 17).

Identifying knowledge as a resource of a company in the late 1980-ies, the beginning of 1990-ies saw the development of a completely new approach when addressing organisations - "knowledge based company theory". In 1990 P. Senge (Senge, 2006:4), defining the preconditions for an existence of a successful company, defines a learning organisation.

In 1991, while characterising economy, I.Nonaka addresses the growing global uncertainty, stressing that "the only certainty is uncertainty; the only safe sustainable source of competitive advantage is knowledge". With markets changing, technologies developing, competition increases and products may become dated overnight, therefore successful companies are those, which permanently produce knowledge and swiftly introduce it in new technologies and products (Nonaka, 1991: 96).

With the increasing role of knowledge in a company, knowledge of individual staff members and their management has reached a new level of significance, where individual knowledge become knowledge of an organisation as a whole and where the top executive level embraces management of organisation and its knowledge (Nemeck, Kocmanova, 2011: 572). K.Dalkir points to four main identifiable factors determining the necessity for implementing knowledge management in operations of an organisation (Dalkir, 2011: 22-23): globalisation and comprehensive trend of organisations becoming global; there is a permanent necessity to do more and to achieve it faster; workforce, by becoming increasingly mobile, creates challenges to the continuity of organisational knowledge and it defines the necessity for permanently attracting new knowledge staff to an organisation; technological facilities determine the necessity for a continuous approachability and fast reaction time.

There is little difference between the explanations of the notion of a contemporary organisation offered by various authors. These explanations are united in their approach to knowledge of staff of an organisation, interpretation of knowledge as a resource and utilisation of knowledge and non-material resources in reaching goals of an organisation. Arrival of a new type of organisation, changes not only organisations themselves, but society at large, creating a new type of society whose main resource available to both: individuals and economy as a whole - is knowledge.

M.Adams, using the intellectual structure model of L.Edvinsson and M.Malone (Edvinsson, Leif, 1997), structures knowledge, which is the main resource, in three ways according to the manner they are comprised in an organisation (Adams, 2008: 191-192; Adams, Oleksak, 2010): **human capital** (Bontis, Keow, Richardson, 2000:87), **structural capital** (Nezam, Ataffar, et.al., 2013; Bontis, Keow, Richardson, 2000: 88), **relationship capital** (Bontis, Keow, Richardson, 2000: 87), external networking in capital and branding. K.Cabello and T.Kekale in their own turn base their approach to defining intellectual capital on the social and human capital of an organisation, moreover, where the social capital is based on a structure (networking) and relationships (quality of relations) (Cabello, Kekale, 2007). Human resource capital is particularly important in organisations with a high proportion of non-material assets - staff, which is in a permanent process of learning and accumulation of knowledge and whose productivity directly depends on the knowledge they possess (Nishikawa, 2011:115).

When looking at scientific literature, the author basis his approach on M.Witzel's management transformation dimension, looking at the tree main approaches of interpreting the fluctuation of understanding of management and the change of contents. When researching the origins of management and its historical development and addressing management changes, M.Witzel points to the key dimension of change, first of all, singling out: the development of information and communication technologies; Secondly, on the global economic growth and integration; Thirdly, on the discussion on access to resources, their utilisation and long-term planning of their use (Witzel, 2012: 220). Examining the works of V.Bennis (Bennis, 1978), M.Witzel (Witzel, 2012), Ch. Savage (Savage, 1996) and other authors, the author concludes that the main management changes are directly linked with new types of knowledge required by organisations. Addressing the differences between traditional and contemporary organisations characterised by a high importance of intellectual capital, it is possible to identify differences (see Table 1), characterised by the change in management functions in contemporary organisations.

Table 1

Comparison of Management Functions in Traditional and Knowledge - Based Organisations

Management Function		Traditional, Material Capital Based Organisations	Contemporary, Intellectual Capital Based Organisations
	Planning	Planning of work is based on decision making on the use of production equipment, distribution of finished goods, organisation of work.	Attraction of intellectual resources for the purpose of completion of work and reaching of goals, transfer of knowledge in an organisation ensuring spreading of knowledge within an organisation; planning is subordinated to the use of non-material assets.
	Organising	Organisation of work stipulates tasking of personnel, utilising production equipment and material assets for work completion purposes.	Tasks are often not assigned, but defined within an organisation, by holders of intellectual capital engaging in defining them; organising is conducted by using external structural capital.
	Management	Stipulates activation of staff for job delivery by utilising material resources available to an organisation; clear, deliverable work order is provided by using a one-way, vertical communication	Stipulates management of intellectual staff by applying two-way communication, exchange of opinions; management is possible by motivating holders of non-material assets to get engaged in operations of an organisation in order to achieve its goals
	Control	Assessment of accomplished work is possible by calculating the amount of goods produced, it is easily measurable	Control is complicated since work results of intellectual staff cannot be assessed, weighted or measured immediately;

Produced by the author, based on Drucker, 1967, 1992, Nonaka, 1991, Grant 1996

The author concludes that management contents and operations of a contemporary organisation are affected by both: **knowledge as a resource of an organisation** and non-material assets, which form **the intellectual capital**. Moreover, specific knowledge and contents of intellectual capital of each industry being different, organisation, characterised by a high proportion of non-material assets, operates under conditions affected by a particular industry. In technical sciences, where the notion of model has been addressed more often, it is defined as an interpretation of theory (Kuhne, 2005), a function of interpretation (Weiss, D'Mello, 1997), a representative miniature, which explains the ways a company operates (Magretta, 2002). Most often a business model is understood as business architecture, design, pattern, method, assumption or assertion (Morris, Schindehutte, Allen, 2005: 726), with a help of which value proposition, economic activity, cooperation partner network, internal activities, target markets, sources of income and products are addressed (Morris, Schindehutte, Allen, 2005:727). In its essence, a business model is more of a conceptual model than a financial one, defining the ways an organisation creates and delivers value to consumers, and its basis is formed by market segmentation and value proposition creation for each segment (Teece, 2010).

A. Osterwalder and Y. Pigneur have developed the most comprehensive and currently the most utilised business model canvas (Euchner, Gangluy, 2014) with a help of which the business models created assist to grasp, visualise, understand, communicate and share the business logic of a company (Osterwalder, Pigneur, Tucci, 2005: 7). The basis of business model development is formed by 9 key modules, subordinated to the main goal of business models - creation of value supply of goods or services offered by a company. The 9 modules are mutually interrelated, thus encompassing the business model development system as a whole (MaRS, 2012; Osterwalder, Pigneur, 2009: 44). The defined modules are: client segments, value proposition, communication channels, client relations, income flows, key resources, main activities (ensuring functioning of a created model), key partnerships with suppliers, cost structure (Osterwalder, Pigneur, 2009).

Since tourism companies are ones of the most visible and developed services industry businesses, their management is characterised by the general principles of management applicable to the service industry, essentially expressed by a non-transfer of ownership. Interest in managing of service industry companies has resulted and developed simultaneously with interest in marketing of services. The service industry is characterised by its "vision of simultaneity of production and consumption" (Blois, 1083: 254). From the late 1970-ies onwards with the increasing demand for various types of services, a rapid growth of establishing service industry companies has been observed. Establishment of such companies raised questions regarding the specifics of managing service industry companies.

Taking into account the peculiarity of a service as a non-material product as "service - dominant logics" (Vargo and Lusch, 2004), a service is defined as "application of specialised competencies (knowledge and skills) to actions, processes and performance for the good of an organisation itself or for the good of another organisation" (Ford, Bowen, 2008: 225). R.Ford and D.Bowen single out seven differences attributable to a service in comparison with the understanding of goods.

Income from international tourism and the dynamics in the numbers of international tourists is persistently positive (UNWTO 2010, 2011, 2012, 2013, 2015, 2016), reflecting the international growth of tourism. This development changes the ways tourism companies are managed, envisaging implementation of management functions beyond national borders (Certo, 2003: 98; Mead, Andrews, 2011). The key differences in managing an international company determine the necessity for specific knowledge and can be subdivided as: business environment related knowledge, cultural differences and their impact on business environment, competition environment (Business Encyclopedia, 2nd ed.).

International development of tourism companies is directly linked with the increasing impact of globalisation characterised by a changing global situation, whereas companies have to operate under increasingly complicated circumstances. Development of companies is characterised by uncertainty and ambiguity presupposing that former systems and routines are no

longer valid (Gerg, Trinczek, 2008: 144). Researching the role of knowledge in a tourism company, L. Beesley and C.Cooper point to an important aspect: with the existence of highly intense global competition and in order to retain their market positions, tourism destinations are required to be innovative. Knowledge acquisition, sharing and utilisation in their day-to-day operations, is a substantial precondition for successful accomplishment of the task (Beesley, Cooper, 2008).

K.Halloway, characterising the fundamental principles of tourism industry, points to its two key forming elements - a tourist and a tourism product. The complicated nature of a tourism product is characterised by the inability of customers to inspect it prior to making a purchase (Halloway, 2006: 8). P.Kotler defines product as anything that can be offered to the attention of the market, purchase, use, consumption in order to satisfy a certain wish or necessity (Kotler, 1984: 463).

In order to define a tourism product M.Hall and A Lew view it by means of defining a service and its utilisation. "Services are non-material, it is the experience and even if a person has a chance to keep memorabilia in the form of a souvenir or photographs, the service primarily creates experience. Experience can be accumulated only in a person's mind" (Hall, Lew, 2009).

In the context of this research, the author, when addressing a **tourism product**, makes a reference to a tourism business product (Hall, 2009), understanding it as a product created by a tourism company, which is available at a certain destination. In order to characterise a tourism product, created by using several destinations simultaneously, it is defined as a **multi-destination tourism product**.

Referring to the explanations provided by M.Hall, A.Lew and K.Halloway on the role of a tourism product in tourism company management, the author believes that the inclusion of the notion of a tourism product in the hypothesis is substantiated and its three sub-points of the hypothesis are directly subordinative to the notion of a tourism product.

Consequently, the specific character of a tourism product determines the peculiarities and risks of managing a tourism company that a tourism company may face in quality assessment and formation of feedback with a company. End-consumer (tourist) satisfaction with a tourism product, together with joy, complaints, education and skill development, is an outcome of tourist behaviour, understanding and studying of which offers a possibility to elaborate tourist experience while at a destination (page, 2007). With an increasing competition in all areas, organisations are pushed to seek opportunities of offering their clients improved services for lower prices. Client allegiance, satisfaction and loyalty are preconditions for profitability of a company in contemporary conditions (Duman, Kozak, 2009: 145).

From the beginning with 1990-ies there is a tendency of increase in conducting consumer satisfaction surveys, which can be explained by a comprehensive worldwide development of tourism. Tourism consumer satisfaction surveys mostly deal with various consumer differences, striving at explaining their origins. Researching consumer satisfaction in tourism, D.Chadee and J.Mattson point to the necessity of addressing the variables simultaneously, thus obtaining a more comprehensive insight in consumer satisfaction, when receiving a tourism product (Chadee, Mattsson, 1996). It is particularly culture, based on its diversity, which in the early stages of market and marketing development was considered as one of the most complicated tasks facing managers (Hawkins, Best, Coney, 1089: 52).

Taking into account the changes in management characterised by a shift in the understanding on resources, the global integration and the role of information technologies, as described by M.Witzel (Witzel, 2012), as well as the role of macroeconomic forces in developing a business model as identified by A.Osterwalder and Y.Pigneur (Osterwalder, Pigneur, 2013), as well as the non-material nature of knowledge and intellectual capital and understanding of globalisation framework - all have substantial importance in studying the changeability of contemporary organisation management. Globalisation has stimulated global integration and its manifestations are clearly visible in international tourism affecting management of tourism companies (Dunning, 2014, Ghiurco, 2014). Systematic research reveals

that globalisation is characterised by its main aspects, often referred to as globalisation dimensions or discourses (Saeed, 2005). They reflect combined models of analysis of globalisation and the processes created by it: **political, economic, technological and social**. Study of these dimensions provides opportunities to assess the process of globalisation taking into account its various impact possibilities (Schmidt, Conway, Easton, Wardrop, 2007).

The author comes to a conclusion that globalisation as a comprehensive process involving economic, political, technological and social changes, substantiates a necessity to define international tourism companies - companies, which offer their product in two or more countries. Since a tourism company, as a service industry company, does not necessarily require making of direct investments in production resources in order to commence operations in another country, including opening of an office, the notion of a multinational company cannot be applied to tourism companies, which prepare their product on the basis of a cooperation agreement with suppliers (separate service providers) (Hill, Jones, 2014; Kogut, 2001; Mead, Andrews, 2011). Therefore, for the purposes of the Thesis, the author uses a term international tourism company and in the proposal section, based on the scientific literature review, suggests to supplement *Tourism and Hospitality Explanatory Dictionary* with a subsequent term *international tourism company* - a unified body of material and non-material elements, which is designed to perform business activities in two or several countries.

While performing scientific literature review to characterise the peculiarities of tourism company management, the author draws several conclusions in Chapter 1. The conclusions drawn partially or fully substantiate the theses put forward in the Doctoral Thesis. The third, fourth and the fifth theses are partially substantiated by the conclusions of scientific literature review in Chapter 1, since the theses contain the significance of cultural differences, their substantiation is contained in Chapter 2, which addresses understanding of the notion of culture and explanation of the role of cultural differences in international tourism company management.

- 1) The key determinants of tourism company management include the main elements of management of organisations with a high proportion of non-material assets. Management of organisations with a high proportion of non-material assets is determined by acquisition and utilisation of non-material assets, manifested as knowledge and intellectual capital, for the purposes of achieving goals of an organisation. The conclusion substantiates the first and the second theses put forward by the author.
- 2) Management of organisations with a high proportion of non-material assets envisages a greater degree of independence for their staff, which constitutes a precondition for acquiring knowledge and sharing it within an organisation. They are characterised by the responsibility of each individual member of an organisation for its competitiveness in its value proposition. The conclusion substantiates the second thesis put forward by the author.
- 3) Business models are applicable to tourism as well as to other organisations with a high proportion of non-material assets. Despite the fact that the notion of a business model is relatively new in management science, it offers a broad spectrum of opportunities for improving management of an organisation. The conclusion substantiates the fifth thesis put forward by the author for the Doctoral Thesis.
- 4) Management of a tourism company is subordinated to the development of a tourism product. A tourism product differs for different companies (from a service product to a multi-destination product). The development of a product is conducted by using knowledge available to the full-time staff of an organisation or to people recruited on the outside. The conclusion substantiates the second thesis put forward by the author of the Doctoral Thesis.
- 5) International operations of tourism companies envisage the role of inter-cultural communication in company management, which is simultaneously required for forming structural and relationship capital of a company. Moreover, as a result of globalisation, operations of companies become increasingly international. The conclusion substantiates the fourth thesis put forward by the author for the Doctoral Thesis.

- 6) Understanding of end-consumer wishes and demands is characterised by end-consumer satisfaction with the product of a company, formed by means of utilising human capital, structural capital and relationship capital. The development of a tourism company product can be subordinated to an end-consumer culture. The conclusion substantiates the second and the fourth theses put forward by the author for the Doctoral Thesis.

In the changing international tourism market, one can observe changes in the management of international tourism companies and these changes include integration of inter-cultural communication in company management processes. Diversification of international market determines the necessity for studying the role of culture in company management, product development and in communication with clients, cooperation partners and suppliers.

2. Understanding of the Notion of Culture in International Tourism Company Management

In **Chapter 2** the author addresses the notion of culture in the context of interaction between culture and business management. In this chapter the author, when analysing scientific literature, explains the essence of cultural differences and cultural differences as special knowledge, applicable in business.

R.Frey defines values as acquired, relatively tolerable, emotionally charged and morally represented generalisations, which facilitate making of judgement and prepare for action (Frey, 1997: 19). Analysing the role of knowledge in a contemporary organisation, T.Davenport and L.Prusak pay particular attention to effective knowledge transfer, which takes place in an organisation on a continuous basis, regardless of the will of a manager (Davenport, Prusak, 1988:88).

Based on a paradigm envisaging the existence for a role of culture in a company and in social interaction processes, there exist different understandings of an approach to researching this process of interaction. One can identify several approaches in literature, dealing with cultural interaction. Based on research produced by I.Reisinger (Reisinger, 2009), V.Gudykunst (Gudykunst, 2002, 2003), P.Olson (Olson, 2010), M.Lustig and J.Koester (Lustig, Koester, 2012), J. Neuliep (Neuliep, 2006) and other authors of cultural interaction models, a separate interaction is viewed when addressing different manifestations in a different culture; communication as an interaction between representatives of different cultures; management of cultural differences as a separate form of business including marketing of services; inter-cultural communication as a business element, addressing it from a negotiation perspective, as a communication tool in international environment for the purposes of reaching the goals of an organisation.

In distinction from traditional organisations, communication of a knowledge-based organisation is characterised by its prevalence at various levels of an organisation and practically all employees of an organisation perform communication related tasks. (Denning, 2011: 152). P.McDougal and B.Oviatt define international business as an innovative, proactive, risk-challenging action, which spreads across borders and is aimed at creating value within organisations (McDougal, Oviatt, 2000: 903). Its operations are characterised by the necessity of understanding the tastes and choices of customers, which differ depending on customer's country history and culture (Hill, Jones, Galvin, 2004: 268).

In the context of tourism, inter-cultural communication is observed when a tourist meets a host from an unfamiliar culture and in guest-host relations when a host meets tourists from an unknown culture (Reisinger, 2009: 167). As a result of this meeting, the host tries to understand the wishes of the tourist in order to offer products that he/she desires, while the tourist communicates his/her wishes to the host in order to obtain the product desired. In this light, several stages of inter-cultural interaction can be identified in international tourism, which exist between different tourism companies and an end-consumer.

Systematisation of cultures is a precondition for performing further assessment of the significance of culture and its use in interdisciplinary research. G.Hofstede stresses the fact that, by means of culture, individuals and society determine the borders of their daily routine, creating such categories, as the good or the bad, the right or the wrong, and others. (Hofstede, 1989). The work performed by G.Hofstede in systematising culture has served as a substantial precondition for facilitating understanding of the formation processes of the global business environment and communication space. As it has been pointed out by M.Minkov and G.Hofstede, when analysing the development of G.Hofstede's doctrine, this model possesses five main advantages (Minkov, Hofstede, 2011):

- Until the use of G.Hofstede's cultural dimensions in assessing cultural differences, culture was often regarded as a single variable and, when identifying differences between two

communities, nations or ethnic groups, they were not interpreted, admitting that the differences were determined by culture;

- The variables used in the model are correlated between nations, not individuals or organisations, thus making the model universally applicable;
- The model identifies the main problems typical for all societies, characterising them as four key cultural dimensions;
- The dimensions identified are stable and despite the changes in several Western societies, it is obvious that their fluctuation has been taken into account for the period of over 30 years;
- It was identified that national culture can be utilised for the purposes organisational behaviour, management philosophy, practice and an overall management of society.

The conclusions drawn in Chapter 2 as a result of scientific literature analysis substantiate the third, fourth and fifth theses of the Doctoral Theses proposed by the author, as well as uphold the hypothesis put forward in the Thesis, particularly, its sub-points a) and c).

1) In the context of business, culture is addressed by two main approaches: Culture can be viewed as a factor determining the environment of an organisation, making it possible to research the principles of internal operations of an organisation and culture can be viewed as a factor affecting operations of an organisation. However, both approaches are closely related, since they supplement each other and are inseparable, when researching the impact of culture on the activities of an international company.

2) Culture in the international tourism business and cultural differences affect international operations of a company. Culture of an organisation in its own turn determines the ability of an organisation to adapt to inter-cultural challenges, which envisage a greater role of communication, particularly, inter-cultural communication. The conclusion substantiates the fourth thesis put forward by the author for the Doctoral Thesis.

3) Inter-cultural communication is practically inevitable in international business, therefore inter-cultural communication occupies a significant place in the research of international business environment. Inter-cultural communication is a phenomenon, addressing interaction of different cultures, which characterises the world order of the 21st century. These interactions between individuals and groups of individuals as well as between various organisations result in knowledge on manifestations of different systems in a specific environment and situation. By accumulating this knowledge organisations obtain an opportunity to meet the challenges posed by cultural differences in a much more effective way, by improving operations of an organisation in reaching its goals. The conclusion substantiates the fifth thesis put forward by the author for the Doctoral Thesis.

4) Knowledge of cultural differences and skills of utilising it should be considered as specific knowledge (assets), thus substantiating the author's hypothesis. International tourism companies acquire it by means of interaction with end-consumers - tourists, as well as with cooperation partners of an organisation and suppliers, thus affecting the key management functions of an organisation. The conclusion substantiates the third thesis put forward by the author for the Doctoral Thesis.

5) Studies of cultures and their differences mostly concentrate on a search for models of systematisation of culture. However, the complex and ambiguous nature of culture prevents to identify a single unique and comprehensively applicable system. Although there exist several well recognised systematisation models, the scope of cultures and their differences provides broad and varied opportunities for inter-cultural communication, culture and business management studies.

3. Research methodology to develop a model of management of an international tourism company in the context of end consumer cultural differences

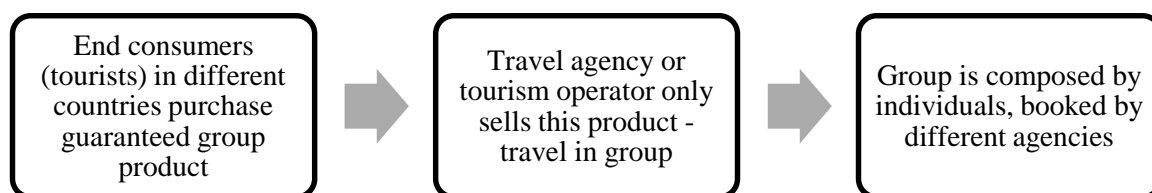
In **Chapter 3** author analyses research phenomenon – activities of an international tourism company activities and the notion of a multi-destination product. Author explains main pre conditions to perform research, emphasizing presence of similar variables and justifies research context.

Research has been done in 4 following stages. **1st stage:** defining of research problem statement definition, **2nd stage** development of research design, **3rd stage:** research sample and data obtaining method evaluation, assessment, analysis and interpretation, **4th stage:** development of a tourism company management model, using A. Ostervalder's and Y. Pigneur's (Ostervalder, Pigneur, 2009) Business Model Canvas and approbation (Nykiel, 2007, Veal, 1997, Hair, Babin, Money, Samouel, 2003, Clark, Riley, Wilkie, Wood, 1998).

A management model is considered as phenomenon which describes certain group of people and in the context of the particular research product perception, therefore, research is considerable as **analytical** and research paradigm is **positivism** (Kumar, 2005). Author regards that respecting specifics of service industries, where end consumer has significant impact on organization's activities as it influences cooperation with its partners, suppliers and competitiveness, exactly end consumer describes environment where international tourism operates at its best.

Research has **quantitative approach** as it aims to describe a **model** of management of an international tourism company as a phenomenon which is based on the understanding of **cultural differences** which is defined by tourist **attitude** towards a multi-destination tourism product. Author, referring to scientific literature review, defines research problem: the management of an international tourism company is dependent on tourism product assessment and tourist satisfaction which is influenced by the specifics of tourist culture.

As research units are tourists originating from different countries and to compare them service evaluation average means are used, then, to acquire as comparable data as possible, important condition is to have representative sample. Sample structure limitation is intercultural context, where an important condition is selection of similar comparison units (Sekaran, Bougie, 2011: 287). Therefore, to analyse tourist attitudes and received service satisfaction, population is multi-destination product end consumers – tourists. In the frame of research the product is the Balticvision Riga Ltd. multi-destination product – multilingual guaranteed escorted tours. This is standardized tourism company product which is offered to tourists in different languages. Product content is equal in all languages that allow comparing assessments provided by different tourists. The main asset of the product (see Picture 1) is within the set-up of it. It is composed as a group product but sold to different individual travellers.



Picture 1 Tourism company product specifics

Research plan predicted use of scientific method in preparation of research plan (Hair, Babin, Money, Samouel, 2003: 54). Research was carried out during four tourism summer seasons from 2011 to 2014 during months from May to September. In spite of the fact that survey was performed during consecutive four summer season data have been analysed together,

therefore excluding longitudinality in research. Primary data has been gathered using traditional approach – visitor survey (Veal, 2011: 274).

Overall, 2640 valid questionnaires were received reflecting 28,5% of total number of distributed questionnaires which is sufficiently reliable amount to have reliable samples.

Total tourist distribution and distribution of each country sample size is summarized in Table 2.

Table 2

End consumer quantitative research population and samples

Country	Sample (number of tourists)	Actual tourist distribution	Minimal required sample size (number of tourists)
Germany	477	2280	329
Switzerland	119	158	112
Spain	285	1043	281
Portugal	107	146	106
The Netherlands	125	464	210
United Kingdom	168	520	221
Italy	370	1460	305
Others		1250	
Brazil	191	369	188
Belgium	99	121	92
Austrakua	264	826	262
USA	141	220	140
Argentina	119	172	119

Sample distribution corresponds to actual tourist distribution and sufficiently large samples have been achieved ($n \geq 50$) (Kristapsone, Kamerāde u.c. 2011). Non probability sampling composition method has been used of form samples (Kumar, 2005: 174). Questionnaire questions were consisting of 5 blocks – first block aimed to understand if an information guest received from travel agency where tourism product was purchased corresponds to received service and if the program which was sold at the travel agency corresponded to actually received program.

Second block of questions included questions about hotel services assessment (Callan, 1995, 1997, 1998), third question block included questions about tour leader and local guide work performance assessment (Moscardo, 1996; Pond, 1993); Tilden 1957; Rabotic, 2010), fourth question block – about traditional dinners at city restaurants and excursions, fifth question block included questions about transportation – transfers from and to airports and transportation services during trip (Barrows, Powers, 2009).

Questionnaires were prepared using statements which reflect level of attitude (Kumar, 2005) on satisfaction of received service and assessments given in 5 point numerical scale (Sekaran, Bougie, 2011: 150). As researched aim to evaluate consumer satisfaction, which is attitudinal research, then survey questions answer options are interval answers (Kumar, 2005: 69; Carifio, Perla, 2008; Murray, 2013). Summarizing all provided assessment, average means were used in further research (Kristapsone, Kamerāde u.c. 2011).

In order to assess internal consistency and data reliability (Field, 2009), Cronbach's Alpha coefficient was calculated: ,971. Data analysis, primary, was performed summarizing all acquired data for different service product evaluating them in different destinations. Data analysis has been performed using IBM SPSS 22 data processing program.

To perform correlation analysis, author performed Kolmogorov-Smirnov test which allowed to identify that end consumer survey data distribution corresponds to normal, therefore, further research requires using of parametric statistical methods and correlation analysis is based on Pearson *r* correlation coefficient calculations (Field, 2009).

Additionally, performing cluster analysis, author's analyses principles of grouping of different end consumers, originating from different countries, considering different destinations. Cluster analysis has been performed using hierarchical agglomerative analysis that presumes that originally all objects (different country tourist samples) each is an independent cluster and uniting them emerges a cluster (Hair, Babin, Money, Samouel, 2003).

Aim of the second part of the research is to explore the attitude of tourism company representatives on conclusions achieved from the scientific literature analysis on international tourism company management.

Survey was performed from June 19th, 2015 to July 9th, 2015. To complete research non probability sampling has been used and justification of research method selection is based on research problem definition and a model of management of an international tourism company as a phenomenon (Kumar, 2005).

As the purpose of this research part is not to generalize acquired data (Sekaran, Bougie, 2011) but to assess the management principles of a tourism company, specific subject selection which can provide useful information to researcher (Sekaran, Bougie, 2011: 277) can be justified.

Based on these criteria, 202 potential respondents were selected whom were sent electronic questionnaires. During research period 118 valid questionnaires were received. Questionnaire is composed on 45 questions, where 27 are attitudinal scale. To assess internal consistency of the questionnaire, author calculated questionnaire's Cronbach Alpha - ,754, confirming data validity.

In the conclusion of a model of an international tourism company management was presented at a focus group discussion. It took place on November 12th, 2015 and was organized with 9 members, whose knowledge and practical experience in tourism allows discussing about developed model.

To analyse results author used concept map, which allows to follow discussion and receive answers on issues interesting to author and is the most optimal solution for focus group discussion analysis (Nagle, Williams).

Considering the aim of the focus group discussion – to appraise a model of management of an international tourism company, author identified following question themes:

- Can cultural differences describing end consumer differences be considered as knowledge?
- Are there existing regularities between tourism company value proposition and respective destination competitiveness?
- Can knowledge acquiring, which is the main tourism company asset, involve separate service providers?
- Are tourism company's main partnerships depending on company's intangible assets?
- Can client segmentation based on cultural differences be as compensating mechanisms to service and product costs?

Preparing research plan author planned several research stages using quantitative and qualitative research methods. However, concluding research stage includes developed model approbation – assessing it using focus group discussion.

4. A Model of Management of an International Tourism Company

Chapter 4 reflects the results of a quantitative study, interpreting them by using the cultural dimensions of G. Hofstede, performing correlation and cluster analysis. The author analysis the poll results of tourism industry representatives, substantiating the effectiveness of developing this model and characterises the topical tendencies in international tourism company management. By interpreting the data obtained as a result of the study, the author produces a model of international tourism company management and describes the principles of company operation reflected in the model.

4.1. End-consumer Satisfaction with a Multi-Destination Product of an International Tourism Company

The research was conducted by using survey data obtained in 6 tourism destinations - Vilnius, Riga, Helsinki, St. Petersburg and Moscow. Taking into account the condition that each of these destinations has to be located in different countries, each of them has to be considered as a unique variable, therefore before researching a multi-destination product, involving these destinations, and comparative arithmetic mean value analysis of services was performed.

The summary of service assessment is formed by arithmetic mean value assessments of all selections of service products in each destination (see Table 3) - they involve assessment of excursions and restaurants, assessment of group leader and tour guide performance, assessment of hotels and transportation services.

Table 3

Arithmetic Mean Value Assessment of Services at the Destinations (Combined)

Service	Helsinki	Moscow	St. Petersburg	Riga	Tallinn	Vilnius	Total
Excursion	4.01	4.06	4.17	3.96	3.96	3.94	3.99
Excursions	4.05	4.10	4.31	4.02	4.01	4.04	4.06
Restaurant	3.90	3.96	3.87	3.81	3.84	3.64	3.81
Group leaders and guides	4.44	4.36	4.55	4.56	4.50	4.53	4.52
Knowledge of facts	4.47	4.44	4.59	4.60	4.55	4.56	4.56
Organisational skills	4.39	4.30	4.50	4.54	4.48	4.51	4.49
Language proficiency	4.46	4.35	4.57	4.53	4.49	4.51	4.50
Transport	4.26	4.25	4.27	4.34	4.27	4.25	4.28
Bus	4.23	4.21	4.27	4.37	4.35	4.39	4.34
Airport transfers	4.34	4.32	4.27	4.21	4.12	4.03	4.14
Hotel	4.01	3.84	3.98	4.16	3.80	4.02	3.98
Location	4.12	3.64	3.92	4.35	3.77	3.84	3.96
Breakfast	4.03	4.05	4.06	4.23	4.05	4.21	4.14
Rooms	3.98	3.89	4.07	4.00	3.71	4.06	3.93
Dinner	3.75	3.70	3.75	3.97	3.50	3.86	3.77
Total	4.20	4.11	4.24	4.30	4.14	4.22	4.21

When producing correlation analysis (see Table 4), the author concludes that despite a close connection between the majority of destinations, several substantial differences between service assessments in the destinations could be observed and the author researches further 3 groups of destinations - 1) Helsinki, St. Petersburg, Vilnius, Riga and Tallinn, 2) Vilnius, Riga and Tallinn, and 3) Moscow and St. Petersburg (See table 19). Despite the fact that the

correlation quotient of observations between Helsinki and Vilnius is lower in comparison with other destinations within the group, this correlation, when substantiating viability of such a group, can be considered as sufficiently close (Hair, Babin, Samouel, 2003),

Table 4

Assessment Summary of Correlations of Services at the Destinations

		Helsinki	Moscow	St. Petersburg	Riga	Tallinn	Vilnius
Helsinki	Pearson Correlation	1	.272	.938**	.702*	.586*	.644*
	Sig. (2-tailed)		.393	.000	.011	.045	.024
	N	12	12	12	12	12	12
Moscow	Pearson Correlation	.272	1	.195	.333	.241	.385
	Sig. (2-tailed)	.393		.544	.290	.450	.217
	N	12	12	12	12	12	12
St. Petersburg	Pearson Correlation	.938**	.695*	1	.770**	.663*	.636*
	Sig. (2-tailed)	.000	.026		.003	.019	.026
	N	12	12	12	12	12	12
Riga	Pearson Correlation	.702*	.333	.770**	1	.942**	.935**
	Sig. (2-tailed)	.011	.290	.003		.000	.000
	N	12	12	12	12	12	12
Tallinn	Pearson Correlation	.586*	.241	.663*	.942**	1	.903**
	Sig. (2-tailed)	.045	.450	.019	.000		.000
	N	12	12	12	12	12	12
Vilnius	Pearson Correlation	.644*	.385	.636*	.935**	.903**	1
	Sig. (2-tailed)	.024	.217	.026	.000	.000	
	N	12	12	12	12	12	12

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The average assessments of all groups (excursions, group leaders and guides, transport and hotels) have been used as the basis for further research, which involved correlation analysis, first of all, for all groups together and, secondly, separately for each of the countries involved, taking into account the destination (Helsinki, Moscow, St. Petersburg, Riga, Tallinn, Vilnius). This analysis serves as the basis for developing an international tourism company management model. Moreover, there are differences between the combined arithmetic mean value assessment of the selections and the average assessment of services of each individual destination, not only confirming the significance of each separate service assessment in the overall assessment of a tourism company product and tourist satisfaction, but also points to the importance of destinations themselves.

The author produced correlation analysis of the information received of the average service assessment received with the arithmetic mean value of the overall service assessment for

the purposes of establishing the existence of any patterns or regularities between them or lack of them. The results of the correlation analysis are summarised in Table 5. Analysing the results, the author concludes that generally in all cases addresses the information compliance assessment has been higher in comparison with an overall assessment of a particular service.

In its own turn, addressing the compliance assessment of the programme received and the arithmetic mean value of the product assessment, the author gained a similar comparison to the assessment of information compliance with the service product quality assessment - although information received and conformity of the product received has been assessed comparatively highly, the quality of separate services has been assessed at a lower degree. Despite a seeming difference between the overall arithmetic mean value of service assessment and conformity of the information received at the moment of buying and the actual assessment of a service received, as well as assessment of conformity of the service received, the outcomes are insignificantly positive or insignificantly negative, $r=0.050$ and $r=-0.121$, respectively (see Table 5).

Table 5

All Destinations: the Summary of Information and Service Conformity Correlations

		Information at the moment of buying	Conformity received	All destinations
Information at the moment of buying	Pearson Correlation	1	.848**	.050
	Sig. (2-tailed)		.000	.877
	N	12	12	12
Conformity received	Pearson Correlation	.848**	1	-.121
	Sig. (2-tailed)	.000		.707
	N	12	12	12
All destinations	Pearson Correlation	.050	-.121	1
	Sig. (2-tailed)	.877	.707	
	N	12	12	12

** . Correlation is significant at the 0.01 level (2-tailed).

In order to characterise the results of the research, arithmetic mean values of combined service assessment at all destinations have been addressed, reflecting the average arithmetic mean value assessments in a non-statistical way. The necessity for such a summary is substantiated with a need for a more complete assessment of cultural differences and the role of destinations and the statistical closeness of their correlation, by performing correlation and cluster analysis. At the same time, the overview of research results provides an impression on differences in perception and service habits between tourists of different countries. These observations are applicable when researching general habits of tourists and they provide an idea on separate critical issues in the context of a tourism company product. The following summary reflects the structure of tourist questionnaire - 4 sets of questions, including the ones regarding excursions and restaurants, the work of guides and group leaders, transport services and hotels with sub-questions for each of the sets.

The results acquired reflect the existence of cultural differences in assessing services. Therefore, the author believes that they have a significant impact on the operations of international tourism companies, which manifests itself in preparation of tourism company products, in forming relations with its clients and in implementing cooperation models with their suppliers.

4.2. Summary of the Results of Correlation Analysis of the Cultural Dimensions of G.Hofstede and Cluster Analysis

In order to assess the significance of cultural differences of end-consumers in satisfaction assessments of tourism company service products, the author analysed primary data obtained in the framework of this research by performing data correlation with the five cultural dimensions of G.Hofstede. Indicators used in the description of cultures were obtained as a result of correlation and mathematically expressed assessments of dimensions (see table 6). Therefore, there is an opportunity to use them when seeking correlations with various researchable indications (Basabe, Ros, 2005; Hofstede, 2011). As part of the research, the author performed 11 correlations of the average arithmetic service product assessments at 6 destinations with five cultural dimension indicators of G.Hofstede with end-consumer selections representing 12 countries, which have been studied as part of the author's research.

Table 6

Cultural Dimension Values of G.Hofstede

Country	PDI	IDV	MAS	UAI	LTO
Germany	35	67	66	65	31
Italy	50	76	70	75	34
Brazil	69	38	49	76	65
Spain	57	51	42	86	19
Australia	36	90	61	51	31
The Netherlands	38	80	14	53	44
United Kingdom	35	89	66	35	25
Argentina	49	46	56	86	N/A
USA	40	91	62	46	29
Portugal	63	27	31	104	30
Belgium	65	75	54	94	38
Switzerland	34	68	70	58	40

Summary made by the author, utilising the cultural dimensions of Hofstede (available) <http://geert-hofstede.com/dimensions.html>) PDI – power distance; IDV – individualism/collectivism dimension; MAS – masculinity dimension; UAI – avoidance of the unknown; LTO – long-term orientation.

First of all, comparative analysis of information conformity and assessment of service received was made by utilising the indicators of cultural dimensions by G.Hofstede. The results obtained are summarised in Table 7.

Table 7

Summary of Cultural Dimension Correlation Analysis in Destination Groups

		Information conformity	Conformity of the service received	All destinations	Group 1: Vilnius, Riga, Tallinn, Helsinki, St. Petersburg	Group 2: Vilnius, Riga, Tallinn	Group 3: St. Petersburg - Moscow
LTO	Pearson Correlation	.335	.076	.342	.364	.381	.232
	Sig. (2-tailed)	.314	.825	.304	.271	.248	.492
	N	11	11	11	11	11	11
UAI	Pearson Correlation	.029	.060	-.506	-.437	-.368	-.258
	Sig. (2-tailed)	.930	.853	.093	.156	.239	.417
	N	12	12	12	12	12	12
MA S	Pearson Correlation	-.102	-.143	.455	.437	.407	.508
	Sig. (2-tailed)	.752	.658	.137	.156	.189	.092
	N	12	12	12	12	12	12
IDV	Pearson Correlation	-.178	-.001	.305	.212	.118	.242
	Sig. (2-tailed)	.579	.997	.335	.509	.714	.449
	N	12	12	12	12	12	12
PDI	Pearson Correlation	.263	.317	-.181	-.155	-.137	.107
	Sig. (2-tailed)	.408	.315	.574	.631	.671	.741
	N	12	12	12	12	12	12

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

They show that small, but definitive correlations (Hair, Babin, Money, Samouel, 2003) can be observed between information conformity assessment and LTO dimension and PDI dimension, as well as a small, but definitive correlation between PDI dimension and conformity of the service received. Average, as well as small, but definitive negative correlations between UAI dimension and assessments of all services point to the fact that selections of tourists from the countries characterised by a lower UAI indicator are characterised by higher arithmetic assessments of services, leading to a conclusion that selections of tourists from those countries

are more flexible in judging the services, they are more open to differences as expressed by their attitudes in terms of expectations from a service and their actually received service.

Performing of correlation of 6 destinations and 12 selection groups with five cultural dimensions of G.Hofstede, 4 sets of questions produced 6 average and 9 small, but definitive correlations (Hair, Babin, Money, Samouel, 2003). The author considers the small, but definitive correlations ($\pm.21\text{--}\pm.40$) as indicative, providing an opportunity to judge on the existence of correlation between average arithmetic assessments and cultural dimensions, whereas the average correlations ($\pm.41\text{--}\pm.70$) point to certain regularities and utilisation opportunities of G.Hofstede's cultural dimensions, when researching the patterns of end-consumer satisfaction (see Table 8).

Table 8

Summary of Cultural Dimension Correlation Analysis in Service Question Modules

		Excursions	Guides	Transport	Hotel
LTO	Pearson Correlation	.364	.347	.305	.314
	Sig. (2-tailed)	.271	.296	.362	.347
	N	11	11	11	11
UAI	Pearson Correlation	-.304	-.486	-.651*	-.359
	Sig. (2-tailed)	.337	.109	.022	.252
	N	12	12	12	12
MAS	Pearson Correlation	.432	.409	.624*	.278
	Sig. (2-tailed)	.161	.186	.030	.382
	N	12	12	12	12
IDV	Pearson Correlation	.008	.332	.478	.139
	Sig. (2-tailed)	.981	.292	.116	.667
	N	12	12	12	12
PDI	Pearson Correlation	.046	-.146	-.410	-.060
	Sig. (2-tailed)	.887	.650	.185	.854
	N	12	12	12	12

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Analysing the correlation results obtained, the author concludes that:

First, regardless of observing only small, but definitive and average correlations, they can be used as indicators characterising cultural differences and to draw conclusions on the role of culture in the assessment of service and tourism products. Correlation results of cultural dimensions of the quantitative research **confirm sub-point (a) of the hypothesis** regarding segmentation of clients on the basis of cultural differences as a value proposition of a company.

Secondly, the observations obtained, point to ambiguity in data interpretation and the necessity assess opportunities for applying also other methods in the context of the research for the purposes of performing the tasks put forward by the author and achieving the declared goal. Results of the quantitative research confirm that end-consumer cultural differences can serve as

special knowledge of a company, which can be utilised in creation value proposition. However, they must be obtained in a systematic and structured way.

Thirdly, formation of research selection envisages the presence of limitations in conducting it, particularly, taking into account that cultural dimensions according to G.Hofstede reflect national cultures as a whole while the research selections are tourists, which may not necessarily reflect overall peculiarities of their national cultures.

Since only separate correlations between service assessments of tourism from various countries have been established and the indicators of cultural dimensions by G.Hofstede, direct use of these correlations in developing a management model of an international tourism company can only be used in parts. This may have a number of reasons, while according to the author, the following should be singled out:

- a) The research addresses a multi-destination tourism product, providing a wholesome analysis of the assessment of separate service products at 6 destinations. However, clarifying that different assessments are made at different destinations on the average arithmetic indicators of the same selection, which are statistically important, one can conclude that location of a destination can affect service assessment even under almost identical circumstances, like it occurred in the context of this research.
- b) Cultural dimension of G.Hofstede characterise various cultures as a unified entity, which does not envisage differences between representatives of various cultures. As established in the scientific literature overview, the main advantage of dimensions is their universal nature, which at the same time is a limiting factor when studying foreign tourists interacting with services outside their home countries.
- c) As stated before, when assessing the strength of correlations, one should take into account the overall limitations characteristic to selections.

The results obtained confirm the role of cultural differences in assessing service products, and the results can be utilised in planning of operations of an international tourism company, providing characterisation of attitudes of various consumers towards various services and point out the tendencies of assessing services. Jointly with the conducted average arithmetic comparative analysis, the results gained provide an opportunity to comprehend habits of separate tourists in the process of assessing services. The conclusions provided **confirm the hypothesis** put forward by the author regarding cultural differences as structured knowledge, acquired and transformed into non-material assets of a company, which can upgrade its value proposition.

However, the most significant gain achieved by performing correlation analysis is constituted by observations characterising the differences of destinations in assessments made in various cultures. These observations lead the author to a conclusion that, when working out an international tourism company management model, one must take into consideration not only the service itself and its assessment, but also a location where the specific interaction between a user (tourist) of a service and a provider of a service - one of the services addressed - takes place, thus confirming sub-point two **(2) of the hypothesis put forwards by the author**.

For the purposes of identifying regularities, which are not based in direct coherences between cultural dimension of G.Hofstede and service assessments, but rather taking into account the framework of the study - 6 destinations and research selections, during the second stage of research the author performed cluster analysis.

Considering the goal of the Doctoral Thesis: to develop an international tourism company management model, which takes into account the cultural differences of end-consumers, the author produces cluster analysis of 12 selections included in the research for 11 product analyses at all six destinations included in the quantitative research. In cluster analysis the variables are arithmetic averages of service assessments for 11 service products, while the location of cluster analysis is 6 destinations, which are viewed both - collectively and by taking into account the three pre-defined destination groups.

Cluster analysis "identifies individuals or groups of objects, which are similar to each other, but different in comparison to individuals in other groups" (Norusis, 2011:361; Hair,

Babin, Money, Samouel, 2003:370-371). Drawing a conclusion that the correlation analysis of the cultural dimensions of G.Hofstede and the average assessment of services provides an imperfect notion of cultural differences and their significance, and for the purposes of obtaining more accurate data, the author has applied cluster analysis. Cluster analysis, forming similar groups, creates a notion of similar and different practices of tourists in service assessments. Ward method has been applied in the cluster analysis (Norusis, 2011: 373), utilising IBM SPSS 22.0 data processing software. All summaries of data analysis, including familiarity matrixes are located in annex 11 and illustrative dendrograms - in Annex 12.

Taking into consideration the analogy of the previous research stages, cluster analysis was consecutively performed by analysis information compliance and programme conformity assessments, their fluidity for all destinations together and for the three selected destination groups and consequently in the assessments of all 4 service modules and 11 services.

Since there are no statistical differences between the arithmetic mean indicators of assessments of information conformity and services received and the arithmetic mean assessments of those questions and answers are closely correlating, the author addresses them in their jointly. The following conclusions were drawn as a result of the analysis - tourists of all 12 selection countries belong to several clusters, however some clusters need to be singled out:

- a) The cluster of Australia, Switzerland and the USA, characterised by lower arithmetic mean information conformity and programme conformity assessments (See Picture 30);
- b) The separate clusters formed by the UK and Germany, which provide grounds to conclude that according to information conformity and programme conformity the UK tourist selection, based on its allegiance with several clusters, can be treated as a benchmark selection. A similar characteristic is also applicable to the tourist selection of Germany.

Similar observations are obtained by performing cluster analysis, viewing of destinations within the three destination groups pre-defined by the author, leading to a conclusion that, as part of the research, information conformity and in assessments of services received, a destination does not affect the principles of cluster formation. Familiarity matrixes of this analysis can be found in Annex 11.

Considering the research framework - a multi-destination product, involving 6 destinations and 11 services, cluster analysis of 6 destinations for arithmetic mean assessments of 12 selections and 11 services was performed targeted at identifying a possibility to classify the selections analysed at all destinations together, drawing a conclusion on the capability of those types of clusters of reflecting tourist segmentation.

As a result of the cluster analysis performed, the author observes and draws a conclusion that:

- a) At least 2 close country-related tourist selection assessment clusters can be observed as part of the research, formed by: Cluster 1: Tourist selections from Australia, the UK, Switzerland, the USA, Brazil and Argentine, Cluster 2: Tourist selections from Portugal, Germany, Spain and Italy (see Picture 31);
- b) A smaller cluster can also be observed, formed by tourist selections from Belgium and the Netherlands and tourist selections from the USA and Switzerland, as well as more remote tourist selections from Argentine and Belgium.

These observations are attributable to international tourism management modules, characterising tourist segments, client partnerships and supplier cooperation patterns in general, and indicate similarities in service assessments and, as a result, characterising tourists. Referring to the averages of service conformity assessments researched by the author, the author draws a conclusion that regardless of the fact that the overall service assessment contains more homogeneous clusters, information conformity and conformity of services received clusters are not compliant, testifying of the role of communication in client partnerships and in supplier cooperation patterns. Therefore, the author concludes that client communication (and indirectly - communication with tourists) international tourism company management cannot rely solely on the assessment of its services. The conclusions drawn **confirm sub-point (c) of the hypothesis**

put forward by the author on the necessity of studying cultural differences for the purposes of increasing the effectiveness of communication.

The results of cluster analysis lead to a conclusion that:

- a) Comparing the make-up of all destination group clusters, the author has observed that assessments made by tourist selections of European countries largely fall into one cluster, while tourist selections from such countries as Australia, Brazil, the USA, Argentine are placed in a different cluster;
- b) In hotel assessments, reflected in the overall assessment of hotels and in location and room assessments, the selection of Swiss tourists, based on a larger number of observations, can be placed in one cluster with tourist selections from non-European countries. A similar characteristic is also applicable to the tourist selection of the UK;
- c) In hotel catering service assessments, another principle of cluster formation is comparatively more vivid, where one cluster is formed by tourist selections from Brazil, Argentine and the USA, while the second largest cluster is formed by European tourist selections, and differences between the two clusters can be observed in different destination groups;
- d) Comparing the assessment clusters of hotel catering services, the author draws a conclusion that they are not comparable and that the assessments made by Italian tourist selections for hotel catering services have a general tendency of being similar to the assessment of tourist selections from other countries, as opposed to city restaurant assessments, while the assessments of catering services made by tourist selections from Belgium and the Netherlands differ regarding both: hotel catering services and city restaurant services. Tourist selections from Argentine and Brazil, in their turn, fall into one cluster regarding all categories of catering services.

Taking into account the lack of an adequately strong correlation between cultural dimension indicators of G.Hofstede and service assessments identified before, cluster analysis as a research method, according to the author, provides a broader and detailed notion of the importance of cultural differences in developing an international tourism company management model, and, on the basis of the results obtained, the author concludes that:

Firstly, the results of cluster analysis provide an insight into the principles of service assessment and segmentation opportunities for a company multi-destination product and for individual destinations (as part of the research, for each of the 6 destinations) targeting foreign tourists based on cultural differences. The results provide grounds for conclusions regarding commonalities and differences, which can be applicable when developing a tourism company product and ensuring customer satisfaction with the services received in cooperation with suppliers. The results obtained **confirm sub-point (a) of the hypothesis put forward by the author** on the opportunities provided by knowledge of cultural differences in enhancing the value proposition of a company through by introducing customer segmentation.

Secondly, the results of cluster analysis point to the importance of some services in developing a multi-destination product of a company, and when developing a management model one should take into account not only the overall assessment of a tourism company product, but also individual service product assessments. Contrary to the analysis of cultural dimension correlations, the results obtained by cluster analysis offer an opportunity to understand customer satisfaction, which is applicable when developing new products in the existing tourism company markets and when starting operations in new markets. Therefore, it **confirms sub-point (b) of the hypothesis put forward by the author**.

Thirdly, the author draws a conclusion that the results obtained confirm the conclusions drawn as a result of correlation analysis regarding the development of a multi-destination product - in different destinations in terms of satisfaction assessment of various services cluster formation takes place differently

Fourthly, the results of cluster analysis provide an insight in services, critical for tourist selections of some countries, where their assessments are dissimilar to the ones made by tourist selections of other countries. These observations point to the specific necessity of meeting the

service quality expectations of tourists of some countries and simultaneously characterises services important to tourists of those countries.

Fifthly, the results of the research reveal the possibility of systematising cultural differences, thus decreasing the need of a tourism company to develop separate operational strategies for various markets.

4.3. Results of Survey of Tourism Industry Professionals

Since, as part of quantitative research, the author applies selections formed by end-consumers (tourists) of a tourism company product, in order to confirm the conclusions drawn in the overview of scientific literature on the peculiarities of managing an international tourism company, as well as to study the views of tourism industry professionals on the possibilities for developing an international tourism company management model encompassing, *inter alia*, an interaction of a tourism company with a chosen destination and company partnership with its clients and indirectly - with tourists and suppliers as providers of separate services, the author has performed a quantitative survey of tourism industry professionals.

Out of 118 tourism industry representatives surveyed, 80.5% represent tour operators, 13.6% - travel agencies, 4.2% - online travel agencies and 1.7% - operate as agents working from home. However, 38% of tour operators indicate travel agency activities as the secondary profile of activities of their companies, and likewise, the respondents of travel agencies have indicated tour operator profile as their secondary line of business activities. For 52.5% of respondents outgoing tourism is their main line of activity, while for 47.5% it is incoming tourism. The selection is composed of medium sized (< 50 employees), small sized (<50 employees) and micro- companies (<10 employees), 52.3% of selected respondents represent medium or small sized tourism companies, 84.7% of them are located in Europe and 15.3% elsewhere, and they offer multi-destination products at destinations as defined for the purposes of the research.

The author draws a conclusion that responding to the needs of clients and tourists is accepted as one of the key preconditions in tourism company operations, moreover - there are no differences in this assessment between tour operator and travel agencies. However, the attitude of tour operators towards the needs of tourists cannot be evaluated in an unambiguous way, considering that 18.6% of respondents have agreed to a statement that tour operators pay insufficient attention to the needs of tourists and 31.4% have expressed a neutral reaction to it.

Developing of feedback with clients and tourists should be considered an equally important task.

This means that management of a tourism company should be viewed as a system constitution a continuous process and involving preparation of company supply by interacting with suppliers (providers of separate service products), clients and end-consumers and by continuously developing company offer. As confirmed by the survey results of tourism industry professionals, existence of such a system promotes cooperation, which is the basis in forming relationship and structural capital, **confirming the second sub-pint (b) of the hypothesis put forward by the author**. At the same time, when a company shares knowledge it has acquired with everyone engaged in the buying and selling process of their offer, it creates a company value proposition and improves customer satisfaction the product received.

The needs and forming of feedback is subordinated to segmentation, considering the culture-based differences among tourists reflected in the overall assessment of company services and offer. A majority of respondents acknowledge segmentation as being widespread in the tourism industry (only 3.3% of the respondents according to the survey completely disagree or partially disagree with this claim) - this claim is completely or partially supported by 62.7% of respondents.

51.7% of respondent completely or partially disagree with a claim that cultural differences are not important in assessing service quality, while 26.3% completely or partially support it. A minimal negative correlation $r=-0,02651$ exists between the assessments of this

claim and the assessment of the degree of prevalence of segmentation , thus substantiating the role of cultural differences as a possible approach in client segmentation in tourism, **confirming sub-point (a) of the hypothesis put forward by the author.**

Cooperation with suppliers and clients is estimated highly and 45.7% of respondents fully and partially agree with a claim that a personal contact with suppliers can compensate a higher service price, while 72.1% of respondents surveyed fully or partially agree with a claim that a personal contact with clients is equal in importance with the price of a service and 84.7% of respondents fully or partially agree with a claim that a joint development of a product (in cooperation with suppliers) can improve competitiveness of a company. Only 1.7% of respondents partially disagree with this claim. 72.9% of respondents fully or partially agree that in outstanding circumstances they can reach goals of hiring suppliers through a higher level management and only 6.7% disagree with this claim partially or in full. The results **confirm the second sub-point (b) of the hypothesis put forward by the author** on the importance of structural capital.

4.4. A Model of Management of an International Tourism Company

The author comes to a conclusion that a model of international tourism company management based on cultural differences is a tourism company business system, envisaging successful inter-cultural communication with all parties involved in developing, sales and management of a company product, thus facilitating company operations in a global inter-cultural environment. The system is formed by the capacity of an organisation to utilise cultural differences as knowledge targeted at facilitating company operations, cooperation with suppliers and partners. The basis of the system is formed by understanding of the importance end-consumer cultural differences.

The model is formed by knowledge on the importance of cultural differences in assessing service products. This knowledge is characterises capital of an organisation with a high proportion of non-material resources as well as skills in utilising it in a number of ways:

- 1) In communication with cooperation partners of a tourism company for the purposes of multi-destination product sales. Taking into account behaviour and satisfaction with the services received determined by cultural differences, a company has an opportunity to form relationship and social capital with its cooperation partners. Therefore, a tourism company is capable of providing two-way communication with its cooperation partners and promote customer satisfaction with the services received;
- 2) In cooperation with tourism product service providers at different destinations; by working with a multi-destination product, a tourism company has a possibility to diversify its cooperation models with service providers at different destinations on the basis of its knowledge on end-consumer preferences;
- 3) In communication and transfer of knowledge on cultural differences to personnel and service providers of an organisation, including to tour guides and group leaders. In order to make a more successful use of the knowledge on cultural differences for the purposes of reaching company goals and ensuring its operations in an inter-cultural environment, a common understanding of cultural differences, their importance in ensuring customer satisfaction and in behaviour is of utmost importance. An international tourism company requires a system, which would facilitate dissemination of this information to its personnel, its indirect personnel (e.g., guides working with tourists) and to service providers;
- 4) Taking into account the role of cultural differences in the context of the theme and goal of this research, utilisation of knowledge on cultural differences is possible by using it in ensuring the key management functions of a company,

based on the conclusions of this research, the author identifies several stages of cooperation involving a tourism company, tourists, clients and suppliers, where the conclusions

drawn would be applicable when developing an international tourism company management model: interaction between a tourism company and tourists, in developing and sales of a tourism product, in the system of service product utilisation, in interaction between a tourist and a service product, in the impact of culture on tourist behaviour in the service assessment system.

In order to summarise conclusions produced at different stages of this research (end-consumer satisfaction with a tourism product, dimensions by G.Hofstede and end-consumer satisfaction correlation results, end-consumer cluster analysis and the survey of industry professionals), the author by applying the business model canvas worked out by A.Osterwalder and Y.Pigneur, is developing an international tourism company management model. As viewed before, the author uses 9 modules of the model, simultaneously taking into account J. Kraaijenbrink's criticism substantiating the adaptation possibility of this tool.

Developing an international tourism company management model taking into consideration the role of end-consumer (tourist) cultural differences as concluded in the research made by the author and by utilising the tool of Osterwalder and Pigneur, the author believes that the basis of this model is formed by 5 key components as its integral parts:

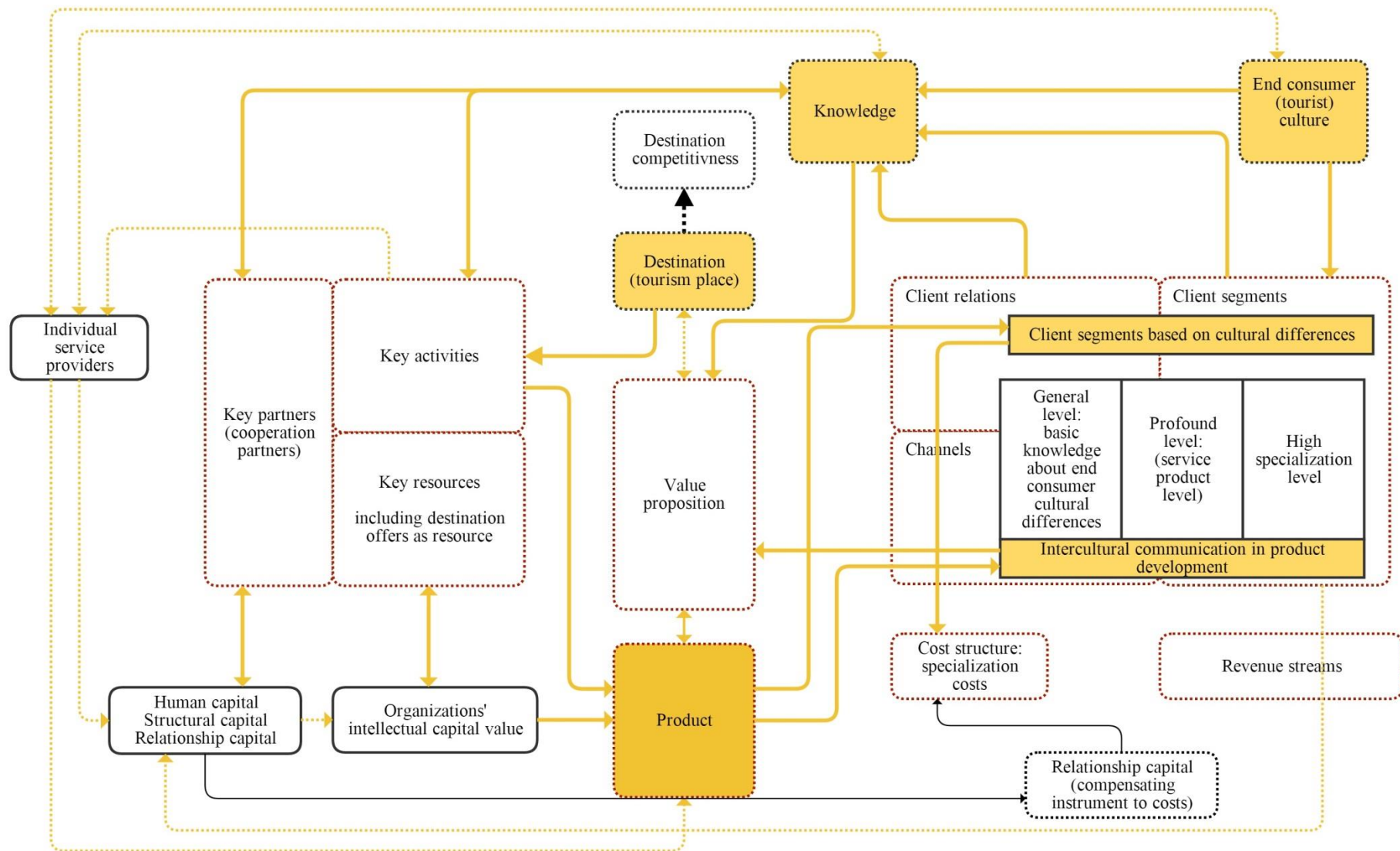
Firstly, client relations, client segments and channels cannot be separated and viewed in a unified way. Moreover, when developing an international tourism model based on cultural differences, this three modules are commonly characterised by client segments based on cultural differences, and inter-cultural communication and its role in developing a tourism company product. On the basis of results produced by the research, the author draws a conclusion that customer satisfaction characterising knowledge of a client (primarily of end-consumers - tourists, but can also be attributed to clients - cooperation partners) can be divided into several levels. The division into levels is substantiated by the conclusions of this research, that the overall consumer satisfaction assessment of a multi-destination product is not radically different in different countries. However, assessing end-consumer satisfaction with separate service products, the role of cultural differences is more vivid and more important in assessing satisfaction with a product of a tourism company. As confirmed by the results of this research, when developing an international tourism company model, client relations are based on knowledge of cultural differences. Cultural differences can be used in order to perform client segmentation and diversification of tourism company products. The author assumes that this kind of segmentation has to be subordinated also to the changing cost structure, however, accepting or denying such an assumption would require separate research. Client channels in their own turn are directly subordinated to client relations and client segments, which need to be formed on the basis of the identified cultural differences and their connection with satisfaction with the overall tourism product and with particular service products.

Secondly, it is end-consumer and culture characterising this user. Although in a traditional tourism company management model interaction between a tour operator and its client (cooperation partner) are considered as primary, end-consumer by interacting with service providers forms satisfaction with the services received in the most direct way, and is therefore referable to cooperation of a tourism company with its clients.

Thirdly, knowledge of clients representing different cultures, their satisfaction with an overall tourism product and service products forming it, builds non-material assets of a tourism company. However, knowledge as a non-material asset is of value only if it is applied in the key partnerships, including with service product suppliers forming an overall tourism company product, and at the same time - with tourism company clients. Fourthly, a tourism company product as the main tourism company asset, which is offered by a company to its clients, is one of the key parts constituting a value proposition of an international tourism company. However, according to the author and based on the conclusions drawn on the basis of this research, international tourism company value proposition is formed only together with its knowledge as non-material assets and inter-cultural communication skills.

Fifthly, an international tourism company management model should include a place - destination where a tourism company offers its product. An international tourism company

management model based on the tool of A.Osterwalder and Y.Pigneur is reflected in Picture 2. The model reflects the key stages characterising company management, subordinated to end-consumer culture forming knowledge and client segments based on cultural differences. Knowledge produces an increase of company value proposition, supplemented with inter-cultural communication and inter-cultural communication skills in the product development process. A tourism product, in its own turn, is indirectly subordinated to end-consumer culture and its differences.



Picture 2 An International Tourism Company management Model based on Cultural Differences (produced by the author on the basis of business model canvas by Osterwalder and Pigneur)

The basis of this model is formed by the 9 business modules of Osterwalder and Pigneur, where 3 modules (client relations, client segments and channels) are substituted with client segments based on cultural differences. Taking into account the conclusions drawn from the research on client satisfaction, the author singles out 3 client segmentation modules, which are united by inter-cultural communication in the development of tourism company product as an explanatory segment. The basis of the model developed is formed by modules marked with a red, dashed line. They are supplemented with modules marked in yellow, which are supplemented by the author. Operation of the model is marked with yellow arrows. The yellow, straight lines depict the main conclusions of the research work, while the yellow, dashed arrows point to secondary conclusions of research. The modules in black have been added by the author to the developed business model. They have been added on the basis of conclusions drawn, while reflecting the limitations of this research.

The business model canvas is supplemented with conclusions obtained by the author while working with the scientific literature and on this research, and the 4 defined components of international tourism company management, including end-consumer culture (and its differences), knowledge (as a non-material asset), place of tourism - destination, a tourism product. According to the author and based on the study of the scientific literature in Chapter 1, supplementing elements of this model should include human capital, structural capital and relationship capital as well as the value of intellectual capital of an organisation, and, taking into account the conclusions on the role of separate service providers in international tourism company management and end-consumer satisfaction drawn from this research - also separate service providers. The author also singles out competitiveness of destination and relationship capital, as a compensating instrument of cost structure, as secondary, supportive elements. The author believes that, despite the fact that the link of these additional elements with the developed research model has not been addressed as part of this research, their existence is a regularity, based on the conclusions drawn as part of this research.

In the developed international tourism company management model, based on cultural differences, the author reflects several principles of tourism company management.

Firstly, end-consumers and their characteristic cultural differences can be utilised when forming client segments based on cultural differences. These segments are characterised by the differences in service product satisfaction assessments, which should be classified when producing client clusters in line with what was performed in the course of the research work. Simultaneously, understanding of these differences and client segments form knowledge used by a tourism company in developing its product. At this stage company has an opportunity to assess a necessity for product differentiation and its degree. An in-depth assessment of differentiation can provide an idea on expected cost and price of a product. In order to implement and utilise a model based on end-consumer cultural differences, knowledge is obtained not only from end-consumers themselves, but also from company clients, in their partnership and activities. Therefore, in order to utilise cultural differences and their impact on satisfaction with a tourism product and separate services in the best way possible, acquisition of knowledge is a two-fold process where a tourism company interacts with end-consumers and with its clients.

Secondly, taking into consideration tourism as an asset of a high non-material proportion, the model reflects a system by means of which an international tourism company gains and utilises cultural differences as knowledge, forming its intellectual capital. Intellectual capital is a part of international tourism company value proposition, formed by knowledge of end-consumer satisfaction, inter-cultural communication skills and a tourism company product. A tourism company product is one of the key parts constituting international tourism company management. However a tourism product creates a tourism company value proposition, if it interrelates with key partnerships and is formed in cooperation with separate service providers.

Thirdly, value proposition is at the centre, it is created by a tourism company offering its product and destination - a place of tourism, where a product is being offered. In fact, value proposition cannot exist if a tourism company ignores a destination. In its own turn, inter-

cultural communication in this process ensures a correct perception of a tourism company product and also of a destination. With the existing imperfections in inter-cultural communication, a tourism company value proposition can be interpreted as being inconsistent with an intention of a tourism company. Communications skills in an inter-cultural environment produce a value proposition, which is transferred to both - a destination and a tourism company product.

Fourthly, a place of tourism - destination is a substantial part of a tourism company value proposition, since, as reflected by the results of research made by the author, the same service product is perceived differently at different destinations. The author concludes that tourism companies, whose product is offered at different destinations, require developing target product strategies, which should ensure a possibly higher degree of consumer satisfaction. In practical terms a place of tourism as a destination cannot exist separately from companies, which offer their tourism products at the respective destination. Therefore, competitiveness of a destination is linked not only with available destination resources, but also with non-material assets - knowledge resources of tourism companies operating at a certain destination. Moreover, a destination can also act an obstacle to tourism company operations and to the development of a tourism company product, attributable to the key activities of a tourism company.

Fifthly, combined knowledge of end-use cultural differences and their fluidity at different destinations can be utilised in forming partnerships with tourism company clients. This way an international tourism company can offer higher value to its products.

Sixthly, a value proposition of an international tourism company lies in a product, its presentation which is manifested by utilisation of its key resources. Utilisation of resources forms at least 3 types of capital, which altogether form international capital value of an organisation. Client segmentation as well as separate service providers, affects 3 modules of capital. The 3 types of capital directly affect partnerships in both directions.

4.5. Summary of the Developed Model Approbation Focus Group Interview

Participants of the focus group discussion pointed out that the developed model provides a clear notion and system of utilisation of cultural differences when working with tourists from different cultures, and those cultural differences had to be considered as important knowledge allowing to understand issues essential to an end-consumer. This knowledge is substantial to tourism companies, facilitating improved identification of adequate ways of presenting the contents of a company product to tourists of different countries. Participants of the focus group admitted that merging of client segments, client relations and channels on the basis of a degree of understanding of cultural differences is substantiated when responding to characteristic traits of consumers representing different cultures. Thus, **the first sub-point (a) of the hypothesis put forward by the author was confirmed** by the group. Moreover, utilisation of segments based on cultural differences is acceptable not only at tourism companies, but also in operations of separate service providers. The participants of the interview stress, that an opportunity of a company to adapt its product for the specific requirements of tourists from a definite country in a relatively cheap manner, thus creating a different offer and, without doubt, promotes also value proposition of a tourism company, represent a substantial conclusion of this research. A value proposition of this kind represents an opportunity for a company to offer an alternative to routine, which can often be observed in tourism company operations. A tourism company operating in an international environment, when engaged in client relations, must take into account cultural differences and, as admitted by the participants of the interview, it is being done within the limits of their capacities even without any clear system reflecting the significance of cultural differences. A model of this kind envisages an opportunity for a company to find its niche in an easier way or to lean in favour of a product offer for the masses. A degree of specialisation based on cultural differences can create new opportunities for an international tourism company to broaden its operations - by using its existing experience, it can be utilised in

similar markets. The author concludes, that the views expressed by the participants of the focus group of discussion **confirm the hypothesis put forward by the author** regarding end-consumer cultural differences as a system created by knowledge, implementation of which can be performed by making use of a model of company management, which involves cooperation and partnership.

In accordance with the participants of the focus group, it is important for a destination (a country in general, or a local authority) to propose its vision on products, which are seen by destination developers as their priority products, since tourism company operations essentially do not have to be targeted at the development of destination image and its offer, although such practices exist in reality. Without doubt, separate tourism companies affect the image of a destination and indirectly - also its competitiveness. The participants of the interview admitted that destinations, particularly, new destinations, like Riga, were characterised by a high proportion of stereotypes, while companies operating at a certain destination offered their services in an honest way, thus contributing to forming a destination image. The presence of creative and innovative companies is an important precondition for the development of a destination and, particularly, to its image. Simultaneously, tourism companies, developing in synergy with a destination, acquire common understanding of a product, service quality and the culture of serving end-consumers. Separate products are an important part of a destination, therefore, if a business person has knowledge of an end-consumer, his/her needs and interests, image of a destination can develop successfully. Knowledge and understanding of each staff member on end-consumers and their characteristic cultural differences represents an important aspect in this process. The participants of the focus group admit that knowledge of cultural differences and understanding of their importance can be used when changing stereotypes regarding a destination, which in its own turn promotes growth and competitiveness of a destination. By operating at a narrow level of specialisation in the context of cultural differences, tourism companies can provide significant knowledge to planners and developers of the tourism industry, **confirming the second sub-point (b) of the hypothesis put forward by the author.**

The participants of the focus group discussion point out that knowledge of cultural differences is particularly important to those tourism companies, which create their own company product and value proposition on the basis of products provided by separate service providers. In order for such a system to function successfully, separate service providers must be ready to listen and implement a self-defined, clear policy in terms of adjustment costs. Service providers are ready to adjust and their main gain is end-consumer satisfaction and cooperation opportunities with tourism companies. The participants of the interview admit that human capital and the ability of each individual working at a company to appreciate knowledge acquired on end-consumer cultural differences and to transfer it further serve as important pre-conditions for achieving this goal. Structural capital also plays an important role as it creates a system for transferring knowledge acquired to the chief manager of a company or to a person responsible for successful implementation of cooperation with a tourism company by forming feedback after an end-consumer has received a service product of each individual service product producer, **confirming the second (b) sub-point of the hypothesis put forward by the author.**

According to the participants of the focus group, this issue represents a logical continuation of the discussion on previous issues and is attributable to companies, which take into consideration end-consumer cultural differences. A system can be created where knowledge acquired at a destination on the interaction of end-consumer with separate service providers, a destination itself and company value proposition, creates trust towards a tourism company, valuing its attention towards end-consumer and the peculiarities characterising its culture. The participants of the focus group discussion single out the consecutive narrative offered by the model on the ways cultural differences can promote formation of strong, long-term partnerships involving a dialogue on a tourism information product. End-consumer would be the main

benefactor of such a partnership by receiving an offer of a personalised product based on cultural differences, and **confirming the hypothesis put forward by the author**.

Along with the main conclusions, which were obtained by answering questions on international tourism company management model prepared by the author, and after learning more about the model and the interactions and connections depicted in it, the participants of the focus group discussions wanted to single out other additional conclusions and observations on the developed model.

Firstly, positioning of knowledge at the centre of the model is considered as appropriate in respect of the peculiarities of managing an international tourism company, clearly pointing to the importance of a high proportion of non-material resources in tourism in general and in tourism company management.

Secondly, the model can be considered as comparatively universal, since it does not limit its application to international tourism company management, but also when developing particular action plans and strategies.

Thirdly, the developed model can be utilised as a teaching model of new employees, since it reflects the role of each individual employee in providing services and depicts a system where the importance of each service provider contributes to overall value proposition. It also makes it possible to comprehend which processes can be affected by an individual service provider and which ones are beyond its reach.

Fourthly, the model is applicable to developing further strategy of financial operations by utilising one of the specific levels offered by the author. By choosing specialisation in particular markets or market segments on the basis of knowledge on end-consumer cultural differences, a company is capable of identifying all stages related to costs by implementing this kind of strategy.

Conclusions and Suggestions

By conducting research of scientific literature and a practical study of end-consumer cultural differences as well as by developing and performing approbation of international tourism company management model, the author drew a number of conclusions. They can be viewed in the context operation of the developed model and it simultaneously refers to such research aspects as management of a contemporary organisation of a high proportion of non-material assets, end-consumer satisfaction, cooperation and company cooperation with clients and suppliers. The hypothesis of the author has been confirmed and one can conclude that studying of end-consumer cultural differences creates structured knowledge, which, by becoming a non-material asset of a company, an organisation creates and supplies value to product users and enhances its competitiveness, while the enhanced value proposition can be used as the basis of a system encompassing cooperation and partnership, where tourism company management model can serve as a tool for its implementation.

1) Today management of companies with a high proportion of non-material assets implies greater uncertainty in comparison with management of traditional companies, therefore study of management affecting factors also becomes more complicated and indeterminate, because it is changeable for different industries. In the developed model the author notices and depicts processes characteristic to the tourism industry by revealing the key conclusions and assumptions on the main principles of tourism industry operation.

2) Methods of managing an organisation with a high proportion of non-material assets are substantiated by adapting the traditional understanding of management and supplementing it with knowledge, intellectual capital and other non-material assets as resources determining operation of an organisation. However, in comparison with the traditional management of organisations, a lack of new ideas in the management of organisations with a high proportion of non-material assets is noticeable, when researching their operations, which is often substantiated by their specific nature.

3) Activating the role of culture in business is connected with the change of paradigms in management science and the development of knowledge-based organisations. Diversification of international tourism environment is related to the necessity of assessing the importance of culture as a complex phenomenon by understanding the consumer, market situation and international business environment in general. The model illustrates the role of the shift of globalisation and the traditional management paradigms in company activities.

4) Tourism companies are viewed as ones of the most vivid examples of the new companies or companies with a high proportion of non-material assets. Simultaneously, there is an explicit diversity of opinions regarding the factors determining operation of this kind of organisations, which is explained by their ambiguous nature. Although the importance of knowledge as an asset in the operation of these organisations is not questioned, there are differences in explaining the impact of knowledge on the management of these types of organisations.

5) Factors determining management of tourism companies are knowledge of their staff (human resources), a tourism product, structural and relationship capital with cooperation partners and suppliers of an organisation. Factors determining operation of a company in the international environment are also supplemented with inter-cultural competence and other specific types of knowledge characteristic of the international business environment as well as preconditions comprehensively described by globalisation processes.

6) International tourism company management is subordinated to globalisation discourses and related processes - global political, economic and social developments affect operational planning of companies, while market liberalisation promotes development of new tourism origin countries, thus changing the international tourism market structure. As a result of the changes in the market structure tourism companies require searching for new approaches by working with yet unknown international tourism markets and end-consumers.

7) Cultural differences and their structuring is a necessity, dictated by the globalisation driven global economic development, which is aimed at facilitating the opportunities of companies working in the international tourism business environment to act in the global tourism market. Cultural differentiation and their systematisation can be considered as special knowledge with the help of which the necessity for tourism company product diversification can be reduced.

On the results of the research and their significance in developing an international tourism company management model:

8) Taking into account the results obtained as part of the research, the author comes to a conclusion that the cultural differences, researched in the context of end-consumer satisfaction assessment of international tourism company product, are sufficient in terms of their contents and scope in order to apply them in tourism business by developing a model of international tourism company management. Cultural differences can be considered as knowledge, by studying and structuring of which creates a company value proposition. Therefore, it confirms the hypothesis put forward by the author regarding end-consumer cultural differences as knowledge.

9) Knowledge of end-consumer cultural differences creates a company value proposition to consumers (both - to company clients and to end-consumers) on the grounds that the obtained knowledge about end-consumer cultural differences is utilised for product development purposes, as confirmed by the conclusions of the quantitative research survey of the tourism industry professionals produced by the author and the quantitative research discussion of the focus group. Therefore, this conforms the main part of the hypothesis put forward by the author: "Study of end-consumer cultural differences creates structured knowledge, for which, with them becoming a non-material active of a company, an organisation creates and supplies value to the users of the product and improves its competitiveness, while utilises the perfected value proposition in order to..."

9) Dimensions of G.Hofstede, initially used in the research, cannot be applied directly, when developing a tourism company management model based on cultural differences. Although they provide an insight into the existence of cultural differences, the author believes that there are considerable limitations, which characterise end-consumers in tourism in comparison to all inhabitants of a respective country.

10) One can identify several models of integration cultural differences in international tourism company management, taking into consideration the scope and goals of tourism companies. Broader and more complex observation and utilisation of cultural differences in product development and enhancing of service quality requires greater product diversification, taking into account not only the common tendencies, but also the peculiarities of assessment of separate service products. **The results of the quantitative research correlation analysis and cluster analysis confirm the first sub-point (a) of the hypothesis put forward by the author.**

On the developed model of management of an international tourism company:

11) The developed model reflects operations of an organisation with a high proportion of non-material assets, depicting the most important operation processes and confirming the hypothesis put forward by the author. The necessity for acquiring knowledge, development of a company product and participation of separate service providers in product development should be particularly singled out among the most important operational processes of an organisation. The model includes and explains one of the key tasks of an organisation with a high proportion of non-material assets - acquisition of knowledge, structuring and utilisation, which form the basis for achieving the goals of an organisation. A pre-condition for acquiring knowledge and its further use is the acquired and structured knowledge of each individual staff member of a company and the skills of transfer them correctly, thus providing a company with an opportunity to use them for the purposes of achieving its goals. By understanding of end-consumer cultural

differences and assessing them as valuable knowledge or non-material assets of a company, a company needs to explain them at an individual employee level.

12) International tourism company management model developed by the author is a structured approach envisaging interaction of all participants involved (organisations and end-consumers) on the basis of culture as an external factor determining company operation. Acquisition of new non-material assets (knowledge) by studying an end-consumer has been envisaged in it. Permanent creation of new knowledge has also been envisaged determined by an established feedback between a company and an end-consumer, assessing products developed by a tourism company and its separate components (individual service providers). Utilising of the developed model provides a possibility to understand the specifics of a tourism company operation and use it when developing a tourism company development strategy taking into consideration the levels of cultural differences as the main strategic direction characterising operation of a tourism company.

13) The developed model can be utilised in full or in separate parts - when performing staff training, in providing explanation on interrelation between suppliers and end-consumers, in developing tourism company marketing strategies, using the offered client segmentation based on a level of understanding of cultural differences, as well as in implementing company quality management systems.

14) Analysing the scientific literature on tourism company operation, the author draws a conclusion that they are characterised by an ambiguous understanding of their organisational structure and that the traditional agency - operator division is under decline. As opposed to the traditional models of tourism company management, the model developed by the author does not feature a hierarchic understanding of relations between travel agencies and tour operators. With a help of the developed business model, the author characterises principles of operation of a contemporary tourism company, its key functions, the means of acquiring resources and the types of their utilisation.

15) In a tourism company management model, a tourism company product reflects knowledge in its possession and the skills of its utilisation. At the same time, it is also the subject of assessment of company operation by an end-consumer. End-consumer assessment of the product received is the basis of relationship between a company and its cooperation partners. Product assessment provided by an end-consumer can serve as the basis for building a relationship between a company and suppliers.

16) Company value proposition is the key element of the model of international tourism company management developed by the author. A value proposition involves a broader understanding of a tourism product and is formed by a tourism company product, knowledge of end-consumer cultural differences and inter-cultural communication skills. A company value proposition is indirectly formed by a tourism destination where a company offers its product.

17) Without attempting to diminish the importance of a tourism company product, the author separates it from a value proposition, which is the centrepiece of the model. The model is characterised not only by a tourism company product itself, but also by knowledge of cultural differences attributable to the skills of end-consumer and a company to utilise them by offering and consuming a tourism company product. The key interrelations between all parties involved are highly important in the improvement of a tourism company value proposition. The basis of this interrelation is formed by knowledge transfer and its delivery to an addressee (separate service providers).

18) One of the tasks of carrying out the functions of tourism company management is communication as well as inter-cultural communications. This assists in ensuring the sharing of general and specific knowledge, thus developing the structural and relationship capital of a company. Successful communication provides correct transfer of information from a company to its clients and suppliers. Therefore, the author includes communication in different stages as an important precondition of company operations. The third sub-point (c) of the hypothesis is confirmed by the quantitative research of the results of end-consumer satisfaction and is

supplemented by the results of the quantitative research performed by the author - the results of survey of tourism industry professionals.

19) Inter-cultural communication in business reflects a comprehensive approach, which facilitates the reduction in the need for standardisation, while simultaneously promoting the development of new ideas manifesting themselves as new tourism company products. At the same time, successful inter-cultural communication can supplement company products and enhance its value proposition, as well as facilitate cooperation with suppliers of a company.

20) Inter-cultural communication skills together with the development of company products affects client and end-consumer satisfaction with the company product received. Consumer satisfaction can be considered as non-material assets and specific knowledge of an international tourism company. Management of this kind of specific knowledge and its effective utilisation in the daily operations of an organisation promotes end-consumer satisfaction with the tourism product received and can enhance the competitiveness of a company.

21) End-consumer satisfaction is one of the main preconditions for cooperation between a tourism company and its clients, promoting better perception of its value proposition, as well as for cooperation with supplier by upgrading the relationship capital of a company. Assessment of end-consumer satisfaction and its analysis is a precondition for the capacity of an organisation to offer competitive tourism company products to end-consumers in line with client and end-consumer demand.

22) Understanding of end-consumer cultural differences creates knowledge on end-consumer understanding of services, which is highly important for a tourism company. At the same time, systematic studying of cultural differences and their role in tourism company management is a complicated task involving a requirement for large and comparable selection groups.

23) Taking into account the factors affecting tourism company operations, including staff knowledge, skills, the role of information and communication, relying on data obtained in the research of information and programme conformity assessment and comparison of this assessment with the overall assessment of consumers of various countries of a multi-destination product of a tourism company, communication between an organisation preparing and selling a multi-destination product and its cooperation partners engaged in the sales of the product prepared, is a precondition of improving consumer satisfaction.

24) In accordance with the conclusions on the role of cultural differences obtained as a result of the quantitative research, in order to enhance end-consumer satisfaction (which also involves product sales and establishment of feedback, and understanding the reasons for end-consumer satisfaction or dissatisfaction with a product received), there is a possibility for diversification of communication strategies and localisation of products offered. When carrying out tasks of this kind one must take into consideration organisational capacity of a company and their necessity in various markets of company operations.

25) According to the conclusions resulting from the quantitative research on end-consumer satisfaction, end-consumer satisfaction with separate service products forming an overall tourism company product can differ substantially within the boundaries of the same destination or even in terms of one service product, pointing to the existence of cultural differences in product assessment. Simultaneously, such observations create difficulties when researching end-consumer satisfaction with an overall tourism company product, since it poses limitations on the opportunities of systematising and structuring the differences observed.

26) Contemporary tourism companies are characterised by the discrepancy between the desirable and the actual situation in terms of client relations, client segments and understanding of consumer satisfaction. Although companies generally are well aware of the role of consumer satisfaction, they often have a vague notion of practical approaches required in order to ensure it.

27) End-consumer service quality assessment is a complex result of interaction between the culture of a consuming tourist and the culture of a destination, providing an idea of

on individual perception of the quality of services based on cultural differences. Simultaneously, these perceptions can be similar for consumers of different countries and can be used when planning and organising operations of an international tourism company as well as in developing new products. This model stays intact when a tourism company offers its products at various destinations, while interaction of an end-consumer with a destination can create new knowledge.

28) By using their knowledge on end-consumer satisfaction and end-consumer cultural differences, tourism companies operating in Latvia as well as in other Baltic countries, when offering other destinations outside the Baltic countries, can achieve end-consumer satisfaction by means of knowledge, which already is in their possession. In accordance with the results and conclusions of research conducted by the author, the role of destination is more explicit when a company operates in the framework of a narrower specialisation with tourists of some separate countries.

Suggestions

Suggestions on Utilisation of the Model for General Managers of Companies

1) Cultural differences and their importance in managing a company can be analysed in the framework of several discourses. Heads of company human resources can analyse them within the culture of their organisations by taking into account internationalisation of companies in the context of globalisation, which is considered as a micro environment level of cultural differences. At the macro level cultural differences in the framework of company management can be analysed in the inter-cultural context with inter-cultural communication capacity of an organisation and its role in the marketing of products and services or in cooperation among organisations stemming from it, or in the context of end-consumer relations by understanding the role of cultural differences in end-consumer decision making process or end-consumer satisfaction.

2) For the purposes of successful utilisation of cultural differences as knowledge, tourism companies need to conduct consumer satisfaction surveys on a regular basis, identifying end-consumer country of origin. The model developed by the author and the consumer satisfaction clusters offered are applicable when a company attempts to introduce this model.

3) When implementing client segmentation based on cultural differences of consumers, one needs to assess opportunities for creating key partnerships with alternative (similar) markets. By having an understanding of end-consumer cultural differences, a tourism company has an opportunity to commence operations in new markets based on knowledge accumulated in its previous experience. Commencing cooperation with new clients from different countries, head of products and sales of a company can identify end-consumers possessing the greatest degree of similarity by applying the conclusions obtained by the author on client segments based on cultural differences. Research performed by the author reveals the principle of end-consumer satisfaction cluster formation, which involves the main services forming a tourism company product. Since clusters are formed on the basis of closest similarity principle, one can believe that they provide a tourism company with sufficient preliminary knowledge of end-consumer cultural differences and their significance in consumer satisfaction.

4) When implementing the model developed by the author and carrying out client segmentation based on cultural differences, a company must enhance its inter-cultural communication skills, thus developing its value proposition. Inter-cultural communication skills serve as an additional element raising the value of intellectual capital of a company.

5) Commencing operations in a niche based on a narrow specialisation dictated by cultural differences, a staff member of a company responsible for supplier relations needs to assess the existence or sufficiency of knowledge by separate service suppliers on tourist culture of the respective country of origin and, if necessary, educate a service provider on this matter. Simultaneously, one must also study and assess the readiness of a service provider to adapt some of its services to the needs of the specific market. According to the model developed by the author, this task is related to the cost structure.

6) Managers of separate service providers (hotels, restaurants, guides, transport, *et.al.*) in cooperation with tourism companies developing incoming tourism products should share its knowledge on end-consumer cultural differences and their peculiarities regularly. As reflected by the model developed by the author, a tourism company value proposition and product competitiveness can be improved only if a company cooperates with separate service providers (suppliers) and clients.

7) For the purpose of increasing a tourism company relationship capital and developing its key partnerships, it is necessary to secure access to knowledge on end-consumer cultural differences at all stages included in the model, including - the key partnerships with clients, separate service providers and in human capital of a company itself, which is jointly responsible for the value of company's intellectual capital engaged in preparation and sales of a company product.

8) When implementing the model developed by the author or its separate segments, managers of tourism companies or managers of separate service providers must perform staff training on end-consumer cultural differences and their peculiarities in assessing separate services and an overall tourism company product. As reflected in the model developed by the author, value proposition of a company in the context of cultural differences can be implemented only by means of sharing knowledge on end-consumer cultural differences. For the purposes of indicating cultural differences and their inclusion in a company product, the author recommends implementation of human resources policy facilitating that a staff member is able to work with clients representing certain countries, segmented in accordance with client segments based on cultural differences. Therefore, a conclusion drawn by the author regarding the importance of sharing knowledge as the means of improving end-consumer satisfaction can be implemented.

Suggestions on the Development of a Destination for all Parties Involved

9) Organisations tasked with tourism development of the Baltic countries should take into consideration the observed and researched end-consumer cultural differences and use them in developing tourism products for specific target markets. In accordance with research performed by the author, the 12 country tourist selections included in it do not show mayor end-consumer assessment differences in the same single product segment. Based on this conclusion, the author assumes that end-consumer satisfaction in Vilnius, Riga and Tallinn is similar because of the similarity of destination offers.

10) Organisations tasked with state tourism development, for instance, in the case of Latvia - Latvian Investment and Development agency or the Ministry of Economy, as well as Tourism Information Centres need to communicate with tourism companies in order to study cultural differences of consumers and the changes in end-consumer satisfaction behaviour. As it has been pointed out in the model and concluded in the focus group discussion developed by the author, tourism companies are co-responsible for an image of a destination. Tourism companies operating in international environment in a majority of cases have broad knowledge on the dynamics of demand for different tourism products and end-consumer satisfaction with the services received. This kind of information exchange between parties tasked with tourism development can promote the competitiveness of a destination.

Suggestion on Tourism Terminology

11) The author suggests supplementing the Academic Termbase with a definition of a *multi-destination trip* - the furthest and most important places of a single trip. The suggestion is substantiated on the basis of a previous conclusion drawn by the author on the necessity to develop the notion of a multi-destination trip in the scientific literature related to international tourism business and taking note of the latest tendencies in travel. They concede that several and possibly different destinations can be visited as part of a single tour. During travels of this kind end-consumer satisfaction is formed not only by assessing conformity of the service product received with expectations, but also by comparing the visited destination with another destination visited during the same trip.

12) The tourism industry terminology in Latvia needs to be supplemented with an international tourism company notion. The author recommends supplementing the *Tourism and Hospitality Explanatory Dictionary* with a notion of *international tourism company* - a totality of material and non-material elements targeted at conducting business activities in two or several countries. International tourism companies most often are incoming tourism operators, which cooperate with suppliers, providers of separate services, who form a tourism company product in two or more countries. The author believes that substantiation for this terminology is rooted in the overview of scientific literature where terminological insufficiencies have been observed and in the conclusions on the impact of globalisation processes on the tourism industry company operations. They envisage that, as a result of market liberalisation, the activities of companies providing incoming tourism cannot be attributed only to the country where this company is registered or physically located.

Suggestions for Further Research

13) To continue research commenced by the author on end-consumer cultural differences and client segments, involving also other service products or different providers of services, in order to assess if, a changing level of a service product, e.g. in a 3-star or 5-star hotel segment, leads to similar conclusions and similar principles of end-consumer satisfaction cluster formation. The methodology developed by the author provides for a possibility to broaden the research by engaging selections of tourists from other countries and other destinations.

14) By supplementing the research of the author, analysing cost structures, verifying the conclusion that value proposition based on cultural differences can serve as a cost saving instrument for a tourism company product.

15) To broaden the research of author research by supplementing the model developed with an additional security section, subordinated to the sections included in the model on the main partnerships, activities and for value proposition.

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