

## The Role of Human Resource Capacity to Ensure the Competitiveness of the Cross-Border Cooperation Projects in the Tourism and Hospitality Industry

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### ABSTRACT

The importance and the relevance of research issues ensuring the competitiveness of cross-border cooperation projects in the tourism and hospitality industry by improving the human resources potential is obvious, because not only the success of the development and the implementation of management decisions depend on the human factor, but also the level of service in the tourism and hospitality industry. For this reason, this article aims to study the scientific approach to the definition of "competitiveness" and its features with respect to the cross-border cooperation projects. To conduct this study, the authors used methods of comparative, systematic, factorial and structure analysis, methods of ordering and generalization, SWOT-analysis, which allow addressing this issue comprehensively, taking into account many factors that affect the competitiveness of cross-border cooperation projects. The novelty of the results of the study is to develop a model to ensure the competitiveness of cross-border cooperation projects in the tourism and hospitality industry through the development of effective workforce capacity. The use of this model will contribute to the development of the tourism in the border areas. Article's materials are of the theoretical value for scientific research in the field of cross-border cooperation as well as is of the practical value in the development of recommendations to improve the competitiveness of the cross-border cooperation projects in the tourism and hospitality industry due to the formation of an effective workforce capacity.

### KEYWORDS

Workforce capacity; competitiveness; cross-border cooperation; tourism and hospitality industry

### ARTICLE HISTORY

Received 15 September 2015

Revised 10 November 2015

Accepted 22 February 2016

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## Introduction

### *Models of cross-border cooperation*

Despite the existence of restrictions and sanctions between Russia and the European countries, joint projects in many spheres of activity continue to exist. Cross-border cooperation plays a major role in this activity.

European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities, adopted in 1980 in Madrid, defines the concept of "cross-border cooperation" as any common actions aimed at the strengthening and deepening of good-neighborly relations between territorial communities or authorities, which are under the jurisdiction of two or more contracting parties, as well as the concluding the necessary agreements to reach arrangements.

The conducted research of the cross-border cooperation projects between the Russian Federation and European countries show that international cooperation in the field of tourism in the border areas is developing more successful than cross-border cooperation in other sectors of the economy.

According to V. Korneevets & L. Semenova (2015), cross-border cooperation in relation to the tourism and hospitality industry is one of the forms of cross-border cooperation which is a combination of bilateral and multilateral relations between the authorities, business entities of the tourism and hospitality industry, public organizations and the population of the border regions of two or more countries.

N.F. Ogneva (2014) in her dissertation research proves that in a cross-border cooperation regional interaction can be built in the following models of cooperation:

- depressive model - the level of cooperation between the regions is low and limited;
- classical model - cooperation is moderate, one region dominates the other (dictates the terms of cooperation), favorable conditions for cooperation (customs and tax regimes);
- partnership model - cooperation in all spheres of cooperating regions (economic, political, cultural, etc.) is beneficial for both parties, regions interact effectively.

With regard to the development of cross-border cooperation projects in the tourism and hospitality industry different models were implemented at different times.

Temporary deterioration of relations between the Russian Federation and European countries led to the fact that depressive model was prevalent in the past two years. However, it is obvious that the implementation of projects of cross-border cooperation in the tourism and hospitality industry will help to increase the competitiveness of the whole border area, as well as individual enterprises located in these regions. Therefore, this topic is relevant and that is why it is necessary to continue the research in the field of maintaining the competitiveness of cross-border cooperation projects in the tourism and hospitality industry through the formation of an effective workforce capacity.

For this purpose, the scientists of the Baltic Federal University named after I. Kant initiated a study of the problems and prospects of the development of cross-border cooperation with a view to diversifying the economic activities of the Russian Federation on the basis of effective use of tourist and recreational potential of the territories which received financial support from the Russian Foundation for Basic Research (research project number 16-06-00181, registration number NIOKTR AAAA -A16-116021210138-0). The results of this study are reflected in this article.

### Literature Review

The study of scientific approaches to the definition of the concept of "competitiveness", "competitiveness of the enterprise."

To analyze the existing scientific approaches and analysis to assess the role of the workforce capacity to ensure the competitiveness of the cross-border cooperation projects in the tourism and hospitality industry the authors used methods of economic-statistical and factor analysis.

The works of scientists who have studied the nature of competitiveness were the methodological basis of this study. The study led to the conclusion that, despite the importance and universality this notion has quite contradictory interpretations. In our opinion, the company's competitiveness takes place in determining the competitiveness of the theory, in connection with which there are many interpretations of this concept (Table 1).

**Table 1.** The organizational conditions of social partnership of college and company

Author	The interpretation of the concept
A.N. Gal (2010)	Competitiveness is the ability of companies, industries, regions, nations and supranational regions to create a relatively high income, relatively high levels of employment on a sustainable basis, at the same time being exposed to international risks
A.N. Zakharov (2014)	Competitiveness is the possession of the properties that create benefits for the subject of economic competition
P.S. Zavyalov (2001)	Competitiveness is the possibility of efficient economic activity and its practical profitable realization in a competitive market
A.V. Dementieva (2000)	Competitiveness is the ability to use your own strengths and concentrate your efforts in the area of producing goods or services, where you can occupy a leading position in the domestic and foreign markets
T. Ponomarenko (2013)	The competitiveness of companies is a dynamic economic category, reflecting the outcome and potential of interactions on the resource and commodity markets, formed under the influence of competitive advantages, manifested in the implementation of corporate strategies of companies with a reasonable institutional management and the use of the institutional environment
R.A. Fatkhutdinov (2005)	The competitiveness of the organization is its ability to produce a competitive product or service
O. Bondarenko (2006)	Industrial competitiveness is its comparative advantage in relation to other companies, which is being achieved as a result of transformation of financial, production, employment, innovation resources of competitive goods and the implementation of this strategy based on competitiveness at the micro level.
I.E. Ilina (2013)	The competitiveness of businesses is the multifaceted feature of companies, which manifests itself in an optimal balance of price and quality of products, in maximizing the satisfaction of the consumers' needs in comparison with similar products (services) of the enterprise's competitor and has a number of single and complex indicators.

### ***The change of the nature of the competitiveness in modern conditions.***

Study of concepts and definitions of "competitiveness" and "competitiveness of enterprises" discussed in the scientific literature leads to the conclusion that most of the terms of "competitiveness of the enterprise" is associated with "... the ability to produce competitive goods (services)." However, taking into account the fact that under current conditions the company can produce different kinds of products and to operate simultaneously on different product (commodity, sector) markets, we can say that at some point in time the level of competitiveness of enterprises and the competitiveness of its production may not be the same (Úbeda-García et al., 2014). Therefore, in general, it may be noted that the competitiveness of the enterprise - is a relative characteristic, which expresses the degree of deviation of this company from its competitors in the field of customer satisfaction.

Traditionally competitiveness considered to be the ability to sell more products and generate more profit than the competition, whether it is a company or a country. Growing transformation that occurred with the Fordist model of production, have led to significant changes (Blandinieres, 2004). Today, competition is increasingly focused on "intangible" aspects, such as brands, know-how, marketing, and not on the actual value of the product or service (Kropinova, Zaitseva & Moroz, 2015; Larionova et al., 2015).

According to M. Porter (1990), "the nation's competitiveness depends on the ability of its industry to innovate and improve." Factors of competitiveness of firms or nations, in fact, correspond to a set of factors of economic growth in which human capital is traditionally included. From the position of the approach of M. Porter's human capital, on the one hand, it can be treated as an important factor of competitiveness, because it is proved that the state of human capital affects the economic growth.

The account of the human factor is also important in determining the nature of the concept of "competitiveness of the cross-border cooperation projects." The authors of the article, based on an analysis of existing scientific approaches, offered to understand under the competitive cross-border cooperation projects of the enterprise the dynamic economic category, reflecting the result of the implementation and the potential cross-border cooperation projects in comparison with other projects implemented in the border regions of two or more countries.

## **Results**

### ***Evaluation of the hospitality and tourism industry development in the Russian Federation***

Considering the projects of cross-border cooperation of the Russian Federation and other neighbor countries in the tourism and hospitality industry, first of all it is important to understand how to develop this industry in the Russian Federation.

According to a study conducted by the authors, the hospitality industry and tourism in the Russian Federation can be characterized as successfully developing sector of the economy.

**Table 2-** Indicators of the hospitality industry and tourism in the Russian Federation for the 2010 - 2014

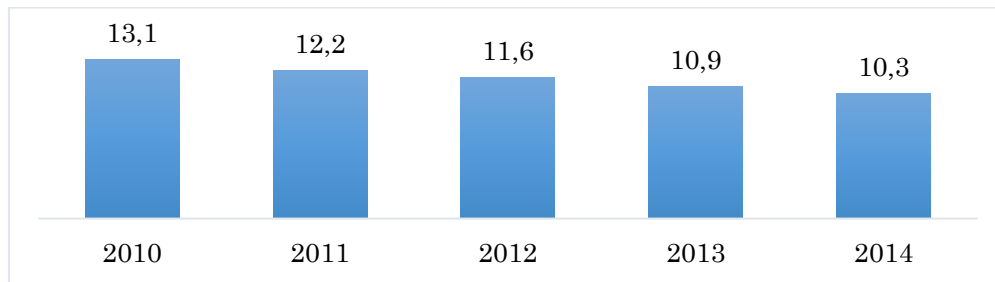
Indicators	2010	2011	2012	2013	2014
Number of accommodation facilities, units	7866	8416	9316	9869	10714
Including:					
Hotel	4220	4444	4666	4856	5445
Furnished rooms	616	700	793	853	1002
Motel	99	123	132	138	155
Pansion	127	159	171	178	236
Hostel	507	500	484	495	492
Other hotel-type organizations	384	431	460	478	568
Revenue of the accommodation, ths, rubles	115629840,3	137204790,5	161800681,2	185658223,8	190616912,9
The number of Russian citizens, placed in collective accommodation facilities, thousands of people	27166,7	29310,2	31798,4	32522,0	33798,5
The number of foreign nationals placed in collective accommodation facilities, thousands of people	3413,4	3865,9	4213,6	4443,3	4607,9
Average number of employees (without external part-time workers and unscheduled composition) accommodation facilities, people	103260	102699	108429,9	107728	110607
The number of travel agencies, units	9133	10266	10773	11324	11614

Prepared by the authors on the basis of the official website of «Federal state statistics service» (2016).

As it can be seen from Table 1, for the period of 2010-2014 the positive dynamics of the number of accommodation facilities in all categories is noted. In 2015, Russia opened 21 hotels under the brand of international operators with a capacity of about 3,300 rooms, and in 2016 announced the opening of another 30 hotels.

### ***Factors affecting the change in the average number of employees of the Russian hospitality industry (based on a single enterprise)***

If calculate according to Table 1. the average number of employees (without external part-time workers and unscheduled composition) of accommodation facilities per one accommodation facility, it turns out that during the analyzed period there is a constant reduction in the value of the indicator (see Figure 1).



**Figure 1.** Dynamics of the average number of employees (without external part-time workers and unscheduled composition) of accommodation facilities per one accommodation in the Russian Federation for the period from 2010 to 2014, people

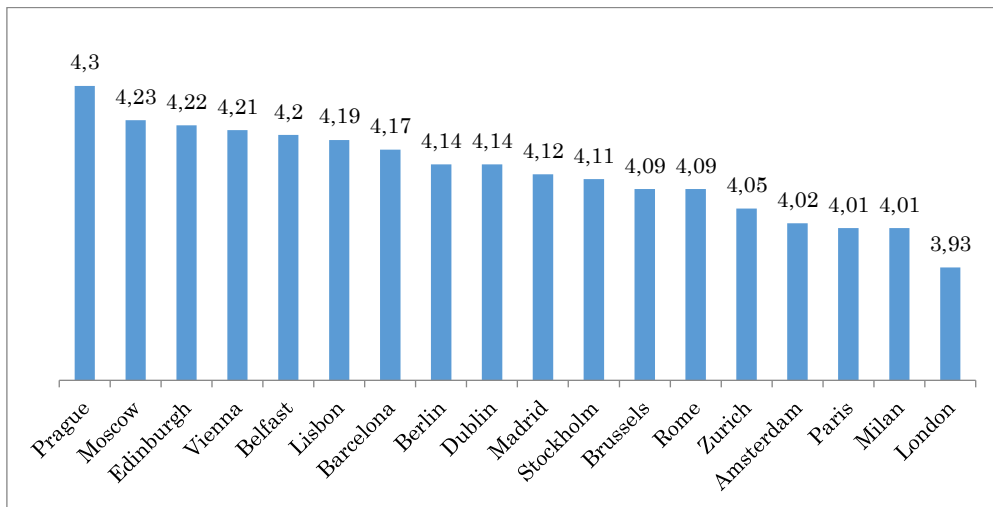
This negative trend is due to two factors: on the one hand, the share of small hotels and other accommodation facilities is increasing, and on the other, because of the crisis there is a reduction in the number of employees in large hotels, some staff is at the outstaffing. And this is despite the complication of the use of such services because of the entry into force of the Federal Law № 116 from 05.05.2014 "On Amendments to Certain Legislative Acts of the Russian Federation since 1 January 2016." The law amending the Labour Code of the Russian Federation regarding regulation of contract labor (outstaffing). In the Russian Federation the definition of contract labor is now introduced: it is the work carried out by an employee by order of the employer's behalf, under the direction and the control of an individual or a legal entity other than the employer of the employee. Now recruitment agencies that provide services of outstaffing must go through the proper accreditation. But even after this a private employment agency cannot provide the employer with employees for the period longer than 9 months (according Hotelier. Pro, 2016).

### ***The evaluation of the competitiveness of Russian hotels***

Thus, competition in the market of hotel services is enhanced, but not only in the traditional accommodations. Mini-hotels and hostels, which attract the most mobile part of the demand - young people and students are increasingly being built. This shows the ongoing process of the market segmentation, and therefore, an increase in competition, so that the clear segmentation helps to increase sales in a highly competitive market. Statistics show that during the crisis in the tourism and hospitality services only strong companies with stable business models and stable labor collective can survive (UNWTO, 2014).

Russian domestic tourism has a positive growth trend over the past 3 years. Compared to the previous years the number of those wishing to go on a trip to the country increased. Russia is continuing to shift from the outbound tourism, which in 2015 showed the biggest fall in 20 years, to the domestic one. The authors suggest that the activation of the external tourist flow will continue next year.

Note that the qualitative changes taking place in terms of the service quality. Hotels in Moscow took the second place in the ranking of the European hotels (Figure 2), with the highest number of positive reviews from tourists all over the world.



**Figure 2.** Rating of Europe hotels (2015). Source: Colliers International

Revinat and Colliers International Company analyzed the responses submitted by guests of hotels throughout Europe, which allowed to estimate the main European countries as well as major cities in terms of the perception of the hotel market in these areas. The study is based on an analysis of 4.7 million reviews from more than 4600 hotels in Europe, located on the site Tripadvisor.com, Booking.com, Expedia.com, Hotels.com, and others.

According to the study only 4 cities improved their performance over the last 3 years - Moscow, Amsterdam, Brussels and Edinburgh.

This increase in positive reviews is a good sign for the hotel market, particularly against the backdrop of a recovery in demand and the growing tourist flow. Other researchers also record growth in the number of positive assessments of the service in Russian hotels. So in the annual ranking of the friendliness employees of European hotels, compiled by Hotel.info experts, domestic hotels position has improved markedly. Compared with the previous year, Russia has made a real breakthrough entering the top-20 and almost entered the top-10 (Hotelier. Pro, 2016).

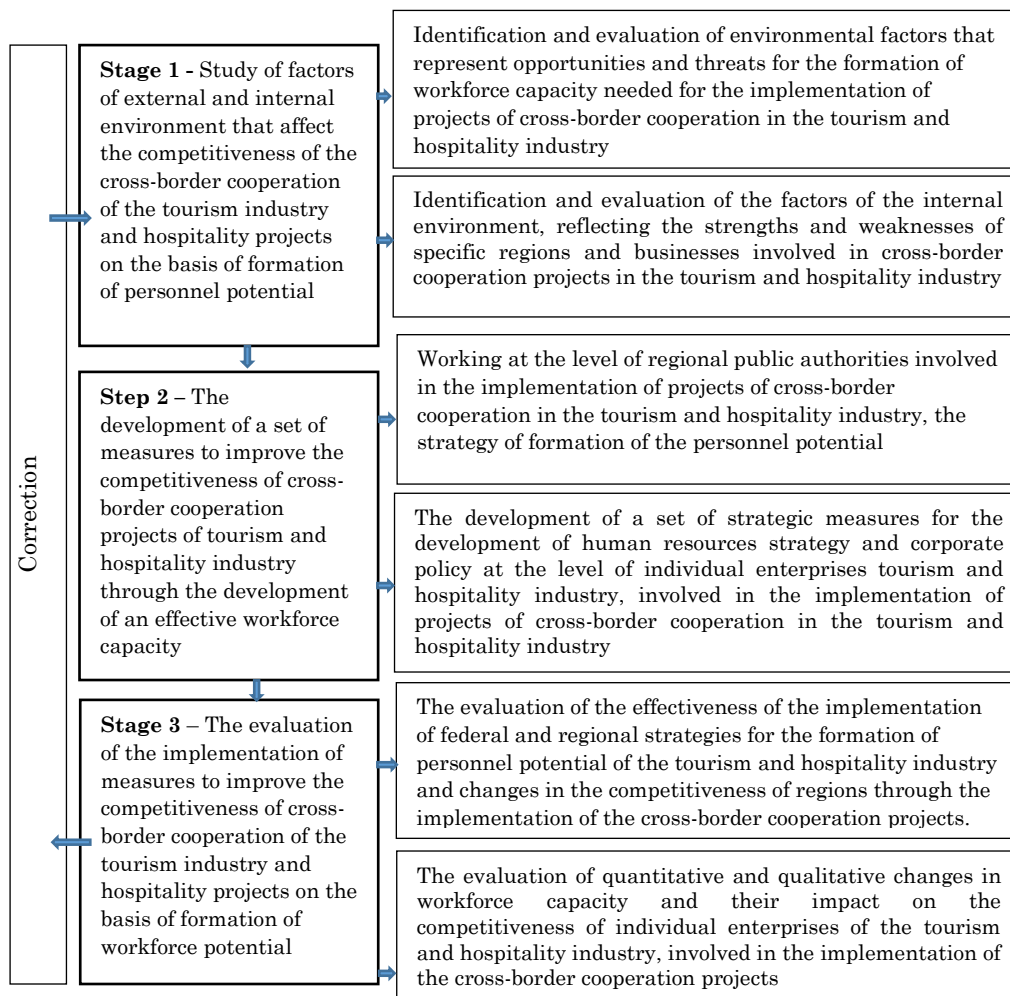
Despite the problems, the tourist activity is reformed and developed in Russia. However, there is still a shortage of qualified personnel. Equally important is the hospitality industry enterprises turnover. Frequent turnover of staff, on the one hand, leads to a deterioration in the quality of service (newly hired workers in a period of adjustment), on the other hand, increases the costs of the enterprise (the payment of severance benefits, the cost of training an employee who did not go to work in the enterprise). Rosinterrestaurants Company observes that turnover in the market for an average is of 60-65%, and 100% of the company that is for the year the staff can be fully changed.

***The development of a model of ensuring the competitiveness of cross-border cooperation projects in the tourism and hospitality industry through the development of an effective workforce capacity***

The crisis has radically changed the situation in the staff segment of the hotel industry. New problems and challenges arise not only in front of the front

line personnel but also in front of top managers. Hotel chains have very interesting practices of its own staff development, increasing its loyalty and efficiency without increasing wages, which can be partially used in the practice of independent hotels and other accommodations.

Turning to the practical aspects of ensuring the competitiveness of the tourism and hospitality industry through the development of an effective workforce capacity, the following model developed by the authors is proposed (Figure 3)



**Figure 3.** The model for the competitiveness of cross-border cooperation projects in the tourism and hospitality industry through the development of effective workforce capacity

Thus, this model, on the one hand, reflects the three classic stages of the development of realization of administrative decisions, on the other hand, considers the solution of the problem of maintenance of competitiveness projects of cross-border cooperation in the tourism industry and hospitality on the basis of formation of effective workforce capacity at both the federal and regional level, and at the level of individual enterprises of the tourism and hospitality industry, involved in the implementation of these projects.



## Discussions

Previously conducted studies of cross-border cooperation in the most part were limited to the study of the problems associated with the regulatory aspects of these activities. Study on the assessment of competitiveness of cross-border cooperation projects in tourism and hospitality industry through the development of an effective workforce capacity is not available.

Previously, cross-border cooperation issues V. Korneevets L. Semenova (2015) considered from the perspective of identifying the nature of this process and its peculiarities in tourism.

However, some of the authors have previously mentioned that the training system is the basis for the development of economy and increase its competitiveness, concerning the cross-border cooperation projects (Sakhieva, 2015; Zaitseva et al., 2015; Zaitseva, Goncharova & Androsenko, 2016).

Thus, approach proposed by the authors is novel and is aimed at addressing the role of workforce capacity to ensure the competitiveness of the cross-border cooperation projects in the tourism and hospitality industry. This approach will contribute to the formation of a new direction of development of cross-border research cooperation with a view to diversifying the economic activities of the Russian Federation on the basis of effective use of tourist and recreational potential of the area.

## Conclusion

In general, according to the results of the study it can be concluded that the improvement of the training system of qualified personnel, taking into account the peculiarities of the development of tourism and the tourism hospitality industry in particular border regions, has the potential to become one of the main drivers of the development of the territories' economy, which implement projects of cross-border projects of cooperation in the tourism and hospitality industry.

The use of the model proposed by the authors to ensure the competitiveness of cross-border cooperation projects in the tourism and hospitality industry through the development of effective human resource capacity will contribute to the development of tourism in the border areas.

Article's materials may be used for the research in the field of cross-border cooperation and the development of practical recommendations to improve the competitiveness of cross-border cooperation projects in the tourism an.

## Disclosure statement

No potential conflict of interest was reported by the authors.

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