Department of Management

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È soprattutto grazie a voi se oggi ho sto raggiungendo questi obiettivi.

Grazie.
Rural and Eco Tourism in South-Central Tuscany: The impact of Farmhouses on the Sustainable Development of Local Communities
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Introduction

The economic growth and the welfare of a country rely on the wealth of its companies. Italy is composed mainly by a dense network of small businesses: in 2016, about 145,000 SMEs (Small and Medium-sized Enterprises) were existing in Italy. For the matter of clarity, it is important to well define a SME. Small and medium-sized enterprises are officially defined in the EU recommendation 2003/361. The main factors determining whether an enterprise is an SME are:

1. Staff headcount
2. either turnover or balance sheet total

<table>
<thead>
<tr>
<th>Company category</th>
<th>Staff headcount</th>
<th>Turnover or</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 m</td>
<td>≤ € 43 m</td>
</tr>
<tr>
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<td>&lt; 50</td>
<td>≤ € 10 m</td>
<td>≤ € 10 m</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ € 2 m</td>
<td>≤ € 2 m</td>
</tr>
</tbody>
</table>

Table 1: These ceilings apply to the figures for individual firms only. A firm that is part of a larger group may need to include staff headcount/turnover/balance sheet data from that group too\(^1\).

Cerved, leader in Italy in the analysis of credit risk and in the management of NPL, presented the results of the “Cerved PMI 2017 Report”, the annual publication dedicated to the analysis of the economic and financial health status of Italian companies that fall within the European definition of Small and Medium Enterprises.

The Report shows that the increase in the number of SMEs has strengthened, thanks above all to the growth recorded by micro-enterprises. If in 2015 there had been a first turnaround, in 2016 there was a further increase: more than 5 thousand new companies. A robust increase that brings the total of small and medium-sized enterprises to 145 thousand units. Analyzing the financial-economic indicators, in addition to more revenues, added value and better gross margins, it can be seen that SMEs have considerably increased investments which, compared to tangible assets, went from 6.2% in 2015 to 7.8% of 2016. This is particularly indicative of the growth reliability, if we consider that it is a widespread propensity among companies of all sizes and in all sectors, including those that in the past had shown fluctuating trends such as construction.

This research analysis is aimed to discover the economic impact of these SMEs on the communities. This study sets some important constraints to be considered: this research will consider only rural SMEs (agritourism facilities and other rural businesses) in the Italian region of Tuscany. A proper definition of rural business is given by Garrod, Brian, Roz Wornell and Ray Youell: according to them, rural business encompasses exactly the same types of activities as business in general, although there are some important differences. The accommodation provided by farms and the distribution of typical products has also produced a unique form of institution, the farmers' cooperative.

Rural areas are the location of agricultural and mining activities. Agriculture includes forestry, animal husbandry, and fishing—and, in addition to the output and employment often also employ additional people in first-stage processing in rural settings. Mining includes, along with metals and minerals, oil and gas extraction, including some refining and certain transportation services located in rural areas such as pipeline compressor and pumping stations (Garrod, Brian,
Wornell, & Youell, 2006). Hence, we can say that a rural business is a small enterprise that is strongly related to the land and whose products/services are inextricably linked to their land of origin. In the light of these definitions provided by American authors, it makes sense to consider rural businesses as a true category of companies. For this reason, in this study we will refer to rural businesses as this group of companies linked by the described characteristics and peculiarities. In 2016, about 41.000 companies in Tuscany out of a total of 413.000 (10%) registered and active were rural businesses. Among them, more than 4.000 were agritourism facilities. This study wants to verify the impact of rural businesses on the regional economy through a quantitative approach that will be widely described in the following paragraphs. Till today, all the researches conducted about this topic were mainly descriptive due to the high level of difficulty to gather reliable and complete data in many areas of Tuscany, and moreover due to the complexity in studying the rural accommodation industry: each community has its own social rules and it’s not easy to elaborate a common framework of elaboration fitting the needs of everyone. This academic analysis makes use of the Business Density Index (BD) elaborated by professor Lowrey in one of her publications. As we will see later, this quantitative tool allows to compare the economic effect of rural SMEs on communities with a certain simplicity and precision. Also, BD is meaningfully useful when it comes to compare geographically different rural areas. About the structural organization, the paper is divided into three main pillars. The first chapter is about the contextualization of the study. A first part of the market analysis is submitted for the best knowledge of the industry in which we are operating. The first chapter will discuss in deep the technical definition of the

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touristic market and the peculiarities of the industries with a general Porters’ five-forces model approach. After some forecasts and predictions about the market, a legal framework about the agritourism in Italy is given, with a particular focus on the Tuscany case. The second chapter discusses diffusely the most relevant theories in the subject of Rural and Eco Tourism: only quantitative, numerical analysis and framework-based studies were taken into consideration as a precious source of knowledge and enrichment for this and for the future publications. The last chapter is an entirely brand-new and self-elaborated analysis on rural SMEs in Tuscany Region. Over 4,600 agritourism and a total of almost 40,000 rural businesses in 266 districts were considered.

**Literature Review: Rural and Eco Tourism Economic Theories**

This chapter is divided into two sections, explaining the major and most relevant theories about both Rural and Eco tourism.

**Rural Tourism**

Rural tourism is a kind of tourism taking place in rural areas or villages, offering employment and income to local people, and proposing customized holiday products to visitors. Rural tourism is founded on accommodation provision that is complemented by extra services and facilities relying on the local social, cultural and natural assets, which are exploited according to the values of sustainable development.

**Factors of Success in Rural Tourism Development**

Rural tourism and its associated entrepreneurship opportunities are one of the most popular non-traditional rural development strategies. Rural areas have a distinctive attractiveness to tourists because of the inscrutability both with rural
areas and their specific historic, cultural, ethnic and geographic physiognomies. From an economic point of view, rural tourism also is cheaper and easier to establish and to develop than other rural economic strategies such as manufacturing. Rural tourism can be settled locally with participation from local government and small enterprises, and its growth is not inevitably dependent on firms or companies from outside. Although tourism can be expensive to develop in certain cases, al like as large resort areas, or can include large firms and chains, rural tourism can be developed with relatively little investment in terms of credit, training, and capital. Hence, rural tourism can be less costly to develop if paralleled to other economic development strategies; Moreover, as some authors pointed out, rural tourism doesn’t need to be dependent on outside firms and their strategic decisions on whether they want to be in an area. Rural tourism practices put a base for these small firms that, otherwise, might not survive in rural communities because of their small populations.

Specifically, tourism helps two kinds of small firms in rural areas: businesses directly involved in tourism, like attractions and facilities, hotels and so on, and those indirectly involved in tourism, such as gas stations, grocery stores and all those services providers that could benefit from an inbound flow of visitors. Additionally, rural tourism well matches with existing rural enterprises, as like farms, and can generate meaningful derived incomes for farm households.

Notwithstanding these overmentioned benefits and its feasibility as an economic development strategy, rural tourism has some disadvantages and negative effects for rural areas. With the same consequence of rural manufacturing, it can oppose rural communities in competition against each other. A further effect, studied by the economist Smith in 1989, is about the tourism industry employment⁴: like many other service sector positions, it is still among the lowest paid on the wages

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ranking (Smith M., 1989). One of the reasons for this problem is that tourism and the jobs associated with it are often seasonal, producing profits for only some months of the year. Nonetheless, the best viable option for local communities and for their future development is often rural tourism. Like other economic development strategies, rural tourism needs a number of different assets to be effective. Tourism strategy development is made by:

- Attractions: the natural and man-made structures close to the community;
- Promotion: necessary for marketing the community and its tourism attractions to potential visitors;
- Infrastructures: access facilities, like roads, airports, trains, and buses; basic services as water and power, parking, signs, and recreation structures;
- Services: accommodations, restaurants and all the general retail businesses needed to properly host tourists;
- Hospitality: this is about how tourists are treated by both local residents and employees in tourism businesses.

The human capital as the engine for Rural Tourism: the role of the entrepreneur

Touristic entrepreneurs have the precise goal to foster these components, making possible that visitors will enjoy the best possible experience. The extensive participation and contribution of local entrepreneurs can ensure a solid base for a successful local development. The reason of this relevance is found in the extreme dependence of rural tourism from human capital: if it’s true that this kind of business often does not require a big effort in capital, at the same time needs a particular attention by people working in that. During their vacation period, visitors want to feel like they were at home and want to be treated as part of the local community: this is why people, and precisely the entrepreneur, have a fundamental responsibility if they want their business to be successful and growing.
It has emerged a research literature aiming to explain how to make the development of tourism easier. The first view heavily draws on the economic literature and argues that tourism and its related entrepreneurship occasions are best developed by helping and creating individuals’ businesses and then letting them compete in the marketplace (Redman & Eadington, 1991)\(^5\).

However, this interpretation has been criticized by several authors, like C.A. Gunn, in one of his books\(^6\) for three causes:

1. It views tourism and the related businesses as detached from the bigger community and its questions;
2. It does not identify the relations of the various sectors and actors involved in the touristic process;
3. Most small tourism firms, especially those in rural areas, don’t have the individual capitals to promote themselves and the community as an appealing tourist product.

Community Approach

The second theory was elaborated by Murphy in 1985: it is opposing to the one abovementioned and is a community approach to tourism development and entrepreneurship (Murphy, 1985). As suggested by its name, the approach argues that tourism is a community product and that, both with entrepreneurial abilities and the existence of tourist businesses, it is also indispensable to have the community and local capabilities, like local leadership, formal and informal networks and knowledge of the local territory. All those assets are directly involved in tourism development and promotion effort. While the community approach may be an applicable method for developing and promoting tourism, creating the basic intercommunity cooperation and partnership is a complex and


problematic process. Firms are asked to share resources while concurrently competing. Local administrations may see collaborating to develop tourism as a risk, or they may be concerned about losing control over local decision making (Huang & Stewart, 1996). Because of these difficulties, a study on collaboration and those factors that allow for community development of tourism is required.

As the tourism literature recognizes, successful tourism involves getting tourists to stay longer than the time it takes simply to visit a major attraction and having repeat tourists. The base concept is that, to succeed, a community has to be a destination rather than just a place to stop off. Communities that have been successful at getting tourists to visit, stay, spend money, and come back have developed high-quality tourism attractions and put together successful tourism packages involving the community, its adjacent area, and local businesses involved in the virtuous process. While the less successful communities all have major tourist attractions, they have not developed the package of attractions and businesses required to attract and entertain tourists, nor have they been able to properly promote their areas.

Often, visitors feel that the key to putting together an efficacious tourism package is having a community that looks attractive to visitors. Through local government activities like embellishment promotions, and a conjoint involvement of all businesses in the area, successful communities have worked to make their communities a point of strength and of attractiveness to tourists. They also have worked to make sites and firms around as tourism attractions appealing to tourists. In the least successful locations, lack of collaboration from local

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government and businesses have created problems such as blemishes and unattractive environments surrounding attractions. Some authors like A. Luloff and J. Bridger think that successful rural tourism communities have generated the right mix of businesses for tourism, including suitable accommodation and restaurants, a group of attractions that attract tourists to stay, and some shops in which visitors can spend their money. These communities often decided to focalize their efforts on a precise target and have worked to get businesses and attractions that would attract certain groups of tourists, like families and especially upper-middle-class individuals with relatively high disposable incomes to spend. They tried to set together individual tourist attractions, and the result are touristic bundles of products/services, like fishing, hunting, boating, golfing, and canoeing, all activities that complement each other.

Luloff and Bridger also believe that those bundles of different attractions can increase the holiday period of stay of tourists and the amount of money that they spend locally. At the same time, the less successful communities didn’t follow the business model described above; acting differently, they have not managed to do these things.

Promotion of Rural Tourism

A relevant mention is given to sponsorship deals. Each community is usually specialized in an activity, depending on its geographical location, local culture, natural heritage, traditions and history. When taking into consideration the existing resources, to start a local business becomes easier. Wealthy tourism communities have worked in order to sponsor special events that suit local tourist

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attractions, valuing local resources, such as fishing tournaments for communities with outdoor tourist recreation attractions and historical festivals for towns with historic sites. These special events not only have brought tourists to the area but have facilitated promoting local tourism as a bundle package.

Most important, successful tourism communities not only have worked to produce a complete tourism bundle, but also, they have tried to comprehend and promote the causes that brought the visitors flow to their town in the first place. In successful locations, entrepreneurs and local leaders have promoted their communities to have a high-quality tourism product and a superior offer. Many authors recognized that tourism promotion in their communities is more effective when involves promoting the community as a whole rather than simply promoting one or two attractions. They realized the attractions of rural communities can be a relatively cheap tourism experience, and they have an appeal of being calm and have tried to promote their communities as having a relaxed lifestyle.

Leadership in Rural Communities

In 1992, O’Brien and Hassinger pointed out that the “types of leadership differ from one rural community to another and that efforts of local leaders can make a difference in the response of local communities in meeting problems (O’Brien & Hassinger, 1992)\(^\text{10}\). Few paragraphs before, we have discussed the way that successful tourism promotion and development requires good leadership people, and we identified that skill as a specific quality of the rural tourism entrepreneur. The same authors described the development of tourism in successful communities as dependent on those people who figured out the importance of tourism, that funded it and promoted it, and whose enthusiasm and passion was

critical to the success of the project in the local environment. The less successful communities complained about the lack of open-minded entrepreneurs and investors that would support, fund, and promote tourism project over the area.

Moreover, the participation and cooperation of various leaders is remarkably important in rural areas because they often look for resources and funds. To develop and promote tourism, generally the literature recognizes as necessary some key local leaders, from persons in local government, community groups, the business community, and non-profit organizations, such as chambers of commerce and convention and visitors’ bureaus.

*The role of the Government for a Sustainable Development*

D. Edgell and Linda Harbaugh conducted a study on the role of the local Government on the community development. Local government is mainly important to tourism development and promotion. The government responsibilities cover several areas:

- Funding for tourism development and promotion;
- Creation and maintenance of proper facilities the tourism activities require (roads, airports, railways, boat launches, reliable water and power services);
- Zoning and community maintenance, so that it looks clean and attractive to tourists,

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• Education and occupational support for all the local stakeholders: tourism employees, entrepreneurs and other persons working in touristic industries.

While people working in the least successful tourism communities most times complained of the lack of cooperation from local government, who actively works in the more successful communities commended their local governments for helping local tourist industries. Examples of local government helping tourism development include giving funds for a brochure, organizing and improving traffic systems, keeping the streets clean and free of potholes, making sure tourists have the impression that the town is clean, and beautifying downtown areas. Those activities are sometimes easier than it seems, putting out flowers around town can be enough to make the town nicer.

Authors and, more generally, tourism literature recognize the government support as an asset of paramount importance for the success of a local activity. Both successful and unsuccessful rural communities’ members believe that poor funding is one of the biggest complications to tourism development and promotion. As authors expressed, people need to think of funding for tourism marketing and development as a long-term investment, not as a useless luxury. External public funding for tourism is crucial in rural areas, especially where most residents do not have sufficient incomes to invest by themselves. Local governments and private sources such as banks also often have limited resources to invest in tourism. The need for public infrastructure, seed money for tourist attractions and tourism promotion makes public funding for tourism very important. Efforts to secure external funding can be cost-effective because entrepreneurs, local government, and non-profits can invest resources.
Linkages between rural tourism and agriculture

A deep study of the interconnections between agriculture and rural tourism has been conducted by Aliza Fleischer and Anat Tchetchik\textsuperscript{12}. In various rural regions, tourism is considered to be a regular part of the socio-economic structure both with agriculture. It is clear that there is a strong link between rural tourism and rural amenities; however, it is not so clear how it is related to agriculture. Is this inter relationship beneficial? While rural tourism offers farmers supplementary funding to keep on their agricultural activity, is the latter an important or even necessary component of rural tourism? Are we sure that working farms enjoy economies of scope with rural tourism and run their businesses more proficiently than firms with just a separate activity?

The discrimination between farm tourism and rural tourism is slightly hazy. Nilsson, in one of his publications on farm tourism, describes it as a subcategory of rural tourism\textsuperscript{13}. According to this author, “rural tourism is generally based on the rural environment, whereas farm tourism is based on the relationship between the farm and farmer. This means that within the framework of rural tourism, farm tourism enterprises are more closely related to agriculture than other rural tourism operations” (Nilsson, 2002). In 1996, Clarke elaborated further and claims that there is a difference between tourism on farms and farm tourism. When accommodations are divorced from the farm environment then it is ‘farm

\textsuperscript{12} For a wider understanding, see Aliza Fleischer, Anat Tchetchik, “Does rural tourism benefit from agriculture?”; Tourism Management 26 (2005) 493–501

tourism’, while in ‘tourism on the farm’, the farm environment and its essence are incorporated into the product (Clarke, 1996).

Approaches to Rural Tourism and Sustainable Rural Development

Alexander Trukhachev is professor at the Department of Tourism and Service, Stavropol State Agrarian University, in Russia. In one of his recent researches, he analysed potentials, challenges and problems of the rural tourism from the point of view of its impact on sustainable rural development. He explored alternative income sources for rural communities through tourism and he has investigated about effects of the rural tourism on agronomic production in rural areas.

He aimed to recognize the present and possible tourist attractions in the rural areas in Southern Russia and to give new ideas and solutions to be introduced in specific rural settlements to make them more attractive for visitors.

What is more important for our research is not the goal the professor Alexander Trukhachev tried to achieve, but the methodology he used for the elaboration and the evaluation of rural tourism potentials. For doing that, he used the case of rural settlements of Stavropol Krai, Russia. The author provided some tourism models to be implemented, in order to ensure a sustainable development of the rural areas in analysis.

Having studied a widespread range of notional and real methods to rural tourism, for the purposes of his research, the author has highlighted the main social and economic effects of rural tourism to sustainable rural development, that are listed below:

1. creation of new employment opportunities and alternative sources of income for rural people;

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2. preservation of economically dynamic inhabitants and young people in rural areas and lower migration outflows;
3. establishment of a marketplace for local agricultural and organic products, and local specialties;
4. conservation of the natural, environmental and cultural heritage of rural areas.

The aforementioned constraints are acknowledged as a basis for the development of the methodology for evaluating the rural tourism capacities of specific settlements.

According to the author, rural tourist product may be established in two ways: firstly, by the traditional rural tourism as like as farm housing and agricultural activities, and secondly by alternative types of rural recreation, just like environmental, ethnographical and cultural. The way of development regulates the approaches to the organization of rural tourism in a specific rural community. Rural tourism includes not only a lodging in rural areas, but also a range of entertaining activities. In general, an appealing and competitive rural tourist product should include other types of activities for visitors, more than just the accommodation. According to the author, a rural tourist product is made by mass and alternative tourism: mass tourism includes cultural weekend excursions to common resort destinations, while alternative rural tourism is focused on the way of living of rural communities and the native natural environment. In this circumstance, a tourist product may be targeted on a broader segment of the market, and then lead to the formation of more employment opportunities for locals.

Though, the amalgamations of traditional and alternative types of rural tourism broadly vary depending on the actual community. “There are numerous perceptions and related types of rural tourism, determined by particularities of the historical expansion of some territories and systems, social and economic circumstances and rural organization” (Ivolga, 2014). In one of her works, Ivolga
highlights four models of rural tourism depending on the regional specifics: Western European (promotion of different sources of income for rural people thanks to new employment occasions), Eastern European (rerouting of visitors flows from traditional tourist centres to rural localities), Asian (large-scale plans and promotion of local characteristics by historical, cultural and ethnographic programs in rural areas) and English-American (establishment of recreational opportunities for rural inhabitants in rural areas)\textsuperscript{15}.

More than this classification, A. Trukhachev expanded it with a fifth model, mainly used in Russia and by the previous republics of the Soviet Union, nowadays part of the Commonwealth of Independent States (CIS). The countries of the CIS, 23 years after the collapse of the Soviet Union today are still experiencing a diversity of economic, social and industrial reforms as they are trying to make a transfer to market economies. Rural infrastructures supporting tourism were never properly advanced in those nations under the Soviet Union. Today, however, the CIS countries are actually spotting the economic capability of rural tourism and they are striving to develop the right facilities and detecting specific attractions. The natural environment of the CIS countries and Russia is advantageous for growing a rural tourism organization. The cultural and natural diversity, as well as a rich historical potential, are an important element of distinction of the land. Moreover, there are enormous areas of agricultural land of good quality and well conserved local traditions. Notwithstanding having such huge potentials, the main problem is that a consistent part of the rural areas of the CIS countries and Russia are economically weak and deeply underdeveloped.

Despite the implementation of various practices, the general trend is quite the same. The author has summarized four inclinations:

1. Seasonality of rural tourism: visitors prefer to come during summer or winter, but, for some reason, not in spring or autumn;
2. Very few opportunities to implement high-qualified labour force. Today most of the employees with high qualifications have left rural areas looking for better jobs and financial benefits in cities;
3. Distortion of the local culture and ethnographic environment. Obviously, it is easier to offer tourists some popular product or service than to develop a totally-new one and to sponsor it;
4. Shortage of financial and labour resources for traditional agricultural production.

The common problems are about shortages of financial resources. Concerning the development of rural tourism, countries and regions have different conditions and competitive advantages.

The analysis of rural tourism potentials of several administrative entities of the NCFD was conducted on the basis of six groups of factors: economic, distribution of population, environmental, cultural, infrastructural and psychological. The following table is a self-elaboration from A. Trukhachev, and it shows the parameters through which the author studied the phenomenon.
The hypothesis in-place is that the abovementioned factors determine many combinations of rural tourism, specifically rural communities. Their correlations affect three levels (region, district, community) in a different way. Each level has a different set of factors and parameters.
There are two major restrictions of the proposed methodology:

1. Some of the factors are not measurable, so it is not possible to make any mathematical model to assess their effect on rural tourism. That is why the methodology takes rough estimates of those factors.
2. Different groups do not have the same level of influence. Economic factors of Group 1 have superiority and directly affect rural tourism. However, there are factors that influence indirectly.

The assessment was led on three levels, which diverge from each other in the sets of indicators.

*Level 1: Region*

The major differentiating factors at the regional level are those of Group 1 and Group 2. Economic factors and distribution of population make it easier to evaluate the potential of rural tourism. However, this evaluation is too general. For this reason, the author adopted the process of the structure modeling in order to make the results more appropriate. The applied structure model comprised the following indicators:

1. Group 1: Gross Regional Product (GRP) in agriculture per capita (R1).
2. Group 2: Share of the rural population in small and medium rural settlements (200–500 inhabitants) (R2) and number of urban agglomerations in the region (potential of urban agglomerations) (R3).
3. Group 3: Natural and climatic conditions of the region (R4).
4. Group 4: Number of historical and cultural objects of the federal importance (R5).
5. Group 5: Development of transport networks (number of airports, railroad network, *etc.*) (R6)
Parameters are rated between 0 (the lowest) and 10 (the highest) and weighted as the average of the 14 independent evaluations. The resulting parameter (R) for each region is calculated as an average value of six parameters.

<table>
<thead>
<tr>
<th>Region</th>
<th>Parameters</th>
<th>Resulting Parameter (R)</th>
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<tbody>
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<td></td>
<td>$R_1$</td>
<td>$R_2$</td>
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<td>Republic of Chechnya</td>
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<tr>
<td>Republic of Karachaevo-Chekeressia</td>
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<tr>
<td>Republic of North Ossetia-Alania</td>
<td>7.36</td>
<td>8.26</td>
</tr>
<tr>
<td>Stavropol Krai</td>
<td>8.59</td>
<td>6.30</td>
</tr>
</tbody>
</table>

Figure 2: Assessment of the potential of rural tourism for selected regions of Russia (Level 1).

**Level 2: District**

The main differentiating features at this level are those that characterize the most favorable areas of rural tourism within a specific region. The scholar used the same procedure as for the Level 1. The structure model comprised the following indicators:

1. Group 1: Employed in agriculture and related rural areas (D1).
2. Group 2: Number of rural settlements (D2) and proximity to urban agglomerations (D3)
4. Group 4: Number of historical and cultural objects (D5).
5. Group 5: Development of tourist infrastructure (D6).

Stavropol Krai includes 26 districts, which were surveyed by eight experts representing regional authorities (the Ministry of Agriculture of Stavropol Krai, the Ministry of Economic Development of Stavropol Krai and the Tourist Information Center of Stavropol Krai), universities (Stavropol State Agrarian University, North-Caucasus Federal University) and three tourist agencies. Results are presented in the following table (17-18).
Level 3: Community

The next indicators are well-thought-out as the most prompting for the rural tourism at the rural community level:

1. Group 1: Number of rural households and private subsidiary farming in the community (C1)
2. Group 2: Types of rural settlements (size and specialization) (C2) and density of rural population (C3).
5. Group 4: Particular cultural and historical objects and places of attraction (C5).


As Trukhachev had defined the Predgorny district as the most fortunate one in Stavropol Krai for expansion of rural tourism, the author continued the study on the case of six rural villages.

<table>
<thead>
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<td>7.89</td>
</tr>
<tr>
<td>Zheleznyodivskiy</td>
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<td>6.02</td>
</tr>
</tbody>
</table>

**Figure 3**: Evaluation of the potential of rural tourism for settlements of the Predgorny district (Level 3).

Summarizing the analysis of several indicators, which affect rural tourism at the regional, district and community levels, the author in synthesis determined the resulting formula as follows:

\[ X = \frac{1}{n} \left( \sum \frac{5}{n} Ra + \sum \frac{5}{n} Db + \sum \frac{5}{n} Cc \right) \]

where:
- X—resulting rating of rural settlement on potential of rural tourism;
- n—levels of analysis (n = 3);
- Ra—factor of regional level;
- Db—factor of district level;
- Cc—factor of community level.
Closing the analysis, Trukhachev emphasized the novelty of the method, through which he has introduced the idea of a “rural tourism potential” and ranked the designated rural villages based on their rural tourist potential. The practice is based on the study of different groups of factors, known as the most influential. Then, the resulting rating of rural settlement on their potential is an arithmetical average of 19 indicators, divided into six groups on three levels: regional, district and local. The rate of each parameter for region, district and rural community is obtained thanks to the survey of three specific groups of skilled people representing local authorities, academic professors and professional experts in the sphere of rural tourism. Each level includes several factors and results in different conclusions. The examination at the regional level identifies areas for different arrangements of support of rural tourism on the national level. The assessment of particular districts within the region permits recognizing territories for the development of rural organization.

The concept at the base of this framework is to discover the current strengths, attractions and identities, that every rural communities has, and to turn them into competitive advantage. The application of this procedure helps regional authorities and other stakeholders to assess rural tourism capacities of various areas of interest, to learn their advantages and disadvantages, and to examine the pointers of rural tourism, in terms of policy relevance, in order to measure their general value, especially in an international context. Recent policy work of the OECD has pointed out the rising role of the regions in rural tourism progress. Governments now need to start to understand how substitute types of economic activities in rural areas, as rural tourism, will need to be modified and empowered to inspire the sustainable strengthening of existing competitive advantages, whether they are environmental, natural, agricultural or cultural.
Ecotourism

The most widely accepted definition about the theme of ecotourism come from the authors Ceballos and Lascurain. According to them, “ecotourism can be defined as environmentally responsible, enlightening travel and visitation to relatively undisturbed natural areas in order to enjoy and appreciate nature (and any accompanying past and present cultural features) that promotes conservation, has low visitor impact, and provides for beneficially active socio-economic involvement of local populations” (Ceballos-Lascurain, 1996).

According to this definition, ecotourism comprises cultural and environmental tourism and, moreover, benefits to the local population is an important part of this activity.

There has been an increasing demand from affluent consumers for remote, natural and exotic environments. This demand has created an improvement in ecotourism projects, particularly regarding the developing countries. Alongside, also in western countries wild areas and lands occupied by indigenous have been opened up to the tourism market. It is relevant the fact that these more remote and less developed tourism areas are the ones that ecotourists mostly seek, which also are most susceptible to cultural trouble and environmental dilapidation.

A Four-Frameworks study
Ralf Buckley, professor from Griffith University (Australia) wrote a book specifically about this argument. He purposed a different and helpful way for discerning responsible community-based ecotourism. This method approaches the ecotourism topic from a development perspective, which considers three macro areas: social, environmental and economic. It studies how ecotourism phenomenon can meet the needs of the local host population in terms of better standards of life in the short and in the long term. This perspective varies someway from those that approaches ecotourism predominantly from an environmental perspective. For example, Buckley developed a framework that proposes that ecotourism is based on nature tourism which is sustainably managed, includes environmental education and supports conservation (Buckley, 1994). While Buckley’s framework makes us easier to understand that ecotourism is much more than just a product, he fails to analyse whether the quality of life of local people will be boosted by ecotourism activities. Let’s have a closer look to the framework purposed by the author.

There are four key links between tourism and environment: components of the natural environment as the basis for a marketable tourism attraction or product; management of tourism operations so as to minimize or reduce their environmental impacts; economic or material contribution of tourism to conservation, either directly or indirectly; and attitude of tourists towards the environment and environmental education of clients by tourist operators. Therefore, there are environmental aspects to every major component of tourism business: products and markets, management, money, and people.

Environmental organizations have generally insisted that only tourism that is nature-based, sustainably-managed, conservation-supporting, and environmentally-educated (Figure 1) should be described as ecotourism.

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16See Buckley, “Ecotourism: Principles and Practices” (2009), Cabi TourismTexts
Industry and government, however, focus more on the product aspect, often treating ecotourism as effectively synonymous with nature-based tourism. Environmental management aspects are generally considered under rubrics such as sustainable, ecologically sustainable, environmentally appropriate, or environmentally responsible tourism.

The following table is an example of how the framework purposed by Buckley should be applied to common industry subsectors.
<table>
<thead>
<tr>
<th>Industry Subsector Description</th>
<th>Nature-Based Tourism</th>
<th>Sustainability-Ran Tourism</th>
<th>Conservation-Supporting Tourism</th>
<th>Environmentally-Aware Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aspect of Tourism Industry</strong></td>
<td>product, attraction</td>
<td>operations, management</td>
<td>revenue, purchasing</td>
<td>behavior, attitude (individual tourists), education, ethic (service provider)</td>
</tr>
<tr>
<td><strong>Alternative Names in Common Use</strong></td>
<td>[ecotourism], natural areas tourism, green tourism</td>
<td>ecologically sustainable tourism, environmentally responsible tourism</td>
<td>[includes NGO's trusts, societies, firms]</td>
<td>[eotourism]</td>
</tr>
<tr>
<td><strong>Distinguishing Characteristics</strong></td>
<td>aspect or component of natural environment is principal attraction to destination</td>
<td>deliberate steps taken to reduce environmental impacts and improve environmental management performance</td>
<td>revenue or activities contribute to environmental conservation organizations or activities</td>
<td>attitude to nature, deliberate behavior to minimize impacts (individual tourists); education or regulation of others to change attitudes and/or behavior (tourism service provider)</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>Industry Subsector Descriptor</th>
<th>Nature-Based Tourism</th>
<th>Sustainability-Run Tourism</th>
<th>Conservation-Supporting Tourism</th>
<th>Environmentally-Aware Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environments Issues</td>
<td>impacts on conservation values: ecological carrying capacity</td>
<td>a. energy efficiency, greenhouse effect, air and water pollution</td>
<td>funding for conservation through: a. direct payment to NGOs in country of origin</td>
<td>a. impacts on conservation values: ecological carrying capacities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. resource use, disposables and consumables, recycling, sewage and sludge</td>
<td>b. direct payment to NGOs in country of destination</td>
<td>b. crossover from other aspects of individual behavior</td>
</tr>
<tr>
<td>Industry Subsector Affected</td>
<td></td>
<td></td>
<td>c. indirect economic contributions to country of destination</td>
<td></td>
</tr>
<tr>
<td>Size and Growth</td>
<td>medium size, growing rapidly</td>
<td>most of the industry, stable size operations, management</td>
<td>small subsector, growing slowly purchasing, profits</td>
<td>currently small, growing rapidly educational programs</td>
</tr>
<tr>
<td>Industry Component</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspects of Corporate Operations Involved</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. green marketing</td>
<td></td>
<td>a. client expectations</td>
<td>a. corporate structure, shareholders’ priorities</td>
<td></td>
</tr>
<tr>
<td>b. access to land</td>
<td></td>
<td>b. energy conservation</td>
<td>b. niche marketing, conservation funding as sales tool</td>
<td>a. client expectations</td>
</tr>
<tr>
<td>c. impacts on revenue: recreational succession, recreational carrying capacity</td>
<td>c. waste management</td>
<td>c. interaction with health and safety requirements</td>
<td>c. sourcing labor supplies in-country of destination</td>
<td>b. client relations</td>
</tr>
<tr>
<td>d. impacts on revenue</td>
<td></td>
<td>d. marketing strategies</td>
<td>d. education programs</td>
<td>c. niche marketing</td>
</tr>
<tr>
<td>e. impacts on culture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. impacts on social</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g. impacts on economic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h. impacts on cultural</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. impacts on political</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j. impacts on administrative</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Environmental Management Tools</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. modifying client behavior, e.g. by experienced leaders, or through group ethic</td>
<td>a. client education</td>
<td>a. country of origin: noise required</td>
<td>a. modifying client behavior, e.g. by guides, education programmes, conditions on tour package, or group ethic</td>
<td></td>
</tr>
<tr>
<td>b. environmental and energy audit</td>
<td>b. environmental and energy audit</td>
<td>b. country of destination: fees and taxes</td>
<td>b. in-flight videos</td>
<td></td>
</tr>
<tr>
<td>c. improving technologies</td>
<td></td>
<td>c. industry codes</td>
<td>c. compulsory (examined) education programs as pre-conditions</td>
<td>c. compulsory (examined) education programs as pre-conditions</td>
</tr>
<tr>
<td>Policy Options</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Needs</td>
<td>quantitative measurements of impacts of specific activities by known numbers of people on specific ecosystems at known times of year</td>
<td>quantitative measurement of impacts by tourists with different attitudes and or subjected to different education programs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 5: Annals of Tourism Research, Vol. 21, No. 3, pp. 661-669, 1994 Copyright © 1994 Elsevier Science Ltd

Also, other authors have studied the topic. Among them, for example, Lindberg considers an economic point of view when examining ecotourism case studies from Belize. While he considers the extent to which ecotourism generates
economic benefits for local communities, he does not report for how the greater amount of money entering communities might be distributed, or how communities are being affected socially and culturally by the ecotourism projects. “Even when ecotourism results economically beneficial for a local community, it may result in damage to social and cultural systems so by damaging people’s overall quality of life”. A community-based approach to ecotourism therefore need to acknowledge the importance of social dimensions of the tourism experience, rather than primarily focusing on environmental or economic impacts.17

Empowerment framework

What we have discussed until now has demonstrated the relevance of the different methods of analysis about ecotourism: the way in which it is approached is fundamental to its success in terms of promoting the well-being of both locals and the environment. In order that local peoples maximize their benefits and to make sure that they retain some power over ecotourism in their regions, some academics have suggested that they are needed alternative ecotourism initiatives, which seek to empower local people. The most relevant author supporting this theory is John S. Akama, teaching professor at the University of Kisii, Kenya.

“... the local community need to be empowered to decide what forms of tourism facilities and wildlife conservation programs they want to be developed in their respective communities, and how the tourism costs and benefits are to be shared among different stakeholders (Akama, 1996)”.

Akama has developed an empowerment framework to provide a mechanism in order to specifically determine the efficacy of ecotourism enterprises, in terms of their impacts on local communities. This framework is useful to researchers or development specialists who wish to distinguish true responsible forms of ecotourism from the fake ones, often put in place by the so-called ‘eco-pirates’, that the professor Alan Lew describes as ‘... people who copy existing responsible tourism products, but in a non-responsible manner — typically offering lower prices, inferior experiences, and detrimental environmental and social impacts’ (Lew, 1996). While not as elaborate as Sofield and Birtles ‘Indigenous Peoples’ Cultural Opportunity Spectrum for Tourism’ (Sofield & Birtles, 1996), the empowerment framework is useful also for communities and development agencies trying planning for suitable community involvement in ecotourism projects. This framework has the goal to highpoint particular focus areas to be taken into consideration: the framework utilizes four levels of empowerment: psychological, social and political, and economic empowerment.

The following table shows the framework for determining the impacts of ecotourism initiatives on local communities.

<table>
<thead>
<tr>
<th>Economic empowerment</th>
<th>Signs of empowerment</th>
<th>Signs of disempowerment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ecotourism brings lasting economic gains to a local community. Cash earned is shared between many households in the community. There are visible signs of improvements from the cash that is earned (e.g. improved water systems, houses made of more permanent materials).</td>
<td>Ecotourism merely results in small, spasmodic cash gains for a local community. Most profits go to local elites, outside operators, government agencies, etc. Only a few individuals or families gain direct financial benefits from ecotourism, while others cannot find a way to share in these economic benefits because they lack capital and/or appropriate skills.</td>
</tr>
<tr>
<td>Psychological empowerment</td>
<td>Self-esteem of many community members is enhanced because of outside recognition of the uniqueness and value of their culture, their natural resources and their traditional knowledge. Increasing confidence of community members leads them to seek out further education and training opportunities. Access to employment and cash leads to an increase in status for traditionally low-status sectors of society e.g. women, youths.</td>
<td>Many people have not shared in the benefits of ecotourism, yet they may face hardships because of reduced access to the resources of a protected area. They are thus confused, frustrated, disinterested or disillusioned with the initiative.</td>
</tr>
<tr>
<td>Social empowerment</td>
<td>Ecotourism maintains or enhances the local community's equilibrium. Community cohesion is improved as individuals and families work together to build a successful ecotourism venture. Some funds raised are used for community development purposes, e.g. to build schools or improve roads.</td>
<td>Disharmony and social decay. Many in the community take on outside values and lose respect for traditional culture and for elders. Disadvantaged groups (e.g. women) bear the brunt of problems associated with the ecotourism initiative and fail to share equitably in its benefits. Rather than cooperating, individuals, families, ethnic or socio-economic groups compete with each other for the perceived benefits of ecotourism. Resentment and jealousy are commonplace.</td>
</tr>
<tr>
<td>Political empowerment</td>
<td>The community's political structure, which fairly represents the needs and interests of all community groups, provides a forum through which people can raise questions relating to the ecotourism venture and have their concerns dealt with. Agencies initiating or implementing the ecotourism venture seek out the opinions of community groups (including special interest groups of women, youths and other socially disadvantaged groups) and provide opportunities for them to be represented on decision-making bodies e.g. the Wildlife Park Board.</td>
<td>The community has an autocratic and/or self-interested leadership. Agencies initiating or implementing the ecotourism venture treat communities as passive beneficiaries, failing to involve them in decision-making. Thus the majority of community members feel they have little or no say over whether the ecotourism initiative operates or the way in which it operates.</td>
</tr>
</tbody>
</table>

**Economic empowerment**

When analysing whether or not an ecotourism enterprise has had a positive impact on the local community, it is essential considering opportunities which have come up in terms of both formal and informal market employment and business occasions. While some economic gains are usually experienced by a community, problems may develop if these are periodic and cannot provide a
regular, reliable income. Indeed, the main problem usually experienced by and agritourist activity is related to the seasonality of the visitors’ flow. Moreover, some concerns may result from inequality in the distribution of economic benefits. In the real life, it’s wrong assuming that a community is made by homogeneous and egalitarian group with shared goals. In any kind of society, the power brokers (trivially different interests) will have a meaningful effect over who’s going to share the benefits of tourism projects. According to some recent studies, it has been discovered that local elites, predominantly men, are often used to cooperate and come to dominate community-based development efforts, thereby monopolising the economic benefits of tourism. When it comes to determine the success and the level of sustainability of an ecotourism project, the distribution of economic benefits is as significant as the real amount of benefits that a community should receive.

The economic empowerment or disempowerment can also refer to the access that a local community has to productive resources in a specific ecotourist area. For instance, the creation of protected areas typically reduces the access to hunting and agricultural lands. Lindberg, while studying several ecotourism initiatives in Belize, found that of those households which reported direct damage to fish, livestock or crops by protected area wildlife, less than one-third received direct economic benefits from ecotourism (Lindberg, Enriquez, & Sproule, 1996). In terms of the equitable distribution of benefits, this is of concern. It should also be of concern to conservationists given that local people will only continue to support conservation of protected areas if this assists with their own development (Sindiga, 1995)\(^\text{18}\).

\footnotesize

\textit{Psychological empowerment}

\footnotesize

Usually, Akama uses to define as psychologically powerful those local communities optimistic about the future, that trust the abilities of resident people, that are relatively independent and demonstrate pride in their traditions and culture. In a lot of small and unindustrialized societies, preserving traditions is considered to be extremely important in order to maintain a group’s sense of confidence and well-being. Therefore, ecotourism which is sensitive to cultural norms and builds respect for local traditions can be an element of empowering for locals. At the same time, ecotourism which interferes with customs by having, for instance, interference with the integral relationship between a group of people and their land, may have some shocking effects. For example, in 1995 professor Mark Mansperger, from the Washington State University, have studied the specific case of Yagua Indians. He explains how groups of Yagua Indians of the Peruvian and Colombian Amazon have been repositioned by some tour operators into areas more accessible to visitors. The Yagua Indians have therefore become dependent on money deriving from those “cultural performances” and, due to their commitments to the tour operators, they have very less time to practice their normal traditional activities, as like raising crops, hunting and fishing. The final result is that today the Yagua Indians are afflicted by many forms of diseases and ill-health, and apathy and depression are common. These feelings, also with disappointment and confusion, often indicate the psychological disempowerment of a community.

*Social empowerment*

Social empowerment usually refers to a situation in which the activity of ecotourism strengthens or highlight the community’s sense of cohesion and integrity. Strong community groups, including youth groups, church groups and women’s groups, may be signs of an empowered community. A normal example of social empowerment is perhaps most clearly a situation in which the positive economic result of an ecotourism brings the entrepreneur to reinvest a part of the
cash in social activities or development projects, such as water supply systems or health clinics, at a local level.

On the other hand, according to Mansperger, the opposite effect (social disempowerment) may take place in case the tourist activity outcomes in criminality, begging, perceptions of crowding, displacement from traditional areas, loss of genuineness or prostitution. However, eco-tourism is not invulnerable from these problems by nature. As we were discussing previously, some inequities in the distribution of benefits of ecotourism, described under ‘economic empowerment’ above, can also lead to social disempowerment throughout manners of hostility and jealousy which they may raise. For example, the academics Rudkin and Hall mentioned the case of a proposed ecotourism development in Solomon Islands. A local entrepreneur tried to start the ecotourism development without involving in the discussion the other local people of the community, thus raising a substantial dissension. It may be absolutely meaningless assuming that communities will share with no issues the production and benefits of the ecotourism product. It’s clear that in all local communities there are inequalities which may be worsened by the introduction of some lucrative industry to which, by nature, all will not have access.

*Political empowerment*

According to this framework, any ecotourism project should be followed from the feasibility stage through to its implementation by a community: locals, with their voices and their concerns should guide the development of the project. Moreover, multiple groups of interest within a community, also women and youths, should also find a form of representation on community and wider decision-making processes. Akama discusses that to make local communities able to have some control over ecotourism activities, however, power will need
to be decentralized from a national level to a community one. This process could include involving popular organizations, local church communities and indigenous institutions in decision-making processes and on representative bodies such as national parks or local tourism associations.

The empowerment framework has been designed for analysing of the impacts of ecotourism project on local communities; it attempts to accentuate the importance of local communities that have some control over ecotourism initiatives in their area and sharing in the benefits of them. The logic standing behind the framework is that ecotourism should promote preservation and progress at a local level. The framework might be applied in both western and developing countries. However, since it focuses particularly the concept of empowerment, maybe it is more pertinent when studying the level to which indigenous people, or other very underdeveloped groups, are taking some benefits from ecotourism.

**Business Density, Entrepreneurship and Economic Well-Being**

Another method for evaluating the general level of wealth in the daily life of a community has been purposed by the professor Ying Lowrey in 2005, within the American Economic Association Meeting in Philadelphia. Ying Lowrey is an Economics Professor at the School of Social Sciences, at the Tsinghua University, and Deputy Director of Tsinghua Research Centre for Chinese Entrepreneurs. The study was then conducted among businesses in U.S. 50 states.
Osberg & Sharp discovered that the economic well-being is varying considerably across the U.S. 50 states\textsuperscript{19}. The average domestic income in New Jersey was more than 1.7 times than the one in West Virginia in 1997; the level of unemployment in Alaska was more than 3 times than the one in North Dakota and the average poverty rate in New Mexico was 274 percent of Maryland’s. So, Ying Lowrey wanted to examine whether the prevalence of business ownership in a certain area has a relevant role in economic wealth.

Moreover, she also tried to uncover the most important components that encourage the business activities and raise entrepreneurship. To achieve this goal, Lowrey introduced a new metrics, called “business density”, defined as the number of business firms per 1,000 persons. A comparable concept, named “business participation”, has been widely used in government documents such as the Small Business Act. However, it looks like this metrics has not been used so much in many studies. There are few earlier works in which business density has been a critical factor in economic research.

Since the days of Adam Smith, economists and various academics tried to deeply understand where a nation’s economic well-being is coming from. In his book “The Wealth of Nations”, Adam Smith was troubled about poverty among women, children and the lower classes of the population: “No society can surely be flourishing and happy, of which the greater part of the members are poor and miserable (Smith A., 1982)”.

John Maynard Keynes was more concerned about massive unemployment as a central question in his “The General Theory of Employment, Interest and Money”. In this opera, he discussed for government policy to drastically lower the unemployment rate and increase the total amount of output in the economy.

Notwithstanding his deep-seated criticism about the interference of government in the economy, Milton Friedman in “Capitalism and Freedom” argued about country’s economic welfare by contemplating topics such as the allocation of income, social welfare, old people and fighter's insurance, mitigation of poverty, and economic strength.

The core of the argument among economists and scholars on the theme is not the concept as an end in itself but how to accomplish a long-run economic prosperity. The work to reach it often flopped in the effort of balancing financial efficiency and equity. In this, the influence of Small Business Act of 1953 to economic doctrine was radical. In order to obtain social and economic parity, the Act encourages a proactive approach by promoting a widespread business possession among a massive population, rather than adopting a “Robin Hood approach” (Lowrey, 1990), so by obliging the government to redistribute capital from the upper-class to poor people. Small business ownership is covered by the U.S. legal system and promoted by the government. The Act (P.L. 163-83, Title II, Section 202) proclaims: “It has been the declared policy of the U.S. Congress that the government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for property and services for the government be placed with small business enterprises, and to maintain and strengthen the overall economy of the nation.”

In his 1973 book20, E. F. Schumacher emphasized the significance of small business possession for a nation’s economic well-being. “The essence of private enterprise is the private ownership of the means of production, distribution, and exchange,” he wrote, and added that “private enterprise carried on with property

is automatically small-scale, and local (Schumacher, 1973)” Hence, the goal of the research conducted by Lowrey was to analyse U.S.A. 50 states’ businesses and macroeconomic data. For her research, Lowrey took into analysis those two sets of data to establish the function and inputs of small businesses, mainly of those owned by underprivileged class, in the nation’s household income, economic growth, and well-being.

As well as in Italy, also in U.S. the majority businesses are small. The importance of small firms is far more important than just their contribution to household income and wealth collection. They are the driving engine of the nation’s economy and the stabilizers of the business cycle. “If small businesses have been vital to America’s economic development, they have perhaps been even more important as a component of American culture. More so than in other nations. As early as 1837, people are conscious that business is the very soul of a nation. The love affair of most Americans with business has focused especially on small business. From the time of Thomas Jefferson to the present, many Americans have seen the owners of small businesses as epitomizing all that is best about the American way of life (Blackford M. G., 1991)”

Some studies suggest that small companies, with those held by women and minorities, have given a critical assistance to job creation and economic growth in USA over the past several years, when various data sources became accessible also to researchers. For example, between 1992 and 1997, the number of companies owned by women increased by 16 percent, compared with 6 percent growth in the total number of U.S. firms. Between 1982 and 1997, the number of businesses held by minorities has increased 238% in a period when nonminority-

owned businesses increased only 38%. At the same time, small businesses are still facing major challenges in the United States.

Women’s entrepreneurship is still an area of weak business growth. In U.S., the female share of the population is 51%. However, women have significantly increased their education levels and today embody a competitive force in the marketplace and business community. Women own about than 25% of U.S. companies. Though, in terms of sales, women- owned firms just account for about 4% out of the total22.

Owning, managing and running a company need both human and physical capital. Small firms in general and disadvantaged groups often have deficits in both the income and education needed to be successful. The survival rates of small companies suggest these deficiencies: less than half of all new businesses with positive payrolls survive. Survival rates for new firms owned by minorities, predominantly new Black-owned companies, are often lower.

In America, the widespread presence of small businesses has been prospering since the 18th century. In table 17, it is presented the development of business density, expressed as the number of firms per 1,000 people in the U.S. for selected years. Taking a look at the table 17, In 1879, there were about 300,000 firms that operated the U.S. total population of 29 million, approximately 10 firms per 1,000 persons. In 1929, this average number increased to near 25. In 1950, the business density was about 26; nowadays it is more than 80.

<table>
<thead>
<tr>
<th>Year</th>
<th>Business Firms (Number of Firms) /2</th>
<th>Population (in thousands) /3</th>
<th>Business Density (Number of Firms per 1,000 population)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1879 /1</td>
<td>300,000</td>
<td>29,000,000</td>
<td>10.34</td>
</tr>
<tr>
<td>1929</td>
<td>3,029,000</td>
<td>121,769,000</td>
<td>24.87</td>
</tr>
<tr>
<td>1940</td>
<td>3,318,900</td>
<td>131,955,000</td>
<td>25.15</td>
</tr>
<tr>
<td>1950</td>
<td>4,008,700</td>
<td>151,871,000</td>
<td>26.40</td>
</tr>
<tr>
<td>1982</td>
<td>12,059,950</td>
<td>231,664,432</td>
<td>52.06</td>
</tr>
<tr>
<td>1987</td>
<td>13,695,480</td>
<td>242,288,936</td>
<td>56.53</td>
</tr>
<tr>
<td>1992</td>
<td>17,253,143</td>
<td>256,514,224</td>
<td>67.26</td>
</tr>
<tr>
<td>1997</td>
<td>20,981,527</td>
<td>272,646,925</td>
<td>76.95</td>
</tr>
<tr>
<td>1998</td>
<td>21,287,904</td>
<td>272,646,925</td>
<td>78.08</td>
</tr>
<tr>
<td>1999</td>
<td>21,760,347</td>
<td>275,854,104</td>
<td>78.88</td>
</tr>
<tr>
<td>2000</td>
<td>22,182,499</td>
<td>279,040,168</td>
<td>79.50</td>
</tr>
<tr>
<td>2001</td>
<td>22,637,272</td>
<td>282,224,348</td>
<td>80.21</td>
</tr>
</tbody>
</table>

Figure 6: Business Firms, Population and Business Density

A recent study shows that American households that include business owners have higher incomes and more accumulated wealth than the others. For example, in 1998, households that owned a business used to have an average income of $115,629 (three times that of households without minimum income), and average net wealth of $1,011,924 (six times the wealth of those without business income). Even in households with self-employment, which represents smaller enterprises, average family income was 48% higher and average net worth was more than 1.6 times that of households without a business.

Ultimately, the states with a high rate of business density signify a small business ownership and entrepreneurship growth ecosystem. This fact produces a positive spillover effect: more entrepreneurs can thrive in an environment in which they can learn from their business peers, partners, or rivals. Also, the states with higher rates of business participation tend to have better business environments.
Business participation prospers in a well-organized market system. Several scholars and economists have discussed about a role for government in market management. Addison Parris, in his “History of the Small Business Administration” said that “Government can help and has done so for years through such general measures as antitrust policy and tax policy. Such actions have been supported by a broad consensus among policy-makers and the public at large” (Parris, 1968). History demonstrated that an interference from the government may create a socially negative effect by discouraging people to put more effort in labour or business activities. However, at the same time, government’s help to support companies can be someway useful. Total productive government expenditure includes total government spending per capita on education, public libraries, highways, hospitals, health, parks and recreation, natural resources, sewer services, and solid waste management. In any event, in order to be carefully scrutinized, government asked the involvement in the marketplace.

In compliance with its congressional authorization, the SBA is putting in place several programs in order to support the development, process and financing of small firms. The two most important plans are the 7a and 504 Certified Development Company (CDC) programs. The 7(a)-loan guaranty program offers loans to small enterprises incapable to secure a debt on standard terms through normal financing channels. The intervention has no funds for direct lending or grants: the program operates across creditors from the private sector that give loans guaranteed by the SBA. The 504 CDC program provides emergent firms with a long-term, fixed-rate funding for major fixed assets, as like as land and buildings. A development company is a corporation aimed to contribute to the social and economic progress of a community.

As data set for the statistical analysis, in this research professor Lowrey has used the business survey data of U.S. Census Bureau and the macroeconomic information of the Bureau of Economic Analysis of U.S. Department of
Commerce. The statistics used for her analysis also are including those of the Bureau of Labour Statistics of U.S. Department of Labour. The data are cross-sectional among the 50 states of U.S. and reflect their financial and demographic conditions generally in 1997. The variables are sorted between some subsets: business performance, small business, business density, government policy, macroeconomy, and economic wellbeing.

In the following lines there are listed some of the main results Lowrey was able to find with her deep research. The data have shown that states with larger residents from minorities are meaningfully linked to lower home ownership rates, higher unemployment rates, and greater poverty rates. At a slighter significance ranks, the small business variable has a comparable correlation with those three economic well-being variables. These correlations may somewhat suggest the fact that the minority population and small businesses are concentrated in states, such as New York and California, with huge metropolitan zones where home ownership would be expensive, and where unemployment and poverty would be routine.

The four-business density (BD) variables are all positively interrelated to the variables of economic wealth. The positive correlation is very noteworthy for business participation from women: the states that have higher rates of women’s business ownership, as like as Massachusetts and Maryland, leaned to have higher personal income per capita, superior average household income, higher government tax revenues, and higher gross state product.

Moreover, as the research suggested, there is a significant contribution of minority to a better non-minority-owned business performance. States with larger minority populations have higher non-minority-owned business density, higher average sales of all non-minority firms; higher average sales of non-minority employer firms; higher average number of employees by non-minority firms; higher average annual payroll per non-minority employer firm. It is worth
noticing that states with a higher rate of minority population seemed to be unable to show better minority-owned business performances.

There is a positive spillover effect of business density (BD) on business start-up activities. A greater rate of business start-ups seemed to have occurred in the states with higher business density.

After this deep analysis, professor Lowrey summarized her findings in several statements. The community’s economic wealth strictly depends on the strength of its economy. After a healthy and stable market there must be a vivacious economic system, in which private business possession is ubiquitous, small, and local. Using 50 United States business/firm data and macroeconomic data, professor Ying Lowrey was able to provide one of the very first in its kind literature foundations and statistical results that prove the substantial linkage between business density and economic wealth at a state level. The estimations suggested that increasing 1 percent of business density escalates 1.0957 percent of household income, 1.0178 percent of personal income and 1.2444 percent of gross state product. The estimated results also indicate that higher business density brought about lower poverty and inequality between the rich and the poor.

With her publication, the author shown off her incessant effort in revealing the importance of business ownership in a community’s economic well-being. Additional academic works are essential to recognize the complimentary role of entrepreneurship and business density in the economy. Because of the availability of business firm and macroeconomic data at the county level, the scope of the present data set and research can hopefully be much more deeply extended.

In the 20th century smaller companies did not often make use of sophisticated technologies. Today the situation is very different. Due to increasing
technological progress, nowadays in the 21st century small businesses are allowed to challenge and compete with bigger companies almost on equal terms. Currently, many entrepreneurs who have started businesses in their cellars or garages are somehow able to redesign the landscape of the industry. Women can open an office from home to develop computer software or offer other kinds of services, and their earnings are more and more similar to the levels once achieved only men. Today immigrants can benefit from their connections with their native countries and create overseas marketplaces for U.S. products and services. Minority business owners are able to hurdle previous economic barriers through business ownership. Obviously larger companies still have competitive advantages due to economies of scale, but small businesses often can benefit from better flexibility and quickness in developing innovative products and new marketplaces.

As Parris observed in the early years, business environment is “based on individual opportunity and grounded in the idea of small business ownership. When small business thrives, a community is somehow a better place in which to live” (Parris, The Small Business Administration, 1968) Lowrey is sure that business ownership and participation will keep on appealing the whole world to the American Dream. Even if the future will present challenges, such as constant outsourcing, U.S. small firms will be able to turn them into new chances.

Criticisms

The opinions about this kind of tourism activity are not concordant, as it usually happens among diverse critics and scholars. While some writers, as Hoenegaard noticed in 1994, highlight the potential of ecotourism in promoting the well-being of both local people and their environments, other scholars as Boo, Ziffer, Cater and Lowman alert us about uncritically accepting ecotourism as a common good. As Cater notices in one of his publications, “…there is a very real danger of
viewing ecotourism as the universal panacea, and the ecotourist as some magic breed, mitigating all tourism’s ills (Cater & Lowman, 1994).

Hall & Butler, in a publication in 1995, wrote that several organizational agencies and tourism academics publications have been caught up in the new forms of tourism such as ecotourism and cultural tourism, overvaluing it. According to them, there is an incorrect belief that these forms of tourism are somehow ethically superior, while the reality is quite different. As we will see later, it commonly happens that this overvaluation comes from clever marketing strategies, while the product/service remains unvaried. This thesis is particularly shared also by Eugene Thomlinson, Associate Professor and Program Head of Tourism and Hospitality Management at The Royal Roads University (Canada), and Donald Getz, professor at the School of Tourism at The University of Queensland.

According to Thomlinson and Getz, basically the terms ecotourism and cultural tourism are often being used merely as marketing tools, while such forms of tourism are sometimes ethically inferior. “When business is the main driving force behind ecotourism it is not surprising that the ventures which emerge may serve to alienate, rather than benefit, local communities. Therefore, it looks like there is a need for an approach to ecotourism which starts from the needs, concerns and welfare of local communities” (Thomlinson & Getz, 1996).


Some authors, like Ms. Wei Liu, professor at University of Surrey (School of Hospitality and Tourism Management), pointed out issues related to the ownership of ecotourism firms. It is relevant who is actually controlling and managing the projects we are discussing about: Liu has advised that the word community-based ecotourism ventures’ should refer only to those initiatives which are sensitive from an environmental point of view, but which also aim to ensure that members of local communities have a high degree of control over the activities taking place, and a significant proportion of the benefits accrue to them (Liu J. , 1994)\(^26\). This is in contrast to ecotourism ventures which are controlled wholly by outside operators, and it is also distinct from contexts in which most of the economic benefits of tourism accrue to the government (Akama J. , 1996). A community-based approach to ecotourism recognises the need to promote both the quality of life of people and the conservation of resources. It is now recognised in parts of Africa, for example, that local people should be compensated for the loss of access to resources they suffer when wildlife parks are created.

While ecotourism rhetoric indicates that there exists much encouragement for community-based ecotourism firms, actually it is difficult to find any successful cases of this phenomenon in practice. While studying the case of ecotourism in South-Africa, it has been discovered that even the most enlightened ecotourism operators there used to involve local communities primarily in terms of their public relations value. “There was a very low commitment to supporting the rights of indigenous peoples to benefit from their traditional lands and wildlife”

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(Woodwood, 1997). For this reason, most of critical authors argue that “ecotourism” is just a label with marketing aims.27

The Business Density Index as a measure of Wealth for Tuscany’s Economy

This section is aimed to explain in detail the fundamentals of the research personally led by the author of this paper. The study has been conducted on all the towns in Tuscany, one of the Italian regions. Using the tool of the Business Density Index, our goal is to understand whether there is a relation between the number of land-oriented businesses in this area and the relative economic welfare. Once we discover this relation, then we’ll try to explain it in formal terms, giving a specific answer to the question: are agricultural and land-oriented firms anyway correlated with the sustainable growth of Tuscany? Whether the answer will be positive or negative, we’ll run a proper explanation of the issue in our conclusions.

The reader may be wondering about the reason of such a research, and, actually, he/she deserves a legitimate justification to this question. In Italy, Tuscany is one of the regions that counts the highest number of hospitality facility of agritourism nature. In this study, we took into account a huge amount of 4,663 agritourism structures (roughly 97% of the total) in only this region. The relevance of this type of accommodation services is not only related to their vast diffusion along the territory, but also to the fact that they are linked to the popular culture. Farmers are so deep-rooted to their land, that today the farmhouses (in Italian they are called “casale”) are a well-recognized symbol of this Italian region.

Hence, until today there was no academic or researcher that attempted to analyse the economic effect of this spread organization to the community welfare.

Even if it’s true that the tradition was somehow obliging us to study the rural economy of Tuscany for all the reasons listed above, at the same time it is also true that a proper framework of quantitative-analysis for rural activities is missing. We consulted many authors from several Universities around the world that in the recent past have studied rural empowerment from a community perspective and suggested some ways about how to help a small-sized establishment to grow in a sustainable and relatively-quick way. Unluckily today, there is no a commonly recognized and utilized framework at academic level that can help us to study and compare different scenarios using the same set of tools. Many authors made use of qualitative and descriptive frameworks that, even if they may be well-fitting to one specific situation or place in-study, they have the effect not to be equal when applied to different rural areas. The reason for that lack is that it’s not easy to create a reference system to standardize areas from all over the world: each rural area has its own characteristics and peculiarities, that make a standardization extremely hard to apply.

In compliance to this issue, we varied our approach towards a different perspective. The strand of the American research both with other international scholars purposed an interesting approach to study the economic development of a community. In past chapters we mentioned Ying Lowrey, professor of Economics at Tsinghua University in Beijing, China\textsuperscript{28}. She studied the impact of small businesses on the local economy in 50 U.S. states; what is of meaningful interest for our research is the method she made use of while assessing the local growth area by each area: she created the Business Density Index tool (BD), that is the number of small businesses per 1,000 inhabitants. As we have already widely discussed in the relative paragraph, according to Lowrey the BD is a realistic measure of wealth for a community. Hence, we decided to make use of the BD index for our research, while assessing the prosperity of each town in

Tuscany; the main difference in our BD is in the consistency of the index: instead of considering all the firms in the calculation, we only took into account the firms related to the agritourism activity. Further and more detailed explanation is given in the Data Description and Methodology paragraph.

The Tourism Industry: A Focus on National and Regional Market

Market definition

The travel and tourism industry consists of all the incomes created by airlines companies, passenger rail, foodservice, hotels and motels, travel intermediaries and agencies, and casinos and gaming.

The airlines industry comprises passenger air transportation, including scheduled and chartered but excluding air freight transport. Industry volumes are defined as the total number of revenue passengers carried or enplaned at all airports within the specified country or region, excluding transit passengers who arrive and depart on the same flight code. Industry value is defined as the total revenue obtained by airlines from transporting these passengers. This allows to avoid the double-counting of passengers.

The passenger rail sector consists of all passenger transported by heavy rail services, including international, inter-city, regional, and suburban trains. However, light rail, tram or streetcar, Metro or Subway, and similar trains are not included.

Foodservice is defined as the total value of all kinds of food and drink, for immediate consumption on the premises or in designated eating areas shared with other foodservice operators, or in the case of takeaway transactions, freshly
prepared food for immediate consumption. Foodservice is restricted to the sale of food and drink in specific foodservice channels, excluding vending machines.

The food service industry is valued according to total sales of all food and drink, both soft and alcoholic, in or through accommodation outlets, pubs, clubs, and bars, full service restaurants, quick service restaurants and fast food, and other. The accommodation segment includes food and drinks sales in bed and breakfasts, guest houses, holiday parks, hostels, and hotels and motels. The pub, club and bar segment includes food and drink sales at nightclubs, private member and social clubs, and pubs and bars. The other segment includes food and drink sales in leisure venues, such as visitor attractions; mobile operators, such as vans and other mobile operators; retailers, such as bakeries, convenience stores, delicatessens, department stores, garden centres, service station forecourts, supermarkets and hypermarkets, and other retail sales.

Market volume is defined as the total number of transactions.
The hotels industry value consists of all revenues generated by hotels, motels and other accommodation providers through the provision of accommodation and other services. The total value includes room revenue and non-room revenue, including casinos, shops and telecommunication services. The industry is segmented according to the origin of the revenues, so between leisure consumers and business consumers. Market volumes are classed as the number of hotels in a country or region.

Travel intermediaries is part of a business that assists in selling travel products and services to customers. The products may include airline tickets, car rentals, hotels, railway tickets and package holidays that may combine several products.

The casinos and gaming markets consists of all forms of betting and gaming. All values are stated in terms of gross gaming win. The casinos segment covers all gambling activities carried out within casino establishments, such as card games, roulette, and slot machines located in casinos; tips and admission fees are included, but additional revenues such as sales of food, drink, and accommodation are excluded.

The lotteries segment covers all state, private, and charitable lotteries, and includes traditional draws, scratch card games, and similar products offered by lottery operators.

The sports betting and related segment covers gambling on the outcome of horse races, football matches, and other events, and includes gambling services offered by bookmakers and also pari-mutuel/totalizator operators.

Market analysis

This section is aimed to study the Italian tourism market following the Porter’s Five Forces model approach (buyer power, supplier power, new entrants, threats
of substitutes and degree of rivalry). With the support of MarketLine Advantage databases we’ll be better able studying the tourism market in Italy.

Five-forces Model

The travel & tourism market will be analysed by studying who actually works in travel and tourism services. We’ll include hotels, restaurants, airlines, and the operators of railways, leisure attractions, and gaming establishments as players. As main buyers, they will be considered consumers of travel and tourism services, comprising public and corporate customers, individual end users, and a large assortment of suppliers to the various kinds of segments of the travel and tourism industry (for instance fuel providers to airlines, and food providers to hotels and restaurants as the key suppliers).

In Italy, there is a strong degree of rivalry in the travel and tourism industry in general. The competitiveness varies among different segments.

![Diagram showing forces driving competition in the travel & tourism industry in Italy, 2017](image)

*Figure 8: Forces driving competition in the travel & tourism industry in Italy, 2017*
The number of potential buyers is high, although, as they are non-essential and relatively expensive, air travel, hotel stays, and visits to restaurants etc. may be out of reach for less affluent people. The services are highly differentiated, particularly in the hotel and restaurant segments, and strong brands are very important for the biggest chains, which decreases buyer power. Significant suppliers vary from fuel companies and aircraft manufacturers in the airlines industry, food and drink suppliers in the restaurants industry, and large numbers of low-wage employees. The threat of new entrants is low in the airlines and passenger rail markets, where capital needs and regulation often form prohibitive barriers. Though, the restaurant and hotel segments are easily accessible from small firms. Substitutes include self-catering holidays with transport by car or cycle; these may be more economic and attractive to many people, meaning the threat from substitutes is strong. Rivalry is strong in the airlines industry, where profitability can be difficult to reach especially in the long-term, but lower in the hotel and restaurant segments, where many small companies are able to thrive.

**Buyer Power**

The travel and tourism industry is a combination of B2B and B2C. The number of potential buyers is sizable, although, as they are non-essential and relatively expensive, air travel, hotel stays, and visits to restaurants etc. may be unaffordable for less affluent people. Where buyers are many, buyer power verges to decrease since it is less important for market players to retain any individual customer.

Some of the services are highly differentiated. On one hand, a major accommodation chain can often operate through several brands, with each of them that targets a different market segment (economy, upper midscale, luxury). The broad variation in room rates suggests this differentiation. At the same time,
rail travel is less vulnerable to differentiation. Most of the times, a specific way is served only from one or two rail companies offering similar services.

Switching costs are low for restaurants and leisure facilities. Moreover, a buyer who stays in different hotels on different circumstances doesn’t suffer switching costs. However, changing an advance booking may lead to some costs.

Customers put their attention on specific aspects, such as apparent safety of the place which they wish to visit. Some of the considerations made by buyers are heavily affected by that and reputation has an important relevance on this. Countries in troubled political and social situation have to work hard to convince foreign visitors that they are safe to visit. This is the main reason for which Africa is not so visited, although offering amazing rural destinations. This is something which is largely out of the competence and responsibility of individual airliners or restaurants which simply have to deal with the political situation they find themselves in. This is why it can be beneficial to become multinational.

Figure 9: Drivers of buyer power in the travel & tourism industry in Italy, 2017
It is more and more common to book accommodation and travel online, which impacts buyer power. Firstly, by booking in advance, buyers are often able to obtain lower prices or several discounts. However, the longer is the time between booking and date of travel, the higher the probability of unexpected conditions arising that necessitate the cancellation or alteration of the booking. Therefore, the consumer should trade off the purchase price against potential switching costs. In second instance, third-party websites, such as booking.com, allow customers to judge the service received by leaving reviews about the accommodation they stayed in. This broadens the information symmetry and it can increase buyer power by giving the customer more reviews on the services available. In general, buyer power is modest.

*Supplier Power*

Some ways for airlines company to control some of their costs are the hedging strategies and ensuring that their fleets have fuel-efficient planes, but the effects of this are partial and there are not alternate fuels or alternatives which can reduce this dependence.

For restaurants, food and personnel costs are substantial. Usually, there is a wide range of potential food suppliers, but sometimes restaurants want to reach high quality food and drink in order to keep their own reputation respectable, that can strengthen supplier power. Although wage levels are not usually high, food sector verges to be a labour-intensive industry. Staff costs are significant in the hotel sector for similar reasons. However, Italy does not contemplate a national minimum wage at the moment, that lowers supplier power somewhat because of the increased ability of the employing business to control pay levels.
Furthermore, hotel owners might necessitate to service mortgages on the property, or fund new building improvements for expanding. Among the major accommodation chains, the franchising of their brands to third-party property owners is a very common business model that consents expanding without the high capital expenditure needed to build or acquire the hotels themselves, which makes supplier power lower. In all sectors of the travel and tourism industry there is little prospect for vertical integration between suppliers and industry companies, as they operate in very different businesses. Generally, supplier power is moderate.

**New Entrants**

Accessing the travel and tourism industry is not always easy; the situation varies from sector to sector.

Barriers to entry are usually lower in the food industry, such as restaurants and hotels segments. Of course, they exist large national and multinational chains,
but the rest of the industry is fragmented, demonstrating that it is possible to successfully operate on a small scale too. It is common for independent organizations to be small and family businesses, and they may acquire a hotel with a bank loan or mortgage or rent restaurant premises. Required training is not excessive and regulation is not too strict.

Completely different is the situation about airlines and rail markets, mainly for the net prevalence of extremely high fixed costs. Successfully entering the airlines or passenger rail sectors requires huge amount of capital, as new entrants must buy or lease planes or trains. Regulation is rigorous and very complex. However, that doesn’t mean that accessing the market is impossible. We are assisting to some cases of airline corporations that carry considerable financial support from other industries, states themselves or that are very successful, muscle out traditional state transporters and make market entry successful. Some examples of this would be the diffusion of wealthy Middle East-based airlines that are heavily supported by their governments, such as Etihad, Qatar Airways and Emirates, which have been rather successful in the long-haul industry.

The foodservice industry is highly regulated, and it is also subject to strict regulations on matters of food hygiene. All countries within the EU are obligatory asked to follow legislation set by the European Food Safety Authority (EFSA). Such regulations are stringent because of the risk to human health potentially caused by poor hygiene. Although compliance imposes costs, many aspects of hygiene require just good working practices rather than expensive expenditure on equipment. Such costs can be externalized to some extent, sometimes by only recruiting key staff members that have already completed the appropriate training.
Figure 11: Factors influencing the likelihood of new entrants in the travel & tourism industry in Italy, 2017

As tourism is not a vital good for consumers, it has a propensity to be cyclical and travellers increasingly expect bargain rates while refusing to accept failures in quality and service. To support revenue growth in the premium market, operating a chain of hotels is often an important strategy as it lowers a player's dependence on tourism in a specific location. However, to be able to open an international chain of hotels, law in terms of real estate and buying abroad must be carefully taken into consideration and can be obstructive in some regions or countries. Other forms of regulation, such as taxes, can be distortive. For example, in Italy it exists a tourist tax (Tassa di soggiorno) which varies according to region, nights of stay and hotel class. The average cost of this fee per overnight stay ranges from €0.35 to €5.00 in some cases.

In most sectors, accessing distribution channels is not a problem, but airlines companies will need to be able to get slots at the airports they wish to serve. Train operators obviously should be able to access the rail infrastructure, which may require licenses and permission from regulators when trains and tracks are
run by different organizations, as is officially the case in Italy due to EU regulations. Overall, there is a moderate threat of new entrants.

**Threats of substitutes**

The main substitutes for leisure travel and tourism are generally other types of leisure recreations. They exist some valid alternatives. For instance, for people who want to spend some time away from home, these include self-catering holidays such as camping. Cycles or cars can be substitute for air and rail travel in some way, but not always. These homebased options are often cheaper than the services offered by the travel and tourism industry; although there may be switching costs, such as the need to buy some required equipment. The unrelenting and growing popularity of this kind of holiday shows that, for some visitors, they are considered as beneficial and healthy alternatives.

Having a meal or some drinks out is not an essential activity, which means that can be simply replaced by cooking at home, with the only switching cost being the time and effort to cook a meal instead of buying one. Home-cooked food is usually cheaper and healthier than eating out and it usually contains less calories, and fewer salt and fat content, particularly if compared to fast-food. Some players are capitalizing on the drive for healthy eating by offering healthy options, such as McDonald's offering salads.
A substitute for accommodation rentals that is becoming increasingly threatening are some online platforms such as Airbnb, FlipKey and Couchsurfing. Evidently, as of mid-2017 Airbnb’s available accommodation worldwide listings were greater than that of the five largest hotel brands combined. The International Hotel & Restaurant Association defines these services as somewhat unfair to competition, but they have confirmed to be tremendously successful. Airbnb-listed properties are broadly available in Italy, mainly in Rome and Milan, with 26,025 and 14,120 listings, respectively as of August 2017. The average service cost is US$98 and US$78, which is favourable for price-sensitive consumers.

Then, the threat of substitutes is considered to be strong.

*Degree of Rivalry*

The degree of rivalry changes from segment to segment, but generally is considered to be quite strong.
Airlines generally own most of their planes, although some of them are leased. These expensive assets must be divested in order to exit the industry. At the same way in case hotels and restaurants own their real estate properties, it can be hard to sell them without incurring a loss if property prices have declined meanwhile. Where assets are leased or rented, the business model is much lighter and market exit may be more straightforward, and rivalry eased.

It is possible to differentiate in terms of the kind of food distributed, the establishment, and the price of the food. Players benefit from the relative simplicity of expanding, and if the project fails, exit costs are not excessively costly: material assets such as restaurants don’t represent weighty sunk costs, even if owned rather than rented. They can usually be sold for a good price. Additionally, most employees sacked will not be eligible for costly redundancy payments.

![Diagram of Drivers of degree of rivalry in the travel & tourism industry in Italy, 2017](image)

*Figure 13: Drivers of degree of rivalry in the travel & tourism industry in Italy, 2017*

The largest hotel international chains are well protected from volatile market conditions as they are somewhat protected by geographical diversification. However, the other players are based largely or exclusively in a single location. Exit barriers in hotels and motels industry are quite high because most of the
major tangible assets are industry specific and hard to divest. This is a further motivation for many of the global leaders to pursue expansion plans through franchising and hotel management services. As we were discussing previously, many chains have adopted an asset-light business model in order to lead the expansion; selling off assets has allowed these competitors to raise liquid capital (cash) that would have been later invested to expanding operations, which again intensifies the already high competitive nature of the industry.

Players in each segment tend to be intensely focused on their specific sector. The absence of diversification means that success in that industry segment is vital, that leans to boost rivalry. The small, independent restaurants and hotels are constrained to a single location, and so they will be strongly affected by the economic conditions in that country. The presence of third-party accommodation booking online platforms may be valuable to small hotels because they give them easy access to customers and more visibility from beyond their own country. Larger foodservice and hotel chains often have a physical presence in several countries. By decreasing their reliance on a single geographical market and its business cycle, these factors can ease rivalry.

High storeroom costs for physical products strengthen rivalry because obviously failing to sell inventory increases costs and decreases profitability. In the travel and tourism industry, the equivalent situation is the cost of operating a train or airliner and not being able to fulfil all the empty seats or maintaining unoccupied rooms in a hotel. A hotel is not just offering a room, but a defined period of occupancy, this situation could be compared to the one a greengrocer selling perishable fruit and vegetables. Some companies in this industry act as wholesalers, selling block-booked rooms to consolidators which then retail them to consumers. The hotel may get a lower price than in a direct booking, but the consolidator then assumes the risks of selling this perishable product.29

29 Data collected and reviewed by Market Line Advantage, 2018.
Before taking in exam the specific case of Tuscany, it’s worthwhile briefly resuming the most relevant information about the national tourism industry in our country. This for at least two reasons:

1. The first is having clear the market situation at a macroeconomic level, since Italy is a relevant player in this sector among European countries;
2. The second aim is to compare the Tuscany performance to the results of the other Italian regions.

In 2017, Italy reported a total of 122,2 million of tourist arrivals (+4,2% from 2016) and a total presence of 427 million people\textsuperscript{30}, with an increase of 6% from 2016. Tourism is a fundamental sector for Italian economy: according to ENIT, Ente Nazionale del Turismo Italiano (Italian Tourism National Agency), in 2016 its market accounted for 11,1% over national GDP and 12,6 over whole employment. Thanks to extraordinary summer 2017 results, it’s forecasted that there will be a further 2,4% increase over GDP.

Another meaningful data is the Italian dominance among long-distance Schengen area European destination. One over four travellers coming to Europe chooses Italy, and in 2016 over 39,7 million tourists were from non-EU countries\textsuperscript{31}. About web reputation, “sentiment” for Italy confirmed largely positive (83,9% positive comments), increasing 1,5% from last year. Food is still the most talked

\textsuperscript{30} Data collected and reviewed by ISTAT, “Tourism Annual Data”, 2017.
\textsuperscript{31} EUROSTAT, Tourism Database, 2016.
The following graph represents the total tourist arrivals in Italy for the last 9 years. When talking about “total arrivals”, they are considered both Italians and foreigner influxes in the country, as a compound data set.

*Figure 14: Arrivals in Italy (2008-2017). Source: ISTAT, 2018*

It’s easy to notice that since 2013 the demand for our tourist products has increased substantially.

IPSOS has conducted a research in 2016, both with ENIT, to study Italy as a brand. This study took place in 18 countries: 37% of interviewees identified Italy as their first preferred holiday destination, before USA and Australia. This analysis showed once again the unique attractiveness of Italy on international travellers.

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32 ENIT (Italian National Tourism Agency), 2017
According to Assoturismo Confesercenti (the Italian trade union association for firms operating in tourism), with a total presence of 420 million tourists, in 2017 foreign travellers spent about €38 billion in our country. The following graph will help better understanding the importance of foreign visitors in numeric terms.

![Graph showing the flow of Italian and foreign visitors from 2008 to 2017.](image)

*Figure 15: Visitors flow differentiated between Italians and foreigners*

While in the past years the number of Italian visitors was quite higher than the number of travellers from abroad, this difference has thinned since 2013: today the total income of visitors is almost equally divided between Italians and foreigners.

Within the end of 2018, Italy is expected to host about 62 million visitors (+5% from 2017), endorsing the positive trend registered in the last years. Hence, the potential peak of 2018 is a very important opportunity to take for local firms. Assoturismo has purposed a concrete Tourism development deal, through a
number of actions aimed to stretch the touristic season, with a special mention for the South regions, thanks to the good weather our country can count on. The current supply of accommodation services (restaurants, hotels, bed & breakfast, camping) are able to host visitors during all the year. Italy has a natural variety of environments and landscapes that can satisfy every kind of tourist, from beach lovers to mountain addicted: the most demanding visitor will be glad to visit this country.

Despite these up-and-coming data and the purposes put forward by local trade-unions, the Italian government is not considering a strategic plan on national tourism as a priority yet: it does not have focused on the development of a proper renewal strategy.

Which countries are the most “tourism-intensive”? The following map-graph shows how much every country invested in tourism in relation to their GDP in 2016.

![Image of map showing percentage of GDP invested in tourism sector in 2016](image-url)

*Figure 16: Percentage of GDP invested in tourism sector in 2016.*
In 2016, Italian government spent €24.9 billion in touristic industry (1.34% of GDP). According to Il Sole 24 Ore, one of the most eminent Italian financial newspaper, the government increased investments in tourism by only 1.8% in 2017 respect to the previous year, compared to a conspicuous increase in the arrivals (+4.2%). In the last year, Bahrein and Qatar substantially increased their investments in the sector (respectively +23% and +21%): the main reason of this data is that in 2022 UAE countries will host the FIFA World Cup, so their governments decided to allocate significant resources to the development of the regions. Other countries that acted similarly were Island, Philippines, Georgia, Mauritius, Austria, Israel and Vietnam.\[33\]

Let’s now focus our attention on European countries: the following chart displays the total expenditure in the touristic market since 1995 to 2016. France, Italy, Germany, Austria, Greece, Switzerland and Spain are the countries in exam. It’s easy to notice the prevalence of Germany (€87 billion) and France (€49 billion). Italy is the third country with almost €25 billion invested.

\[33\] Data collected and elaborated by The World Bank, 2016.
Figure 17: Italy's Expenditure in Tourism over the years (1995-2016), The World Bank

Rome is the favourite touristic destination, with more than 25 million presences (6.3% of the total). Milan and Venice are following with 2.7% and 2.6%. Best performances in terms of growth have been registered in Sardinia (+8.8% by 2015), Valle d’Aosta (+7.1%) and Puglia (+6.7%). Most of the inbound visitors are German (14%), French and British (3%).

In 2016, Italy hosted 14% of European tourists, following Spain and France. The four bigger players, as Germany, France, Italy and Spain, cover more than half the total touristic presence in EU (57.4%). Those data are quite constant if considering also 2015.

Moreover, over 40% of the total presences registered in Italy are concentrated in only 50 Italian areas[^34].

Forecast

In Italy, the travel and tourism industry is forecasted to continue to grow at a sustained rate during next years. Over the coming years, projections predict that the actual rate of growth will stay stationary.

A price rise in accommodation prices during 2016 made the revenues of hotel operators in that year higher, despite demand was slightly lower than the previous year. Though lower prices in 2015 facilitated the growth of demand, revenues declined: so, hotel operators were obliged to take measures to underneath the trend over the following year.

The travel and tourism industry in Italy generated total revenues of $223.4bn in 2017, indicating a CAGR (compound annual growth rate) of 1.7% between 2013 and 2017. Just to have a comparative measurement parameter, over the same period the French and German markets have grown with CAGRs of 0.6% and 1.9% correspondingly, to reach respective values of $192.7bn and $199.4bn in 2017.

The foodservice growth has also been slowed by rules aimed at preserving the traditional look of the historical streets. For example, in 2016 McDonalds was impeded from opening a restaurant on the Piazza Duomo in Florence and other parts of the country for preserving the original aspect of city centres in Italy.

However, the foodservice segment has been the industry's most lucrative in 2017, with total revenues of $131.4bn, equivalent to 58.8% of the industry's overall value. The hotels segment has contributed with $48.2bn of revenues in 2017, equating to 21.6% of the industry's total value.

The food market will continue to grow slowly in the forecast period. Childhood obesity is becoming a large problem in Italy too, and, as responsiveness spreads, parents are progressively rejecting fast food for healthier options, which could diminish the demand for foodservice. Third party multinational delivery
corporations such as UberEATS, JustEat and Deliveroo have been expanding in Italy but they aren’t likely to fit in with many of the independent family run businesses’ plans, differently from most of the western countries where those firms took place easily.

The performance of the industry is expected to accelerate meaningfully, with an anticipated CAGR of 2.5% for the five-year period 2017 – 2022: it is forecasted that the industry will reach a value of $252.4bn by the end of 2022. Comparatively, the French and German industries will grow with CAGRs of 2.8% and 2.7% respectively, over the same period, to reach respective values of $221.2bn and $227.9bn in 2022.

The Italian hotels segment is set to grow over the forecast period, conducted by the growth of inbound tourism which is expected to accelerate based on strongly increasing supply: this will probably lower prices. Moreover, improving macroeconomic conditions will stimulate domestic tourism, which has demonstrated a weak growth.

Tourism in Tuscany

After having briefly highlighted the tourism situation at a global and national level with the support of specific data, now it’s worthwhile to analyse the Tuscany condition.

Regione Toscana (the regional agency) assessed extremely positive statistics: in 2017, Tuscany hosted 13.7 million visitors, 11.3% of the national total, almost the double of the national average arrivals data (5.8 millions). As the figure 5 shows, the number of inbound visitors is increasing year by year: this unrelenting growth is forecasted to continue also in 2018. The regional agency fuelled the climate of extreme trust, predicting a further increase in arrivals by 4% from
2017. Bathing facilities are expected to host 37% of visitors (Regione Toscana, 2018).

As clearly shown above, Tuscany’s performance in terms of tourists’ arrivals is meaningfully higher than the national arrivals average: this is thanks not only to suggestive locations but also to well-organized strategic planning by the Tourism Agency.

The following graph shows the arrivals per regional district in 2017 in percentage terms.
Florence hosted 5,2 million people, Siena 1,9 and Livorno 1,4.

Tourism sector is confirming as very relevant for the Tuscany economy, still with high potential and meaningful growth margin. 2017 Tourism Report, curated by UniCredit in collaboration with Italian Touring Club confirmed positive data, with a special focus on regional performances. With a total number of presence of 44,2 million, this sector gives job to more than 104.000 people (between accommodation and restaurants), representing the 9,5% of total Italian employed. About the accommodation offer, in 2015 Tuscany was third in Italy by number of tourist establishments (more than 13.000) and second by number of total beds (549.000): 35% of those were offered from hotels, 33% from camping and touristic villages, 13,8% from rented accommodations, 12,8% from agritourism and 2,3% from holiday houses.

The report highlighted the main foreign markets of origin: 18% of visitors were from Germany, 10,2% from USA and 8% from Netherlands.

The way of doing tourism is changing over the years: it is a social phenomenon more than an economic one and the sector has been influenced by the evolution of travellers’ needs and by other exogenous factors that had different forms of effects over individual behaviours. Technology, for example, deeply influenced in the perception of travel industry, by making information collection much
easier than few years ago and by revolutionizing the traditional “intermediation” concept. Technology reduced information asymmetry between producer and consumer, giving customers the possibility to create own contents and to spread them pervasively through social media. Social networks have changed many rules across different markets, and they are playing today a relevant part in this industry too. They exist many information platforms that allow people reading contents and leaving their comments about a touristic destination or about specific services locally offered (from accommodation to restaurants). Global reputation is inextricably linked to online image: managers have to be aware about this change and deal with that accurately.

In 2016 The firm Travel Appeal curated an analysis over more than 6,7 million online reviews across portals such as TripAdvisor, Booking.com and Expedia for better understanding the threats and strengths of touristic supply and, more generally, the grade of satisfaction of the customers that decided to visit Italy. The most reviewed regions are the ones that hosted more visitors: in this ranking, Tuscany is at third place by arrivals after Lombardian and Veneto but is first by “likes” on Facebook and Instagram.
This graph displays the average arrivals per region in the last 8 years. On average, Tuscany accommodated about 11.8 million visitors per year, with a national average of 5.2 million. During the same period, Tuscany is the third region in terms of arrivals, before Lombardian and Veneto.

**Tuscany as world brand**

What do people from the rest of the world think and imagine when talking about Tuscany? Which images does this region evocate among foreigners?

A study conducted by Confindustria Toscana (the major regional business association) and by Klaus Davi & Co., a communications agency, revealed interesting results: the world recognizes Tuscany as a true brand, with its particular strengths and peculiarities.
People recognize as main characteristic elements aspects as tourism, art, wine and food, and fashion. It is worth to add to these cultural events and activities, real estate properties and famous universities and research facilities.

These ingredients make this region the most known Italian area around the world. Due to its assets – the poll states – Regione Toscana (the Region of Tuscany) is much like a company or a multinational corporation, an actual brand that can be immediately recognized, a brand that confers it an added value unrivalled by any other Italian region”35.

The Foreign Press Observatory deals with studying what the foreign newspapers say about Italy. A study in 2017 identified several themes.

The charm of Tuscany’s treasures has a deep reach in the United Kingdom, as well as in Germany, France and the USA, and the attention paid to the region by Russian, Indian, and Asian media is also rising.

The analysis conducted by Klaus Davi & Co. on the Italian region has highlighted that the most enthusiastic visitors are Americans (25%): the “New York Times” put emphasis on the luxury of Florence and on the spirituality of natural places found along “Via Francigena” as preferred destinations. UK tourists are affectionate too (19%), but they choose quiet and unexplored locations such as Punta Ala (south of Follonica). According to a very recent article published by “The Times” in January 2017, British love Tuscany predominantly for suggestive landscapes and good food. German (16%) select Elba’s wild beaches and French (15%) small villages with a medieval flavour. It can happen that media have focused their attention on elite tourism destinations, as when “The Telegraph” suggested Punta Ala beach (Jones, 2016). Another interesting trend is becoming more and more frequent: according to “Tourism Review”, many VIPs decided to celebrate their marriage in Tuscany

35 For further information, see Klaus Davi & Co. Website (Reports)
(Tanner, 2016): David Bowie and Formula One’s Ferrari driver, Kimi Raikkonen, are just two among many celebrities that decided to do their weeding in Tuscany.

The Spanish tabloid “El Mundo” and put the attention of its readers on typical tasty gastronomic products (Armellini, 2016), while the French review Elle appreciates the extra-luxury fashion industry (Poyer, 2016).

Hence, there is a number of attractions that make this place beloved and desired by international tourists: not only standard tourism, but food & wine, culture, artisanal products and manufacture represent true ambassadors of the whole regional heritage.

A research conducted in 2017 by TPT Magazine, Tuscany Tourism Promotion Agency Journal, have identified eight pillars on which this area has been able to build its brand identity (TPT Magazine, 2017):

- **Touristic supply**: art cities, landscapes, beach resorts and relax areas;
- **Food & Wine**: from wine to olive oil, this region has always been passionately committed to good food;
- **Macro-Economy**: brands such as Gucci, Prada, Ferragamo, Vespa are globally known as emblematic symbols of regional savoir-faire.
- **SME**: manufacture and restaurants are employing an important part of the population
- International investments: foreign corporations have decided to invest on the territory
- **Culture**: part of the modern civilization was born in this region
- **Innovation and Education**: progress and technology, both with important Universities convince young people to stay in their native region and attract workers from other places;
• **Ambassadors**: famous people from all around the world decided to buy houses in Tuscany.

If we add to this an amazing quality of life, a high level of civilization from people who live there, we can easily understand the reason why Tuscany is one of the most aspired touristic destinations in Europe.

The Tuscany touristic offer is a compound of several kinds of proposals. Beyond these mentioned factors, this region also became synonymous of economic efficiency, so that it appealed the interest of foreign investors. The major commitment is about the real estate sector, but also industrial plants from corporations such as General Electric, Novartis, Solvay. Indian and Arabian look more concerned in steelworks.

Generally, this area has experienced and increase in the presence of multinationals enterprises: from 300, they became 400 in just a decade. This has contributed increasing the attractiveness of the local territory.

In recent years there was another trend that fuelled the appeal of the region: media have broadened their attention to innovation and research (start-ups, institutes and universities) that have developed the territory. Pharmaceuticals and energy have a special mention. Those last two factors are considered to have the best margin of growth thanks to geothermal resources and by increasing the worth of research facilities in fields such as assisted fertilization.

According to Confindustria, in the following years Tuscany brand will be pulled by traditional sectors with a huge unexploited potential, as artisanship and tourism.
Regional legislation about agritourism activity in Tuscany

In Italy, regulation about agritourism enterprises is disciplined at two levels: national and regional. The national law (730/1985) established only basic principles, leaving the technicalities to be decided at local level, region by region. In the case of Tuscany, the current law is the one from June 23 2003, n.30: it establishes criteria and administrative obligations for running agritourism activities, also all the hygienic and health requirements, documents and procedures for being allowed to get the authorization, implementation of policies to support and promote agritourism, determination of the types of intervention for the recovery of the rural building heritage for agritourism purposes and drafting and activation of the regional agritourism development plan.

The regional law, specifically the article 1, is seek to:

- agriculture development promotion
- Facilitate the permanence of agricultural producers in rural areas through the integration of corporate income and the improvement of living conditions;
- Enhancing rural, natural and real estate heritage;
- Promote the protection of the environment and promote traditional products of certified quality, as well as quality food production and related food and wine traditions;
- Valorise rural world’s traditions and socio-cultural activities;
- Developing young and social tourism.

Article 2, is instead related to providing definitions, according to which agritourist activities are intended as reception and hospitality activities, carried out by the subjects referred to in Article 5, through the use of their own company
in connection and complementarity with the agricultural activity referred to in
2135 of the civil code, which must remain main, according to the provisions of
this law. Moreover, respecting the methods and limits defined by the present law,
they are agritourist activities:

- Hosting people in typical accommodation on a seasonal basis;
- hosting campers in open spaces for seasonal stays;
- organizing educational, cultural and traditional activities of religious
cultural, recreational, sporting, hiking and hippo tourism related to the
rural world;
- for the consumption on the spot, to give to the company’s guests meals,
foods and drinks consisting mainly of products of the company or in any
case products obtained from local farms and local agri-food companies
that produce and sell regional products, as well as organizing tastings of
company products not only for corporate guests.

Article 5 of the Regional Law defines who is entitled to run the activity by
defining the exercise of the farm reserved for individual and associated
agricultural entrepreneurs, in order to carry out agritourism activities in common.

Article 6 deals with the connection and complementarity of the agritourism
activity and the domain of the agricultural activity, reporting:

- The connection of the agritourism activity is realized when the
characteristics of the farm (the dimensions, the structural equipment, the
nature and the variety of the agricultural activities practiced, the available
spaces, the buildings, the number of employees) make it suitable also for
carrying out agritourism activities;
- The complementarity of the agritourism activity is realized jointly with
the principality of the agricultural activity;
- The principality of the agricultural activity, with respect to the agritourism
activity, is realized when, at the choice of the entrepreneur, one of the
following conditions exists: a) the time spent in the agritourism activity
during the year is lower than that used in the agricultural activity; b) the
value of gross annual sellable agricultural production, including market aid and income supplements, is higher than the revenue from the agritourism business; c) the investments and expenses sustained annually in activities and interventions for the agricultural activity (net of the aids) are superior to a minimum quota (of expense) fixed in relationship to the authorized receptivity, inferior to a maximum quota fixed in relationship to the entity and the productive characteristics of the company.

- The verification of the connection, complementarity and principality relationship, is demonstrated in article 7 through a specific report on agritourism activities, which must be accompanied by a series of news:
  - Agritourism activities and agricultural activities scheduled for the following three years;
  - Depending on the choice made by the entrepreneur to achieve the principality of the agricultural activity, the relative forecasts are indicated: the time spent working for the agritourism activity and that for the agricultural activity; gross sellable production; the amount of the expenses; the crop system and production activities implemented in the three-year period prior to the preparation of the plan or report and those envisaged following planned interventions; the consistency of the building structures present on the bottom and those placed outside the land in the availability of the company;
  - the indication of the working units and of the total annual total of work days foreseen for the agritourism activity and for the agricultural activity.

The maintenance of the requisites declared in the report is attested triennially by the agricultural entrepreneur through self-certification.

The implementing regulation demonstrates the principality of the agricultural activity compared to the agritourism activity and makes it possible to ascertain the permanence of this character.
The aforementioned report must then be attached to the application for authorization provided for in Article 8, and must include:

- Report on agritourism activities (to be followed by the binding opinion of the province or mountain community that are required to express themselves on the principality, connection, complementarity of the agricultural activity);
- Request for classification of the holiday farm as required by art. 9 (classification belongs to the province);
- Specification of agritourism activities and related methods of operation.

The classification system in spikes is mandatory and is based on a series of requirements concerning the peculiar aspects of receptivity: it is issued by the province based on the characteristics declared by the owner. The scale defined by the Regional Regulation (DPGR 3 August 2004, n.46 / R-Annex B) is divided into three levels of classification, rather than five as in the previous regulation of 2000. This choice was made for greater differentiation compared to the hotel classification system, certainly not for a "declassification" of the offer.

Classification is important as it informs the tourist about the services and activities provided by the company.

It includes mandatory requirements, i.e. pre-determined and necessary for each classification level, and optional requirements, which contribute to the formation of the overall score on the basis of which the classification of the company is determined. The mandatory requirements largely coincide with general sanitary and public safety standards. For example, they can be equipped bathrooms, information table with phone numbers for emergencies, first aid equipment, cleaning rooms at each change of guest, etc.

The optional requirements concern aspects related to the agricultural activities of the farm, to typical productions, recreational activities, cultural activities such as the presence in the bottom of traditional, organic or certified agro-quality
cultivations, breeding of native or biological species, nature trails, historical, cultural, horse riding, trekking, etc.

The classification with the spikes can be integrated with the additional mentions provided for in Annex B of the aforementioned decree.

The requirements declared by the agricultural entrepreneur for the attribution of the spikes must be exposed to the public in a visible place. In addition, every farm authorized to carry out agritourism activities must affix the identification plate to the guests' entrance for the company, always indicated in the attachment.

The limits and the modalities of the agritourist activities are regulated in article 12 and 13 of the Law n.30 / 2003 and provide that the reception and hospitality activity has a maximum limit of 30 beds in rooms or units, limit that however, it can be overcome by using independent housing units in buildings of historical, cultural and environmental value.

The administration of food, meals and drinks is based on dishes and / or drinks coming from productions of the company. The administration of meals, food and drinks is addressed exclusively to guests and consists mainly of farm products or products from local farms and local agri-food companies that produce and sell regional products.

The other articles in the Law regulate the rules for building interventions, requirements structural, hygienic-sanitary and security for the agritourist activities; vigilance, control and sanctions, and final, transitional and abrogative provisions.

In addition, Tuscany Region has appealed for a question of constitutional legitimacy against the recent National Framework Law No. 96 of February 20, 2006, considering that the State has invaded the regions' own competences.

Among the points that led to the appeal there are: the reception and administration of meals and drinks not exceeding ten guests; the regions must recognize as products of the farm holiday farm also products coming from other farms located in homogeneous contiguous zones of neighbouring regions; the introduction of a homogeneous classification system on a national scale. Finally,
the obligation for the regions to conform their regulations to the fundamental principles of the Framework Law is challenged. The Tuscany region is still waiting to know the outcome of the appeal.

Main Outcomes from the Interviews: The Point of View of Entrepreneurs

Starting from the conversations I held with local business owners, several issues emerged. Some of them were comments about the kind of investment they did in the past, other were complaining of other problems. We have already shortly talked about some of them in the previous chapter, let’s list them below:

- Very often, high taxes to be paid are not justified by a correspondent adequate level of services offered by the government;
- The harsh restrictions imposed by the local administration in the matter of agritourism accommodations are too hard to be observed;
- Most of the entrepreneurs would not repeat the investment they did, if they could go back in the past.

Those three points are the ones that most commonly came out while talking with local business owners. For the matter of clarity and transparency we should say that sometimes people tend to complain and to criticize a bit too much when asked about certain topics, such as their business in this case. This is for a physiologic human behaviour, and probably it would be the same even in the case we asked different questions in different situations. Obviously, the interrogatory nature of my interview was bringing them in the condition to point out every negative aspect of their every-day business life. For this reason, I will take as partially true what they told me, but I will not consider everything as granted or as totally fitting to the reality of the things. After this short premise, let’s start analysing the three points listed below.
The first issue entrepreneurs are complaining about is related to the disproportion between the tax burden and the level of services offered. Referring to the Italian entrepreneurship system in its totality, not just in the tourism sector, numerous data collected and empirical studies show an alarming situation for what concerns the tax burden which companies are subjected to on a yearly basis. In Europe, Italian enterprises are the ones that suffer the most the tributary system. According to an analysis conducted by the OPACT, if we calculate the percentage of fees paid by companies on total tax revenue, Italy is at the first place in Europe (14%), then Netherlands (13,1%) and Belgium (12,2%). Among our competitors in tourism, Germany registers 11,8%, Spain 10,8%, France and UK 10,6%. The average of the UE countries is 11,4%.

Even if it's about a very common criticism in every part of Italy, business owners were seriously concerned about the fact that the taxes they are paying are not justified by a fair administration from the local authority. Investments mainly in terms of physical facilities, like renewed roads, a better night lighting or a renovation of the harbour are at the centre of the daily discussion in Tuscany. Also, the preservation and care of green areas is not well managed, and all those issues negatively affect the brand image of the region, with a consequent influence on the flow and on the daily expenditure of visitors. Referring to a study conducted by Il Sole 24 Ore in 2015, Italian tax rate is the highest in Europe: the total tax burden for a business, measured in 2014, comprising taxes on income, consumption and the other components, was 64,8% of the total commercial profits. In Ireland the same percentage was 25,9%, in Switzerland 28,8%, in UK 32%, in Germany 48,8%, in Spain 50%. Even France, that has a huge government system, has a lower pressure than Italy: 62,7%. In Finland and

36 From OPACT (Political Observatory of Environment, Culture and Tourism), 12/11/2016 “Taxes, Italy is the fifth in Europe. France has the highest tax burden”.
in Norway it is 40%\textsuperscript{37}. A study conducted by ISNART (Italian National Institute for Tourism Research) in 2013 tried to discover and to identify the bulks for investments in the tourism sector. What is emerged from that study, is that the very-high level of costs caused by regulatory compliance and the complexity of the rules both with the consequent excessive number of public bodies involved are the aspects that weight the most. This survey shows that new investments are not made and, therefore, no new jobs are created, not because of the market crisis or uncertainties about the future, but because the public, political and bureaucratic systems have created an environment that is unliveable for the businesses.

It is therefore clear that the fundamental problem lies above all in the complexity of laws and regulations; in that "normative jungle" that makes any economic activity very expensive and tiring, that destroys productivity and inevitably discourages not only entrepreneurial initiative, but also work at all levels. For the aforementioned reasons, in recent years the issue of taxation on tourism has assumed a significant importance especially for the revenue deriving from this type of taxation.

As like the introduction of a tax in other sectors of the economy, those on tourism must be implemented with particular caution. Very often the distortion effects and costs generated by the introduction of a tourist tax are more than the benefits. The negative effect of tourist taxation does not only express itself to tourists from other countries, the distortions also affect the national population. The taxation of tourism affects, in fact, both the distribution of income among the residents of the host countries compared to those of origin of tourists, and the distribution of income among local residents. There are two ways in which taxation can affect the distribution of income within the host country. Firstly, part of the tax burden falls on suppliers of goods and services, which are often local residents, therefore, affects the distribution of income among the local residents.

\textsuperscript{37} The World Bank and PwC, Annual Report, 2014.
population. Secondly, it influences the consumption of goods and services of national tourists: products such as hotels and restaurants are also consumed by local residents. The greater the internal demand for these services, the greater the distortion effect on the distribution of income within the country. After this dissertation about tax burden on the tourism sector in Italy, it is easier to understand the reasons why a local business owner is somehow upset by the current situation.

Regional Agritourism Restrictions are set too strict

Let’s now switch to the second point. Still according to local entrepreneurs, the harsh restrictions imposed by the local administration in the matter of agritourism accommodations are too hard to be observed. As we have already specifically discussed in the Regional legislation about agritourism activity in Tuscany, the opening and management of a farm are regulated by the Regional Law of 23 June 2003, n. 30, coordinated with the changes introduced by the regional law of 28 May 2004, n. 27 and from the regional law 3 January 2005, n. 1. These are associated with the regulation implementing the Regional Law of 23 June 2003 n. 30, which gives operators the tools to open the agritourism business. However, the procedures regulated by the above rules have undergone changes (aimed at simplifying them) following the introduction of the regional law 80/2009. As for the management of the farm, we point out the following peculiarities related to the Tuscany region:

- Products to bring to the table / to be sold: company products must be used, supplemented by products from local farms as well as products of Tuscan origin and / or certificates in compliance with the short supply chain system. For the completion of the dishes it is possible to use complementary ingredients not obtainable in Tuscany and traditional
products of traditional hospitality. The use of indispensable products for special diets for health reasons is also permitted.

- **Hygienic sanitary rules**: up to 12 seats per meal (12 for lunch and 12 for dinner), the structure to be used for preparation can be the kitchen of the entrepreneur, provided that he complies with the necessary requirements for civil residence. To administer food and drink it is necessary to possess one of these professional requirements:

  o qualification of Professional Agricultural Entrepreneur (IAP) with registration (also on a provisional basis) to the regional registry office;
  o high school diploma or degree related to the subject of food or the supply of food and drink or related to the agricultural / forestry sector;
  o having practiced the activity of food and drink provider or have lent their work to companies in the sector as an employee, cooperative member or as a family coadjutor;
  o to having successfully completed the compulsory training course for food and drink administration or the agritourism operator course.

- **Youth tourism**: it is possible to offer hospitality to young people under 25 with any accompanying persons and also for tourism-work activities, provided that the following requisites are met: structural hygiene requirements (Article 26 paragraphs 1, 2, 3 and 4), minimum area of the rooms 8 square meters for rooms with one bed and 12 square meters for rooms with two beds. Each additional bed provides an area increase of 4 square meters. Another bed can be placed on each bed, provided the cubic height of 9 cubic meters is respected for each additional seat. There must also be a toilet for every 10 beds, a bathroom / shower every 12 beds and a washbasin for every 10 beds.

- **Construction works / restoration**: it is not possible to build new buildings for the realization of the farm. The interventions on the rural building
heritage destined to the agritourist activity must be carried out using typical building materials and respecting the typologies and the architectural and decorative elements characteristic of the places.

- Classification: the classification of the structure is mandatory and assigned by the Province of competence. The logo representing the spike is used for classification. The attribution from one to three ears occurs in relation to the possession of certain requirements, established by the Regional Implementation Regulation.

All those listed peculiarities and restrictions are existing only in the Italian Region of Tuscany. Also, in the other regions there are special in-force laws, but they are not so severe as the ones in Tuscany; the reason that explains this difference has to be found in the ancient tradition of the farmers and in the strong attachment to their land of origin. Today, local authority has the goal to preserve agritourism facilities and the image that those structures confer to the region. Worldwide, Tuscany is also renowned for its farms and agritourism and the government wants to preserve this brand identity.

**A heavy investment to manage**

Agritourism firms are not a clear example of “light business”: for being attractive, they need a heavy commitment in financial and timing terms. Maintaining and running such a business is sometimes very costly. The last consideration we previously mentioned is about that most of the entrepreneurs would not repeat the investment they did in the past, if they could go back in the years. “I have always been very linked to this land: me and all my family were born here. When I emigrated to UK for my job I promised myself to be back here one day and to build a huge farm”– said the owner of the biggest agritourism facility in the district– “of course, that idea sounded like to come only from a feeling of nostalgia for my land, but it was also a good business project, as the
Italian real estate economy was booming. Years later, once I made a consistent fortune abroad in UK, finally I decided to keep faith with the word, but sadly today I should say that I would not repeat the investment I made charge of twenty years ago. The amount of money invested for building my farm are not giving me an expected and fair return. When I started building this structure, more than twenty years ago actually, it looks like the best investment I could made with my money; at that time the law allowed and encourage us to invest in the development of our community, to grow and to improve our land but some years later the general situation dramatically changed. Even if every year I’m able to host a considerable number of visitors, more than what I was expecting, still I do not have a fair economic return due to the very-high tax burden I am obliged to pay every year. My employees deserve more than what they are earning, and I would literally love to be able to give them an extra-salary sometimes, but I just can’t. What should I do more than monetizing the big flow of visitors I receive every month? Hence, not only I would not repeat this investment but also I don’t recommend any young want-to-be entrepreneur to start such a project in this country right now.”

This statement is sadly the most frequent thought I heard from locals during my interviews round. Just to contextualize those words, this entrepreneur invested a meaningful amount of money back in the years for building several facilities in the village of Venturina Terme, for a total value that today would be around €15/17 million. With the laws of that time he was confident he would have gained a conspicuous economic return in the following years. But what happened is that during the years taxes became more and more heavy for businesses, until today that, as explained in the previous pages, a business owner has to pay 64.8% out of the commercial profits to the government. Not only the tax burden is unsustainable, but also the already mentioned bureaucratic jungle is slowing down the expansion and the growth of the local communities.

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38 Anonymous testimony; Interview round to local entrepreneurs; personal elaboration, July 2018.
I have reported this witness as a demonstration of the general sentiment I met among the locals. I cannot hide that I was somehow surprised while listening to these words, considering that I was interviewing them in the middle of the summer season, when the best deals are usually already undertaken. This general consideration made by a local is undoubtfully attributable to the stagnant situation that Italian economy and political management is suffering now for a decade. We have already extensively discussed about it in previous paragraphs and it is not in the purpose of this research to provide economic and political solutions to solve this kind of issue: what we can say in this case is only that an entrepreneur can deal with those problems mainly by diversifying their touristic supply: some of the locals I met were not only offering an accommodation and all the traditional hosting services, but they also started to resale typical Tuscany products, mostly olive oil, wine and cheese. Someone opened a food corner-shop in the farm that usually attracts foreign visitors, but this solution is not fully sufficient and sometimes is not enough to solve the lack of cash. Other entrepreneurs organized guided tours to food factories (oil mill, dairy) mainly suitable for families with children. Therefore, cash-generation in low-season is the main problem of every seasonal company.

Data Description and Methodology

This paragraph is aimed to clarify what kind of data have been considered and how they have been shaped, used and transformed. Then, a detailed outline about the methodology used is provided.

First of all, this research covers the whole Italian Region of Tuscany: 266 towns have been studied, for a total of 4,663 agritourism accommodation facilities. Only 12 towns have not been studied due to incongruences in official data. However, 266 out of a total of 278 is more than a significative sample. For what concerns the quantitative data utilized and the clear numbers, all the data used for
this analysis come from the official website of “Regione Toscana”\textsuperscript{39}. Other important data, especially the ones relative to the industry and firm’s employment, have been provided by ISTAT (Italian National Institute for Statistics)\textsuperscript{40}. We selected only the towns for which data were exact, fully provided by official fonts and not conflictual with other sources. We were obliged to eliminate or not to consider certain towns for which even only one data was missing for uniformity reasons. Moreover, the following rationale was applied: data for each town were divided into 4 macro areas: demographic and income data, business data, Business Density Index data and tourism data by province. Within each macro area, data are divided as follows:

- **Demographic and Income Data:**
  - Number of inhabitants
  - Number of foreigners
  - Number of employed
  - Town total income
  - Income per capita

- **Business Data:**
  - Number of active companies
  - Number of agriculture, forestry and fishing firms
  - Number of agritourism facilities
  - Number of agro-rural firms (as numb of agriculture, forestry and fishing firms + numb of agritourism facilities)

- **Business Density Index**
  - BD General (number of tot firms/ numb of inhabitants \*1.000)
  - BD agritourism

\textsuperscript{39} All the data about the single district and towns are available at the following link: [http://www.regione.toscana.it/banchedati](http://www.regione.toscana.it/banchedati)

\textsuperscript{40}Data sets available at the following link: [https://www.istat.it](https://www.istat.it)
- BD agriculture, forestry and fishing firms
- BD agro-rural firms
- Tourism Data by Province:
  - Tot Arrivals and Presences

All data refer to 2015. For assessing the percentage variations along the years, data refers to the variations between 2015 and 2016. All data are the most recent ones available.

The Business Density Index formula is clear and simple: as we have already explained, BD is equal to the number of firms per 1.000 people. In our specific example, agro rural firms were considered as the sum of agritourism and all the firms related to the land (agriculture, forestry and fishing firms), to get a consistent and solid index, as suggested also by other scholars in the reviewed articles (look at Alexander Trukhachev in the discussed article). Indeed, in his framework A. Trukhachev considers the rural firms as a group of firms from different backgrounds, all united by the characteristic to be strictly linked to their home land. As agritourism activities are inextricably connected to the land, not only for their accommodation nature but also by some points of the legislation (see Regional legislation about agritourism activity in Tuscany, page 14), and as the other firms considered are obviously dependent by the land, building a unique index undoubtfully makes sense.

For having the clearest idea of how the market of agritourism is working in Tuscany (considering all the special regional restrictions imposed by the local authority) and for having a personal experience straight on the territory, I started the research by going to twelve local entrepreneurs in Tuscany, specifically in my homeland, in a small village called Venturina Terme, very close to the sea and quite famous for the high-quality olive oil and vegetables produced. Here, I had the concrete opportunity to interview a group of local businesspersons: I also had the luck to be able to select different people by different size of the business they are running, in order to have a wider view of the local market, from a small
5-rooms agritourism facility to a 42-rooms huge establishment. Every structure taken into consideration is an agritourism accommodation facility as defined by the law, subjected to further special restrictions by the regional authority. This very first part of the research gave me the possibility to understand pros and cons of owning such a firm, the different ways of interacting with customers and the strategies everyone put in place to increase the profitability of their business. Moreover, this round was for me the best chance to sincerely figure out what this research was useful for and also what I was really talking about. During this first phase of the study, that lasted about 15 days, I submitted a generic questionnaire to the local entrepreneurs: this document, anonymous, was mostly helpful to me for building the second part of the research at the best. Indeed, while talking with those people, I tried to extrapolate, and standardize in some way, all the difficulties they are facing today, the new opportunities and the touristic trends. Of course, not all the businesspersons reacted the same way to some of the questions, but also when they looked stressed out or, sometimes, annoyed, these moments were for me cause of stimulation and made my research more realistic and personal. Generally, local people were very kind when answering my questions and, in some cases, provided me with some good ideas to implement and for growing my project. In this phase, many people complained about a weak presence of the local authority in terms of investments in infrastructures and promotion of the local territory, despite of a widespread presence of agritourism activities in the region. Moreover, they were also complaining about a heavy taxation system on their businesses, and specifically about the fact that this high fiscal pressure was not translating into better public services. From this common aspect emerging from many interviews I decided to start my research about the density of rural activities and their economic effect on the community. Once established the object of the analysis, the following phase was eager. The second part of the research consists of a quantitative analysis based on official data and numbers, through which the phenomenon of this vast presence of tourist facilities has been easier to study and contextualise. Only the facilities with the
status of “agritourism activity” were considered. At the end, 4,663 accommodation facilities in 266 towns were reviewed. A regression analysis was conducted, using the BD Index for agro-rural firms as independent variable, and the growth of the income per capita between the years 2015 and 2016:

\[ y = x \]

Where:
y= Dependent Variable, % increase of income per capita in the period 2015-2016
x= Independent Variable, Business Density Index for agro-rural firms

Data Analysis and Discussions

This paragraph is designed to describe and to discuss the results obtained from this study. We try to give a proper explanation and justification to what we reach. Secondly, all the relevant outcomes from the regression analysis will be acutely deepened and even in this phase a clear enlightenment of the results will be provided.

This section wants to build a statistic model based on the data provided and discussed in the previous paragraphs. In this case, the best model is Ordinary Least Squares (OLS). It is a type of linear least squares method for estimating the unknown parameters in a linear regression model. OLS chooses the parameters of a linear function of a set of explanatory variables by the principle of least squares: minimizing the sum of the squares of the differences between the observed dependent variable (values of the variable being predicted) in the given dataset and those predicted by the linear function. In a linear regression model, the response variable, y, is a linear function of the regressors:

\[ y = x_1 + x_2 + \ldots + x_n \]

where:
y = Dependent Variable, % increase in revenue per capita

x₁ = Independent Variable, Business Density Index of Agro-Rural companies

xₙ = Other Independent Variables (control variables)

As already mentioned, this analysis is considering data from a total of 266 towns and almost 40,000 agro-rural enterprises in Tuscany, Italy. Agritourism facilities are 4,663, more than 10% of the total. On average, those towns have 10,000 inhabitants. However, among those 266 towns there are some outliers that can create problems to the analysis: the outliers are the biggest cities with more than 50,000 people (Florence, Siena, Livorno, Arezzo, Pisa, Grosseto, Lucca, Pistoia and Prato). In order to make our research even more focused, we won’t consider those 9 cities.

The first linear regression is a simple equation between y and x₁.

\[ y = x_1 \]

Where y is the percentage increase in revenue per capita and x₁ is the Business Density Index of Agro-Rural companies. After eliminating the outlier cities, the regression is as follows:

<table>
<thead>
<tr>
<th>y</th>
<th>% Increase in Rev. per Capita</th>
<th>Coefficient</th>
<th>Std. Err.</th>
<th>t</th>
<th>P&gt;t</th>
<th>[95% Conf. Interval]</th>
</tr>
</thead>
<tbody>
<tr>
<td>x₁</td>
<td>BD Index of Agro-Rural companies</td>
<td>.0002176</td>
<td>.0000773</td>
<td>2.82</td>
<td>0.005</td>
<td>.0000655</td>
</tr>
</tbody>
</table>
rural firms have come together in consortia, a real network of comparable and close companies specialized in producing similar goods. In our case, the most common consortia in Tuscany are agricultural consortia. For small businesses located in small country communities, joining and associating with consortia brings some important benefits: they can lower the costs of production by sharing agricultural machinery and reducing fixed costs for example. They can have an influence over the local market prices, producing a consistent quantity of goods. They also may have a higher bargaining power with local dealers. In this case, Business Density finds the better explanation in those terms. Then there are many other reasons for which BD has a positive impact on the community’s welfare.

Farms and rural enterprises are very often conducted at a local level, as the entrepreneur usually lives in the same town in which there is his company. Also, almost all the employees of a rural firm use to live nearby. This means that all the revenues deriving from the small company will be distributed among local people, and that those people will have more money to spend in local shops, purchasing goods and services from close distributors, etc. In small communities, people tend to make their ordinary shopping in the shops they know for years. This kind of behavior is a common habit verifiable in small Italian towns. From a certain point of view, small rural towns are the areas that suffered less from the market globalization. Locals prefer to buy a common good from a shop instead of purchasing it on the big internet distributors: this for many reasons: firstly, usually locals have a friendship relationship, or they simply know each other, so they feel somehow obliged to buy from a friend. This system makes sure that money earned and generated by local people stay within the community’s economy.

This positive interrelation suggests us that agro-rural enterprises are contributing to the development of rural communities and small towns in which they are settled.
Let’s try now to broaden the research by adding other control variables.

\[ y = x_1 + x_2 + x_3 + x_4 + x_5 \]

where:

\( y \) = % increase in revenue per capita

\( x_1 \) = Business Density Index of Agro-Rural companies

\( x_2 \) = Num. of People Employed

\( x_3 \) = Num. of Agro-Rural Firms

\( x_4 \) = Variation in num. of Arrivals from 2015 to 2016

\( x_5 \) = Variation in num. of Presences from 2015 to 2016

<p>| ( y ) | % Increase in Rev. per Capita | Coefficient | Std. Err. | t | P&gt;|t| | [95% Conf. Interval] |
|---|---|---|---|---|---|---|
| ( x_1 ) | BD Index of Agro-Rural companies | .0002225 | .0001031 | 2.16 | 0.032 | .0000194 |
| ( x_2 ) | Num. of People Employed | .0003941 | .0048364 | 0.08 | 0.935 | -.0091307 |
| ( x_3 ) | Num. of Agro-Rural Firms | -3.74e-06 | .0000215 | -0.17 | 0.862 | -.0000461 |
| ( x_4 ) | Variation in num. of Arrivals from 2015 to 2016 | -.1221188 | .0836636 | -1.46 | 0.146 | -.2868878 |</p>
<table>
<thead>
<tr>
<th>x5</th>
<th>Variation in num. of Presences from 2015 to 2016</th>
<th>-0.0038573</th>
<th>0.0565733</th>
<th>-0.07</th>
<th>0.946</th>
<th>-0.1152741</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cons</td>
<td>0.0341571</td>
<td>0.0049952</td>
<td>6.84</td>
<td>0.000</td>
<td>0.0243196</td>
<td></td>
</tr>
</tbody>
</table>

At a significance level of 5%, this wider analysis shows some differences if compared to the previous one.

Introducing a macro-economic indicator such as the level of employment for each village is of paramount importance for several reasons. First of all, this kind of indicator makes our research consistent and reliable, linking the study to the real economy of the communities. As we can see, it looks like there is no relation between the percentage increase in revenue per capita and the number of people employed. First of all, when talking about wealth in rural areas we should always refer to the employment data: farms and rural companies are obviously better employers for who lives in the towns nearby: often in small villages people knows each other, so there is a natural preference for the entrepreneur to hire someone he/she already knows well. However, employment level is affected by many other social and political circumstances. We are considering only few aspects in this study.

At the same time, a worker prefers to live close to the workplace for comfort reasons, so enhancing and improving the wealth of the local economy. Villages with more workplaces and more jobs available are wealthier. In these areas, people have a secure monthly fixed income that allows them to be able to spend more.

Moreover, it looks like there is no relation between the number of agro-rural firms and the community’s wealth. Let’s remember that this research means for agro-rural firms the sum of agriculture, forestry, fishing firms, and the agritourism facilities. This kind of enterprises have a fundamental role in the
development of the rural areas in Tuscany. One of the main problems is that rural companies sometimes can have an undesired effect on people’s wealth. The first point is that most of the workers in this industry don’t have a degree or, in many cases, a study title. In case of a job loss, uneducated labour force is hard to re-allocate within the community; nowadays a study title is absolutely needed for almost every employment. We can state that somehow uneducated employees are a social risk for the reason above. Many times, the only job allocation they can find is the one they are already running. Another interesting point is given by the economic productivity of rural firms. Depending on the seasonality, it can happen that during specific years the agricultural production does not reach the expected volumes, due to natural causes (extreme rain or hailstorm). The vulnerability of the land production is tough to predict and often a very bad agricultural vintage may cost the job of someone. This negative connection also finds another explanation that links to the first point. Traditionally, rural activities gave work to poor people: it means that if a community is not economically developed, probably it will fund its sustenance on land as a starting point. Then, it happens that entrepreneurs don’t have enough money to make proper investments on their farm: this fact will lower the economic productivity of the facility, pauperizing also the employees and then the whole community. It looks like the more a community is linked to agro-rural firms, the more the community will suffer all the specific risks linked to the land.

A solution is given by a simple economic theory, the diversification portfolio theory. Depending on only one source of income is extremely dangerous, even if it generates revenues at the beginning; if something happens to that source, the whole community will suffer a crisis. By diversifying the sources of income indeed may reduce the specific risk of a single occupation; broadening the number of activities may create new opportunities for a community, giving new entrepreneurs some chances to take some benefits from the new constructive economic market.
The research shows that both the variation of number of arrivals and the percentage variation of presences from 2015 to 2016 are not related to the community’s economic wealth. This data can look unexpected from a certain point of view, because we are used to imagine the touristic arrivals as an undisputable value for the hosting town, that waits for the touristic season for all the year.

Despite the singularity of this result, it exists a rationale also for these data. When a town decides to bet a consistent part of its resources on a single market, in this case tourism, it runs the same risk as the one explained previously, to be focusing on only one industry. This strategy may bring some conspicuous advantages in the years during which the visitors’ flow is growing and growing, make some entrepreneurs very wealthy in relatively short time. What happens in this phase, is that other players decide to enter the tourism market overvaluing its real worth, as long as it stops being profitable. Some towns made this specific mistake: they decided to specialize only in tourism, building facilities, hotels, bathhouses and other various accommodations solutions; entrepreneurs opened services related to tourism, as like as holiday agencies, car rentals, restaurants, bars and clubs. Since every industry is more or less cyclical, when tourists’ flow started lowering, business persons were not able to take profits from their investments and, sometimes, even to cover the very-high fixed costs. It can also happen that a small town is not built with tourism finalities. Tuscany is full of small-sized towns, rich of history and natural beauties that visitors appreciate more and more. The problem is that those villages are not able to host a high number of tourists: in this case, there will probably be some structural and organizational problems for the community: overcrowded museums, overbooked hotels and coordination issues can negatively affect the economy of a small town. This research attempted to find the effect that a concentration of rural enterprises has on a community’s economic wealth. It’s fair to discuss also the limits of the current study. As every analysis has some restrictions, also this has several boundaries. Someone can easily argue that the general level of wealth of any
population is affected by multiple factors: political, social, economic issues can occur, and we did not consider any other effect but the one brought by the Business Density Index of agro-rural enterprises and some other control variables. For sure multiple activities have had a positive or negative effect on the percentage change in revenue per capita between 2015 and 2016 of people in Tuscany’s small towns and we are considering only a few variables in this study. It’s absolutely true, but a consistent part of the work is well-explained in the methodology framework we used to conduct this assumption. Anyway, this research has a purpose of a tourist nature: it would have been misleading to introduce variables of different nature: even if scientific and robust they would have been uncoherent with the goal of the present paper. Moreover, considering not only the agritourism facilities, but also all the rural firms have all the way broadened and extended the efficacy and the reliability of what we are writing down. Almost 40.000 companies were considered in the only Tuscany region. The linkage of the people to the land here assumes a strong meaning and this methodology considers this important traditional Italian aspect. Focusing only on agritourism facilities would maybe have been more specific and coherent to our study, but it would have left a meaningful slice of the tourism market out. Since agritourism and rural enterprises very often work together, the methodology used in this paper is supposed to gather all this precious information in only one index.

Conclusions

We have come to the conclusions of this work. We saw the way this kind of companies have an influence over the economy. Agritourism is an emerging and increasingly important form of tourism, which occurs in both developed and developing areas. In a rapidly urbanizing world it provides a range of experiences for urban visitors which allow them to reconnect
with the countryside. Despite its rise, the implications of agritourism for local economic development have so far been little explored. In policy terms, a case exists from the international experience for building support for agritourism entrepreneurs. The international research suggests that entrepreneurs and especially farmers turning to agritourism as a means for income diversification do not always have the essential business competencies and skills required for having success. This underscores the need for building business skills, entrepreneurship capabilities and enterprise networking. Innovation, learning and networking for enhanced product development in agritourism enterprises are of critical policy concern as well.

This paper has discussed in-depth several aspects related to tourism industry, starting from a global overview and then focusing on the Italian market. As a sample region, we took Tuscany as one of the most multivariate areas in the country: tourism has a relevant importance, but it is not considered as the major source of income for the region. Moreover, agritourism facilities are rooted in the traditions of popular culture of Tuscany, as well as all the economic activities related to the land: agriculture is still undoubtfully a beloved sector, that local people proudly conduct everyday with passion and dedication. And, of course, I decided to carry out a research project in Tuscany due to the emotional bond that binds me to this land. After that, the high number of agritourism and farmhouses present in this area had so aroused my curiosity that I wanted to go deeper. With this project I wanted to discover and quantify the economic impact that agritourism and related activities are having on the region and on the people’s wealth. Firstly, I reviewed and studied a consistent part of the literature, mainly related to the topic of community’s wealth, rural tourism and ecotourism existing frameworks. Only after this first phase of study I addressed a group of ten local entrepreneurs in a small village close to the sea, called Venturina Terme, running with them an interview based on qualitative questions and a few data. Having a direct contact with entrepreneurs in this phase helped me in better understanding the local business environment. Lastly, I built some statistics models with data
collected from various sources, trying to evaluate the effect of agro-rural businesses on the local economy and on the people. The result was that, generally, the richness and the wealth of rural communities is positively affected by the presence of Agro-Rural businesses, in the measure discussed above in the previous paragraphs. This positive correlation is coherent with the history of the territory: Tuscany owes a part of its fortune to the development of high-end agricultural machineries and facilities that made this land one of the masterpieces of the country. Communities are benefiting of the home brand’s local identity and of the fact that quality products are often associated with this land. The local hospitality sector and the typical agri-food market have found a way to unite in a special marriage, making both sectors different from those to which tourists are normally accustomed in other places. The fact that very often farmhouses, agritourism facilities and other general agro-rural firms are very close to each other is specific to this region, and it encourages a constant and productive collaboration on a daily basis. The production of local goods is partially absorbed by accommodation facilities, generating a virtuous economy cycle. The more the concentration of agro-rural firms, the more the wealth of people.

What are the challenges? For sure the lodging industry and the tourism in general are experiencing a period of great change: tourism is one of the oldest industries and the modus operandi has always been the same until a few years ago, when the market has been shaken by digital platforms that revolutionized business models of many actors. It will be interesting to see how community’s local tourism will be affected and shaped by those new forms of digital platforms, considering all the limits (age, technology) that some villages have. The more interesting it will be to see how new technologies will succeed in transmitting the values and traditions of local communities on their own platforms. It is not an easy mission, but a large part of the Tuscany’s and Italy’s tourism values lie in local customs and traditions. It is the duty of all, institutions, businesses and citizens, to preserve them as an indissoluble part of our heritage and to treasure
them so that in the future we can continue to benefit from and distinguish ourselves from the tourist destinations of other countries that have not had the same fortune as us.

Alberto Bientinesi, September 26, 2018.
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