



**Local tourism accommodations and institutional strengthening in the interior of the Algarve, Portugal: the role of legislation and technology**

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**Local tourist accommodation and institutional strengthening in the interior of the Algarve, Portugal: the role of legislation and technology**

**Abstract**

**Purpose:** This study sought to understand how legislation and technology can enhance socio-economic development in low density population territories, focusing specifically on the dynamics of local tourist accommodation over the last decade.

**Design/methodology/approach:** A case study was conducted for five municipalities in one of the most significant tourism regions of Portugal - the Algarve - based on a systematic investigation of relevant laws, regulations and electronic platforms. Official statistics were compiled and analyzed for the five territories' registered local accommodation services, population, overnight stays, and additional local services.

**Findings:** The results reveal that public entities' regulations favor micro-entrepreneurship initiatives in local accommodation and that digital tools supported by online platforms have quite visible effects on low density territories. The findings also reveal that the local tourist accommodation supply has experienced an especially dynamic, sustained growth over the last decade. This expansion has been accompanied by an increased supply of other services, suggesting that accommodation can positively influence the existing and/or future socio-economic development of low density territories.

**Research limitations/implications:** Further studies focusing on other areas with low density populations are needed to determine more clearly how local accommodation influences socio-economic development.

**Practical implications:** Public regulations supported by digital platforms that favor micro-entrepreneurship initiatives in local accommodation can strengthen local development.

**Originality/value:** This study is the first to analyze how local tourist accommodation can foster socio-economic development in low density territories.

**Keywords:** Local tourist accommodation, low density territory, legislation, digital platform, the Algarve, tourism

**Article classification:** Research paper

## 1. Introduction

The present study focused on a sizeable business activity with a global scope - local tourist accommodation. This activity has experienced a remarkable growth in Portugal, including in low density rural municipalities in inland areas. This trend is especially visible in some municipalities of one of the most significant tourism regions of Portugal, the Algarve, which is a small southern province with around 450,000 inhabitants (Instituto Nacional de Estatística [INE], 2017). Despite being a famous tourist destination and winner of various prizes (e.g., Europe's Leading Beach Destination at the World Travel Awards), this region's more remote and low density areas are struggling for survival due to their social and economic decline in recent decades. Local tourism can be a way to foster socioeconomic development, helping residents to diversify and revitalize their economy (Summers *et al.*, 2019).

In the wake of the global economic and financial crisis of 2008, the present study sought to examine how the supply of local tourist lodging in the inland territories under analysis has developed and how it has helped stimulate regional social and economic development. This research conducted a case study by compiling and contextualizing the

official statistical data available for the last ten years, as well as seeking to understand the identified tendencies in the context of the existing national legislation. The overall goal was to demonstrate that the dynamics of expanding local tourist accommodations have been extremely positive in Portugal.

In rural areas with a low population density, this trend constitutes a decisive factor contributing to social and economic revitalization, appearing to run parallel with improvements in other development indicators. This tendency is a result in part of the valuable role played by information in knowledge and network economies (Assens, 2013). Information is extremely important, not only to participation, inclusion, and/or social responsibility practices, but also the empowerment of sustainable tourism development strategies, especially in inland areas.

The present study conducted documentary analyses of various types of statistical data made available by national public and private institutions (i.e., INE, Turismo de Portugal [TP], and the Manuel Francisco dos Santos Foundation). In addition, a review was carried out of the literature on key topics including local tourism accommodation regulations, community development and sustainable tourism. The results facilitate further reflection on and discussion of government regulations and their significant effects on local tourist accommodation role as a tool for tourism development and, subsequently, the potential social and economic development of economically depressed regions.

**1.1 Literature review**

The need for cooperative efforts to solve problems such as security or public goods supply (e.g., food, communications, energy, and roads) can be said to be the source of purpose for institutions. The latter constitute a set of practices, references, and stable,

valued, and recurrent patterns of behavior (Fukuyama, 2014). The community development required to respond to the aforementioned problems thus becomes a political activity (Gunn, 2002).

A community involves the need to engage its members as "patients" in the care and treatment of their restraint and suffering processes (Rahnema, 1997). These individuals are empowered to participate in their community in order to improve and sustain the conditions it offers. Participation also implies a political conception of community and the inclusion and/or exclusion of members or social groups and their practices (Kaur and Jairath, 2015; Sen, 1999).

The present study assumed that regulations and technology are part of these community processes. Dunford's (1990: 306) definition of regulation, which was applied in the current research, is as follows:

[Regulation is a] specific local and historical collection of structural forms of institutional arrangements within which individual and collective behavior unfolds and the particular configuration of market adjustments through which privately made decisions are coordinated and which give rise to elements of regularity in economic life.

According to Worthington (2014), technology, in turn, is de facto the law since digital systems currently govern the conditions set for individuals' daily routines and the consequent social possibilities. In addition, technology regulates the costs of reduced communication, which enables the possibility of forming groups for collective action and policy development.

The use of information and communication technologies poses new challenges to varied forms of inclusion and/or exclusion, community participation, and institutional development (Jaúregui, 2000), as well as offering fresh opportunities for international

digital business enterprises (Feld and Schreiber, 2016). Nevertheless, disruptive, informal mechanisms linked to online platforms are associated with the “sharing economy,” which are commonly present in tourism businesses (Cheng and Foley, 2018; Guttentag, 2015). These mechanisms imply potential risks for cooperative development, especially in impoverished regions, thereby heightening the need for official regulations.

Community members can be empowered through access to entrepreneurial economic initiatives, trade, financing, information, and communications to guarantee these individuals’ effectiveness in the areas where they live. This community-based strategy is one of the fundamental instruments of development (Bramwell and Lane, 2008; Sen, 1999). Transferring power in decentralized ways promotes more committed citizens, which is a way to avoid the concentration and/or abuse of power and achieve sustainable goals (Prugh and Renner, 2014). According to Van Egmond (2009). This emphasizes that any form of development has to be sustainable to be economically viable.

Portugal’s government has tourism policies laid out in Decree-Law (DL) 191/2009 (hereafter referred to as the PPTP), which was published on 8/17/2009 in Portugal’s *Diário da República*. This legislation reflects the social and economic importance Portuguese legislators attribute to this industry. The PPTP contains a clear conceptualization of tourists. These are understood to be any individual “who spends at least one night in a place other than his or her usual place of residence and whose travel is not motivated by the exercise of remunerated professional activity in the country visited” (Article 2, line c). This DL also defines what “suppliers of tourism services” are (Article 18), among which are local accommodation establishments (Article 18, paragraph 2) that help develop further the flow of tourists through tourist accommodation.

In addition, sustainability is considered a fundamental principle of government tourism policies based on, amongst other key components, the economic viability of

companies as a source of jobs, better equipment, and entrepreneurial opportunities in local communities (Article 4, line c). The PPTP encourages the adoption of policies that simplify administrative procedures and reduce context-related costs, thereby enabling greater competitiveness among businesses (Article 6, line c).

The concept of local implies thinking and acting on a small scale and in close proximity (Mogi, 2017). The conditions of tourist accommodation can improve as a result of guests being housed in small establishments operated by private individuals, especially those with a distinctive, original, and individual character. For example, such accommodation can offer better interior decoration, comfort, location, cleanliness, and customer care, as well as special architectural features. This approach creates a context of a persuasive, “intelligent power” (Nye, 2010) that enables accommodation offers to become feasible businesses, thereby enhancing local community development.

In this research context, the most critical question is how this development can be successfully fostered through regulations and technologies linked to tourism and/or tourist accommodations in rural areas with an extremely low population density. These areas have had to deal with increased population losses and an aging local demographic, along with an inability to retain jobs, business volumes, and start-ups. The literature contains references to “the global countryside” (Woods, 2007), in which rural environments are geared toward a post-productive phase (e.g., entertainment and residential value) and tourism can play a predominant role. However, many low density territories have been unable to avoid impoverishment in rural areas, and they remain heavily dependent on public subsidies (Josling and Swinback, 2013).

Pato and Kastenholz (2017) concluded that, in Portugal’s countryside, government support is needed to sensitize supply chain agents and train them to use a coordinated rural tourism destination approach to marketing. This strategy can ensure the

quality of visitors’ overall experiences of rural tourism. The present case study of local tourist accommodations in Portugal found that specific, decisive characteristics must be present so that the combination of public regulations and technology can promote tourism development in regions with extremely low demographic density. Negative trends can be reversed in favor of the creation of microbusinesses, services, and wealth.

**1.2 Local accommodation regulations in Portugal**

The current legal regime governing local accommodations was defined by DL 128/2014 of August 29, and subsequently modified by DL 62/2018 of August 22 (hereafter referred to as the LRLA). This legislation clearly assumes an increased access to local accommodation activities due to the opportunities offered by communication and information technologies.

The “local accommodation” designation appeared in 2008 with Article 3 nº 1 of DL 39/2008 of March 7, functioning as a residual regime for accommodation establishments that do not meet the requirements as tourist accommodation enterprises. These establishments, however, need to comply with the minimum standards set for accommodation. The detailed regulations in Ministerial Decree (MD) 517/2018 of June 25 did not mention national registries, digital tools, or the entities held responsible for unmet requirements. This legislation’s primary intention was to legalize clandestine tourist accommodations.

However, in 2012, MD 138/2012 of May 14 followed up on Directive 2006/123’s specifications for services in the European Union’s internal market, introducing digital tools to facilitate businesses’ communication with public agencies. These tools allow a simple process, before an establishment opens, of communication between local



accommodation owners and municipalities' mayors via a national platform, known as the "Entrepreneurs Desk."

The evolution of the regime for information and technology affecting local accommodations was completed with DL 128/2014 of August 29. This legislation was modified by DL 63/2015 of April 23, which reinforced the use of digital tools to concentrate information and communication between public authorities (i.e., municipalities, TP, and the Tax and Customs Authority). The new legislation takes into account the need for simplification and easier access to business activities related to temporary accommodations, including exemption from fees when owners register their establishment.

Recently, Law 62/2018 of August 22, which was modified by DL 128/2014, revoked this exemption. This legislation defines the essential features of the current legal regime with reference to local tourist accommodations. A national registry of local accommodation establishments was created based on a digital platform organized by the national tourism authority (see Turismo de Portugal, 2018), which contains, among others, the following features:

- a) Coordination with other digital platforms, such as the Entrepreneurs Desk, in which all local accommodation establishments must be registered ahead of time via a letter addressed to the relevant locality's mayor, communicating that the owner intends to open an establishment (Article 5, nº 1 and nº 2 of the LRLA)
- b) Coordination with the public administration's Interoperability Platform, in which TP sends information to the national tax authority identifying local accommodation establishments' owners, as well as their accommodation capacity (i.e., number of rooms, beds, and users), urban property registration, and tax

declaration of the activity's initiation (Article 10, n° 1 and n° 4, Article 6 n° 1, lines b and e, and n° 2, lines c and e of the LRLA)

- c) Organization of the information about local accommodation establishments accessible to the general public (Article 10, n° 1 of the LRLA), including these properties' registration numbers, names, and addresses (Articles 6 and 7 of the LRLA); the name, address, and telephone number of the person to be contacted in case of emergency (Article 6, n° 1, line g); and the establishments' date of cessation of operation, if applicable (Article 6, n° 4)
- d) Electronic platforms (e.g., Airbnb, Booking.com, or HomeAway) that provide, disclose, or market local accommodation, must display the National Tourism Registration number of that local accommodation (Article 42-A of DL 80/2017 of June 30)

Notably, these regulations apply to the activities of micro, small, and medium-sized enterprises. Local accommodation establishments are limited by law - with a few exceptions - to 9 rooms and 30 users (Article 11, n° 1 of the LRLA).

The question remains as to how much this legislation empowers small local accommodation businesses. A three-dimensional design of responsibilities (i.e., economic, social, and environmental) is defined by the LRLA, which is in line with the digital tools available. The establishments' economic responsibility includes, while registering in the Entrepreneur's Desk platform, the attachment of a copy of their tax declaration regarding the provision of accommodation services (Article 6, paragraph 2, line e of the LRLA). In addition, local accommodations must meet the minimum furniture, equipment, and utensils requirements (Article 12, paragraph 2, line d of the LRLA) and put up a plaque on an exterior wall that identifies the establishment (Article 18 of the LRLA). These establishments further need to publicize their period of operation

(Article 19, nº 2 of the LRLA) and have a complaints book available for consumers' potential grievances (Article 20 of the LRLA).

Constant interaction and/or communication goes on between local lodging entrepreneurs and Portugal's public administration authorities. The owners are obliged to update regularly all the required data in the appropriate digital platforms within a maximum period of ten days after any change occurs (Article 6, paragraph 3 of the LRLA). If the reality of accommodation offers does not match their registered data, the relevant local mayor can cancel an establishment's registration, which means they must cease all operations (Article 9, nº 1 and nº 2 of the LRLA). Cancellations need to be immediately communicated to TP and the Autoridade de Segurança Alimentar e Económica (Food and Economic Security Authority) (Article 9, nº 3 of the LRLA).

The legislation thus reflects sustainability in terms of economic, social, and environmental dimensions (e.g., Contreiras *et al.*, 2016; Elkington, 1998; Li, 2005; United Nations World Tourism Organization [UNWTO], 2004). However, the economic aspect of responsibility is emphasized based on information and communication technologies. This approach converts local accommodation entrepreneurs into "agents and public auxiliaries" of a technologically integrated offering of economic and fiscal information. The legislation thus helps the central state maintain greater qualitative control of the public tasks of collecting taxes and satisfying the government's financial needs.

Researchers have argued that this "participatory community" is a classic pattern found by studies based on applications of the theory of collaboration to local tourism planning (Gray, 1989) or approaches focusing on tourism as a community industry (Murphy, 1985). With the increased use of information and communication technologies, researchers have applied the concept of the participatory community to the role of small

business networks and practices in the development of public policies of sustainability in local tourism destinations (Chatkaewnapanon and Kelly, 2019; Dredge, 2006; Morena *et al.*, 2017).

In the context of sustainability, the environmental and social dimensions of Portugal's current legislation also need to be mentioned. The LRLA (Articles 12 and 13) assigns various responsibilities to local accommodation owners, with an emphasis on guests' self-protection, safety, and health, including:

- a) A connection to the public water supply system or ownership of a private water supply system with a duly controlled source
- b) Windows or balconies directly looking out on a building's exterior to ensure adequate ventilation
- c) Doors equipped with a security system that assures the users' privacy
- d) Compliance with fire safety rules applicable to buildings in general or the minimum standards for establishments with a capacity to house ten users or less, including the presence of a fire extinguisher and fire blanket accessible to users, first-aid equipment for guests' use, and the national emergency telephone number posted in a place visible to users
- e) An information book about the establishment's operations and applicable condominium rules, as well as an insurance policy that covers risks related to an accommodation offer's operations for clients and third parties (e.g., neighbors)

Thus, regulations and technology can foster tridimensional sustainability, i.e., social, environmental and economic (Contreiras *et al.*, 2016), empowering organizations to act locally with efficiency. The central state uses these two types of tools to encourage diverse private actors who are distributed across the country, including in areas of low demographic density, to engage in economic tasks performed in cooperation (Morenilla,

1998). This conceptual framework blends public and private tasks and responsibilities into a new form of state-society interaction. In the conjugation of public and private interests, a de facto privatization happens of public functions (e.g., security and vigilance) by individuals who thus add greater value and responsibility to their business activities. This process, in turn, can be subject to scrutiny via public displays facilitated by digital tools that help accommodation owners to present actualized information and communicate the required data in their role as “auxiliary” government agents.

The widespread use of the Internet and information and communication technologies has enabled participation in new types of relationships between individuals based on a sense of trust (Preece, 2000). In this context, network structures emerge based on multiple means of access, exchange mechanisms, communication, and integrated information (Pavlovich, 2003). These structures involve different public and private organizations that accumulate knowledge about the essential components of the interdependence created, enabling these networks to grow, remain flexible, and adaptable.

The above findings support Micklethwait and Wooldridge’s (2014) assertions about information and communication technologies’ ability to disseminate data and place more power in the hands of clients and/or entrepreneurs. These technologies also make the central state more efficient through users’ increased capacity to evaluate public services. When applied to local tourism destinations, this process implies a strengthening of the commodification of local communities, which is driven by global information and communication technologies (Shaw and Williams, 2004). These tools simultaneously help tourists find more authentic travel destinations and/or experiences and diminish hosts’ challenges in terms of reaching potential guests (Guttentag, 2015).

Researchers’ findings have thus reinforced a vision of tourism activities, including local tourist accommodations, as spaces characterized by flows, exchanges, and

information coordination. These activities generate a kind of “shared ownership” that arouses multiple entities’ interest (i.e., the central state, business agents, and tourists) and is based on a win-win philosophy of networks in which the zero-sum conceptualization of power relations is rejected (Machado, 2010). This approach fosters a fresh and renewed perspective on concepts such as “local,” “territories,” “development,” and “sustainability,” which is generated by the construction of new power relations (i.e., lines of force) between local entrepreneurs and their government. The focus here is on accommodation owners’ target of the tourist, and the development of positive relationships with them, as defined by Foucault’s conception of power (Cheong and Miller, 2000; Morgan and Pritchard, 1998). The cited authors share a common perspective that tourists interact with local human and non-human resources (e.g., heritage, landscapes, and climate) to enjoy a tourism experience. In addition, these interactions require the organization of community interests shared by individuals, groups, and organizations to assure the relevant resources’ sustainability in various dimensions.

**2. Methods**

The present study, therefore, concentrated on institutional development. Previous research on this topic has established a set of stable, valued, and recurring principles, rules, and practices (Fukuyama, 2014) based on legislation and technology. The current study more specifically focuses on legislation and technologies associated with the practice of an important economic activity - local tourist accommodation - in inland, rural, and low population density territories.

This research sought to detect functionalities and common objectives among stakeholders, as defined by Freeman (1984). “Signs of recognition” (Hart, 1961) can

generally be detected in the existing legal regime by using a systematic method of interpreting the relevant laws and regulations (Machado, 2010; Smith, 2004) linked to patterns, practices, and associated technologies. These principles and rules were studied based on the government's regulation of local tourist accommodation activities and the ways laws and technologies have empowered these accommodation establishments. The research was conducted through a case study of Portugal. The volume of tourism services is extremely significant in this country (i.e., 49% of total exportation services in 2016, according to MD 134/2017 of September 27), and low density territories and depressed areas are present in major tourism destinations such as the Algarve.

Secondary statistical data analysis is a methodology used in previous studies of tourism development (Chang *et al.*, 2011; Martins *et al.*, 2017), including in Portugal (Andraz and Rodrigues, 2016). This methodology allows researchers to calculate trends, probabilities, correlations, and rates of increase and decrease in order to deduce the relevant social and economic trends and verify hypotheses.

The above systematic approach was complemented by another method applied in case studies: statistical analysis of secondary data provided by public entities. These data were obtained, for the last ten years, from TP, INE, and a well-known private institution, Manuel Francisco dos Santos Foundation (2019). The latter organization's Pordata database (see <https://www.pordata.pt/en/Home>) offers extremely revealing statistics on municipalities including, among other aspects, tourism, population, society, business, social services, and the economy. The secondary data analyzed refer to the supply of local accommodation services in Portugal as a whole, facilitating a comparison to the growth of these activities in inland Algarve municipalities. Notably, the ten years in question coincide with the period in which the current national regulations governing local accommodations (i.e., 2008–2018) have been in force.



2.1 Case study area: low density municipalities of the Algarve

The Algarve is an extremely important tourism region in the south of Portugal (Figure 1). According to TP (2017), this region’s tourism enterprises received 3,932,000 guests in 2016, of which 1,855,400 were Portuguese and 2,846,800 foreigners, for a total of 18,057,200 overnight stays. In contrast, Madeira - another Portuguese region with large tourist flows - had in the same year a total of 1,365,200 guests in tourism establishments, of which 263,500 were Portuguese and 1,101,700 were foreign tourists, for a total of 7,368,100 overnight stays.

However, inland from the Algarve coastline, municipalities have interior regional characteristics.

*Please insert Figure 1 here*

The Algarve’s total population was only 441,469 inhabitants in 2016 (INE, 2017). The areas with the lowest population density have less than 50 residents per km<sup>2</sup> (Comissão de Coordenação e Desenvolvimento Regional do Algarve, 2015). This statistic includes the municipalities of Monchique (5,386 inhabitants), Aljezur (5,609 inhabitants), Vila do Bispo (5,192 inhabitants), Alcoutim (2,403 inhabitants), and Castro Marim (6,402 inhabitants) (INE, 2017) (see Table 1).

*Please insert Table 1 here*

Besides tourism, these municipalities’ predominant economic activities are agriculture and microenterprises (INE, 2017). The present study focused on these five low density municipalities, which the national legislation considers inland territories (Annex III of the Resolution of the Council of Ministers nº 72/2016 of October 20). These interior municipalities constitute 35.5% of the surface area of the Algarve, but they contain only 5.7% of the region’s total population.



The municipalities' population density is thus always well below the regional average (88.3 inhabitants per km<sup>2</sup>) and, in some cases, about one-twentieth of the regional average (e.g., Alcoutim with 4.17 inhabitants per km<sup>2</sup>). Vila do Bispo has the highest population density with 28.9 inhabitants per km<sup>2</sup>, yet this value corresponds to only one-third of the regional average. Table 2 presents statistics on the business volume and employment for the Algarve and the five municipalities under analysis. These numbers reveal, in general, these interior territories' inability to retain their residents, jobs, business volume, and, consequently, sources of wealth.

*Please insert Table 2 here*

Not unexpectedly, these 5 municipalities represent only 3.2% of the business volume of the Algarve's companies (308 million euros). Four of the municipalities do not exceed 1% of the regional business volume. Vila do Bispo alone contributes 1.2% of the Algarve's total business volume.

These numbers confirm the five municipalities' weak capacity to generate employment compared with the rest of the region. With 8,300 jobs, they represent only 5% of the regional employment and come in at the bottom of the list when the region's 16 municipalities are considered. Regarding the volume of business-related employment, most of the 5 municipalities fall below 1% of the total regional volume. Only Monchique and Vila do Bispo generate more than 1% of the Algarve's employment, namely, 1.3% and 1.7% of the region's total (INE, 2017).

### **3. Results and discussion**

#### ***3.1 Local accommodation supply in Portugal***

The evolution of local accommodation services in Portugal since 2007 has been quite remarkable (see Table 3). The data available on TP's website show that, as of

December 31, 2017, 55,551 local accommodation establishments were registered. These comprised 36,557 apartments (65.8%), 15,256 houses (27.4%), and 3,738 lodging establishments (6.7%), of which 500 were hostels (almost 1% of the total).

*Please insert Table 3 here*

The number of local accommodation registrations increased from 1,056 in 2007 to 55,551 in 2017, for an overall growth of 5,260%. The greatest increase occurred in 2015, the year in which DL 63/2015 of April 23 was published as an update, as mentioned previously, of DL 128/2014 of August 29 in terms of technological aspects and a simplification of access to local accommodation activities. As of December 31 2014, a total of 3,749 units were registered. Consequently, from 2007 to 2014 there was a growth of 255%. Between 2014 and 2015 of 294% and between 2015 and 2017 of 80%. These statistics provide evidence of the investment and confidence in the growth of local lodging activities, which stand out as a success story among the multiple businesses supplying tourist accommodation in Portugal.

**3.2 Local accommodation supply in low density municipalities in the Algarve**

Regarding the supply of local accommodation services in the interior municipalities under analysis, the data available reveal quite significant growth over the last decade (2007-2018), as can be seen in Table 4. Alcoutim had a population decrease of 35% in the last 15 years, yet this municipality has had an increase of 533% in local accommodation since 2010. This rate is higher than the 200% growth of tourism developments (i.e., traditional tourism accommodation offers with a minimum of ten rooms) in the same period.

*Please insert Table 4 here*

These dynamics confirm the importance of tourism as a factor possibly favoring inland territories' revitalization based on the microbusiness activities associated with local tourist accommodations. The statistics for some of the five municipalities reveal that these lodgings can have an extremely low ratio of beds to establishments (3/4). Notably, Aljezur was the only municipality with a population growth of 5% in the last 15 years. This municipality's local accommodation has grown, since 2010, by 1,203% - more than triple the rate of growth of tourism developments (333%). Despite Aljezur's low population growth, which, nonetheless, runs contrary to trends in the other four municipalities, a huge number of local accommodation services have appeared.

Castro Marim is one of the municipalities showing an overall population decrease, although this was mitigated by a 3% growth in the last 15 years. The area has, however, had the most significant expansion in local tourist accommodation activities (3,410%) since 2010, which is around ten times higher than the growth in the number of beds offered by tourism developments (333%). The micro-dynamics of local accommodation businesses are confirmed by how the average bed per business unit is 4.5, that is, 1,584 beds for 351 units.

Monchique is one of the municipalities studied that has also suffered from a large reduction in population over the last 15 years of 22%. However, the area's local accommodation activities have shown a remarkable growth of 960% since 2010, which offers benefits in terms of economic performance and local employment. The average bed per establishment in Monchique is 4.4 beds per unit, again confirming the microbusiness characteristics of local accommodations.

The municipality of Vila do Bispo, in turn, has experienced a decrease in population of 3% over the last 15 years, yet the area has replicated the overall trend in local accommodation growth, in this case 828% - much higher than the growth of tourism

developments (175%). The microbusiness nature of local accommodation activities in this municipality can be verified by the average number of beds available per unit of local accommodations (3.9), based on the division of 3,139 beds by 798 units. The largest offer of beds in tourism developments (3,786) of the five municipalities under study suggests signs of vitality in this municipality, possibly because of the southern location of its coastline and proximity to major tourist centers (e.g., Lagos and Sagres).

**3.3 Additional indicators of socioeconomic development in the Algarve’s low density municipalities**

These low density territories’ social and economic development is especially remarkable in terms of the growth variation of overnight stays from 2009 to 2017, which compares favorably with Portugal (1.8) and the Algarve (1.6). Although data on some municipalities was unavailable, the statistics shown in Table 5 confirm significantly higher growth variations in Aljezur (9.6), Monchique (7.5), and Vila do Bispo (3.4). These overnight stays have substantially increased these territories’ potential for generating income, employment, and wealth.

*Please insert Table 5 here*

The present research expanded the data analysis for the 2009–2018 period to include the supply of other services and existing businesses in low density territories, such as health and administrative services (e.g., accountants, advisors, and home services). This study further examined activities connected to accommodations, for example, leisure and entertainment. The analyses’ results are also statistically meaningful.

Regarding administrative services, 3 of the 5 low density municipalities (i.e., Vila do Bispo [1.5], Aljezur [1.4], and Monchique [1.4]) have growth variations larger than those of the Algarve (1.3) and Portugal (1.2). This finding is a hopeful sign of these

territories' capacity to attract more employment opportunities for highly qualified workers, as well as more advisory services.

Human health-related activities and social support services can provide the necessary conditions for local populations' wellbeing. None of the territories under study showed a tendency toward a decrease in these areas. Two of the municipalities, Alcoutim (2.0) and Castro Marim (1.2) have higher growth variations than Portugal (1.2) does. A third, Aljezur (1.1), is in line with the Algarve's growth (1.1). These statistics demonstrate the resilience of social and health services in these territories, which enhance their sustainability and quality of life.

Finally, in association with leisure activities and perhaps tourism, the results revealed a potential multiplier effect of local accommodation activities in terms of improvements in the local population's quality of life. Registered artistic, entertainment, sports, and recreational activities significantly increased in the Algarve's low density territories from 2009 to 2017. Alcoutim (2.0), Aljezur (3.5), Castro Marim (1.2), and Vila do Bispo (1.4) experienced higher growth than either Portugal (1.25) or the Algarve (1.1). These activities have a huge potential for attracting tourists, investment, and development given the importance of the experience economy in contemporary societies (Pine and Gilmore, 1999).

#### 4. Conclusion

This study analyzed the official statistics on local accommodation establishments, tourism, local services, and population trends registered over the last decade in Portugal, more specifically focusing on low density territories in the Algarve. The results facilitated deeper reflection on the topic of social and economic development. This analysis is based on a new framework made possible by the latest information and communication

technologies, and in a context of national regulations that facilitate the creation of microbusinesses related to local tourist accommodations.

The current regulations can be seen as an effort to contribute to the implementation of the UNWTO's Sustainable Tourism - Eliminating Poverty Initiative (2010) (see <http://step.unwto.org/>). This program supports the development of institutional mechanisms favoring entrepreneurial initiatives that contribute to the creation of a productive chain in tourism within poor, depressed regions or areas. Prior research has suggested that, in small countries' tourist lodging services, local accommodations are an important example of empowered business organizations (Kaur and Jairath, 2015; Sen, 1999). These microbusinesses are among the most significant components of the tourist accommodation supply in Portugal.

The present study is a pioneering effort to analyze local accommodations' dynamics in low density territories. This systematic analysis of the data made available by public entities revealed evidence of communicative cooperation between the government and private agents, which promotes sustainable development in depressed areas in economic, environmental, and social dimensions. The current analysis confirmed that the territories in question present significant increases in the beds and overnight stays provided by local tourist accommodations, which have unexpectedly surpassed the growth of traditional tourist lodgings.

Spatially fragmented and dispersed micro- or medium-sized businesses have been integrated into the economy by digital tools supported by government regulations, thereby becoming enablers of local development (Summers *et al.*, 2019). The present case study's analyses confirmed favorable growth tendencies over the last ten years in administrative, support, health, sports, and entertainment services, which has reversed low density areas' tendency toward underdevelopment. This finding suggests that the increase in local

accommodation supply and demand has had an impact on the broader local economy (Guttentag, 2015).

The current research's implications and limitations indicate additional studies are needed, including the creation of local economic, social, and environmental information and/or monitoring systems. These could be used to reinforce applications of the threefold model of sustainability promoted by international organizations. Although local tourism accommodations can have positive impacts on many territories by helping them to develop and revitalize, negative impacts are also possible. Therefore, these activities need to be properly regulated, inspected, and monitored.

Given that the present research was a case study, a valid question is whether the results can be used to produce generalizations or valid causal theories. According to Bartolini (1996, cited in González, 2004), case studies have value when they consider multiple properties that provide a better understanding - using descriptive terms and factual arguments - of complex research problems. Thus, the current analyses' results contribute to the ongoing discussion regarding the impact of local accommodation offers on local development. This topic has been an underresearched theme, particularly with reference to remote and low density territories (Summers *et al.*, 2019).

The main challenge in the future will be to monitor, primarily from a socioeconomic development perspective, the implications that this growth in local tourist accommodations has had or will have for the economy. Researchers need to focus on any possible signs of demographic recovery and the improvement or maintenance of environmental and quality-of-life indicators in territories with extremely low population densities. The present study focused on the brighter side of tourism, suggesting that the increase in local tourist accommodation supply and tourists' interest in low density areas have fostered their social and economic development (Summers *et al.*, 2019).



However, previous research confirms the existence of tourism activities' potentially negative effects (Garcia *et al.*, 2015; Lichrou *et al.*, 2017). This is the case regarding a rising cost of living (e.g., food and services' prices) and/or housing. Thus, besides analyzing official data, future studies must examine local entrepreneurs and residents' opinions regarding local tourism and tourist accommodation activities in low density territories. These investigations will help researchers achieve a deeper understanding of both the benefits and undesirable impacts of these activities on the development of surrounding areas.

Local entrepreneurs can also be questioned regarding enablers of, and barriers to, local tourism initiatives, and ways local and national authorities can help foster these business activities. The latter could include, among others, regulations, support through information about supply chains, human resource training, and infrastructure such as roads. The most recent trend in tourism is for visitors to search for more local, authentic travel experiences, interactions with residents, and chances to take part in communities' daily life (Guttentag, 2015). Therefore, local tourist accommodations can be a way to foster win-win situations for all actors engaged in associated activities in low density territories.

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Table 1: Resident population in 2001, 2011, and 2016 and population variations for 2001–2016 in Portugal, the Algarve, and its interior municipalities

	2001	2011	2016	2001–2016 (variations)
Portugal	10,356,117	10,542,398	10,309,573	-0.45%
The Algarve	400,937	446,140	441,469	+10%
Alcoutim	3,704	2,816	2,403	-35%
Aljezur	5,356	5,787	5,609	+5%
Castro Marim	6,632	6,634	6,402	-3%
Monchique	6,918	5,886	5,386	-22%
Vila do Bispo	5,338	5,238	5,192	-3%

Source: INE (2017)

Table 2: Establishments’ business volume (in millions of euros) and jobs in the Algarve by municipality for 2015

	Business volume	% of the Algarve	Jobs	% of the Algarve
Alcoutim	12	0.13%	473	0.28%
Aljezur	57	0.59%	1,356	0.81%
Castro Marim	60	0.63%	1,423	0.85%
Monchique	64	0.69%	2,172	1.30%
Vila do Bispo	115	1.20%	2,876	1.72%
Total interior municipalities	308	3.2%	8,300	5.0%
Total Algarve	9,589	100%	166,840	100%

Source: INE (2017)



Table 3: Local accommodations registered in Portugal for 2007–2017 (new units per year)

Year	Apartment	House	Lodging establishment		Total
			Hostel	Other	
Existing units until 2007	551	311	8	186	1,056
2008	350	114	1	24	489
2009	790	359	8	77	1,234
2010	663	432	10	178	1,283
2011	651	416	10	141	1,218
2012	934	495	16	107	1,552
2013	1,129	475	26	118	1,748
2014	2,500	1,029	53	167	3,749
2015	7,054	3,415	99	439	11,007
2016	8,553	3,196	116	588	12,453
2017	13,382	5,014	153	1,213	19,762
Growth 2007–2017	6,595%	4,806%	6,150%	1,641%	5,161%
Total units	36,557	1,256	500	3,238	55,551

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65.81% 27.46% 0.09% 5.83% 100%

Source: TP (2018)

Table 4: Registered local accommodations and tourism developments in interior municipalities

Year	Total local accommodations	Apart-ment	House	Lodging establishment		Tourism development
				Hostel	Other	
Alcoutim						
Until 2010	3	0	2	0	1	0
2011–2014	+2	0	2	0	0	1
2015–2018	+14	1	11	0	2	+3
Establishments/ beds 12/31/2018	19/95					4/96
Establishments growth 2010–2018	533%					200%
Aljezur						
Until 2010	61	12	36	0	13	3
2011–2014	+167	36	103	17	11	+6
2015–2018	+567	206	268	2	91	+21
Establishments/ beds 12/31/2018	795/3,140					30/403
Establishments growth 2010–2018	1,203%					333%

Castro Marim						
Until 2010	10	7	3	0	0	3
2011–2014	63	41	20	0	2	+6
2015–2018	+278	145	128	0	5	+4
Establishments/ beds 12/31/2018	351/1,584			13/892		
Establishments growth 2010–2018	3,410%			333%		
Monchique						
Until 2010	5	0	3	0	2	4
Until 2011–2014	+12	0	11	0	1	+6
Until 2015–2018	+52	5	32	0	15	+9
Establishments/ beds 12/31/2018	69/303			19/307		
Establishments growth 2010–2018	1,280%			375%		
Vila do Bispo						
Until 2010	86	21	55	0	10	8
2011–2014	+288	108	172	2	6	+12
2015–2018	+424	182	229	8	5	+2
Establishments/ beds 12/31/2018	798/3,139			22/3,786		
Establishments growth 2010–2018	827.9%			175%		

Source: TP (2018)

Table 5: Registered activities in different sectors (2009–2017) for Portugal, the Algarve, and its low density territories

	Total overnight stays in accommodations			Administrative and support services			Health activities and social support services			Artistic, entertainment, sports, and recreational activities		
	2009	2017	Growth variation	2009	2017	Growth variation	2009	2017	Growth variation	2009	2017	Growth variation
Portugal	36,457,069	65,385,210	1.79	153,346	176,535	1.15	82,028	94,740	1.15	31,007	35,742	1.15
Algarve	12,927,603	20,207,151	1.56	8,098	10,261	1.26	3,244	3,612	1.11	1,832	2,087	1.13
Alcoutim	Not available	1,330	–	38	25	0.65	4	8	2.0	5	10	2.0
Aljezur	⊥ 6,863	65,634	9.56	66	91	1.37	28	31	1.10	11	39	3.54
Castro Marim	Not available	182,300	–	89	100	1.12	25	31	1.24	17	20	1.17
Monchique	⊥ 12,148	90,536	7.45	52	71	1.36	31	33	1.06	25	19	0.76
Vila do Bispo	⊥ 122,079	394,560	3.23	81	123	1.51	13	13	1.0	27	39	1.44

Note: ⊥ = break in statistical series

Source: Manuel Francisco dos Santos Foundation (2019)

Figure 1 – Localization of Algarve, Portugal



Source: Isabel Santos (University of Algarve)