

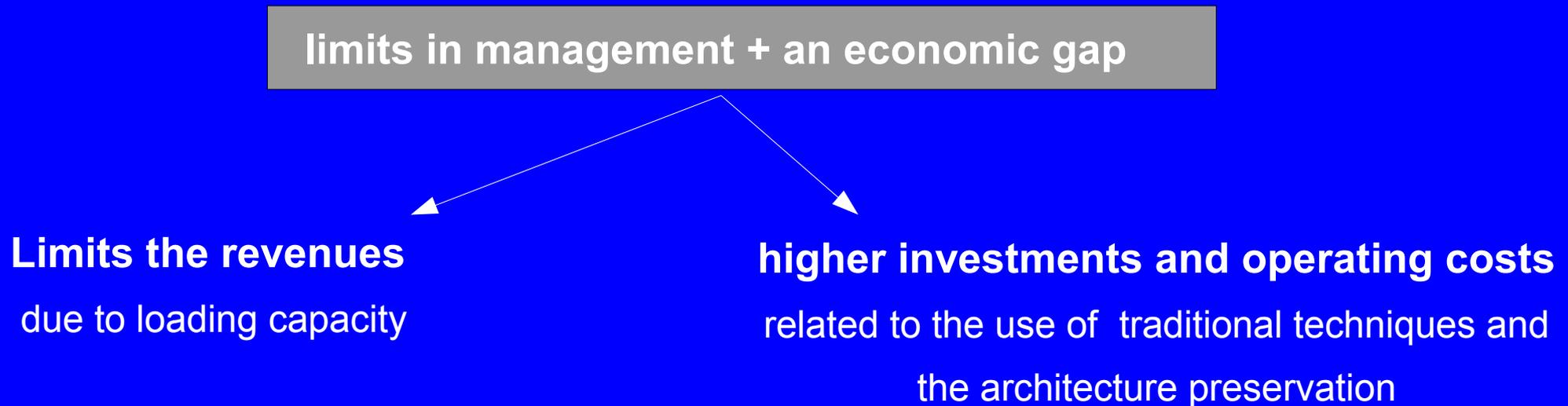
**ECONOMIC ASSUMPTIONS
TO DEVELOPMENT
OF SUSTAINABLE TOURISM**

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Small businesses are often considered the drivers of local tourism development, but most of the current documents are focused on:



Simple analysis of the contest which affects the sustainable entrepreneurs outlines:



First assumption

economic survival and development
of small sustainable entrepreneurs
depend
on the solving of this economic gap

Sustainability ensures the preservation of public resources
and is the main factor for local development

profit is the main goal for a firm, which is established
to make money and not to protect public resources

sustainable entrepreneurs develop a **public function**
their aims involve both personal and collective profit

Second assumption

sustainable entrepreneurs
have to be supported
by all subjects which obtain advantage
and/or profit by sustainability

public subjects

- tax revenues increase
- demographic growth
- employment growth
- local economy development

entrepreneurs

- profits increase

people

- cultural growth
- well-being

In sustainable tourism, the profit has a lower central position than the big companies which pursue maximum profits, but has to be necessary and sufficient to the start-up and the running of business

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graph TD; A[In sustainable tourism, the profit has a lower central position than the big companies which pursue maximum profits, but has to be necessary and sufficient to the start-up and the running of business] --> B[small local are based on the work of the owner and his familiars and the collaborators involved in the activity.]; C([Third assumption]) --> D[measures in support of sustainable entrepreneur must ensure the payment of human factor];
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small local are based on the work of the owner and his familiars and the collaborators involved in the activity.

Third assumption

measures in support
of sustainable entrepreneur
must ensure
the payment of human factor

Administrative subdivision (municipalities, districts and regions) relate with private companies and legal entities (associations, cooperatives, districts tourism, etc.)

at the beginning it is reasonable to assume a low level of relationships and joint actions between the public and private entities in the area

The diagram consists of two text blocks connected by a horizontal arrow pointing from left to right. Above the left block, there is a long arrow pointing downwards towards it. Below the left block is a light blue box containing the word 'primitive'. Below the right block is a light blue box containing the word 'mature'.

primitive

with the passage of time the system moves towards a situation where relationships and cooperation are the heart of local planning

mature

initial phase (primitive)

- investments are focused on material goods
- the intangibles quite don't exist
- public support doesn't exist
- people and public subjects don't consider this businesses a opportunity for local development
- cooperation and relationships between private subjects don't exist

start-up phase

- entrepreneurs start to invest in the intangibles, mostly in licenses and training often supported by public subject and required by law

horizontal development

- cooperation between private subjects appear
- promotion, research and advertising became a growing part of the investments

vertical development

- local public subject begins to be interested on this sector/business
- relationships between the subjects quickly grow

total planning (mature)

- relationships and cooperation between the subjects reinforce and make the main part of local planning

Forth assumption



Public and private measures have to encourage this trend

Solve the economic gap ?

+ revenues

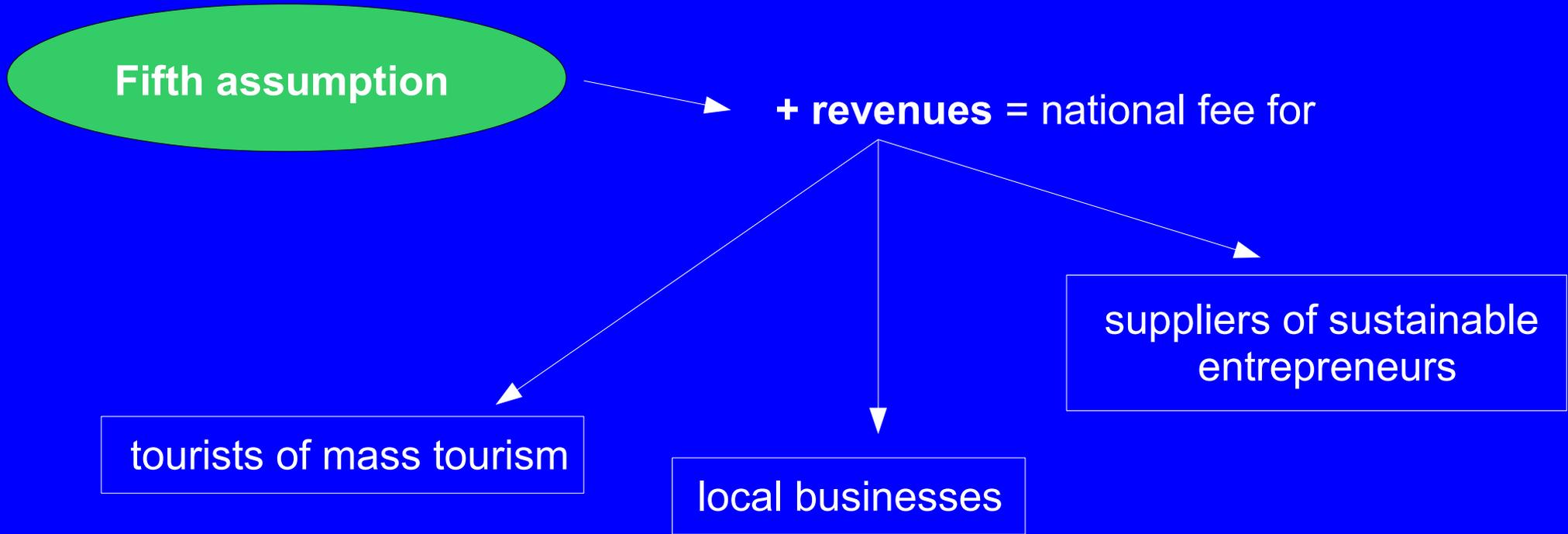
- investment and operating costs

direct support

indirect support

refunding and

Cooperation and relationships



- encourages the development of sustainable firms
- encourages and requires the official registration of sustainable entrepreneurs
- encourage the diffusion of sustainability in the tourism market

Sixth assumption

introduction the certification
of sustainable businesses

public subject obtains a gain by the transactions between its firms and sustainable entrepreneurs

local taxes

employment

demographic growth

pollution

traffic

Social problems

From economic standpoint it's always positive

Sustainability should not be a gain for public institutions

LP local public subjects

EP external public subjects

this gain has to re-enter the market

direct provision to
sustainable businesses

benefit to the suppliers which can
apply a lower price for the goods
to sustainable entrepreneurs

- reduction of the cost for sustainable entrepreneurs
- higher equitable redistribution of resources between the areas
- none public subject obtain profit by sustainability

Seventh assumption

- **costs** = direct refunding by public subjects and the development of cooperation and relationships between public and private subjects are needed

During a period of economic crisis a method to identify those phases of management, on which to focus the limited resources is necessary

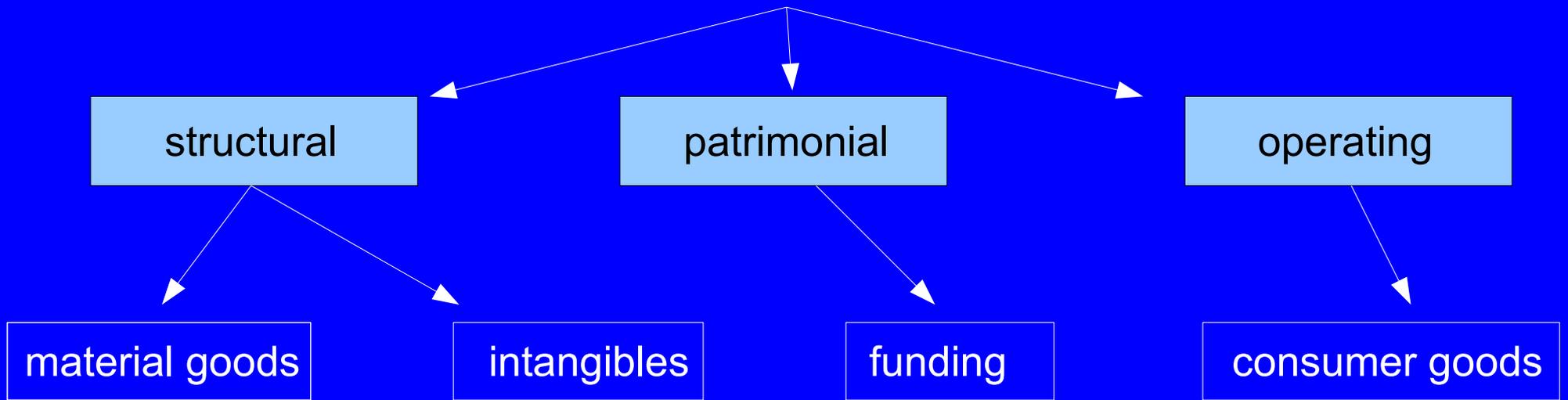
Public measures

- propensity of the firm to buy the good
- characteristic of assets
- existence in the area of the good
- positive effects by the good to the firm

Private measures

- willingness of the firm to share with other subjects his knowledges
- willingness of the specific action to be realized by relationships
- existence in the territory of the good
- positive effects on costs reduction

Management



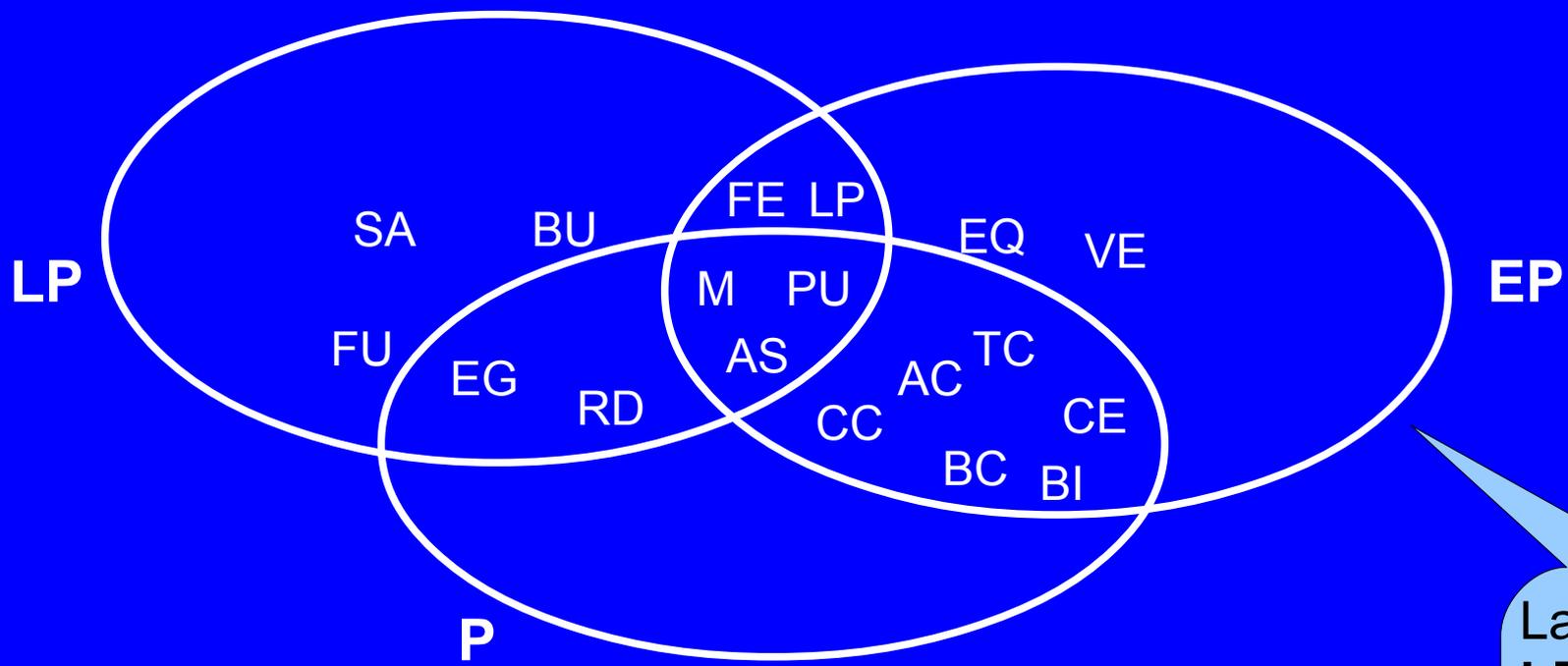
- buildings
- furnishings
- vehicles
- equipments

- administrative exp.
- research
- promotion
- formation
- commercial
- advertising
- training

- guarantee

- salaries
- energy
- administration
- maintenance
- purchase goods
- bank interests
- bank charges

Diagram of the circles



Layers:
LP local public subject
EP external public subject
P private

FE	formation expenses	LP	licensing-permissions
M	maintenance	AS	Administration/ services
EG	establishment of guarantee	RD	research - development
AC	advertising costs	TC	training costs
CC	commercial costs	BC	bank charges
BI	bank interests	PU	purchase of goods
BU	buildings	FU	furnishings
EQ	equipments	VE	vehicles
SA	salaries	CE	energy

Eighth assumption

Public measures have to be coordinated to the private ones

investments and operating costs of promotion and advertising have to be supported by measures between private and public subjects outside the area

most of operating costs can be the object of measures which involves both private and public subjects

most of financial matter have to be supported by measures between private entities and public subjects outside the area. Local public subjects must focus on the guarantee of bank loans

investments in research are a matter of local cooperation between local public subject and private entities

Thank you