

GOVERNANCE NETWORKS AND SECOND HOME TOURISM: INSIGHTS FROM A SUN AND SEA DESTINATION

Raphael D'Emery¹

Hugo Pinto²

Cláudia Ribeiro Almeida³

ABSTRACT

Second home tourism obtained in recent years a relevant attention in Portugal and was identified by the national tourism plan as one of the strategic products for the country. In the Algarve its weight is relevant for the tourism dynamics. The study presents a qualitative analysis to identify the perspectives and tensions between different actors in this Portuguese region. A network analysis offers an interesting output of the cooperation dynamics among these actors. The results are helpful to understand second home tourism trajectories and present useful information for future strategies and plans for regional development. Effective governance in second home tourism may offer an opportunity for increasing the destination's attractiveness, both for tourists and investors.

Keywords: Algarve, Governance, Municipalities, Second Home Tourism, Social Network Analysis, Stakeholders, SWOT.

JEL Classification: O02, R03, R05, Z03

1. INTRODUCTION

In the last years, tourism has gained worldwide importance. Currently tourism is responsible for about 10.4% of GDP (UNWTO, 2018) experiencing six decades of continuous increase. In Portugal, tourism has increased even in the last years during the period of crisis. The revenue of tourism has increased, except in the peak year of the economic turmoil (INE, 2010, 2014). Furthermore, second home tourism has an important participation in this relevance. Local lodgings in Portugal and in the Algarve ascend to 88.640 and 10.868 beds respectively (INE, 2018).

Algarve is one of the most important tourism destinations in Portugal and in Europe, in particular because of the “sun and sea” product. Golf and second home tourism are also very relevant products (Turismo de Portugal, 2013). The region remained the main destination of tourists, representing 30.7% of overnight stays, 5,3 p.p. above of Metropolitan Area of Lisbon, the second one (INE, 2018). Currently, this region represents around 22.2% of accommodation establishments and 36.8% of the capacity in Portugal (INE, 2018).

This article focuses on the second home tourism because of its potential impact in the development of the Algarve. Second home tourism is particularly important as it influences not only the tourism market, but also other activity sectors such as real estate, construction, and financial services. It involves many economic sectors in different phases of its implementation. Following, this article's research aims to answer two questions: *a) What*

¹ Municipality of Caruaru, Economic Development and Creative Economy Department, Brazil (raphaelsdg@gmail.com)

² Centre for Social Studies - University of Coimbra. Faculty of Economics, University of Algarve, Faro, Portugal (hpinto@ces.uc.pt)

³ Research Centre for Spatial and Organizational Dynamics. ESGHT, University of Algarve, Faro, Portugal (calmeida@ualg.pt)

is the perception of stakeholders of second home tourism about governance in the Algarve?; b) What are the linkages and centralities of different stakeholders in the regional governance of second home tourism in the Algarve?

This article is organized as follows. The second part of the article is mainly theoretical and descriptive. The literature review pays attention to second home tourism and governance, with the conceptual discussion of second home tourism, and theories regarding governance and the tourism system. Then we present the general governance framework of second home tourism in the Algarve and the key stakeholders. The third part discusses the methodological aspects of the empirical study. The fourth part presents the main results of the analysis, the SWOT matrix and the social network. At the end, we present some conclusions, summarizing research results and its limits, the contribution for future studies in this domain, and key policy implications.

2. SECOND HOME TOURISM AND GOVERNANCE

2.1 What is Second Home Tourism?

Second home has its origins in ancient civilizations where the transportation facilities were less developed to attend the demand of leisure outside primary homes from the richest groups. The early stages of second home were initiated centuries ago in ancient Egypt when the prominent people moved to rest in their villas, away from the routine of the urban centre. In the Hellenistic Greece, in the centuries III and II B.C., the wealthy classes travelled to other locations looking for comfort, tranquillity, and leisure (Cárcel, 2005).

According to Müller and Hoogendoorn (2013), the study of second home tourism starts with the investigation of Ljungdahl in 1938, about the second home market in Stockholm before the World War II. However, according to Almeida (2010), only after Coppock's study "Second Homes: Curse or Blessing" this topic obtained more visibility from research community.

After the early-stages of second home studies, many researchers have tried to develop a definition for second home tourism; however, we still find different understandings. Almeida (2010) refers that one of the oldest definitions comes from Barbier in 1969, used by Olmedo and Gomez in 1989, as the accommodation belonging to a person who already has a main residence and who usually resides in a city or at least away from this villa, visiting it on a weekend or holiday. Complementing the previous definition, Andreu (2005) pointed out that following the common definition of tourism (as a phenomenon of moving to places that are different from the usual environment, to which the person travels for less than one year), to occur second home tourism, the visitor must stay less than six months. If the owner spends more than six months, he can be considered a resident. Following the previous ideas, Santos and Costa (2009) pointed out that UNWTO and Eurostat suggest that to define usual environment it is necessary to consider two dimensions, the distance and the frequency of travels. However, the attribution to define the limits of usual environment varies considerably between different regions and countries.

Mazón and Aledo (2005) showed that second home tourism is an economic activity where the main objective is to develop urbanization, frequently in coastal areas. Mazón (2006), cited by Almeida (2010), pointed out that old people usually buy or rent a residence looking for places with mild weather and a good quality of life. In Latin America, to Ferreira and Silva (2008) second home tourism market is a type of real estate market that does not take into account the public financing and local economy. For these authors, the second home tourism market is more concerned about building segregated spaces and looking for capital through investors. In addition, Gomes, Souza and Silva (2013) also defined second home

tourism as a market to attend the demand of four different economic sectors: construction, real estate, financial agents and the tourism sector. In this tourism market, the demand is not only the tourism, leisure or second home, but also the search for new areas of investment as a way to reduce the risk of the income concentration in a single market.

The definition of second home tourism market focus mainly the supply side, however the demand side is a key component. As stated by Almeida (2010), the demand is a driving force of the development of any tourism product and crucial to define the type of development that can occur.

Above all, it is an economic activity associated with tourist' fidelity over a destination, normally in a seasonal basis. Besides involving other sectors for its development, during the process of buying and later purchase of the property, each market involves some actors that interfere in the steps of the second home tourism development.

The term "second home tourism" does not have a consensual definition, so in this study the authors understood it as *a movement of tourists where the focus is a property purchase for a second residence, for tourism purposes, leisure or idleness or for economic purposes, to generate income through rent or as an investment for sale after it is built.*

2.2 Governance and the Tourism System

Governance means a complex kind of management, which involves public or private, profit or non-profit organizations. It is a result of the involvement of different actors in the decision-making process. Governance shifted the attention from strictly economic aspects of the State to a broader view, which involves social and political dimensions of public administrations. We cannot evaluate governance only for the results of government policies but also for how the government exercises its power. The motivation behind the growing interest in governance relates to four reasons (Oman & Arndt, 2010):

1. International investment, a requirement for good governance so that investors feel comfortable with a lower perception of risks on invested resources;
2. The end of the Cold War with interest to develop the social and the economic reality of the market-oriented countries;
3. The failure of political reforms in developing countries in the 1980s and 1990s;
4. The need of new economic institutions due to the difficulties in measuring the work of formal and informal institutions.

In terms of good governance, the OECD-DAC (2003) developed a definition, which means that governance relates to democracy and law enforcement, to efficient public services, and to transparency. Kaufmann, Kraay and Mastruzzi (2010) proposed six dimensions to measure the existence of good governance in countries and/or regions. The Table 1 summarizes this contribution.

Table 1. Dimensions of Governance

| DOMAINS | DIMENSIONS |
|--|---|
| The process through which governments are selected, monitored, and replaced | Voice and Accountability |
| | Political stability and absence of Violence/Terrorism |
| The capacity of the government to effectively formulate and implement sound policies | Government Effectiveness |
| | Regulatory Quality |
| The respect of citizens and the State for the institutions that govern economic and social interactions among them | Rule of Law |
| | Control of Corruption |

Source: Own elaboration, adapted from Kaufmman, Kraay and Mastruzzi (2010)

Through the six dimensions presented above, we can note that these extend beyond the government itself, going also beyond the purely economic sense, however encompassing the quality of public services offered to the population and their participation in the government management. The development of governance proposes among other things an increase in decisions of social participation, transparency and new types of accountability mechanisms of the actors involved. The governance's understanding considers that actors and institutions interaction create the social reality.

The way of economies function transcends the role of product markets involving a large set of institutional dimensions. The institutions' understanding is often a complex definition that includes the individuals - such as firms, the public sector and social norms - habits and routines or legal frameworks. In this article, we tend to follow the distinction as underlined by Hodgson (2006) that institutions and actors are different entities, even if they are dependent on each other; they have distinct roles in the social realm. North (1990) defines institutions as "rules of the game". These rules, developed through human interactions divided into two kinds of restrictions, formal and informal. Formal are laws and constitutions, while the informal are norms of behaviour, conventions and self-imposed codes. Even if rigid, institutions adjust to suit the changes in society. Institutions restrict behaviours, but also shape them. The existence of rules, even hindering the players in the game, can also create bases for those involved so that they can be able to make choices to reach a desired outcome.

Governance and government are related but they regard different phenomena with specific aspects. Ferrão (2013) differentiates a regional policy focused in the government and in governance. Government regional policies regard regulatory planning (regulation of use, occupation and transformation of the soil). The prevailing institutional relations are mainly vertical relationships of command and control between different levels of government (central, regional, sub-regional/metropolitan, municipal). Intervention spaces are the administrative spaces. The strengths of this type of policies are associated with the democratic legitimacy of elected governments, consecration of legal rights and responsibilities, and linking public and private entities. Weaknesses are associated to rigidity, bureaucracy, interagency and political party conflicts, and a mismatch between scale of the problem and intervention space. Governance-based regional policies focus the place-based governance, with strategic coordination and integration policies. Prevailing institutional relations are mainly horizontal relationships between actors, partnerships, and networks. Intervention spaces are ad-hoc spaces related with functional dimensions. Its strengths are the socialization of the decision-making process with deliberative democracy processes, efficiency and effectiveness of policies because of higher adaptation to the problem and intervention areas, involvement of key actors, negotiated decisions; new forms of identity, and a higher social acceptance of policies. Weaknesses of regional policies focused in governance are the lack of democratic

legitimacy, the fragmentation of decision processes, dilution of responsibilities, instability of governance systems, reversibility, ways to claim oligarchic systems, and populist decisions.

At regional scale, governance is even more challenging. Regional governance requires that complex aspects are managed such as the challenges of making meaningful relationships with different types of actors or with different goals and interests, requiring the focus of multiple interests rather than the interests of multiple stakeholders (Rover, 2011; Barnes & Foster, 2012). In regard to previous understanding, Janssen-Janssen and Hutton (2012) complements that currently with the rise of new dynamics in the context of policy and planning, solutions involves public interventions, coordination of the role of actors and collective policies has emerged, which the authors defined as “metropolitan awareness”. In addition, it is noteworthy that the geographical concept of city, or metropolitan area, and metropolitan government rise to a different view, particularly in the Europe Union, where cities have become increasingly fragmented administratively, without limits, the so-called urban-functional areas or metropolitan areas (Ferrão, 2013).

The European Association of Development Agencies critically listed four reasons for the fragmentation of governance in European regions:

1. The overlap of the intervention plans. Regionalisation within countries indirectly results in a piling up rather than a transfer of power and responsibility, as well as in an accumulation of controls;
2. The growing compartmentalisation of communities and national policies. There is no super-ministry of economic development, neither at European nor at member-states level. Each ministry or administration embarks upon its own policies, implemented in given territories by each department's privileged networks, without consideration for the need to be congruent in the enforcement of policies at local level;
3. The multiplication of operators. New bodies are being set up all the time—with freedom of association used as an excuse—for the purpose of stimulating new activities and re-integrating the socially excluded into mainstream economic life;
4. The boom in the number of support programmes. For each new problem, the public administration develops new support instruments instead of adjusting or reformulating the objectives of existing programmes. Each programme is geared toward—or taken up by—structures of a specific type, some of which are even set up for the sole purpose of inveigling the subsidies attached to them.

Ferrão (2013) proposes some measures, in addition to Saublens (2000) and the definition of OECD-DAC (2003), which could mark out a process of democratization of governance and mitigate possible problems caused by governance:

1. The reformulation of the mission and of public administration's powers by strengthening citizenship objectives, public interest and efficiency of public policies;
2. The institutionalization of decisions made under new forms of governance, both upstream (framework provided by existing political structures and standards) and downstream (integration of decisions on binding instruments and rules or guiding);
3. The need of accountability on the part of the entities involved and democratic control capacity on the new metropolitan governance modes.

Summing up, some contributions to a better comprehension of governance may come from the development of the regional level, due mainly because of the success in providing its effectiveness through the Structural and Investment Funds of European Union. On the other hand, as exposed by Ache (2000), Dallabrida (2007), Barnes and Foster (2012), regional governance happens in the regions, where the actors know the local reality creating some solutions with stakeholders.

2.3 Governance of Tourism

In the case of Tourism governance, the complexity is also huge. Tourism is a fragmented sector, with several types of actors and specific institutions that interact with each other, in some activities that only occur where the service is provided, being formed largely by small and medium enterprises (Pinto & Cruz, 2011). According to Ritchie and Crouch (2003) a tourism destination distinguishes several types of areas, a country or a macro-region consisting in several countries, a region, a town or a unique place with attraction capacity. Its development and management occur among the main actors of the tourism destination, developing clusters to improve benefits for the regional economy and for the host community (Bordas, 1994). Second home tourism encompasses many players in its development process. It is crucial to understand which stakeholders are involved. A stakeholder is an individual, a group or even an organization that can interfere in the governance interests and choices, in firms or in any other kind of organization. Freeman and Reed (1984), states that there are two types of stakeholders, the wide sense (stakeholders that may have influence in the realization of the organization's objective or be affected by organizational goals) and the narrow sense (stakeholders on which the organization depend for its existence). Freeman and Reed (1984) and Donaldson and Preston (1995) pointed out that organizations aim to attend the interest of its stakeholders.

To illustrate how the tourism activity occurs in three different environments, the systemic approach to tourism is relevant, as it aggregates actors and institutions directly or indirectly engaged in the development of the tourism sector and in the improvement of the territory as a tourism destination. Ritchie and Crouch (2010) and Pinto and Cruz (2011) underline that to be competitive a tourism destination must be able to adapt through governance mechanisms of the tourism system. For these authors, the key integral parts of the tourism system are key stakeholders such as customers, companies working for the tourism sector, intermediaries of tourist services, the local public sector, in addition to the competitors seen as co-operators, but also all the institutional frameworks that shape individual behaviours.

Leiper (1990), Ritchie and Crouch (2010), and Pinto and Cruz (2011) point out that the tourism system is a transversal and open system, influenced and constrained by the system's external actors. It is an open system with clear delimited frontiers. According to Bieger (1998) a tourism destination is a "strategic business unit" that needs to be managed and coordinated by a tourism organization composed by actors of the local tourism market. Ritchie and Crouch (2010) propose a model regarding the several dimensions of involvement of a tourism destination where each component of the system has specific functions, and together develop a suitable environment for tourism.

3. METHODOLOGICAL CONSIDERATIONS

This study aims to present the perspective of different stakeholders regarding the development of second home tourism in the Algarve and its influence on their own activities. Therefore, this research brings considerations about the current situation of second home tourism market and its regional characterization about governance.

The techniques used to answer these research questions are both qualitative and quantitative. Veal (1997) refers that a qualitative approach helps to fill gaps where the knowledge is insufficient as long as the researcher accepts that the actors of research are not only objects of study but also active subjects, that they should define the concepts, and can help to consolidate tensions between theory and research results. The quantitative research measures the outcomes and results based on the analysis of raw data, focusing the

objectivity of results, where the researcher can measure the information to describe the causes of a phenomenon.

The article used the Algarve's case study (NUTS-II/III region in Portugal) to provide, as stated by Yin (2009), a deep understanding of reality. We cannot apply directly the results of case studies to different contexts, but they are powerful instruments to inform on specific phenomena and to formulate hypotheses that lead new research (Triviños, 1987; Donald & Pamela, 2003). We use a descriptive and exploratory approach in order to understand the phenomenon.

In this research, we also used primary data obtained in the interviews conducted with legal representatives of the actors considered key stakeholders in the tourism system in the Algarve. To select the group of representatives we create a preliminarily list of possible respondents. Then we interviewed the stakeholders until we reached the saturation point, where answers were already repetitions of ideas expressed in previous interviews. The authors divide the representatives in entities from public and private sector, as can be seen in the table below.

Table 2. List of Representatives interviewed

| | |
|----------------|--|
| Private Sector | Association of Commerce and Services of the Algarve Region (ACRAL) |
| | Association of Hotels and Tourist Properties of the Algarve (AHETA) |
| | Association of Industrial Car Rental Companies (ARAC) |
| | Association of Hoteliers and Similar Employees of the Algarve (AIHSA) |
| | Algarve Business Association (NERA) |
| | André Jordan Group |
| | Caixa Geral de Depósitos |
| | Faro Airport |
| | Garvetur |
| | Neoturis |
| | Vilamoura |
| Public Sector | Algarve Tourism Region (RTA) |
| | Commission for Coordination and Regional Development of the Algarve (CCDR) |
| | Municipalities Association of the Algarve (AMAL) |

Source: Own Elaboration

The authors applied the interview between September and October 2015, with fourteen representatives of key stakeholders (six associations, two public firms and six private firms). The interviews, digitally recorded, focused the development of second home tourism, governance in second home tourism market as well as access to information, cooperation and networks. We divided the semi-structured script in four parts: (i) characterization of the interviewee; (ii) perspective about second home tourism; (iii) governance within the second home tourism; (iv) access of information, cooperation and networking.

To analyse qualitative data, we used a “soft” version of content analysis and discourse analysis. Firstly, we perform a SWOT analysis to organize the collected information in terms of strengths, weaknesses, opportunities, and threats. Secondly, we used social network

analysis (SNA) to quantify and illustrate the qualitative information regarding the linkages and cooperation among different actors.

4. GOVERNANCE AND SECOND HOME TOURISM

4.1 Insights from the Interviews

The interviews involved 14 people (12 men and 2 women) from several organizations of the Algarve. 7.1% of the interviewees have finished primary school, 78.6% have a higher education degree and 14.3% a master degree. According to the field of expertise, it was possible to define that 42.9% had background in Management, while 28.6% in Engineering, followed by Law (14,3%) and Economics (7,1%). The interviewees were the president or vice-president of the organization (50%); directors or engineers (14,3%) and management or sales staff (7,1%). Among the interviewees, the average of working time in the organisation was 13 years.

The interview focused initially in the perception of the actors about the influence of second home tourism in the Algarve. The results reveal that there is a steadiness in the perception of second home tourism development in Algarve. There was a balance in the type of evolution, with seven respondents referring growth, while the other six cited moderate growth. On growth prospects, the main arguments were on the issue of tax regimes developed by the national government to attract foreign people.

The respondent's focus that the increase pointed out in the statistics is somewhat an unrealistic growth in the statistics is an unrealistic growth. The President of an association refer *"Statistics say that second home tourism has grown exponentially in a short period of time, but that's not quite true, because second home tourism did not exist before in the statistics, which led to the legalization of these beds, the number did increase in terms of statistics"*. This highlight is also in the speech of enterprise group representative, who underlined that *"(...) there are areas within Algarve that are beyond the critical dimension and others that are still not there... therefore, the future needs to qualify offer, in size and quality, adding innovation, integrating and complementing the hotel supply to prevent loss of capital and credit. In addition, there is a need for tourism promotion so that the equipment can survive"*.

The prospect of moderate growth reflected by the crisis, when the banks recover the financed property. However, commercial banks - due to the European Central Bank's regulations - will soon have to dispose of these properties as stated by another respondent *"(...) as the European Central Bank's conditions increasingly pressure the countries' politics; banks will have to clean the balance sheets and will have to put these properties on the market. By placing these properties on the market, they will boost second home tourism"*. However, the interviewees highlighted the excessive construction in Algarve, which motivates the moderate growth of second home tourism. Because of the excess, supply has become a problem due to lack of people to buy, as highlighted by the President of an enterprise association *"Algarve at this point did not absorb the excess of supply that has been generated. Therefore, it would be a mistake to build exaggeratedly, with so much to be sold, therefore, what exists begins to degrade, and degradation means losing value. Something we do not want that happen to the Algarve"*.

On the positive side, the respondents focused on the revenue created through economic activity, which also brings more investment, job creation, and more tax collection. This leads to a greater visibility of the destination throughout the year and consequently reducing seasonality. One of the respondents referred that *"Tourists are like the country's ambassadors; therefore, their constant visits continue to disseminate Algarve for free between their circle of friends and family"*.

Around 28.5% of respondents believed that second home tourism has no negative impacts. The highlight is the speech of the president of an enterprise association, who said, *"The second home tourism is a complement to the tourism that already exists, which means that it diversifies the offer"*. The representative of Algarve Tourism Board said that second home tourism possesses challenges to overcome such as offering more sports and health services and developing better public-private partnerships in the promotion of the destination, while maintaining qualification of human resources, improving internal and external accessibility, integrated landscape, urbanization and adapting legislation to meet needs of the sector. The negative points highlighted were seasonality, excess of second home property offer, less innovative second home tourism, and an excessive component of real estate (instead of tourism). About these issues, the representative of an enterprise group underlined *"The second home tourism has to be increasingly integrated with the hotel supply. It cannot just be a building. It must have a range of associated quality services and this can only be achieved by a high occupancy rate throughout the year"*.

The respondents refer as main opportunities the new business generation, the attractive tax system for foreigners, unemployment' reduction, attraction of tourists in the low season period, more taxes resulting from business, jobs and acquisition of property. In terms of perceived threats, the respondents refer the cluttering between public actors, possible boom of construction, adoption of second home tourism enterprises based only in real estate and without connection with other tourism system activities. Table 2 present the SWOT matrix that summarizes the perception of representatives of second home tourism stakeholders.

About the governance of second home tourism in Algarve, more than half of the respondents said that governance has been positive. However, it is worth highlighting that one of the respondents believed that governance exists only for large real estate companies, having the State developed mechanisms to manage the territory. As for the perception of how to improve governance, is possible to understand that it is difficult to articulate the many sector stakeholders. The bank representative interviewed believes that *"The effort has to be set, not let certain responsibilities that directly impact on tourism be only the municipality's responsibility"*. Complementing this vision, the representative from the tourism board pointed out that *"One should create a working group to define a strategy to develop specific products for this market"*. Other issues mention the exchange of information for both tourists and entities related to second home tourism, and oversight in tourism so that investors feel safer on their investment, as well as money raise coming from taxes from the government.

Assessing the current legislation, seven respondents pointed out that the legislation evolved greatly in recent years and now meets the current reality. However, four respondents did not answer this question for lack of informed opinion. On the issue of participation of companies or associations, ten respondents said that participation was present in the development of recent legislation. As for accountability in the Algarve tourism, it is clear that there is no heterogeneity in responses, as there is a gap of information for the population and for businesses to have access to the data. Corroborating this perception, an interviewee underlined *"(...) that there is a need for awareness, education and enforcement"*. Regarding the transparency of public administration and companies linked to tourism in Algarve, half of the respondents perceive transparency positively. However, there was criticism from the president of an enterprise association on how government uses the public funds. The cooperation to improve transparency dimension also reveals another worrying sign, as five of the 14 respondents seem not understand in which way they can measure or evaluate it and above all what means a practice of transparency.

Table 2. Second Home Tourism SWOT, according to Stakeholders of Algarve

| STRENGTHS | WEAKNESSES |
|--|--|
| S.1. Economic activity generation | W.1. Does not realize negatives |
| S.2. Fixing of tourists in the region | W.2. Seasonality |
| S.3. Biggest attraction of investments | W.3. Houses of oversupply for second residence |
| S.4. Tax generation | W.4. Not innovative residential tourism and do not focusing on tourism |
| S.5. Health services | W.5. Wait banks make available real estate |
| S.6. Climate | W.6. Bureaucracy |
| S.7. Job creation | W.7. Competition with hotels |
| S.8. Greater visibility throughout the year and therefore reducing seasonality | W.8. Money that does not enter the country |
| S.9. Greater diversity of leisure and sports activities | W.9. Lack of supervision of local lodging |
| S.10. Tourists become destination ambassadors | W.10. Recent legislation |
| S.11. Boost to tourism and conventional hotel market | W.11. Number of flights is fragile |
| S.12. Safe and alternative investment | |
| S.13. Safety | |
| S.14. Urban environmental quality | |
| S.15. Critical mass appeal | |
| OPPORTUNITIES | THREATS |
| O.1. Generating new business | T.1. Cluttering between public players |
| O.2. Tax regime | T.2. If there is a new BOOM buildings |
| O.3. Foreign attraction in the low season period | T.3. The non-reinforcing air routes |
| O.4. Generate more taxes for the government | T.4. Possible residential tourism enterprise betting only on real estate |
| O.5. Potential of the banks put the real estate sale | T.5. Possible security problem |
| O.6. Reducing unemployment | T.6. World economic situation |
| O.7. Support for low cost | T.7. Tax increase |
| O.8. Infrastructure utilization by the population | T.8. In case the taxes system is modified |
| O.9. Low cost of living compared to major source markets | T.9. Dependence of possible economic problems in issuing destinations |
| O.10. Attract tourists to reside | T.10. Mischaracterization of fate |
| O.11. Create greater sustainability for tourism | T.11. Stagnant real estate |
| O.12. Development of PENT | T.12. Governments and businesses some wondering that this type of tourism is the engine of development |
| O.13. Competing destinations who disappeared | T.13. Other competing destinations |
| O.14. Favours small businesses | T.14. Seasonality of perception by entrepreneurs |
| O.15. Incentives for retirees living in Portugal | T.15. Possible disaster on the coast |
| O.16. Potential customers that exist in Europe | T.16. Possible fall in promoting the destination |
| O.17. Make the destination more attractive | T.17. Pressure on public services, particularly health |

Source: Own Elaboration

Public and private sectors evaluate positively the access to information by public administration and companies linked to tourism in Algarve. In this aspect there is information coming from both institutional spheres, public and private, however, there is a gap on the

information in other languages. Among the most common practices to obtain relevant knowledge and information are the attention paid to changes in the legislation to inform the appropriate changes, availability of documents related to the activities, and participation in associations, that provide information to members. Regarding the organisations working together to improve access to information, almost all respondents said they disclose it periodically. On the issue of R&D investment, 10 of 14 respondents reported having protocols with the University of the Algarve. Among the other four respondents claimed they do not invest in research, two representatives of the entities claimed that the entity held investments. However, due to the crisis, investments were closed in this area.

4.2 Algarve's Second Home Tourism Regional Governance Network

Networks are crucial to understand the governance dynamics, the centrality and the interdependence of the key stakeholders in a specific system. SNA describes a method to comprehend the internal structures within social linkages. This approach is fundamental to present social relations between groups, individuals or organizations, in order to discover patterns of relationships between the involved actors (Freeman, 2004). Groups of nodes and lines represent the core elements for the analysis of social networks. The nodes represent formal entities, which are the stakeholders in this study, while the lines represent the connections of nodes with other nodes, showing the existing relations (Scott, 2013).

In the SNA connections can be divided into centralized or decentralized, dense or sparse, individual or global, and if these links are directional or non-directional (Wasserman & Faust, 1994). Additionally, there are distinctions in the types of connections. Here, the differentiation between strong and weak relationships represents the intensity of relations between nodes (Granovetter, 1973). Strong ties represent longer-term and deeper relationships based in trust and strong social capital, but weak ties are often critical by inserting in the networks innovation and non-redundant information. Nodes representing the actors can disappear from a system and create a structural' hole (Burt, 1992). This occurs when a node that holds the role of gatekeeper, i.e., is the only link to another set of nodes that disappears from the network, leaving the remaining entities that were connected to the core of the network as isolated and disconnected nodes from the rest of the system. Structural holes reveal power structures and imbalances regarding decision-making of particular actors to others.

In the interviews, based in the questions about the significant relationships, we identified the main connections of the organisations to other second home tourism stakeholders. Using SNA, we illustrate the connections cited in the interviews. As perceived in the figure below, the tourism board and an enterprise association, show up as the main entities in the sector according to the interviewees. The SNA has the following visual understanding described in the table below. Colours represent the public and private side while the shape regards specific types of organisations (Table 3).

Table 3. Legends of social network analysis of stakeholders

| Sector | Colour | Type | Shape |
|----------------|------------|-----------------------------|-----------|
| Public Sector | Light grey | Public Association | Rectangle |
| | | Planners | Triangle |
| | | Research | Diamond |
| | | Public Touristic Promotion | Octagon |
| | | Legislator | Circle |
| Private Sector | Dark grey | Private Association | Rectangle |
| | | Real Estate market | Octagon |
| | | Financial Market | Diamond |
| | | Planners | Triangle |
| | | Private Touristic Promotion | Circle |
| | | Airport | Arrow |

Source: Own Elaboration

SNA, presented in Figure 1, shows how the 14 entities relate by creating a clear core network of regional second home tourism. Algarve Tourism Board (RTA), AHETA (association) and CCDR Algarve (regional authority) have many connections; these entities have the greatest exchange of information among the respondents (cf. appendix). The main reason that causes these entities to have many links are its relative importance in production of information within the sector, and therefore being key actors in tourism. In the case of AHETA, their weekly report released to the community about the activity of its members is particularly relevant. The RTA is the main tourism promoter of the region, and CCDR is the developer of strategic plans and policies for the region.

Figure 1. Social network analysis of stakeholders of second home tourism market in the Algarve



Source: Own Elaboration

It is also worth mentioning that the University of the Algarve (UAlg) appears in the results of the interviews as an entity that is important, even having limited direct connection

to the core of second home tourism stakeholders. Its function relates mainly to specialized technical services offered to the regional entities.

5. CONCLUSION

This study aimed to present the perception of stakeholders regarding the second home tourism in the Algarve. It managed to capture the perception of different actors of second home tourism. Through this study is possible to understand the reality of the sector, according to specific views of various actors. The results point out that almost half of the interviewees believe that this product will increase. Among the most cited strengths are the ones related to economic factors. The negatives reveal a worrying issue. A considerable part of the respondents did not perceive negative impacts from second home tourism. This could represent a risk for planning and the development of this market on the part these actors play, as they will neglect potential problems. As a possible reflection of the lack of planning, among the top negative points, four relates to the lack of planning. The interviewees identified as opportunities the economic factors. However, it is worrying because the respondents do not refer environmental factor besides it is one of the key attractors of tourists to the region. Threats range from tourism planning, financial threats, accommodation, to the lack of cohesion among the public managers, which we can relate to the existing problems of the destination. It is worth mentioning here that the concern of the respondents highlights the preoccupation that must exist between the public and private entities for the possibility of second home tourism as another engine for the development in the region.

Regarding governance issues, it is clear that the relation between public administration and second home tourism has improved in recent years by developing legislation that addresses the current reality, land use planning and by reducing the distortion and avoiding excesses. However, it is still perceived that public management has a lot of room for improvement and it needs to be improved fast as it is known that the institutional change, promoted by the government are slowly absorbed, causing the destination and entrepreneurs to fail in generating income. We need to give a particular attention to some sensitive issues - such as approval of new projects, excessive bureaucracy and conflicts of interest - that are bottlenecks and discourage the implementation of projects that can bring job creation and dividends for the municipalities. However, as noted before, it is necessary to pay attention to the environmental factors, which are important to attract tourists to the region. It is relevant to highlight the lack of cooperation among the sector stakeholders. They need more connection in order to attract investment, wider dissemination of the destination and greater capacity to maintain the competitiveness.

The network analysis helped to underline that central actors have in common their function as knowledge and information providers, either through plans developed, scientific knowledge, or the provision of tourism information.

In conclusion, it is clear that second home tourism is an alternative and complementary product in the Algarve, especially because of its contribution to the generation of income for the local population and the decrease in seasonality in the region's "sun and sand" tourism. A higher integration between the stakeholders, including collaborative networking and governance, may be crucial for the consolidation at international level of this tourism product. The development of tourism and - in general - of the Algarve, may benefit, from better governance, with accountability and transparency in the design, implementation, monitoring of activities, projects and plans. This dimension requires a significant improvement in the near future, as it is a central bottleneck of the regional governance and can reduce the

possibilities of success of the region, the attraction of investment, and the consolidation of the tourism system as a whole.

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ANNEX 1

Table A.1. Closeness Centrality x Betweenness Centrality x Neighbourhood Connectivity – More Central Actors

| | Closeness Centrality | Betweenness Centrality | Neighbourhood Connectivity |
|--|-----------------------------|-------------------------------|-----------------------------------|
| AMAL (Inter-municipal Community of Algarve) | 0.411 | 0.007 | 766.666 |
| UAlg (University of the Algarve) | 0.411 | 0.019 | 733.333 |
| ATA (Algarve' Tourism Association) | 0.469 | 0.080 | 7.4 |
| Faro Airport | 0.476 | 0.245 | 7.0 |
| AIHSA (Association of Hotel Industry and Similar of the Algarve) | 0.429 | 0.081 | 657.142 |
| CCDR (Commission for Coordination and Regional Development of the Algarve) | 0.484 | 0.156 | 5.8 |
| RTA (Algarve Tourism Board) | 0.556 | 0.386 | 484.615 |
| AHETA (Association of Algarve Hotels and Tourism Enterprises of the Algarve) | 0.526 | 0.352 | 5.875 |

Source: Own Elaboration