

THE ROLE OF MICROCREDIT FOR THE SOCIAL RESIDENTIAL TOURISM¹

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ABSTRACT

The paper aims to highlight how the microcredit can not only allow access to alternative forms of funding but also can contribute significantly to the creation of innovative forms of touristic activities, as the social residential tourism, that could affect different segments of the population and enhance remote or underdeveloped areas.

Key Words: ethical finance, social banking, sustainable tourism, microcredit, social residential tourism.

INTRODUCTION

With the coming of postmodern tourism (Lyotard, 1979; De Masi, 1985; Harvey, 1989; etc.) it has observed a change in motivation of tourist travel, increasingly oriented to live an holiday as a moment of cultural training, and as knowledge of places and local populations. Experts and mature tourists ask experiences and alternative destinations in known countries, they observe a city from new perspectives, show attention to the natural environment, choose accommodations with territorial integration characteristics and typical (GPF, 2010).

Host communities are changing approach too, they are less passive than in the past and they propose themselves as protagonists of tourism development, through the revitalization of cultural traditions, showing greater attention towards environmental qualities of own territory and towards the integration of services.

These changes are of course a consequence of general awareness of the need to apply the principles of sustainable tourism development. In turn, environmental resources, although useful in the tourism development, are a common good that it cannot freely be used. So a barrier to the economic development idea as unique objective has set.

For the sustainable tourism development, as for the sustainable development of any other economic sector, it is necessary to have a financial system that is able to share and encourage the principles of sustainability.

In industrialized countries finance ethics tools are used to direct the savers to invest in productive sectors such as tourism, which can contribute to a sustainable human development of a territory (Andriola, 2000; Ayuso, 2007; Capriglione, 2004), including through the enhancement of the growth of other territorial economic and social activity (Ayuso and Fullana, 2002; Bran et al. 2000).

¹ Paragraphs “The ethical finance in support of sustainable tourism”, “Microcredit initiatives” and “Conclusions” are written by Rosa Adamo; paragraphs “Introduction”, “Residential tourism (or private homes)” and “Residential tourism and microcredit” are written by Tullio Romita.

In our view, the tools of ethical finance would be particularly useful and appropriate in supporting the growth and development of tourist resorts. These resorts have become important not for choice of tourism industry, but for choice of tourists in a spontaneous way, do-it-yourself and self-directed. We refer to what in literature is now unanimously called “residential tourism” or, even, tourism of second homes (Romita, 2010). The so-called residential tourism produces a variety of economic and social impacts, and plays a key role in redefining the local identity. It is a social phenomenon that has been strengthened over the years increasingly internationally, being uncoupled from the official tourist market.

However, this is a type of tourism where the necessary services to its functioning are mostly found on the local level. In every town there are dozens of subjects, mostly small businesses made of merchants, craftsmen, workers, electricians, masons, travel agencies, etc., providing the necessary services for the maintenance of vacation homes and for travelers during the holidays. The size of these companies are such as to not allow access to the system of bank loans, useful small loans to the survival or to improve the offered service.

This work intends to propose a reflection on the ability to apply and adapt to the “system” residential tourism alternative forms of sustainable finance already to the attention of many institutions at the international level. More specifically, our discussion will cover the possible relationship between residential tourism and alternative credit forms. Among the latter, in our opinion, an extraordinary potential from the viewpoint of sustainable development of the territories is present in the so-called “microcredit”, i.e. a credit instrument, born to give the possibility to all persons who are usually excluded from traditional credit because considered unreliable, to access to basic financial services. It represents a particular form of financing, characterized by low amounts to return with very tight deadlines and without traditional collateral because it uses more efficient reimbursement incentive mechanisms.

THE ETHICAL FINANCE IN SUPPORT OF SUSTAINABLE TOURISM

Ethical finance considers the money not only in the aspect of the ability to generate profit, but especially assessing their effect on environment (Adamo et al., 2011) and human and social development of local communities (Adamo, 2009; Rothschild, 1993; Sen, 1986; Signori et al. 2005).

Currently, there are numerous experiences, both in North and South of the world, that are directed towards the use of money according to their policy of ethical finance. Particularly, in Europe, a growing number of investors chose to invest their savings in ethical institutions or in a socially responsible way, focusing on financial instruments that can contribute to sustainable development of a territory.

Such financial instruments, to be defined ethical, would possess some fundamental elements. First, the interest rate would be dropped from financial market. Secondly, such instruments would have a transparent saving and loans management, which give the possibility to the saver to know the structure operation that manages the saving and the destination of each individual funding. Finally, they would have a loans policy directed to exploit people and to improve and sustain the conditions in which firms operate.

Ethical finance instruments are increasingly used to drive savers to investment in productive sectors such as tourism, which can contribute to sustainable human development of a territory (Adamo et al. 2010, Andriola, 2000; Ayuso, 2007).

Already, in fact, the literature supports the importance of planning for the sustainable tourism development, namely to define the set of activities and behaviors aimed at maintaining a positive and constant balance among socio-economic and natural needs, and interests of tourists and territories that host them (Ayuso and Fullana, 2002; Bramwell and Lane 1993:1-5; Bran et al. 2000). In this way, this sector can be transformed into an exploitation element instead of degradation (Guidicini and Savelli, 1988; Müller 1994:131-136). Indeed, sustainability also has a value of immediate economic interests, in fact the popularity of touristic areas depends on the integrity of the natural beauties (Pérez, 2004).

However, the sustainable tourism development projects often is hampered by the difficulty of finding the necessary financial resources. It is for this reason that many international institutions are increasingly evaluating the possibility of sustainable finance adaptation to the specific needs of the tourism sector.

For example, through alternative forms of credit such as the microcredit is possible the gradual repayment of loans and the freeze of such restitution in some unfavorable periods (related to both the tourist flow and the environmental factors). So it is possible to encourage the born and consolidation of firms,

characterized by modest dimensions. The small firms are very important in the residential tourism. Therefore it's possible to pursue sustainable tourism projects (Limone and Vitali, 2006).

There are, in fact, different forms of microcredit that can be adapted easily to the needs of those who want to launch initiatives for sustainable tourism or which already carries out activities in this direction. Specifically:

- individual lending which is the oldest form of microcredit and represents a methodology similar to that practiced by commercial banks;
- peer lending which involves the disbursement of loans through a solidarity group whose members guarantee the loan repayment.

Regardless of the different forms that microcredit can assume it is important to emphasize how it is very developed and diffused in the world, becoming a tool for growth and economic development in the world. The main advantage of microcredit is to be able to enlarge the analysis and appreciation capacity also of the customers that, even if creditworthy, fails to prove its capacity to the traditional financial system.

In developing countries the interpersonal relationship, the contact and knowledge, i.e. the greater proximity to target customers by microfinance institutions allowed to create more appropriate contractual formulas to work with non-bankable segments.

Even in industrialized countries the current experiences show that there is no need to elaborate relational techniques more costly and contractual conditions less severe than those usually adopted, but it is fundamental the creation of adaptation ways towards target segments, showing entrepreneurial innovation capacity.

RESIDENTIAL TOURISM (OR PRIVATE HOMES)

Residential tourism (or of private homes) has always existed in some places and continued to expand over time mainly under the impetus of the so-called question of proximity, i.e. of tourists from urban areas and regions closer to the tourist resorts. In other places it is developed under the impetus of international tourism demand where, in a few years, are built thousands of homes for the holiday. In other places, still, it was developed as a phenomenon closely linked to tourism of return, i.e. of migrants who return as tourists in their places of origin in some periods of the year or more permanently at the end of working life. Finally, in some places there are mild forms of public regulation, while in other places the phenomenon is realized in a completely informal and self-managed.

It is clear that the phenomenon of tourism of private homes is new for the majority of social scientists, many of which are careful observers of mass tourism, organized and globalized eero-directed (Cohen, 1974; Hollender, 1977; Knebel, 1976; Urry, 1997).

The phenomenon of tourism of private homes has found and still find unprepared even local communities that, in most cases, they have "simply" gone over the years the demand for this type of tourism and privileged informal tourist economy. What happened is very similar to what was described by MacCannel "If the local population develops a territorial self-awareness that transcends their immediate social and cultural situation and the cultural structures reflected, the tourists arrive before entrepreneurs, and a cottage tourism industry [...] creates a more direct link between money produced by tourism and local economic development (2005: 166).

In this way, in the years millions of homes are built for tourists producing a capacity significantly greater than that of the official tourism in "[...] areas and/or tourist resorts that have become such independently of the interests of circuits of official tourist market, spurred by strong demand for tourism, and where the informal, submerged and parasitic economy dominated. In such contexts demand and supply meet and organize without brokers and on the basis of personal arrangements" (Romita and Perri, 2006).

MICROCREDIT INITIATIVES

Microcredit initiatives towards sustainable tourism development propose different objectives depending on whether they refer to developing countries rather than industrialized countries.

Specifically, in developing countries microcredit initiatives, aimed at sustainable tourism, are addressed primarily to the improvement of the economic and social conditions of the populations who live in absolute poverty. Typically, the specific objectives of these initiatives can be summarized in two types. They would enhance:

- a) the role of immigrants residing in a host country, pushing them to foster development processes in their country of origin;
- b) products and the local resources of developing countries as a source of income, in particular to promote the active participation of civil society, formed mainly by subjects defined the "poorest of the poor" in local development schemes.

Initiatives of operators of rich countries which participate in international cooperation projects with Non-governmental organizations (NGOs) against poverty are also numerous. These operators offer to their customers destinations such as Latin America (Brazil, Peru, Ecuador, Chile, Mexico), Africa (Tanzania, Kenya, Morocco, Senegal, Madagascar), Asia (India, Thailand, Cambodia, Mongolia), so that the proceeds from the trip can be the source of funding to activate forms of microcredit.

In Spain and Italy some initiatives of microcredit directed towards the sustainable tourism development are initiated. These initiatives are able to provide important environmental, economical and social benefits.

In Spain, since 1998 the development of an ethical banking system sensitive to environmental and social issues has been started. Specifically, in 2004 the Triodos Bank Spain set up and it represents an entity whose financial funding policies are directed only to the following areas:

- nature and environment (in this context, the sustainable tourism is included with agricultural and ecological activities, sources of renewable energy and green building);
- culture and society (in this context, the cultural tourism is included with education, health, social support, art and culture);
- social economy (in this context, trade, industry and services are included with added value and development cooperation).

In Italy, recently, a national network of "Micro Branches" set up by SL Micro (advisory, founded in 2001, specialized in microcredit and operating in Sardinia), which aims to facilitate the creation of sustainable and responsible business, linked with each other and oriented to innovation.

The goal is to create a virtual and real network, with the advanced training of operators for microcredit, in order to support really the investments of local authorities. Specifically, this network of branches is engaged in the project and management of initiatives for the development of micro and small enterprises in the sustainable tourism. The aim is the promotion of a new model of tourist development able to combine social and economic performance, in respect of the environment, with managerial training activities and direct assistance to the start-up of entrepreneurial initiatives that will be realized thanks to the provision of micro-credits for the creation of responsible enterprises.

RESIDENTIAL TOURISM AND MICROCREDIT

It is really rare to find cases of tourist resorts where residential tourism (or of the private homes) was developed based on well-defined development strategies. Almost always the offer of private homes for holidays was adequate to the demand, even when this was excessive in relation to the carrying capacity of the territory.

For municipalities and for the local population the opportunities of economic gain are present before, during and then the construction of housing for holidays, i.e. starting from the moment their tourist use is started. Economic sectors that have benefit grow (practically all commercial sectors, the personal services sector, the sector of services relating to the management and maintenance of real estate, etc.) and the fallout for the local community are much greater and spread those produced by tourism of hotels and resorts.

In fact, the literature seems to confirm a nature more sustainable of the residential tourism compared to conventional tourism. Several studies showed that the great majority of cases of tourism proposed in catalogues of travel agencies and Tour operators or, more simply, by international hotel chains or individual resort, the economic and social benefits remain primarily limited to persons directly involved in the process of construction, marketing and delivery of products. So that there would be no objection, but the problem is that the tourist product requires, in a much more accentuated than other types of product, the use and the "attrition"

of spaces, goods and common resources, with returns in terms of economic and social development for the community receiving tourist flows, in many cases well below than the benefits.

In the case of residential tourism, the situation is quite different. In fact, the process of tourism development begins and is managed at the local level, and is based on direct interaction between visitors and host community, where the latter has the task of providing directly and sometimes personalized everything is necessary to subject “other” people with sometimes also very particular needs.

In these cases, ensure a free holiday for tourists not only means to ensure access to services on the territory, but also propose new ones to meet the continuous transformations of the tourism demand.

For that, a fundamental role is played by small local firms that, interfacing directly with the tourist, especially with those tourists who frequent the locality for a long time, providing the requested service develop a relationship of trust and personal esteem and not just an economic and/or professional relationship.

Many of these firms, or those most useful for the proper development of residential tourism, conduct their business directing part of what they do in view of the service tourist and draw economic resources that allow to survive mainly during the period of maximum tourist influx. For this type of widespread “companies of residential tourism”, almost always seasonal and family-run and for which access to credit is almost never possible, “microcredit” would represent a financial opportunity that not only allow to survive financially with dignity but, also, to provide greater and more effective continuity in the service provided.

The overall result, in our opinion, can only be the general increase of tourist reception capacity and, hence, the trigger of virtuous circuits that foster logics based on the local tourism development.

CONCLUSIONS

The techniques of ethical finance, as microcredit, aimed at supporting the sustainable tourism development, can employ economic resources for the purpose of collective development, rather than for the unique purpose of individual accumulation, welcoming the principles and tools oriented to the respect of people and common growth.

The benefits that can be drawn from a combination between microcredit and sustainable tourism are many.

Firstly, the possibility to facilitate the financial access for small and micro tourist enterprises that so can create new job opportunities for people (such as women and youth) generally excluded from the financial system, in industrialized countries, and for the poorest of the poor, in developing countries.

Secondly, the possibility to request the initiation of alternative forms of tourism in which the involvement of local communities is greater. Besides both sustainable tourism and microcredit revolve around the community. In Italy, for example, the community of a small village can be enhanced through new forms of residences (renovation of their homes to use as Bed and Breakfast) and eno-gastronomic initiatives. In this sense, the microcredit provides a useful support because it want, among the multiple purposes, to recreate or revive a community concept of self-help and mutual collaboration, thanks mainly to the use of the form of group solidarity.

All this, in our view, consistent with the needs of residential tourism that in order to function properly does not need large enterprises with thousands of employees, but thousands of businesses with few employees. The former have capital and financial resources to compete globally, the latter have, in most cases, only need access to a credit system of small aid but fundamental to ensure the correct survival.

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