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# LOCAL TOURISM MARKETS IN ITALY - AN ECONOMETRIC ANALYSIS AND POLICY PROPOSALS

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# *LOCAL TOURISM MARKETS IN ITALY*

## *AN ECONOMETRIC ANALYSIS AND POLICY PROPOSALS*

*Gianluigi Coppola and Teresa Vanacore*[1]**

**Abstract**

Tourism is very important in Italy. In this article we will discuss about the Economy of the Italian Local Labour Markets specialized in Tourism. We will try to explain, through statistical analysis applied to an Econometrical model, the differences existing among them. The result of our research is that the dichotomy of the Italian economy – North vs. South – is also present in the Tourism industry. Nevertheless, there are significant differences among the Tourism Local Markets in Southern Italy. This implies that a policy on local development may help less developed area to grow.

Keywords: Local Labour Market, Development

Jel CODES

### 1. Tourism and local development

Tourism values, as economical phenomena, place Italy in the top places of the international scale: this is due to the resources available, the remarkable accommodation facilities, the infrastructure in general and, above all, to the fact that the Italian system is of a "multi-product" kind, meaning by this that it bases its wealth mainly on the assumption of inter-changeability of tourism practicability, that is on the possibility of obtaining from one journey different emotions.

During the years, in fact, the development of the infrastructure and transport technologies, the socio-cultural evolution, the increase of per capita income, have helped to create a more mixed request, less standardized; tourists are more conscious of what they will do and ask for more information about their destinations (mainly cultural or environmental), they have a strong spirit of observation and do not perceive passively what surrounds them: *see and enjoy, but not destroy.* Side by side with this continuous growth of demand, there has been a certain continuous development of

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the tourist product, characterized by an increase in the variety of the products offered and of their articulation, and by their quick and unbroken evolution.

A complex reality and the fragmented and interactive nature of the activities implied in the travel and tourism industry, have led to the need of carrying out a model of systemic analysis on the topic.

The simultaneous supply of goods and services, defined in space and time, is obtained from the inter-exchange among different types of enterprises, organisations and institutions, which interact, in turn, with wide satellite activities and are overseen by public superstructures.

At this point it becomes important to carry out policies focused on a local development, connected with a promotion of territories, thought as something you can benefit from, you can keep and develop.

Globalisation, then, has played an important role not so much in homogenizing different geographical situations, as consolidating the regional scale to the national one, and even more the local, as the whole of elements which form the territorial identity, the general panoramic visibility. What we have said, leads to state that development needs to be localized in a regional system with a strong relational density and elevated organization, and there it should be kept for the strong competitive benefits.

If we have underlined how globalisation insists on the same places where the productive systems have been rooted and structured for a long time, where the ability to relate to each other is endogenous and the territory is well organized, although it doesn't mean that the local system cannot be considered as an effective instrument of territorial policy.

Regional Italy, once all engaged towards a manufacturing model, as in the rest of the stronger community regions, today shows the signs of a planning skill aimed at transforming its economy in a territorial economy, paying particular attention to the cultural ingredient; to do this you need new strategies in territorial and planning policies, marketing actions, where the territory and its process of reorganization are the heart of general attention.

In this new context, the knowledge of the territory becomes the starting point.

To this aim, the preferential instrument of reading – in a geographical field – is the *milieu*. The milieu includes all those elements that make up for the local identity, such as the physical and cultural elements that have settled with the passing of time, reference of the totality of sources set aside for development, potentiality which, to be carried out by the local system, need to be recognized and started up by local subjects. The components in the milieu, which establish themselves by the passing of time, don't have yet an absolute value, but carry different and specific values in connection with the dynamics of the social and territorial context in which they are put in and with the actions of those local subjects which interact in and on the same place.

In such a context, it's important to pay attention to the definition of the different territorial systems, starting from the industrial districts themselves - which, with their cartographic representation, represents major tools for a planning linked to the territory - become extremely meaningful.

The birth and the development of an industrial district is the local result of the confluence of some socio-cultural trails of a community (a system of values, stances and institutions), of historical and naturalistic features of a geographic area (orography, communication nets and junctions, modes of settlings) and of technical features of the production process (process decomposability, shortness of series), but it is also the result of a process of dynamic interaction between the division/ integration of labour in the district and the widening of the market's products.

If the Tourism District (TD) can be imagined like a local system specialized in tourist activities according to the model ID ( Industrial District), the SLOT represents the initial phase of a tourism development planning linked to a spatial ambit. The system, the local policies and the tourist offer are the basic elements of planning. In this regard, therefore, the efficiency of the services offered and the natural/ historical/ cultural attraction of the site are essential.

The ID, it has been noted, are essentially large basins of professional competence in which concentration triggers innovation and the local community shows a strong disposition to present its offer on the international markets; which, in their turn, are more and more involved in demanding

preservation and improvement of the District features. In fact, many tourist contexts have already adopted such general policies, showing consolidated international importance, in addition to their excellent geographical position and potential VAT. All this appears much more marked compared to the ID.

If the elaboration of SLOT plans has been so far carried out randomly and in different territorial ambits, thanks to a national map, today it is extremely valuable both to overcome the fragmentation and the weakness of the national tourism offer (VAT weak), and to a more complex territorial re-composition (VAT strong).

The structure of vocational and intrepreneurial factors of the national tourist system shows a very rich endowment which, up to now, has only partially contributed to the blossoming of a relatively small number of local tourist authorities and has little contributed to territorial re-composition process. On the contrary, the allometry of the tourism offer has often originated processes of territorial fragmentation, like in mountainous areas or between coasts and the hinterland.

The analysis of the Tourism District was carried out both on a rational and regional scale in order to point out the synthesis framework for each Italian region ( tourist territories, districts, etc.), basic data with the list of districts, the index of expansion of their services, the relative ranking, their endowment rating, some descriptive indexes (attendance/residents ratio, grade of integration). Singling out the local systems presents a number of difficulties in that it is not only a matter of classifications based on statistic reference parameters. The capacity of imagining and producing a geographical image allows to represent spatially the plans, that is to link innovation, creation of value and development in a territory and its people, and therefore trigger territorialisation and re-composition process and organize the material basis from which the development itself draws strength.

Globalisation, through the possible direct and immediate connection between any place on Earth with any other, permits its nets to be made of local territorial systems; in this context they can keep their specific features, according to a logic of territorial sustainability. This implies the necessity to

direct the territorial development policies towards objectives associated with actions or initiatives in favour of environmental conservation expressed through geographic images. These considerations have a special relevance when we deal with the tourism offer and demand in the new world scenery and in local realities. To re-value all territorial components capable of offering a contribution to what is by now defined 'sustainable tourism', also the product tourism requires new strategies, based on the territory and different modalities of offer and intended to meet special interests, that is people's attitude.

Besides, the structural changes of tourism offer, more and more sectorialised and with stray differences among its sectors, among the various seasons, with super imposition between tourists and residents-leisure users, require an economic management based on a plurality of enterprises territorially organized, that is on a SLOT, to become in the future a DT ( Tourism District or a SLOT. These elements characterizing today's tourism represent a useful factor to single out local systems with a tourism vocation.

**2. Performances of local tourism systems: a statistic and econometric analysis.**

It will be interesting, after all we have been so far discussing, to focus on the different performances of the territorial regions specialised in the tourism industry.

The recent ISTAT publications related to statistics on Local Labour Systems (LLS) offer the opportunity to make closer analysis on geographic micro-areas and, for what concerns this study, on Labour Local Systems specialised in tourism.

It is useful to remember that Local Labour Systems are territorial areas made up of contiguous council districts in which we notice a superimposition between labour demand and supply in very significant percentages (ISTAT, 1998). The LLS, in fact, are characterised by a certain amount of complementarity within the districts to which they belong, and by a substantial homogeneity of their productive specialisation. In fact, such local systems are also defined local development

systems, that is, territorial realities open to local development policies supporting the vocations expressed by the district itself.

With the 1991 population census[i] and the data on the commuting of resident population, the ISTAT singled out 784 Local Labour Systems, 140 in the North West, 143 in the North East, 136 in the Centre and 365 in the South. It classified them in 11 groups (urban, extractive, tourism, *made in Italy*, textile, leatherwear, glasses, building materials, transport means, radio-television sets, and without specialisation systems) on the basis of the data of the production structure carried out by the intermediate Census of Industry and Services 1996 (ISTAT, 1999). Finally the ISTAT analysed for each local system some labour market indicators, its added value and composition for macro-branches (ISTAT, 2003).

Among the 784 Local Systems the ISTAT singled out 71 specialised in tourism – relatively few, less than 10% of total – which count a population of 1.4 million inhabitants and have a rather limited average dimension of about 20 thousand inhabitants. However, even if they have minor importance (but not the least in absolute) in terms of number and population, they represent an interesting reality to study (Table 1).

Among the Local Tourism Systems there are many Alpine localities of the Romagna and Tirrenean coasts. Most of them are situated in the North and the Centre (43 and 6) and only 11 in the South. Their distribution on the territory is not only due to their resources and factors favourable to tourist specialisation, but also to their degree of development. It is no surprise that in this group the Centre North and above all the North West are relatively more represented, while all the other sectors, except the Islands, are relatively less present. On an average, it is about LLS of small dimensions both for the number of districts that include them, and for their geographic dimension, without relevant differences between the Centre North and the South. All these characteristics are consistent with the fact that the tourist specialisation is strongly linked with specific and localised territorial factors. The most recent dynamics show signals of diversification and integration of the tourist offer of this group: it is in fact clear the swing from a model of traditional tourist offer,

typical of the Sixties and Seventies, essentially based on the quantity and quality of hotel accomodation offer, to a model in which the attraction of these districts depends very much on their capacity of diversifying the offer. This fact by itself shows the dramatic situation of the South of Italy in which there are certainly unexploited tourist potentialities.

In terms of Labour market performances we can note that the unemployment rates of the local tourist systems in the macro areas NE, South and the islands are lower than the average Unemployment rate of all the productive specialisations (Table 2) – with the exception of the Local Systems of North-West and Central Italy. This is due to the high rates of occupation which can counterbalance activity rates just as high.

The Tourism Systems, in terms of per capita added value, show a better performance than the national average (18.175 euros against 14.548) in all macro-areas of the Nation. The interesting data concern however the local turism systems in the South, for which the per capita added value results 27% higher in the South and 29% in the Islands (Table 3). In comparison with the average of the Local Labour systems of the respective territorial areas (12.671 euros for the South vs an average of 9.944 €, 13.089€ for the Islands vs an average of 10.125€).

The comparative analysis with the national economic data shows therefore that tourism in Italy is among the top productive sectors, capable of creating jobs and added value.

To analyse the differences in the per capita added value among the local systems specialised in tourism, an econometric model was carried out. A productive function Cobb-Douglas, $Y = AK^{a}L^{\beta}$, was estimated, where $Y$ is the income produced by the local system, $K$ and $L$ are the productive factors, respectively equal to capital and labour, $A$ is a parameter that measures the "total productivity", and $\alpha$ and $\beta$ and are respectively the elasticity of capital and labour.

This model was applied to the data related to the 71 Local Tourism Systems existing in Italy. The income is approximated by the per capita added value of the system (VA), the labour factor is approximated by the number of the employed in the local system, subdivided by sector – agriculture (AGR), industry (IND), services (SER)-. For the capital used in the tourist sector, We use a variable

named net hotel utilisation (NHU) obtained by multiplying the number of hotels by their degree of utilization[ii]. This variable is considered a proxy the net capital employed in the tourism industry. In formula We have:

$$\log VA = \log A + a \log NHU + \beta_1 \log AGR + \beta_2 \log IND + \beta_3 \log SER + e_i$$

The cross section estimates refer to the year 1998 and were obtained with the evaluation method of the Ordinary Least Squares (OLS).The results of the evaluations are shown in Table 4.

Besides, three dummies for the three (of four) macro areas of the Peninsula – North West (NO), Centre (CE), South (SUD) were added. The one related to the North was ignored to avoid a perfect collinearity between the variables. Finally, the last two dummies variables which multiply the number of employed in services for the centre and for the South, were set to catch the differences in the elasticity of the tertiary sector.

In the first Model, the parameters present the expected signs and are significative at 1%, except for the variable related to the employed in agriculture which results significative only at 10%. The coefficient R2 is high and equal to 0.98, and this implies a good adaptation of the model to the empirical data. The coefficient of the employed which represents the elasticity of the productive factor, shows the highest value in the services sector (0.63), showing how, in the local tourist systems, the share of the added value ascribable to the services is far the highest among the services in the local system. The Wald test does not reject the hypothesis of constant return to scale, and this involves the absence of the return to scale n local tourism systems.

However, the first model does not even reject the hypothesis of Heteroskedasticity at 10%. For this reason, supposing a misspecificaton problem for this model, a second model was estimated with the introduction of dummies variables for the South, related to all parameters of the model (constant and elasticity of the productive factors). The results are better. Also in this case, the variables have the sign expected. The negative *dummy* for the South points out a negative competitiveness for the local tourism systems in this area. This came out also from the previous statistical analysis in which it was put in evidence how the per capita added value in the tourist

systems of the South was lower compared to those of the Centre-North. The most significant difference can be seen in the coefficient of the employed in the services sector of the South, which is positive (+0.20). Therefore, the share of added value which can be assigned to services is higher in the South. The other dummies related to the employed in the agricultural and industrial sectors are not significative.

## 3. Which remedies?

From the statistic and econometric analysis some certain data can be pointed out. First of all the capacity of local suburban systems to create added value through the appreciation of tourist resources as much in the Centre North as in the South; then, the performance indicators of the Labour Market for the local tourism systems are better than the average in the geographic area to which they belong.

Besides, the constant return to scale and the high share of added value is attributable - within the local tourism systems- to the employed in the services sector. This implies the absence of economy of scale and the importance of services in the competitiveness of the tourist systems.

Finally, we have pointed out the low number of local systems specialised in tourism in the South of Italy, despite the fact that this area has remarkable natural, cultural and landscape resources. The local tourist systems of the South, furthermore, showed better performances than many other local systems in the region, but worse than other tourist local systems in the Centre-North of Italy.

It appears clear, then, that the South has large margins of improvements, even if to have tourist resources can not be by itself sufficient to help a process of tourist specialisation and development. Therefore, endogenous factors are necessary, like those processes which are capable of starting mechanisms of capital accumulation (in Marshall's sense); like the business mentality (the animal spirits) and the complementarity between businesses and territory that generate positive externalities (Coppola Mazzotta Garofalo, 2003).

This shows how the appreciation of a tourist reality depends on its patrimony of natural resources, but also and above all on that sum of elements, defined as “Social Capital”, which trigger virtuous paths of development, with people who believe and invest in their territory. This could be a model to be exported, or better, to suggest for the development of other Southern localities, which, despite their important natural resources, have not been appreciated yet.

If we generalise the analysis level, we wonder what kind of interpretation to give to the data we found out and what kind of suggestions we can draw from them in terms of policies to apply.

For what concerns territorial distribution of tourist enterprises, Italy shows heavy imbalances for its inclination for concentrating activities and for the hegemony of recognised poles. Similar hyper concentrations lead to large problems, involving enterprises of other sectors, and affecting them in their growth and development – both singularly and in aggregation.

This is the reason why in the depressed areas only the leader enterprises gain safe shares of market, while the majority of the others is relegated to the sides of what was re-created and so it has to deal with long cycles of lack of demand, which are difficult to manage with ordinary means.

In extreme situations, only suitable and important public policies can improve such a trend, which – in a paradoxical way- also connotes very mature systems.

It is interesting to discuss about territorial distribution of the enterprises of the two main sub-sectors that make up the productive Italian structure of the tourist system: accomodation capacity and intermediation.

Speaking of accomodation structures, we have to say straight away that – contrary to what we would expect – they do not follow an allocation criterion – or at least not immediately- since the larger concentration of them is to be found in those areas with very important sources, which however do not justify for such a big concentration.

Ultimately, part of the national territory, and not only the South, remains on the fringe of the list and, consequently, of the market. As we know, there is always a reason in economy, and in this case an important factor of the location of activities lies in the fact that the tourist phenomenon, seen

from an “expansion” point of view, shows an inclination to concentrate in few poles which in a progressive way evolve towards a consolidation of the shares of market acquired, causing the exclusion of other areas, closer or less closer. We can think, for example, of the leader role played by the art cities in the segment of cultural tourism or sea resorts, which are also facilitated by the short distance from the big customers’ basins, in comparison with the Southern coasts, often more attractive but penalised by the distance and absence of airports.

The distribution of travel enterprises seems to be more rational, and it reflects, without special imbalances – with the exception of those already well known – the real demand, and this is also because the licences for the agencies are given following a planned number, on the bases of the market’s real demands.

A vicious circle begins in this way in which a large market produces large turnover, part of which can be reinvested in the same sector and create added value for the tlS in question; therefore, this may contribute to foster the tourist’s loyalty, while the small markets in the South produce little turnover to be reinvested in better attractions for the tourist.

In this direction a crucial role for promoting and developing the local tourist system belongs to Provinces and Councils that work in close connection with private operators and businesses which represent a major share of the marketable tourist offer and of the other business people indirectly involved in the local community and the tourist development. The local tourist system implies a systemic approach which includes the management and the direction of the issues connected with the communication and promotion of the tourist product, as well as the issues linked to the communication of the same product (taking into account the value of urban quality and that of the resident citizens’ life as reference point for the policies to undertake). All this is the attempt to anticipate the process of development of the territory with long term objectives and paying attention to the appreciation of vocations and a sustainable approach when programming territorial policies. The ‘governance’ of the system must be entrusted to the public institution which, by involving directly the private entrepreneur in making negotiable policies, constantly leads the development

and co-ordinates the necessary actions. In this context a new relationship between the public institution and the private enterprise is established in the local tourist system: the public administrates and plans the territory, creates infrastructures and adequate services, preserves and promotes the environment as a real resource, watches over the citizens' and guests' security, streamlines the bureaucracy; and the private that invests in order to improve accomodation facilities and the context in which they are situated.

The South, in turn, presents a widespread net of small family businesses, which so far have shown insufficient capacity to renovate their structures, and therefore to acquire more competitiveness and follow new strategic paths.

In fact there exist very few collaborations between businesses for setting up, for example, a hotel chain, or forms of consortium to cope with some daily business functions, such as bookings, supplies, economic- financial control, communication.

We notice, then, not only structural faults, but also incapability to use the public funds necessary – as said before – to support the aggregation of tourist businesses. It is then urgent that private entrepreneurs find forms of commercial aggregation, ranging from a simple partnership to co-operatives, consortia, franchising, able to promote their structures – by means of modern technologies like the Internet, catalogues, etc. – under a common brand of standard services. This would mean cutting down costs and the opportunity to reach a greater number of potential customers.

On the other hand, for the tourist-customer this may represent the chance to verify in advance if the services are adequate to the cost. Finally, it would be a decisive step towards the change from a door-to-door way of communication to an advanced phase of tourist promotion.

The challenge the operators will be met with is the development of the "value" of the offer, that is, the shift from a market made of large numbers, to an 'added value' market; from a quantitative to a qualitative market. In other words, a model of expansion of services is growing which allows the tourist to obtain higher satisfaction from his stay, and the operators to develop new markets,

therefore making up for the inevitable contraction of prices that has affected the sector. The flexibility and the capacity to understand the market are fundamental precondition to keep a competitive advantage lasting: a shorter holiday must be compensated by a greater number of customers, which implies a diversified formulation of the offer.

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**Appendix: The Local Labour Systems specialised in tourism.**

**North West:** Bardonecchia, Cannobio, Morgex, Saint Vincent, Diano Marina, Alassio, Finale Ligure, Rapallo, Campione D'Italia, Bormio, Chiesa In Valmalenco, Limone Sul Garda, Ponte Di Legno,

**North East:** Badia, Campo Tures, Castelrotto, Merano, Naturno, Nova Ponente, Ortisei, San Candido, Vipiteno, Canazei, Cavalese, Fiera Di Primiero, Levico Terme, Male', Mezzolombardo, Moena, Peio, Pinzolo, Predazzo, Malcesine, Asiago, Cortina D'Ampezzo, Latisana, Tarvisio, Bobbio, Fanano, Pievepelago, Bagno Di Romagna, Cattolica, Rimini

**Centre** Campo Nell'Elba, Porto Azzurro, Montepulciano, Manciano, Orbetello, Fiuggi,

**South**: Capri, Forio, Ischia, Sorrento, Amalfi, Camerota, Maiori, Positano, Castel Di Sangro, Vieste, Troppa, Terrasini, Lipari, Taormina, Alghero, Arzachena, La Maddalena, Santa Teresa Gallura, Valledoria, Budoni, Muravera, Pula.

Table 1
Local Labour Systems classified by productive specialisation and geographycal area
Number and Population. Year 2000

| | Unspecialized | Urban | Extractive | Tourist | "Made in Italy" | Textile | Leather | Glasses | Building materials | Transport means | Radio-television sets | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number | | | | | | | |
| North West | 24 | 7 | | 13 | 62 | 6 | 1 | | 22 | 4 | 1 | 140 |
| North East | 22 | 5 | | 30 | 49 | | 10 | 5 | 22 | | | 143 |
| Centre | 36 | 11 | | 6 | 41 | 1 | 23 | | 15 | 1 | 2 | 136 |
| South | 139 | 8 | | 11 | 54 | | 6 | | 6 | 7 | 6 | 237 |
| Islands | 90 | 8 | 3 | 11 | 6 | | 2 | | 7 | 1 | | 128 |
| Italy | 311 | 39 | 3 | 71 | 212 | 7 | 42 | 5 | 72 | 13 | 9 | 784 |
| | | | | | Population (*.000)* | | | | | | | |
| North West | 914,27 | 4.234,83 | | 218,65 | 6.032,12 | 365,36 | 14,15 | | 1ù.525,95 | 1635,20 | 25,24 | 14.965,76 |
| North East | 1.057,69 | 2.147,47 | | 628,43 | 3.533,97 | | 966,72 | 143,76 | 2.014,56 | | | 10.492,60 |
| Centre | 1.781,90 | 4.187,33 | | 94,79 | 1.625,22 | 252,65 | 1.820,17 | | 743,89 | 153,33 | 365,50 | 11.024,76 |
| South | 5.844,28 | 3.553,67 | | 254,67 | 2.094,36 | | 623,06 | | 384,98 | 489,45 | 766,38 | 14.010,86 |
| Islands | 3.138,29 | 2.872,44 | 141,90 | 204,43 | 123,84 | | 34,66 | | 112,72 | 66,63 | | 6.694,90 |
| Italy | 12.736,42 | 16.995,74 | 141,90 | 1.400,97 | 13.409,51 | 618,01 | 3.458,76 | 143,76 | 4.782,10 | 2.344,61 | 1.157,12 | 57.188,89 |

Source:Our elaboration based on Istat data 2003.

Table 2.
Labour Local Systems classified by productive specialisation and geographical area.
Unemployment rate (Average values). Year 200.

| | Unspecialized | Urban | Extractive | Tourist | "Made in Italy" | Textile | Leatherwear | Glasses | Building materials | Transport means | Radio-television sets | Total | Ratio Tourist LLS/Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| North-West | 5,50 | 6,60 | | 5,50 | 4,50 | 4,50 | 3,90 | | 5,00 | 6,10 | 4,70 | 5,00 | 1,10 |
| North-East | 3,40 | 4,30 | | 3,40 | 3,80 | | 3,80 | 3,70 | 3,70 | | | 3,60 | 0,94 |
| Centre | 8,00 | 7,70 | | 7,00 | 5,70 | 5,50 | 5,20 | | 7,20 | 12,40 | 11,30 | 6,70 | 1,04 |
| South | 21,20 | 22,20 | | 19,00 | 16,90 | | 20,70 | | 11,70 | 14,00 | 17,00 | 19,60 | 0,97 |
| Islands | 22,40 | 23,20 | 19,40 | 20,00 | 22,50 | | 21,80 | | 21,40 | 23,60 | 0,00 | 22,10 | 0,90 |
| Italy | 17,60 | 13,20 | 19,40 | 9,10 | 8,20 | 4,70 | 7,90 | 3,70 | 7,20 | 12,20 | 14,40 | 12,30 | 0,74 |

Source: Our elaborations based on ISTAT data 2003.

Table 3.
Labour local Systems classified by productive specialisation and geographical area.
Per capita added value. Year 2000.

| | Unspecialized | Urban | Extractive | Tourist | "Made in Italy" | Textile | Leatherwear | Glasses | Building materials | Transport means | Radio-television sets | Total | Ratio Tourist LLS/Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| North-West | 16.280 | 21.847 | | 17.429 | 18.964 | 20.910 | 14.819 | | 18.671 | 20.363 | 17.334 | 18.542 | 0.94 |
| North-East | 19.934 | 22.888 | | 22.644 | 19.007 | | 20.453 | 21.790 | 21.210 | | | 20.586 | 1.10 |
| Centre | 13.674 | 18.880 | | 16.865 | 16.472 | 22.257 | 17.461 | | 17.703 | 13.183 | 17.019 | 16.273 | 1.04 |
| South | 9.019 | 14.075 | | 12.671 | 9.983 | | 9.928 | | 11.781 | 15.064 | 12.739 | 9.944 | 1.27 |
| Islands | 9.423 | 14.795 | 9.143 | 13.089 | 9.150 | | 10.395 | | 9.926 | 12.984 | | 10.125 | 1.29 |
| Total | 11.007 | 18.103 | 9.143 | 18.175 | 15.927 | 21.102 | 16.698 | 21.790 | 17.821 | 16.389 | 14.201 | 14.548 | 1.25 |

Source: Our elaborations based on ISTAT data 2003.

Table 4.
Econometric evaluations – results. Dependent variable: Added Value.

| | Model I | | | Model II | | |
|---|---|---|---|---|---|---|
| | Coefficient | t statistic | Prob. | Coefficient | t statistic | Prob. |
| Number of Observations | 71 | | | 71 | | |
| Number of Dependent Variables | 5 | | | 10 | | |
| Constant | -1,973076 | -12,98571 | 0,0000 | -1,903123 | -13,92295 | 0,0000 |
| Employed in Agriculture | 0,031065 | 1,919640 | 0,0592 | 0,065806 | 4,073324 | 0,0001 |
| Employed in Industry | 0,265862 | 8,933575 | 0,0000 | 0,227204 | 6,921447 | 0,0000 |
| Employed in Services | 0,631879 | 22,41099 | 0,0000 | 0,647679 | 19,90844 | 0,0000 |
| Net Hotel Utilisation (NHU) | 0,062621 | 4,182453 | 0,0001 | 0,034294 | 2,248802 | 0,0281 |
| Southern Dummy | | | | -1,100016 | -3,451215 | 0,0010 |
| Employed in Agriculture (South) | | | | -0,051603 | -1,871549 | 0,0661 |
| Employed in Industry (South) | | | | -0,052434 | -0,867310 | 0,3892 |
| Employed in Services (South) | | | | 0,203300 | 3,530425 | 0,0008 |
| Net Hotel Utilisation (NHU) -Dummy South- | | | | -0,035504 | -1,158186 | 0,2513 |
| | | | | | | |
| R2 | 0,980167 | | | 0,988962 | | |
| R2 Correct | 0,978965 | | | 0,987333 | | |
| | | | | | | |
| autocorrelation (LM Test) | 2,356147 | | 0,140098 | 2,560121 | | 0,109590 |
| Heterosckedacity White Test | 14,77652 | | 0,063639 | 12,64469 | | 0,759628 |
| Constant Scale Return toScale (Wald Test) | 0,240725 | | 0,623683 | 1,111199 | | 0,291821 |

[i] The map of the Local Labour System is redefined during every population census. However the geography of the local systems concerning the year 2001, when the last census was made, has not yet been published by the ISTAT.

[ii] The degree of utilization is equal to the ratio of presences and the number of beds multiplied for the days of the year365.