Francisco DINIZ
Professor Associado
Departamento de Economia, Sociologia e Gestão
Universidade de Trás-os-Montes e Alto Douro
CETRAD

BUSINESSES' LOCAL ECONOMIC INTEGRATION LEVEL: THE CASE OF TWO TOURISTIC PORTUGUESE SMALL AND MEDIUM-SIZED MARKETOWNS[1] SILVES AND TAVIRA – A SECTORAL APPROACH[2]

Summary. Small and medium-sized towns in rural areas are of particular interest at this stage in the evolution of the European Regional policy.

Small and medium-sized towns are potentially attractive as a focus for future regional development initiatives because:

- The concentration of initiatives within such settlements takes advantage of the economies of agglomeration while allowing the benefits of such initiatives to spread out from these sub-poles into the surrounding countryside;

- Small and Medium-sized towns contain the concentration of both human and institutional capacity required for "bottom-up" initiatives;

- Small and medium-sized towns often contain the administrative infrastructure required to manage rural development initiatives on behalf of regional, national or European authorities in a properly accountable and auditable manner;

- In regions where land is scarce and the population density high, small and medium-sized towns provide the right location to foster beneficial rural development while preserving the environmental assets of the open countryside.

The ESDP – European Spatial Development Perspective, a document published in May 1999 by the European Commission regarding the balanced and sustainable development of

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[1] The Role of Small and Medium-sized Towns in Rural Development – Markettowns (EU RTD Project QLRT-2000-01923). The Portuguese team is co-ordinated by the author and also participated in it Poeta A., Silva C., Pinto L., António P., Abreu S.

[2] Sumited to International Conference on Theoretical Advances in Tourism, Évora 18-19th March 2005.

the territory stresses the role of small and medium-sized towns in the spatial orientation policies. It points to the "development of a polycentric and balanced urban system" as one of the main development guidelines. It also refers the strengthening of partnerships between urban and rural areas" as a means of overcoming the outdated dualism between city and countryside. One of the policy options of this polycentric spatial development towards a new urban-rural relationship mentioned in point 3.2.3 (Indigenous Development, diverse and Productive Rural Areas) make it clear the important role small and medium-sized towns are expected to play as focal points for regional development and promotion of their networking.

With this paper we wish to analyze the results provided by around 150 questionnaires addressed to non-farm businesses in one small (Tavira) and one medium-sized (Silves) Portuguese towns placed in an area where employment on Tourism is well above the national level – chosen to be studied in order to draw some conclusions about the purchase and sale local economic integration of these firms regarding: – the relative importance of some of the firms' characteristics; – the question whether the size of the town matters; – the economic sector where the firm developed its activity; and, finally, – the role of the main economic activity of the town in terms of the different types of economic activities and employment.

Keywords: small and medium-sized towns, regional development, sustainable development

POZIOM EKONOMICZNEJ INTEGRACJI LOKALNEGO BIZNESU: PRZYPADEK PORTUGALSKICH TURYSTYCZNYCH MAŁYCH I ŚREDNICH RYNKÓW LOKALNYCH – SIVES I TAVIRA – PODEJŚCIE SEKTOROWE

Streszczenie. Obecnie w Europejskiej Polityce Regionalnej poświęca się dużo uwagi małym i średnim miastom w obszarach rolniczych.

Europejska Perspektywa Rozwoju Przestrzennego ESDP [European Spatial Development Perspective], dokument opublikowany w maju 1999 roku przez Komisję Europejską odnośnie zrównoważonego rozwoju, akcentuje rolę małych i średnich miast w polityce zorientowanej przestrzennie. Wskazuje na zrównoważony rozwój systemów miejskich, jako jedną z głównych wytycznych rozwojowych. Odnosi się również do umocnienia partnerstwa pomiędzy miejskimi a rolniczymi obszarami, w znaczeniu przezwyciężania przestarzałego dualizmu pomiędzy miastem a wsią.

W niniejszym artykule przedstawiona zostanie analiza wyników badania, przeprowadzonego wśród 150 ankietowanych, adresowanego do nierolniczych

przedsiębiorstw w małym mieście (Tavira) oraz średnim mieście (Silves) w Portugalii. Są to miasta znajdujące się na obszarze, gdzie poziom zatrudnienia w sektorze turystycznym kształtuje się powyżej średniej krajowej. Miasta te zostały wybrane w celu wyciągnięcia wniosków odnośnie lokalnej integracji ekonomicznej przedsiębiorstw z tego obszaru: znaczenia elementów charakterystycznych firm, kwestii znaczenia wielkości miasta, sektora, w którym przedsiębiorstwo prowadzi działalność, w końcu, rolę podstawowej działalności w danym mieście, w odniesieniu do różnych typów aktywności i zatrudnienia.

Słowa kluczowe: małe i średnie miasta, rozwój regionalny, zrównoważony rozwój

1. Introduction

The major challenge currently facing rural Europe is to find and promote appropriate forms of economic development to maintain and improve the social and economic vitality of rural areas as they adjust to the changing demands placed upon them by Society and by the market economy. The proposed project focuses on the role that small and medium-sized towns play in regional/rural development. It seeks to measure the economic linkages between such towns and the surrounding countryside in order to assess their present and potential role as growth poles in rural development. This paper will pay particular attention to the linkages of non-farm businesses regarding their forwards than backwards local integration.

The project will yield two types of output. It will provide a firm basis for sound advice to policy-makers at regional, national and EU level who are seeking to foster sustainable rural development. It will also improve the methodologies through which the impact of changing agricultural and rural development policy may be modelled in *ex-ante* and *ex-post* policy evaluations.

The proposed project has the following objectives:

1. to measure the flows of goods, services and labour between firms and households in a purposively-selected sample of small and medium-sized rural towns and their surrounding countryside in order to establish the extent and nature of local economic integration;

2. to compare the degree of local economic integration of different types and size of town;

3. to draw conclusions and make recommendations for those at local, national and EU level seeking to stimulate more diversified economic activities and employment opportunities in rural areas;

4. to provide an accessible source of spatially referenced microeconomic data to those seeking to model the future impact of EU policies on the rural/local economy.

According to the methodology of the Marketowns' project, one small (Tavira) and one medium (Silves) sized Portuguese town was chosen as a study area taken into consideration that they are based in an area where employment in Tourism is well above national average.

2. Survey procedures

The sample frame reproduces the population structure for the *concelho*'s territorial unit.

The non-farm business sample frame took into account the distribution of the non-farm businesses according to the Economic Activity Classification (NACE codes) and was divided into businesses based either on urban or rural *freguesias*, as indicated on the following table:

Table 1

Sampling frames used – NON-FARM BUSINESS

Questionnaires to be done	Tavira		Silves	
NACE cods	Urban area	Rural area	Urban area	Rural area
A + B	17	8	19	10
C	0	0	0	0
D	5	3	6	4
E	0	0	0	0
F	19	10	17	7
G	34	15	35	16
H	13	7	13	7
I	1	1	1	1
J	1	1	1	1
K	6	3	5	2
L a Q	4	2	3	2
Total	100	50	100	50

Source: Done by the author according to Statistic Yearbook of the Algarve Region 2000, INE (2001)

In each town contacts were made with important local institutions (Town Halls, Managerial Associations, Commercial and Industrial Associations, Regional Agriculture Boards and Regional Tourism Boards). Such contacts supplied the team with information

regarding potential interviews in the form of lists of businesses and farm businesses and were extremely useful to make the research project known and to impart information as to the actual limits of the town. It was possible, then, to adequately define zones A and B. In each town *Press releases* were addressed both local newspapers and radio stations. This proved to be particularly useful as concerns non-farm businesses for it made contacts between team members and businessmen a lot easier.

The methodology used in the surveying process was the direct approach, that is, the face-to-face interviews.Surveying to businesses implied going to each one separately, sometimes by appointment through telephone call but mostly on a door-to-door approach. Each interview lasted an average of 20 minutes, depending on the business dimension, but especially on the owners' willingness to give access to their bookkeeping. In some business firms those responsible saw no problem in providing us with information concerning their balance sheets. In businesses where bookkeeping is done by an independent accountancy firm the results of the interviews tended to slow down the surveying process.

The methodology used was the face-to-face questionnaire in an average of ten questionnaires a day per researcher. From the beginning of the survey process it was stipulated that questionnaires not fully filled in would not be usable; therefore, we ended up with no incomplete or unusable questionnaires. The adopted methodology resulted in fully complete questionnaires.

Table 2

Usable questionnaires done – NON-FARM BUSINESS

Questionnaires done	Tavira		Silves	
NACE cods	Urban area	Rural area	Urban area	Rural area
A + B	16	8	19	2
C	-	-	-	-
D	6	4	7	4
E	-	-	-	-
F	12	6	11	7
G	36	17	34	20
H	13	11	16	10
I	2	1	1	3
J	2	-	1	1
K	10	2	9	1
L a Q	3	-	3	2
Total	**100**	**50**	**101**	**50**

Source: Done by the author

The choice of criteria to define the sampling frame took into account the possibility of an immediate identification and classification of the units to survey. This helped make the survey process a lot easier, and avoid unnecessary deviations from the previously defined samples. It also helped guarantee its representativeness. Some discrepancies observed between some of the sample frames and the number of questionnaires actually done was caused by difficulties in approaching the firms and the owners' unwillingness or lack of time to answer the questionnaires. The random survey process constant monitoring was also rendered more difficult due to there being several members of the team on the field at the same time.

3. Findings

3.1. Businesses' Characteristics

Regarding the answers given by the people inquired in each town in the study businesses may be described according to their most frequent features as follows:

Questionnaires are mostly answered by the business owner and the most common organisation type is the independent business with no sites.

Most businesses are engaged in commerce, the second most important activity being hotels and restaurants followed by construction.

Almost the whole of the businesses have always been located in the same place where the interview was conducted and over a third of the businesses in Tavira and more than a half in Silves have been at that address for over 15 years.

A little over 80% of the businesses have less than 5 workers and almost 90% have less than 10 workers. In smaller businesses (less than 2 workers) employment is generated by the person inquired and his/her family. As regards businesses of a larger dimension employment is generated both by the person inquired and his/her family and workers who are not linked to it by any family bonds. Businesses with more than 10 workers generate more employment representing 60% of it.

3.2. Local Integration Indicators

Local Integration Indicator (LII) is a simple descriptive measure which indicates the proportion of a particular activity (input purchases, output sales etc) of a particular group of economic entities (all businesses, large businesses, manufacturing businesses etc) allocated to the local economy. For example, the **businesses** (b) located within town X my derive 25% of

their **inputs** (by value) (i) from other businesses within the locality, a further 50% from elsewhere in the country, 5% from elsewhere in E U and 20% form countries outside the E U. In this case, the LII bi of this town is 0.25 (where the subscript "bi" shows that the indicator is referring to purchases of inputs by businesses within the town). They may sell only 10% of their outputs (o) to businesses in the locality, in which case the LIIbo of the town is 0.1. Businesses in the town may derive only 40% of their employment (measured in full time equivalents) from households of the locality. In this case, the LIIbe of the town will be 0.4. Taken together, and measured for a particular town, these indicators give an immediate measure of the extent to which it is integrated into its immediate locality rather than into national, European or global economy.

Table 3

Economic footprints of downstream and upstream activities for non-farm businesses in the study areas

Zone	Boundary	Tavira		Silves	
		Sales %	Purchases %	Sales %	Purchases %
A	In the town	6,5	4,5	11,4	9,5
B	Up to 4 miles/7km from the town	1,7	0,2	8,9	8,7
C	4-10 miles/7-16 km from the town	4,7	2,7	13,5	17,8
D	Elsewhere in the county NUTS III level	0,8	34,2	8,1	3,2
E	Elsewhere in the region NUTS II level	1,9	1,7	6,4	2,4
F	Elsewhere in the country	19,1	8,9	38,1	49,9
G	European Union	65,3	47,8	12,8	8,5
H	Elsewhere international	0,0	0,0	0,9	0,0
	All	**100**	**100**	**100**	**100**
Integration Indicators					
A + B	Local Integration Indicator (LIIbo[3] and LIIbi[4])	0,082	0,047	0,20	0,18
A + B + C	Extended Local Integration Indicator (ELIIbo and ELIIbi)	0,13	0,074	0,34	0,36

Source: Own calculations

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[3] bo = business outputs

[4] bi = business inputs

Table 4

Employment footprints for non-farm businesses in the study areas

Zone	Boundary	Tavira		4Silves	
		FTEs %	Salary payments %	FTEs %	Salary payments %
A	In the town	53,4	53,4	54,9	56,3
B	Up to 4 miles/7km from the town	36,7	33,8	35,3	31,7
C	4-10 miles/7-16 km from the town	4,7	5,8	7,7	9,1
D	Elsewhere in the county NUTS III level	2,2	3,1	0,2	0,3
E	Elsewhere in the region NUTS II level	1,1	1,3	0,6	0,5
F	Elsewhere in the country	0,7	1,4	0,9	1,2
G	European Union	0,9	0,8	0,1	0,2
H	Elsewhere international	0,4	0,3	0,2	0,8
	All	**100**	**100**	**100**	**100**
A + B	Local Integration Indicator (LIIbe[5] and LIIbs[6])	0,90	0,87	0,90	0,88
A + B + C	Extended Local Integration Indicator (ELIIbe and ELIIbs)	0,95	0,93	0,98	0,97

Source: Own calculations

In Tavira the businesses' integration in the local economy may be regarded as non-existent as far as sales and purchases are considered. The LII does not reach 0.15 and the highest value registered concerns the sales. Around half of the purchases and 2/3 of the sales are done in the EU.

As regards purchases Spain is its main supplier and the most important clients are, on the one hand, tourists from almost every country in the EU in what concerns retail commerce, hotels and restaurants; and, on the other hand, Spain in what concerns all the remaining activity sectors.

In Silves the businesses LII is weak – less than 0.4 – when one considers the *concelho* of Silves and all the adjoining *concelhos* in the Algarve as a territorial unit. Most purchases and sales are done outside the Algarve, the figures being 40% for the rest of the country regarding sales and 50% regarding purchases. Sales for the EU reach 12.8% and purchases coming from there represent 8.5%.

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[5] be = business employment
[6] bs = business salary payments

The local integration of the generated employment measured in FTEs and in wage payments by non-farm businesses is very strong not only when the territorial unit includes but the *concelhos* of Tavira or Silves but also when it comprises the adjoining *concelhos* as well.

3.3. Bivariate Analysis

Independent variables are derived from those already incorporated into the descriptive analysis, related for instances to firm size, firm type, organization type, firm location, years in the address, origin of the manager. The bi-variate analysis can be set up to compare one type to another, e.g.: independent firms with no sites vs. national and international companies; firms located in urban areas vs. firms located in rural areas.

The analysis involves comparing means of the respective dependent variables for the various independent comparisons of interest. This has to be done in two stages:

First, compute mean and standard deviation for each comparison. In SPSS (*Analyze/Means/Compare Means*);

Whilst independent comparisons of means are usually done through un-paired, t-tests, it is likely that the dependent variables will not confirm the assumptions of a normal distribution and equality of variances (This is based on previous experiences with data of this kind. It will be preferable to use the un-paired t-test if the data will allow), in which case the use of the Man Whitney U test for 2 independent samples and the Kruskal-Wallis, for more than two samples will provide more robust results. This is the non-parametric equivalent of the un-paired t-test and involves the substitution of ranks for the actual values. In SPSS select (*Analyze/Non-parametric tests/ 2 or more than two independent samples*). The results will be presented on table 5.

Table 5

Summary table of results for non-farm businesses in the study areas

Characteristic (Sales)	Towns	
	3 Tavira	**4 Silves**
Firm Size Zone A+B	14,430 ***	30,931 ***
Zone A+B+C	9,908 **	14,187 ***
Firm Type Zone A+B	18,162 ***	28,806 ***
Zone A+B+C	17,877 ***	11,439 ***
Type of organisation Zone A+B	689,000 *	632,000 *

Zone A+B+C	755,500	543,5 **
Location of firm (Zone A or B)		
Zone A+B	1980,000 **	2042,000 *
Zone A+B+C	1992,000 **	2358,000
Years at this address		
Zone A+B	1,735	0,016
Zone A+B+C	1,762	2,209
Origin/how local is the manager		
Zone A+B	6,582 *	16,460 ***
Zone A+B+C	7,721 *	20,994 ***
Characteristic (Purchases)		
Firm Size		
Zone A+B	1,205	0,298
Zone A+B+C	4,421	2,874
Firm Type		
Zone A+B	9,472 ***	7,021 **
Zone A+B+C	22,279 ***	3,572
Type of organisation		
Zone A+B	892,000	318,500 ***
Zone A+B+C	935,000	330,000 ***
Location (Zone A or B)		
Zone A+B	2419,500	2293,000
Zone A+B+C	2243,000	1339,000
Years at this address		
Zone A+B	1,457	0,806
Zone A+B+C	2,622	1,494
Origin/how local is the manager		
Zone A+B	1,357	5,270
Zone A+B+C	2,547	4,421

Significance level: * 90% (P < 0.1) ** 95% P < 0.05) *** 99% (P < 0.01)

Source: Own calculations

There is only one feature which does not influence the businesses' purchase and sale local integration in the *concelho* of Tavira and in the adjoining *concelhos* and that is the number of years at the address where the businesses was located at the time of the interview. The purchase local integration is not influenced by the firm size according to the number of workers, the organisation type, the location and the respondent's origin either.

When one considers the sales the highest significance level regarding the rejection of the null hypothesis of the equality of means refers to the features related to firm size according to the number of workers and firm type according to activity sectors. This means that these features certainly influence the local integration level of non-farm businesses' sales. The same can be said of the organisation type, the location, and the respondent's origin, but for the formers' non-integration in zone A+B+C.

The purchase local integration becomes relevant when one bears in mind the firm type, since the null hypothesis of the equality of means is rejected with a 99% significance level. As regards the remaining features the null hypothesis of the equality of means is not rejected; therefore they do not influence in any way the businesses' purchases local integration both in the *concelho* and in the adjoining *concelhos*.

In Silves the numbers of years at the address is the only feature which does not influence the businesses' purchase and sales local integration in the *concelho* and in the adjoining *concelhos*.

The firm size according to the number of workers, the firm type according to the activity sector and the respondent's origin influence the sales local integration in the *concelho* and in the adjoining *concelhos* since the null hypothesis of the equality of means is rejected with a 99% significance level. When the zone includes the adjoining *concelhos*, the significance level of the null hypothesis rejection rises from 90% to 95% regarding the organisation type which means it also influences the sales local integration.

The firm location influences but the sales' local integration in the *concelho* and only the null hypothesis is rejected with a 90% significance level.

As regards the purchases, there is only one feature influencing its local integration in the *concelho* and in the adjoining *concelhos* and that is the organisation type since the null hypothesis of the equality of means is rejected with a 99% significance level. Except for the firm type according to activity sector which influences the purchases local integration in the *concelho*, the null hypothesis of the equality of means being rejected with a 95% significance level, the remaining variables do not in any way influence the purchases local integration both in the *concelho* and in the adjoining *concelhos*.

4. Sectoral analysis

This chapter presents a sectoral analysis regarding the various activities according to each of the studied towns. For each town a table concerning local and broad integration is presented in what concerns sales and purchases. The tables also contain an indication about the relative weight each activity carries in the sector in terms of the total number of business firms and of the total volume of sales and purchases.

TAVIRA

When the **total number of non-agricultural business firms** is considered, the situation concerning purchase level in view of the LII is 0.047 and of the ELII is 0.074. In what concerns the activity sector, Construction, Retail Commerce and Transport and Communications show a behaviour similar to the whole of the business firms (very weak). The remaining sectors, however, recorded higher values.

The situation regarding the level of **sales** in view of the LII is 0.082 and of the ELII is 0.13. In what concerns the activity sector, Construction, Wholesale Commerce, Hotels and Restaurants and Transport and Communications show a behaviour similar to the whole of the business firms (very weak). As for the rest of the sectors, these registered higher values.

In terms of the **bi-variate analysis**, the variable influencing **purchases** for the **whole of the business firms** is the Business Firm Type, regarding both Zone (A+B) and Zone (A+B+C). When one considers the **Retail Commerce** sector separately, one concludes that the variable influencing the integration of Zones (A+B+C) is the Business Firm Location.

The variables influencing **sales** for the whole of the business firms are the Business Firm Size, Organization Type, Business Firm Location and Respondent's Origin, regarding both Zone (A+B) and Zone (A+B+C). The Business Firm Location variable also influences sales when only Zone (A+B) is taken into consideration. When one considers the **Retail Commerce** sector separately, one concludes that no other variable influences local integration (see tables 6 and 7).

Table 6

Purchases Local Integration Indicators – Tavira

Activities (% purchases)	Fishing or forestry (0,2%)		Energy or water (0,0%)		Manufacturing (0,3%)		Construction (93,2%)		Wholesale and distribution (0,1%)		Retail (2,7%)		Hotels and restaurants (2,1%)		Transport and communications (1,2%)		Banking, finance, insurance, etc. (0,2%)		Public administration, education, health (0,0%)		Personal services (0,0%)	
N / % firms	22 / 14,7		0 / 0,0		9 / 6,0		18 / 12,0		1 / 0,7		54 / 36,0		24 / 16,0		3 / 2,0		14 / 9,3		2 / 1,3		3 / 2,0	
Integration level	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII
Very Weak							■	■			■	■			■	■	■					
Weak					■	■												■				
Moderate	■												■	■							■	
Strong																						■
Very Strong		■							■	■									■	■		

Very Weak: [0-0,25[Weak: [0,25-0,4[Moderate: [0,4-0,6[Strong: [0,6-0,8[Very Strong: : [0,8-1]

Table 7

Sales Local Integration Indicators – Tavira

Activities (% sales)	Fishing or forestry (0,5%)		Energy or water (0,0%)		Manufacturing (0,5%)		Construction (91,7%)		Wholesale and distribution (0,1%)		Retail (2,5%)		Hotels and restaurants (3,2%)		Transport and communications (0,9%)		Banking, finance, insurance, etc. (0,6%)		Public administration, education, health (0,0%)		Personal services (0,0%)	
N / % firms	22 / 14,7		0 / 0,0		9 / 6,0		18 / 12,0		1 / 0,7		54 / 36,0		24 / 16,0		3 / 2,0		14 / 9,3		2 / 1,3		3 / 2,0	
Integration level	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII
Very Weak							■	■					■	■			■					
Weak																		■				
Moderate																						
Strong					■	■					■										■	■
Very Strong	■	■										■							■	■		

Very Weak: [0-0,25[Weak: [0,25-0,4[Moderate: [0,4-0,6[Strong: [0,6-0,8[Very Strong: : [0,8-1]

Source: Own calculations

SILVES

When the total number of non-agricultural business firms is considered, the situation concerning purchase level in view of the LII is 0.18 and of the ELII is 0.36. In what concerns the activity sector, Manufacturing Industry, Retail Commerce and Personal Services show a behaviour similar to the whole of the business firms in view of the LII (very weak). Separately, no sector has a weak ELII. The remaining sectors reached higher values.

The situation regarding the level of sales in view of the LII is 0.20 and of the ELII is 0.34. In what concerns the activity sector, Manufacturing Industry and Banking and Finance show a behaviour similar to the whole of the business firms (very weak and weak). Construction, Hotels and Restaurants and Transport and Communications presented lower values in view of the ELII. As for the rest of the sectors, these registered higher values.

In terms of the bi-variate analysis, the variable influencing purchases for the whole of the business firms is the Organization Type, regarding both Zone (A+B) and Zone (A+B+C). When one considers Zone (A+B) separately, the Business Firm Type variable still influences purchases. When one considers the Retail Commerce sector separately, one concludes that the variables influencing the integration of Zones (A+B+C) are the Organization Type and the Number of Years at the Residence.

The variables influencing sales for the whole of the business firms are the Business Firm Size, Organization Type, Business Firm Size and Respondent's Origin, regarding both Zone (A+B) and Zone (A+B+C). The Business Firm Location variable also influences sales when only Zone (A+B) is taken into consideration. When one considers the Retail Commerce sector separately, only the Respondent's Origin variable seems to influence local integration for both Zones. The Business Firm variable also influences sales when only Zone (A+B+C) is considered. (see tables 8 and 9).

Table 8

Purchases Local Integration Indicators – Silves

Activities (% purchases)	Fishing or forestry (0,6%)		Energy or water (0,0%)		Manufacturing (16,8%)		Construction (23,4%)		Wholesale and distribution (11,3%)		Retail (32,0%)		Hotels and restaurants (5,1%)		Transport and communications (9,3%)		Banking, finance, insurance, etc. (0,7%)		Public administration, education, health (0,3%)		Personal services (0,6%)	
N / % firms	21 / 13,9		0 / 0,0		11 / 7,3		18 / 11,9		3 / 2,0		48 / 31,8		25 / 16,6		4 / 2,6		11 / 7,3		5 / 3,3		5 / 3,3	
Integration level	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII
Very Weak					▓	▓	▓	▓	▓		▓	▓									▓	▓
Weak													▓		▓							
Moderate	▓									▓									▓	▓		
Strong		▓														▓						
Very Strong														▓			▓	▓				

Very Weak: [0-0,25[Weak: [0,25-0,4[Moderate: [0,4-0,6[Strong: [0,6-0,8[Very Strong: : [0,8-1]

Table 9

Sales Local Integration Indicators – Silves

Activities (% sales)	Fishing or forestry (0,8%)		Energy or water (0,0%)		Manufacturing (21,0%)		Construction (27,1%)		Wholesale and distribution (8,4%)		Retail (19,1%)		Hotels and restaurants (11,0%)		Transport and communications (7,2%)		Banking, finance, insurance, etc. (4,3%)		Public administration, education, health (0,6%)		Personal services (0,6%)	
N / % firms	21 / 13,9		0 / 0,0		11 / 7,3		18 / 11,9		3 / 2,0		48 / 31,8		25 / 16,6		4 / 2,6		11 / 7,3		5 / 3,3		5 / 3,3	
Integration level	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII	LII	ELII
Very Weak					▓		▓	▓					▓	▓	▓	▓	▓					
Weak						▓												▓				
Moderate										▓	▓	▓										
Strong	▓	▓																	▓			
Very Strong																				▓	▓	▓

Very Weak: [0-0,25[Weak: [0,25-0,4[Moderate: [0,4-0,6[Strong: [0,6-0,8[Very Strong: : [0,8-1]

Source: Own calculation

5. Conclusions

Non-farm businesses are small, independent businesses with no other sites, run by the owner. They usually belong to the service sector and have been located on that particular place for quite some time.

Table 10 shows these agents' integration level in local economies, when considered as a whole. There are four levels of integration for non-farm businesses: sales, purchases, employment, and paid salaries.

Table 10

Study Area Economic Agents Integration Synthesis

	Non-farm businesses			
	Sales	Purchases	FTEs	Salary payments
Tavira Zone A+B Zone A+B+C	VW VW	VW VW	VS VS	VS VS
Silves Zone A+B Zone A+B+C	W W	W W	VS VS	VS VS

Very Weak: [0-0,25[; Weak: [0,25-0,4[; Moderate: [0,4-0,6[; Strong: [0,6-0,8[; Very Strong: [0,8-1]

Source: From Tables 3 and 4

The sales and purchases integration leve lis weak in the two towns where tourism is the main activity. The town size does not in any way influence the local integration level which is stronger forwards than backwards. The local integration regardind employment and salary payments is very strong in the two *concelhos* rising up to over 0.9 when the adjoining *concelhos* are taken into consideration.

The **sectoral analysis** in each town shows the local integration level of the different economic activities for every study area. Another aspect that should be emphasized is the weight each sector carries on the total volume of purchases and sales. The share of the total purchases and sales is mostly a decisive factor as far as the local integration behaviour of all the business firms in a certain town is concerned. We may refer as an example the cases of construction business firms in Tavira.

The sustainability of likely rural development policies should not ignore the specificity of each town and each economic activity sector. The dichotomy and antagonism between country and city must be replaced by a new and real cooperation leading to partnerships among equals.

It is high time politicians with responsibility at the decision level stopped looking at the rural world from a perspective of dependency and inferiority, as it often happened in the last century. If it is not possible to adapt homogeneous measures to different development speeds both in economic and, especially, human terms at a national level, very hardly would it be so within the European Union.

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Recenzenci: Prof. dr hab. Ewa Bojar

Prof. dr hab.inż. Jan Stachowicz