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Preface

This book is composed by the papers written in English and accepted for presentation and discussion at the 2019 International Conference on Tourism, Technology & Systems (ICOTTS'19). This Conference had the support of the UAI (Universidad Abierta Interamericana) and AISTI (Iberian Association for Information Systems and Technologies). It took place at Buenos Aires, Argentina, December 5th–7th, 2019.

The 2019 International Conference on Tourism, Technology & Systems (ICOTTS'19) is an international forum for researchers and practitioners to present and discuss the most recent innovations, trends, results, experiences and concerns in the several perspectives of Tourism and/or Information Technologies and Systems.

The Program Committee of ICOTTS'19 was composed of a multidisciplinary group of 125 experts and those who are intimately concerned with Information Systems and Technologies. They had the responsibility for evaluating, in a 'double-blind review' process, the papers received for each of the main themes proposed for the Conference: Technology in Tourism and Tourist experience; Generations and Technology in Tourism; Digital Marketing applied to Tourism and Travel; Mobile Technologies applied to sustainable Tourism; Tourism research in providing innovative solutions to social problems; Tourism, Wellness and Hospitality; Information Technologies in Tourism; Digital transformation of Tourism Business; Traveling for health/medical and wellness; Information Technologies in Ecotourism and Agritourism; Information Technologies in Food Tourism; Information Technologies in Education and Educational Tourism; eTourism and Tourism 2.0; Big data and Management for Travel and Tourism; Geo-tagging and Tourist mobility; Health Tourism; Information Systems in Tourism and Hospitality; Smart Destinations; Resilience and Tourism; Dark Tourism; Military Tourism; Tourism Management; Tourism Planning; Strategic Planning in Tourism; Destination Marketing Planning; Destination Partnerships and Team-Building; Destination Governance and Leadership; Destination Product Development; Destination Markets; Accessible Tourism; Cultural Tourism; Destination Quality; Education and Tourism; Human Resources development in Tourism; Robotics in Tourism; Destination Marketing Systems; Computer

Reservations Systems; Global Distribution Systems; Electronic Information Distribution in Tourism and Hospitality; Organizational Models and Information Systems; Information Systems and Technologies.

ICOTTS'19 received about 100 contributions from 20 countries around the world. The papers accepted for presentation and discussion at the Conference are published by Springer (this book) and by AISTI, and will be submitted for indexing by ISI, EI-Compendex, SCOPUS and/or Google Scholar, among others.

We acknowledge all of those that contributed to the staging of ICOTTS'19 (authors, committees, workshop organizers and sponsors). We deeply appreciate their involvement and support that was crucial for the success of ICOTTS'19.

Buenos Aires, Argentina
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Do Cultural Tourism Firms Perform Better Than Their Rivals?

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Abstract. Previous studies assume that cultural tourism attract higher socioeconomic groups with higher cultural capital. Accordingly, most cultural tourists are regarded and described as “up-scaled” (mature aged with high education and high income earnings). Bearing this in mind, it might be expected that firms operating in cultural tourism activities earn higher profits and perform better than other kinds of tourism activities. Since there are differences in firm performance, within countries, that are not captured by national aggregates, this paper performs a financial analysis of cultural tourism firms operating in Northern Portugal in 2002-2017 and compares their financial performance with other kinds of tourism firms. Firm level data are collected from the National Tourism Registry and SABI databases. Firms operating in more than one tourism typology were withdrawn. From the registered 732 firms, 74% operate exclusively in cultural tourism, 17% in nautical tourism and 9% operate in nature/adventure tourism. A set of indicators of profitability and financial structure and leverage are applied to a sample of 386 firms. Results show that firms operating in cultural tourism activities have higher average profits, make a more efficient usage of investors’ funds and display a better liquidity position, though the analysis across business cycles appear to indicate that these firms are more vulnerable to periods of crisis and expansion than the remaining tourism firms. Also, the analysis for larger firms shows that cultural tourism firms display better financial structures.

Keywords: Cultural Tourism, Financial Analysis, Northern Portugal.

JEL CODES- L25, M41, Q01

1 Introduction

Several authors created various definitions of cultural tourism, among which one of the most popular [1-2], describing cultural tourism as the movement of people towards cultural attractions, somewhere other than their usual place of residence, in order to find information and knowledge to fulfil their own cultural demands.

Cultural tourism firms are a sustainable pro-poor tourism initiative by engaging local communities in various tourism activities and allowing them to earn an income from tourism [3]. Thus, cultural tourism is a key tourism typology incorporated in worldwide

national and regional policies. Its popularity among policy-makers is due mainly to the potential to attract high-quality, high-spending tourists and at the same time provide economic support for culture [4]. For example, some authors [5] in their analysis of cultural and artistic entities in Portugal, denote that, by and large, regional tourism entities invest on Cultural Tourism due to their local development potential. The importance of Cultural Tourism is also associated with its potential in reducing rigid seasonal cycles, since it has the potential to increase the positive effects of tourism development at the regional level [6-8]. In this context, areas far from the main tourist routes or that do not have the traditional resources to seduce tourists (beach & surf, monuments and other symbolic attractions) have the potential to attract tourists and develop economically via the conservation and restoration of their cultural heritage [6].

The main trends in the field of Cultural Tourism are: increasing number of individuals seeking cultural activities; increasing level of education and income of tourists; choice for short term holidays; greater use of the internet in the purchasing decision process; greater demand for cultural events and festivals; interest in living unique and "creative" experiences [2]. By rejecting the 'traditional polarization of economy and culture' cultural tourists are seen not as 'passive' consumers but rather as active agents who help to shape the production of tourism via a continuous, dialectical process of 'negotiated (re)production' (9: 377). Cultural consumption is not characterized by having a direct relationship with the economic level of the consumer, rather the increase of mobility and the change in tastes lead to a mix of consumption patterns [10-12]. Indeed, while traditional consumers preferred types of erudite culture and avoided mixing with other types, the new consumer seems more open to experimenting with all kinds of culture [13]. Thus, in general, it is believed that cultural consumption tends to become more heterogeneous and unpredictable. In previous studies, it was generally assumed that cultural attractions appeal more to higher socioeconomic groups with higher cultural capital. Accordingly, most cultural tourists are regarded and described as "up-scaled" (mature aged with high education and high income earnings) and female [14]. This is corroborated by a study [15] showing that the average consumption of cultural tourists is 10% higher than the average consumption of leisure tourists. However, this basic profile of cultural tourists does not seem to reflect the progressively diversified group of cultural tourist attractions (e.g. art galleries, opera, amusement parks, history museums, music concerts, etc.) along with the changing cultural tastes in post-modern society [16-18]. Furthermore, not all visitors are cultural tourists and the motivation among cultural tourists is very different. The average cultural tourist looks for a mix of cultural activities, entertainment and relaxation, and not only for the traditional 'high culture' products [19]. Assuming that cultural tourists are "up-scaled", it might be expected that firms operating in cultural tourism activities earn higher profits than other kinds of tourism activities. In recent years, these activities have become increasingly important for visited regions given its economic implications, and therefore, different forms of tourism have grown in popularity, and have captured practitioners' interest [20]. This recognition creates opportunities to extend the existing knowledge about the impacts of tourism activities by approach these activities from a supply perspective. Understanding and researching in Tourism is critical to destinations' and businesses' marketing

strategy and tourism sustainable development. Since there are differences in firm performance, within countries, that are not captured by national aggregates, this paper performs a financial analysis of profitability of the cultural tourism firms operating in Northern Portugal in 2002-2017 and compares their financial performance with other firms operating in other typologies of tourism. It is expected that cultural tourism firms show higher average profits and better financial performances. Following the introduction, a literature review on the link between tourist's income and the consumption of cultural products is performed. In section 3, information on the data source and methodology is provided. Section 4 presents and discusses the results; and section 5 concludes.

2 Literature Review

Much of the empirical literature shows the close link between tourists' socioeconomic status and their consumption of cultural products. One author [21] claims that higher socioeconomic groups are overrepresented in the consumers of cultural and heritage attractions. Some demographic characteristics such as gender and age are also related to the patterns of cultural consumption. For example, in general, females are regarded as more active consumers of cultural products than males. Tourists at art festivals tend to be high income mature professionals who are willing to travel to attend major events [22]. Other author [14] finds that people with lower socioeconomic status and lower educational level are unlikely to consume cultural tourism. Other author [23] concludes that tourists visiting literary heritage sites are typically managerial, professional, and white-collar workers, and therefore, belong to relatively higher social classes. One study [2] characterizes the profile of the cultural tourist as a segment with high levels of education/training, carrying out technical or administrative occupations, possessing high incomes and having an occupation related to the sector. During the stay the average expense of this segment tends to be higher than the average tourist spending average [24]. Cultural tourists tend to spend more and generally have longer maturities; prefer to consume quality products, visit places and participate in cultural events that add value in terms of their personal value; mark holidays independently, being less subject to external influences from tour operators and agencies [8].

3 DATA SOURCE AND METHODOLOGY

This paper performs a financial analysis of cultural tourism firms operating in Northern Portugal in 2002-2017 and compares their financial performance with other kinds of tourism firms. Thus, the identification of firms operating exclusively in one type of tourism was required, in order to assess which typology would display a better financial and/or economic performance. Data on touristic firms in the Northern Portugal, by tourism typology, were collected from the National Tourism Registry (RNAAT). Firms operating in more than one type of tourism were withdrawn. The database from RNAAT showed 1012 touristic agents. However, since SABI database does not have information on entrepreneurs' financial reports, those were withdrawn. Thought the

number of firms is 732, the SABI database does not represent 100% of the universe of firms. Thus the sample was narrowed to 386 firms, of which 64% offer exclusively cultural-related activities; 13% offer exclusively nature/adventure-related activities tourism; and 23% offer exclusively nautical-related activities. In this regard, one should keep in mind that not all Cultural Tourism firms are engaged in tourism activities, and those engaged in these activities may also include indoor activities. However, due to the impossibility of making this distinction, and for the sake of sample size it was decided to include all Cultural Tourism firms in the sample. Thus, the sample size allows to draw conclusions with 95% confidence. Subsequently, there was a need to collect financial data from the SABI database financial reports. Bureau van Dijk (BvD) collects and harmonises the data from the mandated firm reports. In particular, in the Portuguese case, financial data come from *Informação Empresarial Simplificada* (IES).¹ This information is collected in a massive way by Coface, BvD's partner for Portugal, that send it to BvD for subsequent upload in SABI and AMADEUS databases.

At corporate level, one of the most used methods to determine the overall performance, measured through financial analysis is the financial statements analysis and ratio analysis [25]. The analysis of financial reports is an important instrument for the assessment of business strengths and weaknesses [26]. The importance of traditional financial ratios in assessing firm financial health is conventional. Accounting information regarding profitability, liquidity and indebtedness is critical to measuring financial performance [27]. The empirical strategy of this paper relies on key accounting data incorporated into financial ratios available from published financial reports in SABI database. Thus, this paper applies a numerical and narrative analysis of key financial performance indicators to 386 Portuguese firms operating in Tourism activities in Northern Portugal, during 2002-2017.² In particular, the framework includes measures reflecting considerations in the literature of appropriate financial performance measures for firms. Using 5 indicators, 4 broad financial performance measures are employed in Stata 13.0, assessing profitability, liquidity, financial structure and financial leverage. Profitability ratio analysis is a good approach to measure firm's performance, because profitability means the ability of a firm to earn a profit. Firms' profitability is essential both for shareholders and creditors because profits allow for dividends and funds for covering debts. Examples include return on equity (ROE), return on assets (ROA), cash return on assets, return on debt, return on retained earnings, return on revenue, risk-adjusted return, return on invested capital, and return on capital employed. This paper employs the two first measures. The ROE measures the ability of a firm to generate profits from the shareholders' investments, i.e., the financial profitability. The calculation formula is as follows:

$$\text{Return on Equity (ROE)} = \text{Net Profit After Taxes/Equity} \quad (1)$$

¹ Simplified Business Information

² A study (28), drawing on a non-parametric approach that emulates the system developed at the NBER for the identification of business cycle turning points, has identified three troughs (February 2003, April 2009 and April 2013) in this period; but also two peaks (November 2007 and September 2010).

This ratio shows how much profit is generated by 1 Euro of shareholders' equity. In other words, it measures how effectively money from shareholders is being used for the generation of profits. In view of this, a high value of the ROE is desirable because that would mean efficient usage of investors' funds.

The ROA measures the economic profitability and can be used as an indicator of a firm's effort of minimizing the assets, which are not taking part in the process of generation returns. The formula is:

$$\text{Return on Assets (ROA)} = \text{Net Profit After Taxes} / \text{Total Assets} \quad (2)$$

Liquidity ratios measure firms' ability to pay off current debt obligations without raising external capital and its margin of safety through the calculation of metrics, including the current ratio, quick ratio, and operating cash flow ratio. This paper uses the current liquidity ratio measured as

$$\text{Current Liquidity Ratio} = \text{Current Assets} / \text{Current Liabilities} \quad (3)$$

This ratio measures a firm's capacity to pay off its current liabilities (payable within one year) with its current assets (cash, accounts receivable and inventories), to evaluate the coverage of short-term debts in an emergency. The higher the ratio, the better the firm's liquidity position.

Financial structure ratios are very useful to assess long term financial risk since it provides information about firms' capacity to fulfil their long term financial commitments. This paper uses the ratio of financial autonomy which designates the share of the firm's total applications, i.e. goods and investment applications, financial applications, stocks applications, credit granted to clients, etc., which was maintained by capitals owned by the firm, the equity. It is measured by

$$\text{Financial Autonomy Ratio} = \text{Equity} / \text{Total Assets} \quad (4)$$

Financial leverage ratios (also known as equity or debt ratios) compare the overall debt load of a firm with the assets or equity. This shows how much of the firm assets belong to the shareholders rather than creditors. When shareholders own a majority of the assets, the firm is said to be less leveraged; conversely, when creditors own a majority of the assets, the firm is considered highly leveraged and the firm is regarded as riskier for lenders. The most common is the debt ratio, that shows how many assets the firm must sell in order to pay off all of its liabilities, and it is calculated as

$$\text{Debt Ratio} = \text{Total Liabilities} / \text{Total Assets} \quad (5)$$

This ratio helps investors and creditors to analyse the overall debt burden on the firm as well as the firm's ability to pay off the debt in the future.

4 RESULTS AND DISCUSSION

4.1. Results

The sample comprises 386 firms, of which 246 operate in cultural tourism; 89 in nautical tourism; and 51 operate in nature/adventure tourism, which grants the reliability of conclusions at 95% level of confidence. Table 1 shows the average profit by typology of tourism firm in 2002-2017. As expected, cultural tourism firms show higher levels of average profits than their rivals, i.e., firms operating in other types of tourism activities.

Table 1. Average profits of tourism firms, 2002-2017

Tourism Typology	Obs	Mean	Std. Dev.	Min	Max
<i>Cultural</i>	909	49,865.54	465,659.10	-1,959,247.00	7,030,418.00
<i>Nautical</i>	596	38,897.97	256,981.50	-1,488,749.00	2,463,800.00
<i>Nature/Adventure</i>	346	-4,046.41	129,213.40	-417,922.00	1,249,351.00

Source: own analysis on Stata 13.0

For the period 2002-2017, the average profit was 49,865.54 for cultural tourism firms; whereas nautical firms show an average profit about 28% lower; and nature/adventure tourism firms show negative average profits. Next, a set of performance indicators are calculated: profitability, liquidity, financial structure and financial leverage ratios. This exercise will allow to assess which typology of firms operating in Tourism activities displayed a better financial and economic performance in 2002-2017. The results are summarized in Table 2. Regarding the profitability ratios, we find that during this 16-year period, firms operating in cultural tourism show a higher value for ROE, which means that these type of firms generated on average 0.28 € by 1€ of shareholders' equity, in 2002-2017 period. In other words, firms operating in cultural tourism activities make a more efficient usage of investors' funds. Concerning the ROA ratio, despite the fact that all three typologies show negative values for this indicator, firms operating in nautical tourism display less negative values. That means that firms operating in nautical tourism activities make more efforts to minimize the assets that do not take part in the revenue generation process. As far as liquidity is concerned, cultural tourism firms show higher values, although this ratio has positive values for the 3 types of tourism typologies. This indicates that firms operating in cultural tourism activities are more capable of pay off their short-term debts in an emergency. Regarding financial autonomy, the values for this ratio are negative for nature/adventure but positive for cultural and nautical tourism firms. The results show that nautical tourism firms are more capable of fulfilling their long-term financial commitments. The debt ratio confirms the better position for nautical tourism firms, which may indicate that nautical tourism firms are less leveraged and hence present a lesser financial risk for lenders. To sum-up, firms operating in cultural tourism activities make a more efficient usage of investors' funds and display a better liquidity position, however regarding the remaining indicators, nautical tourism firms are in a relative better position. Thus, nautical tourism activities are more financially sustainable than firms that operate in nature/adventure tourism or cultural tourism activities.

Table 2. Financial ratios of cultural tourism firms vs. other tourism activities, 2002-2017

Tourism Typology	Ratios	Obs	Mean	St. Dev.	Min	Max
<i>Cultural</i>	Profitability Ratios					
	<i>Return on Equity (ROE)</i>	909	0.28	11.13	-237.10	175.42
	<i>Return On operating Assets</i>	908	-0.83	12.75	-349.17	0.97
	Liquidity Ratios					
	<i>Current Liquidity Ratio</i>	862	8,76	39,00	0,00	622,00
	Financial Structure Ratios					
	<i>Financial Autonomy</i>	906	0.05	1.51	-22.05	1,00
<i>Nautical</i>	Financial Leverage Ratios					
	<i>Debt Ratio</i>	906	0.95	1.51	0	23.05
	Profitability Ratios					
	<i>Return on Equity (ROE)</i>	596	-6,83	167,96	-4 100,00	14,84
	<i>Return On operating Assets</i>	596	-0,06	0,48	-6,89	0,93
	Liquidity Ratios					
	<i>Current Liquidity Ratio</i>	574	6,82	28,79	0,00	403,00
<i>Nature/Adventure</i>	Financial Structure Ratios					
	<i>Financial Autonomy</i>	596	0,23	0,55	-4,20	1,00
	Financial Leverage Ratios					
	<i>Debt Ratio</i>	596	0,77	0,55	0,00	5,20
	Profitability Ratios					
	<i>Return on Equity (ROE)</i>	346	-0,37	6,75	-108,90	20,54
	<i>Return On operating Assets</i>	344	-0,23	1,39	-20,08	0,83
<i>Nature/Adventure</i>	Liquidity Ratios					
	<i>Current Liquidity Ratio</i>	328	8,13	48,77	0,00	591,00
	Financial Structure Ratios					
	<i>Financial Autonomy</i>	344	-0,12	2,06	-19,73	1,00
	Financial Leverage Ratios					
<i>Debt Ratio</i>	344	1,12	2,06	0,00	20,73	

Source: own analysis on Stata 13.0

Following this analysis, the sample was divided into small and large firms, according to firms up to 50 employees and with 50 or more employees. The results are summarized in Table 3.

The sample of Nature tourism firms shows that all are small. The results for small firms confirm the analysis for the full sample. However, the analysis for larger firms presents different results. In the 16-year period, larger nautical tourism firms show better positions regarding ROE, ROA, liquidity and financial leverage; whereas larger cultural tourism firms display better financial structures.

Table 3- Financial analysis (mean values) by typology of Tourism, by firm size, 2002-2017

Tourism Typology	Ratios	Small Firms	Large Firms
<i>Cultural</i>		0.30	0.00
<i>Nautical</i>	Return on Equity (ROE)	0.00	0.14
<i>Nature/Adventure</i>		-0.37	
<i>Cultural</i>		-0.87	0.01
<i>Nautical</i>	Return On operating Assets (ROA)	-0.07	0.06
<i>Nature/Adventure</i>		-0.23	
<i>Cultural</i>		8.83	1.71
<i>Nautical</i>	Current Liquidity Ratio	6.51	1.86
<i>Nature/Adventure</i>		8.40	
<i>Cultural</i>		0.02	0.57
<i>Nautical</i>	Financial Autonomy	0.22	0.43
<i>Nature/Adventure</i>		-0.11	
<i>Cultural</i>		0.98	0.43
<i>Nautical</i>	Debt Ratio	0.78	0.57
<i>Nature/Adventure</i>		1.11	

Source: own analysis

In addition, we calculate all ratios for the years identified in a study for Portugal [28] as peaks (2007 and 2010) and troughs (2003, 2009 and 2013) to test the robustness of these findings in Table 4.

Table 4- Financial analysis (mean values) by typology of Tourism activities and business cycles, 2002-2017

Tourism Typology	Ratios	2003	2007	2009	2010	2013
<i>Cultural</i>		0.01	0.38	-0.44	1.26	-1.17
<i>Nautical</i>	Return on Equity (ROE)	0.32	0.14	-0.15	-0.63	-0.34
<i>Nature/Adventure</i>		0.05	-0.19	-0.36	0.55	0.12
<i>Cultural</i>		0.05	0.02	-0.12	-0.08	-0.05
<i>Nautical</i>	Return On operating Assets (ROA)	-0.26	0.03	-0.02	-0.10	-0.04
<i>Nature/Adventure</i>		0.05	-0.03	-0.03	-0.10	-0.39
<i>Cultural</i>		2,00	5.54	1.91	16.03	7.65
<i>Nautical</i>	Current Liquidity Ratio	2,00	3.71	4.80	9.39	3.02
<i>Nature/Adventure</i>		2.67	3.79	6.05	7.14	2.83
<i>Cultural</i>		0.46	0.46	0.31	0.26	0.24
<i>Nautical</i>	Financial Autonomy	0.32	0.24	0.33	0.32	0.23
<i>Nature/Adventure</i>		0.37	0.20	0.16	0.08	-0.09
<i>Cultural</i>		0.54	0.54	0.69	0.74	0.76
<i>Nautical</i>	Debt Ratio	0.68	0.76	0.67	0.68	0.77
<i>Nature/Adventure</i>		0.63	0.80	0.84	0.92	1.09

Source: own analysis

In trough periods, in terms of ROE (financial profitability) cultural tourism firms are in the worst position, nevertheless in peak periods they are also in the best position, which

seems to indicate that this type of tourism firms is more vulnerable to periods of crisis and expansion than the other two types. In terms of ROA (economic profitability) nautical tourism firms are in the worst position in 2003; however, in 2009, they were surpassed by cultural tourism firms and, in 2013, by nature/ adventure tourism firms. In times of expansion, nautical tourism firms are in a better position in 2007 but ceded this position to cultural tourism firms, in 2010. Nevertheless, in that year the values for this ratio are negative for all types of tourism firms. As for liquidity, cultural tourism firms are in the worst position in trough periods and in the best position in peak periods; except in 2013 where the worst position belonged to the nature/ adventure tourism firms. Concerning the financial structure/leverage ratios, nautical cultural tourism firms are in the worst position in 2003, but this position is assumed by nature/adventure tourism firms in 2009 and 2013; whereas, in peak periods, cultural tourism firms show better performances in 2007 and nautical tourism firms perform better in 2010.

4.2. Discussion

As expected, firms operating in cultural tourism activities show higher average profits, make a more efficient usage of investors' funds and display a better liquidity position, though the analysis across business cycles appear to indicate that these firms are more vulnerable to periods of crisis and expansion than the remaining tourism firms. Also, the analysis for larger firms shows that cultural tourism firms display better financial structures. These results seem to corroborate the higher socioeconomic status of cultural tourists in northern Portugal. Firms operating in nature/ adventure tourism do not present the best position concerning profitability, liquidity or financial structure and leverage. The analysis for single years, according to the business cycles, seems to indicate that these results are mainly due to difficulties encountered during the periods of trough of 2009 and especially of 2013. These difficulties, due to their magnitude, are reflected in the average of the 16-year period. Although it has been consensual in the literature that financial analysis is an adequate approach to measure firm's performance, the applied ratios are not exempt from criticisms. Indeed, although profitability ratios provide information about the ability of firms to generate profit; and return on assets and return on equity ratios are two of the most important tools for measuring the efficiency of usage of the shareholders' costs; the liquidity ratio may not be as effective in an inter-industry analysis, especially with firms with different sizes, because different businesses and firm sizes require different financing structures. Concerning the financial autonomy, the bigger its value, the bigger will be the part of firm's applications that are being funded by equity and, therefore, smaller will be the firm's indebtedness. The bigger or smaller financial autonomy of a firm is a direct consequence of three key factors: firms' profitability, because the bigger the profits the bigger will be the firms' capacity of self-funding; investments and funding policy, since that firms with aggressive investment policies and that rely more on external funding, will have a lower financial autonomy; and the type of activity because capital intensive firms and firms with larger stocks, *ceteris paribus* will need a larger amount of external funding and, therefore, their financial autonomy will be lower, when compared to services firms. Actually, investments with resource to external funding reduces the financial autonomy

of a firm and consequently raises the long-term default risk and even bankruptcy. While the financial leverage ratios are important for investors to understand how risky the capital structure of a firm and if it is worth investing in; the debt ratio calculates total liabilities as a percentage of total assets and shows the overall debt burden of the firm—not just the current debt. Thus, the debt ratio is a fundamental solvency ratio because creditors are always concerned about being repaid. As with many solvency ratios, lower ratios are more favourable than higher ratios. A lower debt ratio typically implies a more stable business with the potential of durability because firms with lower ratios also have lower overall debt. Firms with higher debt ratios are better off looking to equity financing to grow their operations.

5 CONCLUSION

Cultural tourism embodied- in the early stage of its expansion- one of the unconventional forms of tourism, opposed to mass tourism. The early 1990s marked a period of change of cultural tourism which, unlike the original positioning towards an elite clientele, found a new opportunity for the orientation towards the mass market. This course of action was mainly driven by supply-oriented reasoning, since numerous destinations decide to create and market cultural attractions. Currently, cultural tourism is mainly focused on the integration of production and consumption. In this context, there are increasing linkages between suppliers and consumers. In addition, rather than passive consumption, cultural tourists establish a proactive attitude to meeting their needs and participating in the creation of experiences while travelling; while suppliers concentrate on providing high quality experiences. The assessment of Tourism firm's performance has become a major issue worldwide since tourism firms incorporate social and environmental concerns in their business undertaking, strategies and operations in addition to their dealings with stakeholders [29]. In this context, filling stakeholders' needs is fundamental to retaining societal legitimacy and financial liability in the long-run. Financial analysis shows if a firm can get profit from tourism activity and to draw some conclusions on some types of tourism abilities to generate enough incomes to cover its costs and achieve a reasonable profit, i.e., to be economically and/or financially sustainable. Through the application of this financial performance measurement framework, it is possible to identify relatively strong and weak typologies of Tourism firms. The results indicate that firms operating in cultural tourism activities make a more efficient usage of investors' funds and display a better liquidity position, though the analysis across business cycles appear to indicate that these firms are more vulnerable to periods of crisis and expansion than the remaining tourism firms. Also, the analysis for larger firms shows that cultural tourism firms display better financial structures. The adoption of this framework of analysis can help policymakers to distinguish between relatively well-performing typologies of Tourism firms, and those showing signs of financial trouble, with a view to early identification those typologies in financial difficulty and those more sustainable in financial terms.

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