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„Pro-Poor Tourism?

Enabling access and benefits for local communities in the Malawi tourism sector – a case study of the Pottery Lodge in Nkhotakota”

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Abstract

Tourism is a fast-growing global industry that can have an important role in national development, poverty reduction and inclusion in countries of the Global South. In the context of the Sustainable Development Goals, the role of the tourism industry is increasingly seen from a pro-poor perspective as in the Pro-Poor Tourism (PPT) approach to facilitate the growth of responsible and sustainable tourism sectors. This thesis analyses the structure and challenges of Malawi's tourism sector, in particular on highlighting the relevant conditions in the tourism industry that support and hinder access and benefits for local communities to the Malawi tourism production network. Interviews were conducted in Lilongwe, Mzuzu and Nkhosakota with actors and stakeholders in the tourism sector focusing on the case study of the Pottery Lodge in Nkhosakota to outline their perception of PPT strategies and potential impacts of such initiatives.

The thesis shows that taking into account the structure of the global and national tourism production network is essential for tourism sector development in Malawi and in particular to effectively foster social upgrading processes. The government faces the challenge to develop and implement a regulatory framework that enforces stakeholders to implement PPT strategies. In addition, successful PPT requires private sector support, which is difficult to obtain, because most private actors rather focus on increasing efficiency, quality and profit margins of their tourist operations than on distributing their returns and supporting community inclusion. Weak regulations of the terms and conditions of employment lower the desirability to work in the tourism sector and enable investors to use an unskilled and cheap workforce.

The research reveals that foreign entrepreneurs have better access and positions in the tourism production network due to their financial resources and their linkages to source markets. On the contrary, national actors with limited financial assets struggle to establish linkages to international actors. Further, there is a lack of collaboration between national actors and stakeholders to facilitate tourism sector development, which is seen in the absence of associations and unions that could help to advocate more beneficial conditions.

The case study of the Pottery Lodge in Nkhosakota provides the insight that PPT strategies can be effectively based on a committed business approach and can focus on community inclusion with positive effects on the communities involved. This includes improved access to water, electricity, infrastructure, public services as well as direct and indirect employment. Yet, the private actors must be financially capable to sustain their core business while providing and maintaining public sector responsibilities. At this point, PPT comes with a very high cost and risk for socially committed private actors and the government would need to support such entrepreneurs and initiatives.

Zusammenfassung

Tourismus wird als eine der größten und am schnellst wachsenden Industrien angesehen, die zum nationalen Wachstum und zur Reduzierung der Armut in Ländern des Globalen Südens beitragen kann. Der Tourismussektor bietet vielen Menschen eine wirtschaftliche Chance und Perspektive zur Teilhabe. Durch die Nachhaltigen Entwicklungsziele der Vereinten Nationen hat sich die Bedeutung der Tourismusindustrie für Entwicklungsprogramme erhöht. Das führte zu einem Anstieg von Methoden, wie dem Ansatz des Pro-Poor Tourismus (PPT), um verantwortungsvolle und nachhaltige Tourismuskonzepte zu erstellen.

Diese Arbeit analysiert, ob das Potential der Strategien des PPT im touristischen Produktionsnetzwerk in Malawi genutzt werden kann, um die Teilhabe von Gemeinden zu ermöglichen und dabei soziale Verbesserungen zu fördern. Zu diesem Zweck wurden Interviews mit entsprechenden Akteuren des Tourismussektors in Lilongwe, Mzuzu und Nkhosakota durchgeführt, um darzulegen, wie PPT-Maßnahmen wahrgenommen werden.

Die Arbeit zeigt, dass die Strukturen des touristischen Produktionsnetzwerks essentiell für die Entwicklung des Sektors sind und dazu beitragen, dass soziale Verbesserungen auftreten. Die Regierung steht vor der Herausforderung, einen Regulierungsrahmen aufzustellen und durchzusetzen, der die Akteure verpflichtet, Aspekte des PPT umzusetzen. Dazu zählen gültige Arbeitsbestimmungen wie faire Arbeitsbedingungen, Arbeitszeiten, Arbeitslöhne als auch die Einbindung ländlicher Gemeinden. Die gegenwärtigen Bestimmungen machen den Tourismussektor unattraktiv für gelernte Arbeitskräfte und fördern zudem das ausbeuterische Verhalten von profit-orientierten Unternehmern. Ausländische Unternehmer weisen einen erleichterten Zugang zum Produktionsnetzwerk auf, was dadurch begünstigt wird, dass nationale Akteure meist unabhängig agieren und für den eigenen Nutzen lieber mit ausländischen Akteuren kollaborieren. Daher gibt es kaum nationale Interessensverbände, die für eine vorteilhafte Entwicklung des nationalen Tourismussektors eintreten und die Belange der kleinen- und mittelständischen Unternehmen vertreten sowie für bessere Arbeitsbestimmungen plädieren.

Das Fallbeispiel der Pottery Lodge in Nkhosakota zeigt, dass PPT-Strategien auch erfolgreich umgesetzt werden können. Neben dem Grundgeschäft müssen die privaten Akteure hierfür jedoch staatliche Aufgaben übernehmen um Verbesserungen der angrenzenden Gemeinden voranzutreiben. Dies umfasst den Zugang und Wartung der grundlegenden Infrastruktur, Aufbau und Bereitstellung von öffentlichen Institutionen sowie Initiativen zur direkten und indirekten Beschäftigung. Demnach können PPT-Strategien ohne staatliche Regulierung und ohne die notwendigen öffentlichen Voraussetzungen von privaten Akteuren nur unter hohem finanziellem Risiko umgesetzt werden.

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List of Abbreviations

AU	African Union
CBT	Community Based Tourism
COMESA	Common Market for Eastern and Southern Africa
CSR	Corporate Social Responsibility
ECA	Earth Council Alliance
GIZ	Gesellschaft für Internationale Zusammenarbeit; German Federal Enterprise for International Cooperation
GCC	Global Commodity Chain
GVC	Global Value Chain
HDI	Human Development Index
HDR	Human Development Report
HPI	Human Poverty Index
ICT	Information and Communication Technology
IMF	International Monetary Fund
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MDGS	Malawi Growth and Development Strategy
MNE	Multinational Enterprise
PATA	Pacific Asia Travel Association
PPT	Pro-Poor Tourism
PPTP	Pro-Poor Tourism Partnership
PRSPs	Poverty Reduction Strategy Papers
RP	Rising Power
SADC	Southern African Development Community
SAPs	Structural Adjustment Papers
SDGs	Sustainable Development Goals
SNA	Social Network Analysis
SNV	Stichting Nederlandse Vrijwilligers, Netherlands Development Organization
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organization
VCA	Value-Chain-Analysis
WB	World Bank
WCED	World Commission on Environment and Development
WTTC	World Travel and Tourism Council

1. Introduction

2017 was proclaimed to be “(t)he International Year of Sustainable Tourism Development” by the World Tourism Organization (UNWTO) to raise attention for the United Nations Agenda 2030 and the importance of the tourism sector to achieve the Sustainable Development Goals (SDGs). Tourism is presented as one of the largest and fastest growing industries which is not only accountable for important economic impacts, but furthermore, is regarded as a crucial industry for broader national development, poverty reduction and social inclusion (Telfer/Sharpley 2008; Steinecke 2014; Rein/Strasdas 2015; UNWTO 2016). Particularly, the Pro-Poor Tourism (PPT) approach is linked to sustainability approaches of the UNWTO through their Sustainable Tourism-Eliminating Poverty (ST-EP) programme launched in 2002 which targets the world’s poorest countries and focuses on *“longstanding work to encourage sustainable tourism – social, economic and ecological – which specifically alleviates poverty, bringing development and jobs to people living on less than a dollar a day”* (UNWTO 2017). In this context, tourism has become an important issue for national economic development and action plans in many developing countries. Recently, the agenda was pushed forward at the Conference *“Promoting Sustainable Tourism, a Tool for Inclusive Growth and Community Engagement”* in Zambia and further at the Internationale Tourism Börse in Berlin^{1,2}.

PPT and the principles of the ST-EP programme are also adopted by the Malawian government and included in their development strategy. The emerging tourism sector in Malawi is acknowledged as a key priority for economic growth and socio-cultural development (Malawi Government 2017:66). To sustainably boost the infant tourism industry, the strategy emphasizes on strengthening the public-private partnership dialogue, fostering communities’ empowerment and enabling access to the tourism value-production (ibid.). However, challenges, such as centralized public administration and planning, lack of coordination and communication, dominance of national elites and international actors, as well as the low level of education and training limit the access for local actors and particularly for local communities to participate in the tourism sector (Giampiccoli 2017:4). Considering the little actual effort and investment in tourism infrastructure, in training and in support of local actors and communities in Malawi, it is questionable how effective the measures of the Malawi Growth and Development Strategy (MGDS) have been, and it requires case studies to examine the economic and social impact of the proclaimed pro-poor and sustainable policies in the tourism sector.

¹ <http://media.unwto.org/press-release/2017-11-28/african-tourism-leaders-debate-role-sector-tool-inclusive-growth-and-commun>

² <http://media.unwto.org/press-release/2018-03-09/new-unwto-agenda-africa-moves-ahead-berlin>

1.1 Research Objective

The research of this thesis does exactly this – assessing the PPT policies by the Malawian government and analysing their implications focusing on the case study of the Pottery Lodge in Nkhotakota and considering the institutional environment of the broader tourism industry in Malawi and its inter-linkages with the tourism global production network (GPN). The tourism product and the tourism experience are defined by interactions between various stakeholders within the tourism production network. International tourism enterprises are at the centre of value production which on the one hand function as intermediaries between source markets and destinations (Christian 2012:2). They increasingly integrate also vertically into destinations' tourism markets and compete with national tourism actors. Hence, foreign direct investment in the tourism sector may support tourism development but also limits the role and share for national actors. Direct access to source markets as well as financial assets and appropriate capabilities determine positioning in the production network and consequently reveal existing power asymmetries in the global Malawian tourism industry (Barrientos 2014:22).

To address this concern and to ensure a focus on poverty reduction, the Malawi Growth and Development Strategy aims to adjust the tourism structures by facilitating access for local actors and local communities to the tourism production network (Malawi Government 2017:67). In order to analyse the impact of the strategy for national tourism development and for local actors and communities, the concept of “social upgrading” is put at centre of this research. The government is a crucial actor to determine and set the required framework conditions for PPT development (Gereffi 2005:99). However, large national and international private actors dominate tourism production networks and are regarded as main drivers of transformative development in the Malawi tourism sector. Therefore, it is also essential to understand their role in the tourism production networks and how they take up social upgrading and local community integration in their business approach.

For this purpose, the qualitative research is designed to understand the structure and challenges of the Malawi tourism sector and to discover if PPT strategies are acknowledged and relevant for the stakeholders in the tourism sector with a specific focus on the case study at the Nkhotakota Pottery Lodge. Under consideration of the limited extent of this research, interviews were conducted on a national macro level with the ministry of tourism, the head of the tourism department of the Mzuzu University, and a national and an international tourism operator. To analyse appropriate PPT strategies and associated initiatives on a micro level, the case study highlights relevant aspects of the key attraction in Nkhotakota, the African Parks Wildlife Reserve, that integrates local communities in its activities. Interviews with the management of the Pottery Lodge, their employees and authorities from the surrounding

village express their perception about the tourism production network, the challenges and opportunities of tourism sector development, and further, the opportunities for community inclusion, participation and social upgrading.

In this regard, the objective of this thesis is to analyse the structure and challenges of Malawi's infant tourism sector and exemplify public and private actors' perspectives on PPT strategies and impacts on social upgrading, particularly pointing out relevant conditions in the Malawi tourism industry that favour and reduce the access and benefits for local communities to the tourism sector.

1.2 Research Question

The overall research question of the thesis is defined as:

- *How can local communities integrate in tourism production networks and benefit from PPT development in Malawi?*

Several sub-questions were formulated to guide the research and the case study analysis in Malawi. With consideration of the MGDS and the UNWTO approach for PPT to foster economic and social development the sub-questions aim on understanding the tourism environment. Therefore, the questions are posed to depict the composition of the tourism production network and to identify the perspectives of the different stakeholders. The sub-questions are defined as:

- How are the relationships shaped between the different stakeholders in the Malawi tourism sector and linked to the tourism GPN?
- What are the essential challenges for the tourism sector in Malawi?
- What are current initiatives to promote and develop the tourism sector or tourism sector products in relation to PPT by the Malawi government?
- How are these PPT initiatives by the government perceived by the different national stakeholders?
- To what extent do pro-poor initiatives have an impact on social upgrading and specifically on the involvement of local communities in the tourism sector?

1.3 Framework and Content

Subsequently to this introductory part, Chapter 2 and 3 outline the theoretical framework of the thesis. In chapter 2, the extent and implications of the tourism sector are described and connected with the politicised discourse which is linked to the issue of development. Hence, it will be presented how tourism can contribute to economic and social development, primarily under the patronage of the UNWTO and the advocacy of sustainability and PPT. In the following, the tourism industry and its interlinkages with political and economic agendas are

critically reviewed. Chapter 3 links the tourism industry with the theoretical framework of global production networks. Emphasis is put on interdependencies and power structures within the global tourism production network with the focus on the role of developing countries. Whilst economic upgrading processes are briefly highlighted, the analysis focuses on community integration into GPNs as a key channel of social upgrading. In chapter 4, the methods of data collection and analysis are presented. Thus, brief information about the interview partners is given, as well as a critical reflection of the research process. Chapter 5 outlines the socio-economic pre-conditions that influence economic and tourism sector development in Malawi and Nkhosakota. Subsequently, chapter 6 presents the key findings of the empirical research which are linked to the theoretical framework to answer the research sub-questions and the main research question. Whilst a holistic approach for the analysis is preferable, the results rather present individual opinions and perceptions of the interviewees which are brought together to exemplify the tourism production network in Malawi, the extent of tourism sector development and, in particular, the impact of PPT approaches in connection with the case of the Pottery Lodge in Nkhosakota. Finally, the conclusion in Chapter 7 provides a summary of the key aspects of how local communities can integrate into tourism production networks and benefit from PPT approaches in the case of the Pottery Lodge in Malawi

2. Tourism and Development

In this chapter, the theoretical framework is outlined by providing a narrow definition of the terms ‘tourism’ and ‘development’. The conjunction between these subjects provides the context of this research with regard to the analysis and interpretation of the empirical findings.

Tourism is defined as “*the study of man (the tourist) away from his usual habitat, of the touristic apparatus and the networks responding to his various needs, and of the ordinary (where the tourist is coming from) and the non-ordinary (where the tourist go to) worlds and their dialectic relationship*” (Jafari 2000:585f). Regarding the fast-pace process of globalization with complex economic, social, cultural and environmental interrelations, the tourism sector is expanding rapidly (Mowforth/Munt 2009: pp.12). Sing (2012) points out that the tourism sector is closely embedded in its environment – “*economically, physically, socially, psychologically, culturally and politically*” – like no other industrial sector (2). This bears diverse sociocultural and socioeconomic consequences and opportunities, especially for countries, regions and communities of peripheral areas or the so-called ‘developing’ countries. Hereby, the tourism industry is generally described as a motor of economic growth, that provides the potential for economic and social development on a supra-regional scale under the agenda of the Pro-Poor Approach (BMZ 2011; Goodwin 1998; UNWTO 2016).

The first part of the theoretical framework gives an overview about the potential impacts of the tourism sector, which have led to an increasing politization about the potential of tourism. In this regard, the issue of sustainability is narrowed with its economic, social and environmental dimension. Consequently, tourism, and in particular the tourism industry has become an item for development work and development cooperation. As tourism is increasingly regarded as an important factor for economic and social development, the concept of development must be narrowed. In this context, the scientific approach towards development is based on a philosophical concept – development as a process of change to the betterment – in combination with the global-institutional concept that relies to the most extent on an economically driven process (Gilles 1992; Harrison 2008; Mowforth/Munt 2009). This must be clarified to understand, that ‘development’ is used as a justification for interaction and intervention in institutional, social and economic dynamics. The role of tourism for development cooperation is nowadays taken for granted and development strategies are elaborated and implemented in developing countries by international institutions, governmental and non-governmental organizations (Harrison 2008:854). Yet, within the tourism industry and particularly in the private sector, many actors lack a deeper understanding of what ‘development’ entails and how it differs from mere economic growth (de Silva/Jafari 2012:4). Therefore, the section about development gives a brief overview about the development discourse and the contribution of the tourism framework for development, referring to the Pro-

Poor approach by the UNWTO. In the last part, the debate about sustainability and development through tourism is critically reviewed to outline the implications and confusion that can occur through over-definition.

2.1 Tourism impacts

International organizations, like the UNWTO and the World Bank (WB), gather statistics on the tourism industry, stating that the tourism sector is one of the fastest growing industries and has recorded consistent growth rates over the past years. According to the UNWTO World Tourism Barometer (2018) international tourist arrivals increased worldwide by 7% in 2017³. Since the global crisis in 2009 it was the seventh consecutive year above average growth (UNWTO 2017:4). The UNWTO (2017) highlights that Asia (+9%) and Africa (+6%) recorded the highest growth rates in tourist arrivals, especially Sub-Sahara Africa led with growth rates by 10% (4).

Furthermore, the UNWTO (2017) states that the tourism sector, as a national export category, ranks third after chemicals and fuel (6). International tourism receipts are increasing, by 2,5% in 2016, which pushes the export-value of the tourism sector for various countries, because the expenditure of international tourists counts as exports for the destination country (UNWTO 2017:5). The following table show the shares of each region listed by the UNWTO for international tourism arrivals, tourism receipts and outgoing tourists in 2016:

Destination	International tourist arrivals (1000)		International tourism receipts (US\$ million)		Outbound tourism (million)	
	2016	Share	2016	Share	2016	Share
Europe	616190	50%	447309	40%	5961	50%
Asia and Pacific	308409	25%	366687	33%	3165	26%
Americas	199338	16%	313215	28%	2099	18%
Africa	57771	5%	34776	3%	392	3%
Middle East	53567	4%	57595	5%	348	3%

Table 1: Share of global tourism division, Source: adapted from UNWTO 2017:8

This shows that Europe is leading with 616 million tourist arrivals in 2016 and with tourism receipts of about US\$ 447 billion which accounts for almost 40% of the documented global share in receipts (UNWTO 2017:7). The UNWTO (2017) argues that the majority of international travel takes place within the travellers' own region (2). Since the traditionally advanced economies have been the source markets for international tourism they document the highest share (ibid:8).

³ <http://media.unwto.org/press-release/2018-01-15/2017-international-tourism-results-highest-seven-years>

However, the statistics of the UNWTO are based on official reports by the destinations sent to the UNWTO. Hence it must be kept in mind, that not every destination and tourism actor is connected to the UNWTO and further, that various destinations lack the capabilities to record their tourism statistics and consequently cannot report to the UNWTO. Within the forecast *Tourism to 2030* by the UNWTO (2011:15) and in the UNWTO (2017:14) *Tourism Highlights*, the authors predict an ongoing increase in touristic activities, especially in emerging economies and in developing countries where the growth rates are double than in advanced economies.

With reference to the remarkable growth rates and the economic significance of the tourism industry, tourism has been identified by international institutions and development agencies as a sector with huge potential to serve as a development catalyst for underdeveloped and emerging countries (Telfer/Sharpley 2008:2). Rein and Strasdas (2015) point out that this growth might only be beneficial at first sight, because the development of the tourism sector leads to sociocultural and socioeconomic consequences for destinations (203). Below, the key factors, which have an important impact on the tourism destinations, their citizens and on the natural environment, are briefly described. It is essential to consider that these factors do not necessarily apply in every destination.

2.1.1 Economic impacts

In general, tourism is able to contribute to overall economic development and has potentially positive economic effects. Firstly, the tourism industry integrates into diverse value-chains within the regional economic market, because it creates backward-linkages to several sectors which produce and offer goods and services (Telfer/Sharpley 2008:19). Thus, it ideally generates an economic multiplier effect which contributes to diversification and strength of the economic structure. Secondly, the development of a touristic destination enables improvements in regional infrastructure, either by public or private investment. This hopefully enhances supply and distribution of water and electricity, installation of sewage and waste management systems, construction of roads and increased access to mobility and transport (Ashley et al. 2007:9). Thirdly, the tourism industry generates employment and income as well as education and job training for local citizens throughout the supply-chain (Rein/Strasdas 2015:217). Primarily, these jobs are service oriented and mostly destination bound.

Ideally, the depicted, induced impacts of the tourism industry create also employment, opportunities and enhancement for all other sectors that are connected to it (Rein/Strasdas 2015:19). Hence, Mundt (2013) even asserts that the tourism sector cannot be seen as an industrial sector by its own, because it is more of a creation of demand to various sectors (425). These sectors do not produce or serve exclusively tourism demand but are also requested by other private and public groups. Therefore, the impact of tourism is induced to the overall economic performance. According to Beyer et al. (2007) rural and remote areas which have

touristic natural resources that cannot be exported, have a great opportunity to prosper from induced economic effects of tourism (6). Additionally, this stabilizes the regional job market and prevents rural depopulation towards economic centers (Steinecke 2011:101).

On the contrary there are also negative economic aspects. Depending on the composition of actors, citizens and institutions in each destination the desired outcome might not occur. Especially in destinations which already have low economic performance and limited industrial productivity and infrastructure, the economic potential of tourism cannot be effectively used (Chambers 2000:33; Mundt 2013:443). In order to construct facilities or apply technologies, either for touristic use, for diversification of the economic structure or for infrastructure, low performing areas, and especially nations, depend on imports from developed countries (Seinecke 2014:133). This leads to high leakage rates, whereby not only commodities are imported, but also services, knowledge and financial liabilities. Specifically, for most destinations in developing countries it is not possible to find qualified staff, management and sufficient marketing assistance within their region or even nation (Chambers 2000:40; Rein/Strasdas 2015:142). This reveals that economic diversification is contingent upon financial investment, so that the public sector is able to provide public resources for required infrastructure, natural conservation and professional planning management and upon private actors who cannot rely on a basic and steady value-production for their products and services (Rein/Strasdas 2015:116).

Another important aspect of the tourism industry is inherent power structures in the GPN. The international tourism industry is dominated by transnational companies who have power and control over almost all stages within the value-chain, from bookings via logistics to accommodation (Christian 2012:2). Hence, there are several barriers to entry the tourism market and to gain a share, especially for middle and small enterprises. Further, local elites capture the lion's share within the local market, because they either have the financial capabilities or favorable power relations due to their links to the private sector, to local politicians or based on local hierarchy rankings (Chambers 2000:33; Telfer/Sharpley 2008:48; Steinecke 2014:142). This highly affects the distribution of profits to the local population and for regional development. Particularly in developing countries, Steinecke (2014) indicates that the lack of financial and contractual transparency extremely hinders sustainable development and decreases public revenue (142).

On the one hand, local governments and their decision makers grant individual tax cuts and tax holidays for foreign investors, whereby they miss out on huge amounts of tax revenues. Additionally, there is little accessible record of current tax revenues and on its utilization. Especially, the lack of a given visitor's tax in most destinations, which would directly benefit the destination, limits the financial impact for regional development. On the other hand,

domination of transnational companies and local elites perpetrate constant price pressure on actors in the tourism industry. Rein and Strasdas (2015) even argue that the yield out of tourism decreases despite growing numbers in arrivals which shows that the market is becoming more and more competitive (216).

Consequently, Steinecke (2014) states that most savings in the tourism market in developing economies is at the expense of local employees (133). Even if a diverse employment market is created through the tourism industry, the local workforce is mostly needed for low skilled labor in the service sector which is poorly paid (ibid.). Additionally, advanced vocational training is not common and promotion opportunities are usually limited. Tourism labor is often characterized by seasonal fluctuation, especially in developing countries and in rural areas, where there is a high demand for occasional jobs without any given contracts. Considering the lack of official regulations and formation of labor unions this may lead to exploitation of workforce up to forced labor under bad working conditions (Chambers 2000:35).

Further impacts can be revealed in established destinations – again, tourism destinations which show a high financial gap between residents and visitors are affected more strongly – where residents face an increase in price development through the economic impact. This is defined as ‘reverse multipliers’, which occur through the intensified market development through the spending of tourists and tourism actors (Chambers 2000:34). Heavily affected are regional products and services that are adjusted to the expenditure of tourism actors. In addition, the value for property and new installed infrastructure may rise, so that residents are not able to keep their property or are financially denied access to improvements. Besides, Chambers (2000) adds, that the bigger part of the local workforce is dependent on informal jobs, which are created by the tourism industry, such as street vendors, bag carriers and errand-boys (37). The challenge of informality becomes a soaring problem in emerging tourism destinations, because it often leads to criminalization. With the emerge of diversity in products and services, the changing attitude towards consumption and to keep up with reverse multipliers, a negative adaption to economic influence of the tourists may lead to an increase in informal enrichment and thus, in crime. This ranges from begging and prostitution to selling drugs and bribery.

2.1.2 Social impacts

As much as other sectors and industries, tourism has a huge impact on local communities and on the way of living of the residents in target destinations through constructed infrastructure, economic influence, promoted activities and an incoming flow of tourists. Ideally, the residents benefit from the touristic infrastructure and have increased access to electricity, clean water, sewage systems, roads, etc. Additionally, there might be an increase in goods and services offered within the destination which should be accessible for the locals as well as for tourists.

Based on the generated employment, the residents have the opportunity to improve their livelihoods and, especially in remote and rural areas, support their family and communities.

As much as this aspect reflects a partial and Eurocentric attitude about development, the impact of tourism on the cultural setting can be regarded as both, a blessing and a curse. The tourism industry and the associated influence of Western values, beliefs, behavior and lifestyle constantly endangers the cultural setting and the authenticity of visited destinations (Mowforth/Munt 2009:26). Especially, in peripheral areas and emerging markets, culture is one of the major attractions for tourists and a motivation to travel (Girard/Nijkamp 2009:2). Cultural valorization can have a huge impact on destinations, which are designed to attract tourists and therefore adjust and market their cultural identity towards the desired image or the tourists' image. If exaggerated, this may lead to the destruction of authenticity of local culture which is sold out to the tourist and, in turn destroy the authentic experience of the tourist. A good example of this are local craftworks, that are sold in high numbers to tourists as souvenirs, but which often are not even locally-made and imported from China (Vorlaufer 1996:168-187). The ongoing process of commercialization of culture and cultural identity can further lead to trivialization of cultural practices and monuments which are promoted by the tourism sector. If these cultural assets are not treated with mutual respect and understanding, touristic activities can be regarded to be encumbering by local people (Steinecke 2014:138).

Finally, emerging touristic activities can highly affect the residents of tourism destinations, exceptionally in rural and remote areas where the gap in wealth, education, social norms and values differ the most between the tourists and the residents. According to Steinecke (2014), the presence and influence of tourists from other cultural backgrounds leads to acculturation process for the receiving hosts (139). Consequences vary from changes in imitations of lifestyle, regarding consumption and behavior, to negative feelings like distrust, envy, sense of inferiority. Especially the young are most affected by this process which may result in loss of the former, conventional cultural-identity. Being exposed to a sudden and drastic increase in tourism activities can even result in social and psychological destabilization for the local communities in rural areas (ibid.).

However, the impact of tourism for social and cultural change is not clearly measurable. Therefore, the task and challenge for tourism actors and destination management is to seek for solutions to manage and guide this development in assistance with the local residents. Contrary to the negative effects mentioned above, Steinecke (2014) argues that a well-developed management might be able to preserve cultural heritage, such as traditional craftwork, art, agriculture and as much as customs and values which will boost the value of native culture (136). To foster mutual understanding, it is necessary improve communication

between the stakeholders and implement workshops to sensitize either receiving communities and visiting tourists.

2.1.3 Environmental impacts

Controversially, the tourism industry is regarded as a threat for the ecological environment, which actually is the fundamental basis for business for many destinations. The process of valorisation of landscape and its natural components holds various ecological liabilities for the tourism industry.

Already in 1975, J. Krippendorf illustrates tourism as a destructive industry for its ecological surroundings and he warned about the consequences which tourism destinations face without proper management. Krippendorf (1975) relates to the thriving of international tourism during the 1960s and 1970s, which led to a construction boom in many destinations in Europe, especially in coastal areas. Many destinations developed to mass tourism centres and the impact on the environment was irreversible. The flourishing tourism sector fostered cross-sectoral industries which, in turn, accounted for an increase in ecological destruction. Further, natural attractions as much as flora and fauna are directly harmed by many touristic activities (Steinecke 2011:103). In addition, pollution is generated through touristic activities and by the touristic facilities. Concerning to the crucial topic of climate change the tourism industry is partly regarded as an initiator through increase in air- and cruise travel (ibid.).

The aspects mentioned above only display a glimpse of negative impacts the tourism industry can have on its natural surroundings. Nevertheless, ecological shortcomings of the tourism industry always have been a key issue for the development of the industry and led to innovative approaches to design a more sustainable and responsible tourism concept. Furthermore, critical arguments which were initiated in the field of tourism influenced the ongoing discourse about ecological responsibility and sustainability. This illustrates, that the tourism sector is productively contributing towards the theoretical and political discourse. Considering the increasing importance of the sector and increasing recognition by international institutions, the accountability of the tourism industry is rising to foster sustainable development.

2.1.4 The concept of sustainable tourism

As presented, there are many negative factors and obstacles to consider and to overcome to make tourism beneficial for the destination and its citizens in the longer run. As a result, a vast amount of approaches, literature, guidelines and handbooks is circulating about the question: How to limit these negative effects and foster sustainability and responsibility for tourist destinations? Thereto, this section gives a brief overview about the issue of sustainability in the tourism sector, before it will be connected to the development discourse and explicitly described on the basis of the Pro-Poor approach.

For many authors sustainability is only seen as a buzzword in the tourism industry (Weaver 2012; Bramwell 2012; Mundt 2013). Nevertheless, it is central to the discourse about tourism development and about development through tourism. The Brundtland Report by the WCED in 1987 defines sustainability vaguely as *“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”* (48). Hence, this superficial definition covers many aspects which have to be taken under consideration to achieve sustainability, not only in terms of ecology and natural resources. Mundt (2013) describes sustainability as a comprehensive concept that also applies for the socio-cultural, economic and institutional dimension (530):

Ecological sustainability

Tourism can be regarded as an initiator for natural destruction due to excessive encroachment of natural resources. At the same time, the tourism sector is heavily affected by natural destruction and loss of biodiversity as it is the commercial basis for tourism in most destinations (Rein/Strasdas 2015:89). In fact, this is very contradictory but it reveals the necessity for tourism actors to reduce ecological destruction to a minimum while using it efficiently as possible for the economic purpose (ibid.:100). This dilemma is central for the sustainability debates in tourism. Rein and Strasdas (2015) conclude, that there are no sustainable tourism-structures and approaches which offer a practical solution despite ending up with the tourism industry as a whole (35). The provided approaches usually occur within the logic of the capital system and thus lead to strategies which are rather efficient than sufficient. The approach of efficiency aims on less use of resources and less negative impact on the environment while the final output remains the same. In contrast, the approach of sufficiency acknowledges the capable limits of the eco-system and leads to certain restraints to act in a sustainable manner (ibid.:36).

Socio-cultural sustainability

The dimension of socio-cultural sustainability is not clearly to define because diverse ideological perspectives and values in different cultures allow various critical and favorable standpoints towards this issue. Based upon the given definition of sustainability, it is the aim to improve livelihoods and enable individual cultural styles of living (Rein/Strasdas 2015:197). Hereby, socio-cultural improvements should be enabled by the tourism industry according to the principles of human rights: equality, justice, health, education, living and security. The task for the tourism industry is to support general needs while meeting the expectations of all stakeholders (ibid.:198-201). It is necessary to offer meaningful, reasonable and satisfactory employment with fair payment, which is sufficient to meet the basic needs. Institutions and actors of the industry should provide opportunities by offering affordable education, job

training and facilities for individual development. This should be based upon equal opportunities for all which are non-discriminatory to origin, sex, age, disabilities, etc. Further, the tourism industry must enable social participation for local communities and for individuals to take part in planning, decision-making and monitoring the touristic development.

Economic sustainability

Industries and single companies are recognized as a component of the global and regional civil society that have direct impacts on the ecological, economic and socio-cultural environment. This leads to a broader business responsibility for companies who are now being held accountable for their business actions by society and other stakeholders (Rein/Strasdas 2015: 130; 233). Instead of exploitive behavior, the tourism industry be able to provide their products in a socially and environmentally sustainable way while contributing to the regional value production.

Institutional sustainability

The institutional environment set the rules and regulations for the tourism industry. It consists of official governmental institutions, associations and unions of actors and stakeholders and non-governmental organizations that should advocate a responsible and sustainable form of tourism policies and regulations (Rein/Strasdas 2015:20). Therefore, Mundt (2013) points out the necessity that the political system and the institutional environment must be reliable and independent (525). It is challenging for institutions that have an intense hierarchy of power and that are susceptible for corruption and nepotism to enforce sustainable policies. Often, short term economic or financial benefits are more appealing than long-term sustainable empowerment. On the one hand, the economic power enables foreign investors to codetermine their local business conditions whereas the local decision makers might be dependent on that business investment. On the other hand, it can be noted that the short-term interest for politicians in their legislation period might negatively affect long-term decision making (ibid.)

For the tourism industry, the concept of sustainability is not newly created. It is rather a topic which has reoccurred often in recent decades and has readdressed the impacts of the tourism industry. As presented above, the principle of sustainability must be regarded as essential for the development of the tourism sector and its actors, to preserve a functional environment for the industry. Nonetheless, the tourism industry and the issue of sustainability are embedded in the political, economic and institutional setting. In this conjunction, aspects like political and financial interests as much as successful lobbying is mainly responsible for the direction of the discourse and subsequent approaches.

It is essential to understand that the discourse about sustainability in tourism is highly political, especially under consideration of the complex “*relationships between various elements of the international tourism system and transformations in the global political economy of which it is an [integrated] part*” (Telfer/Sharpley 2008:3). Beside scientific researchers from different backgrounds, political actors play an important role for the direction and more importantly for the implementation of resulting approaches. Primarily international institutions like the United Nations (UN), the World Bank (WB) and the European Union (EU) heavily affect the discourse as they set out standards and guidelines for the industry. These predominantly target emerging markets and destinations in developing countries and should be used as a blueprint by governments to guide the ‘development’ process (Hawkins/Mann 2007).

Another important aspect of this discourse is the subject of capitalism. Harvey (1989b) defined the term “*time-space compression*” which describes an ongoing expansion of the capitalistic system to periphery areas through advancements in technologies of communication and travel. Thus, the tourism industry is regarded as a catalyst for exploitive capitalist behaviour through creation of new markets and new products. This affects specifically developing countries with emerging economies that are consequently drawn into the global economic system. Also, Mowforth and Munt (2009) highlight that the tourism industry is strongly embedded in the global capitalist system, which is shaped by the ongoing process of globalization, division of labour and economic interdependencies (21). The concept of sustainability is therefore regarded as a pragmatic approach as it provides only solutions within the capitalistic system instead of being more controversial (Mowforth/Munt:27). Nevertheless, they point out that the discourse helps to foster awareness for this important issue and enhances the emerge of social movements (ibid).

2.2 The development discourse

Development is another broad term which has a variety of connotations and no distinct definition. Like the issue of sustainability, the issue about development is central to global and national politics, social movements and economic structures – including a wide-ranging understanding and interpretation of what development means and how it can be achieved.

As already noted, the construct of development emerged through the industrial advantage of western countries in relation with their assumption to epitomize superiority with responsibility to lead the way for other nations. Hence, the modern, industrialized states regarded themselves as ‘developed’ whereas the remaining states were labelled as ‘underdeveloped’. Consequently, the industrial advanced nations used their superiority to determine the development process for underdeveloped states which had to imitate the Western model. Hettne (1995) denotes this process as a “*modernization imperative*” (25). Due to the origin of the development discourse, it predominantly took place in the First World, held by First World

dominated global institutions, governments, agencies and academia (Mowforth/Munt 2009:32). Thus, the discourse represented a hegemony by Western nations which legitimized interventions such as political and financial adjustments in “developing countries” countries under the pretence of development.

Based on the installation of international institutions, such as the UN, the WB and IMF, the First World set global governance structures to tackle and manage issues of global concern. Enforcing development was the major task and it is yet the most relevant issue for international politics. During this time, a range of possible approaches arose and the most specious is still the approach for economic-driven development. The most significant approach of modernization theory was published by Rostow (1960), which illustrates that advancements in societies can be achieved through economic growth. At this juncture, the politicization of development becomes obvious since the Western World was using the modernization theory to gain support and assistance against communism during the Cold War era (Mowforth/Munt 2009:32).

In the following years the established development discourse was contested by approaches of the dependency theory and world system theory, raising attention to the global interdependencies and insufficient structural position of “developing countries” (Frank 1960, Wallerstein 1979). Despite the theoretical impact of these approaches and subsequent critiques on the issue of development, the global institutions and leading nations continued to follow the path of neoliberal economic growth (Mowforth/Munt 2009:34). With focus on free-market principles and trickle-down growth, the IMF and WB provided loans and debt relief to Least Developed Countries (LDCs) that were bound to conditions given by the institutions. These structural adjustment papers (SAPs), were heavily criticized for undermining national sovereignty by dictating national economic policy adjustments and enforcing structural adjustment (Heidhues/Obare 2011:61). The process implementing free-market principles and privatization led to increased exploitation of natural resources and cheap labour by multinationals and local elites. Contradictorily, the SAPs promoted political and economic destabilization of many “developing countries” and is even regarded as form of neo-colonialism (Nyikal 2005).

During this time, another perspective on development emerged. Goulet (1971) perceived development more as a philosophical concept that illustrates current conditions, desired future conditions and the system of means to achieve these. Thus, development can be descriptive and normative at the same time (Goulet 1992). Centring social and individual improvements for humanity, development is understood as the vision of a better life for all. However, it is problematic to distinctly characterize the vision, considering all the different cultural perspectives, values and beliefs around the world. In order to preserve a conceptual basis to

describe societal and national development, Goulet (1971) defined three core values of development that are supposed to be fundamental for every individual and society:

1. Self-Sustenance: The ability for individuals to meet basic needs.
2. Self-Esteem: Presence of respect and dignity.
3. Freedom from Servitude: Self-determination without fearing the oppression by others and being able to make political and economic choices.

Contesting the economic driven concept, Goulet (1992) highlights further dimensions which are essential to consider in the discourse about development. With reference to the emergence of sustainability, the dimensions reflect a more holistic approach, composed of an ecological, economic, socio-cultural and political component (ibid.). This illustrates a shift in the development discourse towards a people-centred approach, fostering social inclusion and highlighting the matter of environmental destruction. The United Nation Development Programme (UNDP) contributed to the debate with the first publication of the Human Development Report (HDR) in 1990, determining the 'new' focus in the development discourse:

“People are the wealth of a nation. The basic objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives. This may appear to be a simple truth. But it is often forgotten in the immediate concern with the accumulation of commodities and financial wealth. Technical considerations of the means to achieve human development [...] have at times obscured the fact that the primary objective of development is to benefit people.” (UNDP 1990:9)

With the annual publication of the HDR, linked to the measurement of human development through the criteria of the HDI, the UNDP provides an alternative to track development progress. With its ongoing efforts for more emphasis on indicators such as education, health, standard of living, the principles of human rights, the HDI is recognized and accepted by many organizations, development agencies, developing countries and donors as a useful method to capture development in a broader term.

Nonetheless, Mowforth and Munt (2009) argue, that the general paradigm for development has been remaining the same, because development approaches and measurements, like the HDI, still aim on “pro-poor, people inclusive growth” (35). Furthermore, they denote sustainable development as the “*ultimate oxymoron*” (ibid.), by reason that the solution for environmental destruction and poverty reduction is still presented in global economic growth. Recent global initiatives by the UN exemplify that the growth-based approach to achieve development has not changed.

2.2.1 Defining Poverty

At first, it is necessary to briefly point out how poverty can be defined and how this definition relates to different approaches and evaluations for the development process. Through the construction of 'underdeveloped' countries, the symptom of poverty and 'the poor' were created which should be addressed by developing countries (Escobar 1995:53). Therefore, it must be considered that the use of these approaches has implications on how poverty can be measured, and they determine who is classified as being poor. The term poverty is based on specific assumptions and has to be contextualized which include economic, socio-cultural, environmental or political aspects.

Generally, poverty is classified into 'absolute poverty' – where the basic needs for a living cannot be met – and in 'relative poverty' – whereat the poverty level is dependent on the social content and referred to income equality. The WB originally set the monetary poverty line for individuals who live on less than 1\$ per day in 1990, which was recently reset to 1,90\$ per day in 2015 (Cruz et al. 2015). This controversial notion is still used as an assessment for extreme poverty, despite regional disparity of value for money. Further, it does not include socio-economic and political conditions which frame poverty as described by Townsend already in 1979 (31). Hereto, a comprehensive definition was given by a statement of the UN in 1998 which is approved by all UN agencies:

„Fundamentally, poverty is a denial of choices and opportunities, a violation of human dignity.

It means lack of basic capacity to participate effectively in society. It means not having enough to feed and [clothe] a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities.

It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation.” (UN 1999:14)

Thus, poverty is not an individual problem, but rather a structural issue which does not only relate to an economic dimension (Sen 1999). For this reason, Grandl and Knobloch (2009) prefer to denote individuals who suffer from poverty as “*people living in poverty*” rather than “*poor people*” (15). With reference to the issue of this thesis it is necessary to consider the structural conditions which are accountable for poverty. Accordingly, it is to question how tourism is related to structural conditions and if it can transform these. Nawjin et al. (2008) stress the argument given by the UNWTO that tourism itself must be transformed to a “*kind of ideal tourism*” (4) to effectively contribute to reduce poverty.

2.2.2 The Development Goals

In 2000, the 55th General Assembly of the UN took place in New York with the intention to define the vision and the role of the UN in the 21st century. More than 150 heads of state, governments, representatives from donor agencies and non-governmental organizations ratified the Millennium Declaration (Resolution 55/2) which then was adopted by the 189 member states of the UN (UN 2000). The outcome and framework of the declaration was outlined in eight development goals which should be achieved by the year 2015.

In the Millennium Development Report, the UN (2015) claimed profound achievements within each of the MDGs. Among other progress the UN highlights that the amount of people living in extreme poverty (less than \$ 1,25 per day) has declined by more than half, mortality rates (of children or by diseases) have declined significantly, 1,9 billion people have gained access to drinking water, and primary school net enrolment and the literacy rate of youth have risen (UN 2015:3-6). Despite the progress and achievements of the MDG's targets and criteria, the UN further mentions gaps and issues which have not been met or sufficiently addressed by the MDGs. The concerns were about uneven progress across regions and countries, issues of gender equality, increasing income gaps, gaps between extreme poverty and wealth, climate change and environmental degradation (ibid.). Other negative aspects included appropriate sources of funding and the lack of clarity about the role of certain actors, such as the civil society and the private sector, to achieve the agenda (UNWTO 2016:20). Further, there has been critique about the methods of implementation and measurement.

The IMF and WB continued the contractual conditionality of the SAPs through Poverty Reduction Papers (PRSP) which should be "*prepared by government in low-income countries. They assess poverty challenges, describe how macroeconomic, structural, and social policies and programs can promote growth and reduce poverty, and outline external financing needs and the associated sources of financing*" (IMF 2016:1). In contrast to the SAPs, loan-receiving countries should prepare the proposal for external funding. Sheshami (2005) points out that the desired effect of self-determination resulted in further dependence on donor-support and on financial institutions who are regarded as "*gate-keepers of [...] poverty reduction and development programs*" (16). Development plans and national development agendas have been designed to receive financial approval instead of meeting actual needs for rational and sustainable development.

This also applies for monitoring methods which seem to be linked to process conditionality rather than to content conditionality as Dijkstra (2011) exemplifies in her case studies in South America. The ostensible aim and interest seem to be financial support for developing countries without focus on effective development impact. At this juncture, Kamruzzaman (2009) criticizes the lack of a clear definition about the extent of civil participatory which is requested in the

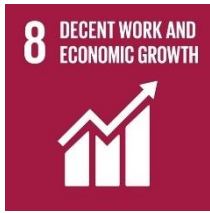
formulation of the PRSP. In the end, the benefits mostly favour local elites as much as stakeholders who are actively involved in the development programs which for the most part have not been the poor, marginalized groups or the most vulnerable.

In order to pursue the international development agenda and to cover shortcomings of the MDGs which ended in 2015, the Global Goals for Sustainable Development were developed. In 2015, the final document was adopted with the promising title “*Transforming our World: the 2030 Agenda for Sustainable Development*” (UN 2015). The SDGs entered into force on the 1st of January 2016 containing 17 Goals with 169 targets which aim on ensure equality and prosperity for all under consideration of the ecological capacity (Figure 1).



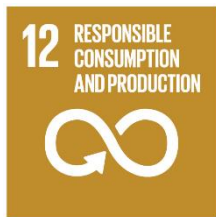
Figure 1: Sustainable Development Goals, Source: UNWTO 2015

The fact that the tourism sector can contribute directly or indirectly to all the Goals has been recognized by international institutions and development agencies, so that tourism is firmly positioned in the Agenda 2030 (UNWTO 2016:22). Beside cross-cutting effects on almost all SDGs, the role of the tourism sector is specifically mentioned in the targets for goal 8, 12 and 14. According to the purpose of this thesis, the targets for Goal 8 and Goal 12 illustrate the expected implications which can be achieved through responsible tourism structures and ventures (UN 2017:12, 17):



Goal 8:
“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”

Target 8.9:
“By 2030 devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.”



Goal 12:
“Ensure sustainable consumption and production patterns”

Target 12.b:
“Develop and implement tools to monitor sustainable development impacts for sustainable tourism which creates jobs, promotes local culture and products.”

Although the wording of these targets seems to be similar, the corresponding indicators reveal the implemented methods for evaluation. Even if target 8.9 emphasizes on ‘policies’ the indicators aim on economic impact (ibid.:12):

Indicator 8.9.1	Tourism direct GDP as a proportion of total GDP and in growth rate
Indicator 8.9.2	Number of jobs in tourism industries as a proportion of total jobs and growth rate of jobs, by sex

Whereas the indicator for Goal target 12.b rather aims on the design of appropriate policies (ibid:17):

Indicator 12.b.1	Number of sustainable tourism strategies or policies and implemented action plans with agreed monitoring and evaluation tools
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These indicators prove Dijkstra’s (2011) criticism about the relevance of process conditionality of the Goals, whereat the impact of policies in terms of job creation, promotion of local cultures and products cannot be evaluated effectively and in detail. In addition, the targets represent superficial instructions on what should be done. The responsibility to guide and promote the SDGs in the tourism sector lies with the UNWTO, the leading international tourism organization embodied in the UN.

2.2.3 The role of the UNWTO

The UNWTO (former WTO) is the relevant agency of the UN to promote responsible, sustainable and accessible tourism. Further, it offers leadership and support to boost tourism as a key factor for economic growth, inclusive development and environmental sustainability. Beside initiatives like the Global Code of Ethics in Tourism (2014) - a frame of references for

responsible tourism enterprises - the UNWTO was involved in the formation of the Global Sustainability Tourism Council (2014), which has impact on tourism research, knowledge sharing as much as developing tourism strategies for governments, the private sector and other stakeholders (UNWTO 2017:20). Most notably, the wide range of influence makes the UNWTO unique within the UN as it counts more than 500 affiliate members, representing the private sector, educational institutions, tourism associations and local authorities, non-governmental entities, and even non-commercial associations. With reference to the subject of this thesis, ST-EP campaign with its approach for PPT are foregrounded.

Announced on the World Summit in Johannesburg in 2002, the UNWTO launched the ST-EP Initiative to tackle the Development Goals in the tourism sector. The focus of the initiative lies on poverty alleviation through the provision of assistance to corresponding projects. Harisson (2008) defines three dimensions of this campaign: *“first, the incorporation of a poverty component in the UNWTO’s technical assistant programme; second, the ST-EP Foundation, [financing] research and co-operation [...]; and, third, the ST-EP Trust Fund, [financing] technical assistance projects”* (854). These dimensions reflect the efforts of the UNWTO to call on stakeholders to draw emphasis on tourism in development programmes as much as on good governance and public-private partnerships. The most discussed approach to implement the ST-EP Initiative is covered in the PPT approach which is presented in detail and critically discussed in the successive chapters.

2.3 Pro-Poor Tourism: A tool for development?

Pro-Poor Tourism deals with the question, how tourism and the tourism industry must be designed to benefit the people living in poverty. As already illustrated, the concept of alternative, sustainable tourism approaches to foster development and consequently alleviate poverty are not new. Nevertheless, the mainstream approach towards this matter emerged through the report of the UK Department for International Development (DFID) in 1998 (Harrison 2008:854). The report was based on the question how outbound tourism from the UK could contribute to poverty alleviation in destination’s societies. Due to the upcoming relevance of poverty alleviation in the development discourse and with regard to the upcoming Millennium Summit, the Pro-Poor Tourism Partnership (PPTP) was formed. With support of development agencies like DFID, the Netherlands Development Organization (SNV) and the German Federal Enterprise for International Cooperation (GIZ) and tourism related international institutions such as the UNWTO, the WTTC and the Pacific Asia Travel Association (PATA), PPTP was able to produce a range of case studies to show how tourism could alleviate poverty and simultaneously benefit all stakeholders of a given destination through establishing public-private-partnerships and providing incentives and investments for local value creation (Harrison 2008:854). Even though these case studies only revealed

positive impacts on small scale tourism initiatives, the authors recapped key aspects which should be considered and implemented in any tourist destination to minimize negative impacts and maximize benefits for the local economic and socio-cultural structure (Goodwin 1998). In general, Goodwin (1998) highlights that effective PPT is based on three main pillars: good governance, private sector support and local participation (Figure 2). Hence, those pillars are explained in more detail below.

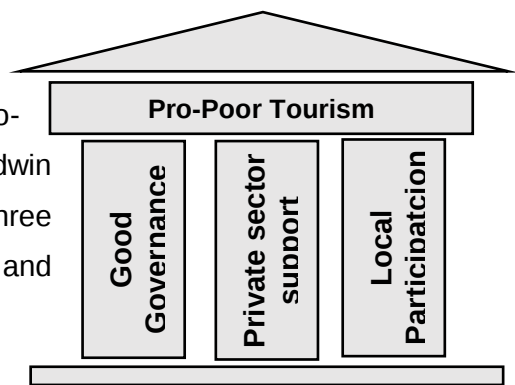


Figure 2: Pillars of PPT, Source: own table

2.3.1 Good Governance

First of all, the PPT approach must not be considered to be a theory or a model, neither is it a niche sector or product for the tourism industry (Harrison 2008:855). The concept of PPT should be perceived to be intentionally implemented into development strategies and destination management plans as well as integrated in business plans of tourism enterprises. Therefore, it should primarily increase performance and efficiency of the tourism sector with a focus on growth in proportion of spending towards people living in poverty. Thus, it should maximize net benefits for all stakeholders who profiting from the tourism sector. For this reason, PPT must be integrated into wider tourism systems and best, not only aim on tourist destination structures, but additionally recognize inter-sectorial linkages and their relationships and value-creation linkages for the tourism sector.

The preferable framework must be enabled by the government and regional policy-makers who are in charge to provide a stable environment for the tourism sector to flourish and to prevent political instabilities. This includes the establishment of a healthy investment climate with a long-term alignment and local repatriation of the tourism revenue (Najwin et al. 2008:5). Policies for investors and the private sector must be made to regulate taxation, land use, working conditions and fiscal distribution. Goodwin (1998) states that it is essential to apply international minimum labour standards to cover international working criteria in the tourism sector and furthermore, to maintain recruitment efforts and to enable an attractive working environment (5). In that sense, good governance principles are central to this approach, whereby unwanted impacts, like inward migration, food and land price inflation, leakage rates must be considered and complemented with sustainable local livelihood strategies (Goodwin et al. 1998:5). Most importantly, this means to enable access for local entrepreneurs and local workforce to the tourism market and reduce or foreclose enclave forms of tourism (Goodwin 1998:4). Therefore, the private sector must be addressed and sensitized to enhance local development which should benefit all stakeholders on the long run and specially the people living in poverty.

2.3.2 Private sector support

Due to these objectives, it is essential to understand, that PPT is not an anti-capitalist approach (Harrison 2008:855). With the private sector at the centre for pro-poor development, Najwin et al. (2008) clarify that the challenge of PPT approaches lies in consolidating the contradicting objectives which arise through this approach (5). The main business goal for companies is to achieve financial returns instead of doing development work and functioning as a development agency. Besides, the tourism market in LDCs is dominated by international companies with financial power, technical advancements, direct access to tourism source markets and extensive links to the key-players in the tourism network (Christian 2012:2). These power relations heavily effect the groundwork for PPT-practitioners and slow down the progress to implement PPT strategies. Nevertheless, the issue of PPT is increasingly acknowledged by actors in the tourism industry. On the one hand, through the technical assistance and emphasize on this approach by global institutions and national development agencies. On the other hand, it is used to strengthen the industry's credibility as a motor of economic growth and for socio-cultural transformation which is used to promote and market tourism in the source countries (Scheyvens 2012:127).

Hereto, the positive outcomes, presented in Chapter 2.1, should be regarded as the main aspects to foster development. For PPT, the emphasis must be put on strong linkages to the local economy (Telfer/Sharply 2008:54). Especially in tourism destinations the local market must be encouraged to generate at least the required supply for the tourism industry and products. There are many opportunities at destination level for local people to involve and gain from the tourism sector. Due to the lack of institutional capabilities in LDCs, the private sector is on demand to provide additional education and job training for an enhanced tourism product (Rein/Strasdas 2015:217). This applies in particular for more senior job positions to maintain local management and to attract the young and brightest community members to further reduce the out-migration of rural communities (Goodwin 1998:5). With high impact on product quality and the tourism success, Rein and Strasdas (2015) point out the relevance of the service sector in value creation and the necessity to raise awareness for demanded skills, for example in language, administration, calculation, accounting and hygiene (217).

Hereby, it must be noted, that wealthier locals who have better access to education, who are better connected to the business network and who have more self-confidence are more likely to benefit than marginalized groups living in poverty (Goodwin 1998:2). According to studies of DFID and publications of UNWTO most of the PPT strategies aim on small-scale and locally owned enterprises. In retrospective, some authors criticize that many donor-funded projects are not economically sustainable (Harrison 2012:84; Nawjin et al. 2008:6). Success mostly depends on sophisticated strategies which include high levels of local inclusion and strong

local commitment and identification towards these ventures. In consideration of the competitive tourism industry it remains a challenge for entrepreneurs to apply PPT strategies and sustain economically, in comparison to their competitors who do not apply PPT strategies.

2.3.3 Local Participation

Alongside with good governance and a responsible private sector, local participation is regarded as the third main pillar for PPT to be successful in the long run (Goodwin 1998:2). It is necessary to enable and foster local participation right from the beginning of every PPT initiative. The concept to promote bottom-up approaches in the field of development has been much discussed in the recent decades whereby different interpretations and meanings can be associated to the term 'participation'. For a more comprehensive understanding, Pretty's (1995) typology of participation is regarded as appropriate for the outcome of this thesis:

Manipulative Participation	Nominated local representatives are used as a pretence with no legitimacy or power
Passive Participation	People participate by being told what has been decided or has already happened. Information being shared belongs only to external professionals
Participation by Consultation	people participate by being consulted or by answering questions. Process does not concede any share in decision-making, and professionals are under no obligation to take on board people's views.
Bought Participation	People participate in return for food, cash or other material incentives. Local people have no stake in prolonging technologies or practices when the incentives end
Functional Participation	Participation is seen by external agencies to achieve their goals, especially reduced costs. People participate by forming groups to meet predetermined objectives
Interactive Participation	People participate in joint-analysis, development of action plans and formation or strengthening of local groups or institutions. Learning methodologies used to seek multiple perspectives and groups determine how available resources are used
Self-Mobilization and Connectedness	People participate by taking initiatives independently of external institutions to change systems. They develop contacts with external institutions for resources and technical advice they need, but retain control over resource use

Table 2: Typology of Participation, Source: adapted from Pretty et al. 1995

Pretty's typology exemplifies that it is necessary to differentiate between the levels of participation because they reveal crucial differences in how participation is perceived and used in the practise field of development. The desired level of participation is rarely mentioned in PPT strategies which expands the scope of how PPT structures can be implemented. By developing strategies and implementing projects whereby people living in poverty are able to take control over tourism related projects, it is to question to what extent the level of 'Self-Mobilization' can be achieved, regarding the limited capabilities to arrange and establish such venture. Accordingly, through external incentives and sponsorship, the *"issue of what [should be] participated in is decided prior to the communities' [or individuals'] involvement"* (Butcher 2012:104). Singh (2012) criticizes that participation in PPT seemingly becomes less about culturally relevant conscious choices of the people or communities living in poverty, but rather about dragging them into the capitalist system – the *"market-driven world order"* (113). Especially, with regard to traditional local communities in LDCs, such development initiatives increasingly challenge their way of living and induce pressure to modernize, globalize and integrate. Further, within the tourism sector the necessity of adjustment towards the visitors' culture is more likely to happen, because tourists are able to choose their destination of travel and spend little time in the given destination (Nawjin et al. 2008:6).

Under consideration of these impacts on individuals living in poverty as much as on local communities, Goodwin (1998) specifically points out that local engagement and integration is essential in the planning and decision-making process for PPT (6). In return, local integration also benefits the private sector by sustainable tourism development and the tourism product enhancement (Bello et al 2017:132). However, the Western-centric participation frameworks are criticized for being inadequate for developing countries (Bello et al 2017:133). Characteristics such as high population growth rates, high income inequalities, high unemployment, poor education, high illiteracy rates and low level of capital accumulation are not taken into consideration. Further, little democratic experience and historically anchored structures of dependence to the government, elites, non-governmental organizations and the private sector restrict sustainable participation capabilities for local communities (ibid).

2.3.4 PPT Measurement

As outlined above, PPT should not be regarded as a theory or a specific method, but rather an essential feature for policy and business strategies to promote poverty alleviation. In this regard measuring the impact becomes difficult and tricky. Harrison (2008) states, that there are *"no methods of data collection, targeting or analysis [which] are appropriate only to PPT"* (856). To that effect, measuring PPT need to include economic figures and general tourism data on the destination level as much as a variety of qualitative methods (Jamieson et al. 2004:20; Goodwin 2006:1). Among others, these include examining leakages from destination areas,

assessing the development and impacts of capacity building, comparing relationships and linkages of the actors and stakeholders within the sector and in connection with other related sectors (ibid). It becomes apparent, that the process of measuring PPT impact requires access to various statistics, policies, plans and further, it is a matter of time to evaluate the progress. In addition, there are many factors influencing the progress of poverty alleviation which are not directly related to the tourism industry, so that Harrison (2008) concludes a lack of measurability of PPT (865).

However, PPT is characterized as a set of features that should be adopted by tourism actors and foster their collective interaction to fight poverty and supplementary increase their net benefits through an enhanced tourism product. In this regard, Harrison (2008) and other authors refer to the approach of the Value-Chain Analysis (VCA), which is used to examine differential market relationships along actors from regional to global commodity chains (Mosdale 2006; Mitchell/Phuc 2006). The use of VCA in the tourism sector started on a small scale within destination areas, but it has developed to a useful measurement framework to analyse relationships and commodity chains within the tourism sector and the accompanying intersectoral linkages. To the extent of this thesis, the VCA is regarded to give a comprehensive understanding on the relationships in the tourism sector which are essential to design a concept that benefits the people living in poverty in host destinations. Therefore, a more detailed discourse on value chain approaches is given in the following chapter (chapter 3).

2.4 Contesting the Buzzwords

This section showed, that the subjects of development and sustainability have to be discussed in the context of political agendas and that they have been captured by a neo-liberal economic agenda. Singh (2012) states that the “*definitional debates and discourse have never stopped – they tend to become meaningless because of over definition*” (23). The terms have become jumble of buzzwords, dogmas and stereotypes that are modified by its users to influence the respective audience.

According to the polarized debate about the desired development towards a sustainable tourism industry, Telfer and Sharpley (2008) comment, that it is irrelevant which specific form of tourism is implemented, because at the bottom line, all forms have to be made more sustainable (80). Policymakers, tourism actors and local society are, together, responsible to enforce sustainable principles with consideration of their economic, cultural and political environment in order to imply effective approaches. To Bramwell (2012) this progress is the most important one, as he comprehends the concept as an “*on-going transition*” rather than an “*end-state*” that can be achieved (35). Further, he points out that “*the idea of sustainable tourism is illusive*” – but the concept should be central to all approaches (44). He puts emphasis

on the essential discourse about sustainability in tourism which consequential may lead to change within all dimensions of sustainability.

For other authors, the concept of sustainability just illustrates the creation of a paradigm that functions as a buzzword for public acceptance and is used as a new branch and label by the industry (Mowforth/Munt 2009:83; Throsby 2009:14). The overexploitation of this term has led to the fact, that it has become a matter of interpretation to define “sustainable tourism”. Especially with reference to the adapted terminology which is on the one hand used to raise awareness about this important issue, but on the other hand is also used to attract tourists and investment (Mowforth/Munt 2008:97). Beyond that, used as a buzzword, ‘sustainability’ reflects the interests and values of those involved which inherent aspects of ideology and hegemony (Mowforth/Munt 2008:20). This applies specifically for policy makers and the private sector.

For this reason, Telfer and Sharpley (2008) suspect that the *“idealistic support for the [sustainable] concept is on the wane, and the adoption of a more pragmatic and ‘responsible’ approach to tourism development is being manifested in specific policies”* (31). Consequently, Weaver (2012) calls out on the public participation and on the consumers behaviour to campaign for a paradigm shift, if the industry and the governance fail to preserve effective sustainable decision-making and implementation (32). However, there has not been a shift in the tourism industry towards a more responsible solution in the last decades neither by the private actors nor by the consumers. Public participation might be the key to achieve more responsible and sustainable tourism development, though, it must be considered that in the regions which are affected the most, “the public” has little power and capabilities to be actively engaged. Further, most are concerned with more severe and urgent livelihood problems.

The vaguely defined concept of PPT is criticised by Weaver (2012), who calls the approach a *“paradigm nudge”* that reflects an opportunistic adjustment of capitalism in the tourism sector (33). To him, it needs more than loose beneficial aspects, rather a fundamental change in the industry to push commitment for sustainability and poverty reduction (ibid.). In this regard, tourism research revealed inequitable distribution of wealth and uneven power relationships throughout the tourism sector which limits smallholder and locals’ access to the markets and fosters gender-intensified constraints (Barrientos et al 2014:22; Staritz/Reis 2013:44).

With regard to the SDGs and the reinforced issue of sustainability in the tourism sector it becomes clear that PPT leaves out the issue of environmental concerns and rather centres on the net benefits for people living in poverty and for a responsible development of the tourism sector. PPT is framed by the capitalist system and is based on the neoliberal approach for development. It is designed for groundwork and implementation in practice, whereto Harrison (2008) notes that PPT practitioners should not be regarded as theorists who critically analyse

the initiatives and vouch for radical structural change (859). For this reason, he criticises the lack of communication and contextual exchange between practitioners and respective representatives in the academia who are specialized on PPT and development issues (ibid.).

Unfortunately, Ashley (2006) reveals that PPT does not always reach the people living in extreme poverty which is associated with their access, capabilities and skills to effectively participate and contribute to the economic value-production. Nevertheless, Ashley (2006) highlights that “*PPT is a matter of transferring gains*” (10) so that people living in poverty will benefit from strategies and initiatives, that incorporate PPT features, directly and indirectly. Either way, for instance through infrastructure developments, capacity building and training, increased inclusion and empowerment. With reference to the presented buzzwords of ‘development’ and ‘sustainability’, PPT allegorizes beneficiaries for the tourism destination, the corresponding stakeholders and people living in poverty – but only if PPT is not only instrumentalized by governments, NGOs and private actors to increase their public relations value.

With regard to the case study of this thesis, it is necessary to point out the actor’s understanding of sustainability and correspondingly their attitude about development initiatives like the PPT. Even if actors do not perceive a pro-poor strategy, they might act in a beneficial way. Therefore, the case study should present the actor’s interest and aim for business as well as their perception about their impact on tourism sector development, in particular for social inclusion and benefitting people living in poverty.

3. Value Chain Approach

Tourism can be described as a “*network industry par excellence*” (Scott et al. 2008:15). It is a fragmented and geographically dispersed industry that is able to thrive due to advancements in transport, communication with linkages and alliances across organizations and nations. Different tourism suppliers must work together to deliver the final product to the satisfaction of the customer. Christian (2012) criticizes, that PPT is often delinked from the theoretical and conceptual framework which covers structural tourism arrangements and consists of power relations, dependencies and governance formations along the global value chain (GVC) and also within the political and socio-cultural environment of each individual destination (39). With regard of the impact of PPT outcomes Nawjin et al. (2008) add that the “*UNWTO’s ST-EP programme is too optimistic on the potential of tourism for the LCDs. It is taking a micro level view, without looking at global structure realities, impacts and limitations of international tourism*” (3). Therefore, a more comprehensive approach is needed that implies different economic, socio-cultural, political and institutional phenomena in the global production process.

Thus, the approach of global production networks (GPN) has been chosen which provides a suitable framework for analysing different actors in the production network and their relationship with each other. After a brief introduction into the field of value chain analysis it is outlined why the GPN approach seemed to be most appropriate for the framework of this research. Consecutively, the tourism production network is described in more detail with focus on the impact of lead firms and the issue of governance to evaluate who has the power to control and coordinate the production network. Yet, the existing structures are contested by new players arising from emerging economies. Further, the aspect of economic and social upgrading in production networks is highlighted, since sustainable tourism sector development, in particular inclusion of local communities are the focus of this research.

3.1 History of the value chain approach

Pursuant to the world-systems theory, Wallerstein and Hopkins (1986) have been the first researchers to use the term ‘Commodity Chain’ which they defined as “*a network of labour and production processes whose end result is a finished commodity*” (159). The term refers to production line of commodities in the inter-regional and transnational division of labour whereby the concept reflects a highly hierarchical production process. With the beginning of the 1990s, Gereffi developed an approach to analyze global commodity chains (GCC) by focusing on the interorganizational networks that are clustered around the production process, trade and services to produce the final product (Fischer et al. 2010:12). The research paradigm was designed to examine coordination and regulations along the chain and determine the role of firms that hold control over the chain.

In the early 2000s the GCC has been superseded by the global value chain (GVC) approach which offers a more practical orientation to economic and business development. GVC emphasizes on the concepts of 'governance' and 'upgrading' whereupon the former scrutinizes who is able to control and coordinate the value chain and the latter determines the potential of actors and activities to upgrade into stages of higher value creation (Fischer et al. 2010: 13). The analytical approach contributed to manifold empirical elaboration of various industry sectors and global production processes. On the one hand, the insights help to foster improvement for inter-firm relationships and production efficiency within value chains. On the other hand, the approach facilitates understanding for structural dependencies and power asymmetries in the global production process (ibid.: 15). Alongside GCC and GVC, Coe et al. (2008) highlight a third approach that has become prominent in this field – Global Production Networks (GPN). Although the first two are rooted in industrial economics and the latter was developed independently by Ernst (2002) and derived from the economic geography, the *“core of all three conceptualizations is similar – the nexus of interconnected functions, operations and transactions through which a specific product or service is produced, distributed or consumed”* (Coe et al. 2008: 272). Yet there are differences between these approaches. Coe et al. (2008) claim, that GPN are based on a broad relational framework by encompassing all relevant sets of actors and relationships whereas the GVC/GCC approach narrowly focuses on sectoral logics and the governance of inter-firm transactions (ibid.). Additionally, the approach of GPN offers a more non-linear structure than GVCs/GCCs and attempts to *“incorporate all kinds of network configuration”* (ibid.). Henderson (2002) relates to the wording in GVC and GCC whereby 'chain' is described as being to linear and does not involve *“flows of materials, semi-finished products, design, production, financial and marketing services”* (444). At this conjunction, Henderson (2002) also states that the term 'network' is more suitable to define such production systems and further allows to analyse power structures which shape specific networks (ibid.). To this, Levy (2008) points out, that GPNs imply economic and political characteristics as well as social and cultural phenomena that must be considered for analyzing specific production networks (944). Especially with regard to the tourism sector, it is important to consider that the production network is – ecologically, economically, politically, institutionally, socially and culturally – affected differently from destination to destination and also from actor to actor. Furthermore, and in contrast to other industries, services and products are demanded and consumed at different stages in the network by the end customer. The individual production networks are, in turn, affected by their distinct economic, political, socio-cultural environment which determines rules and norms. This reflects the complex circuitry of dynamic networks which are combined to GPNs.

To analyze productive aspects of the tourism industry and to reveal shortcomings and opportunities for social development through increases in economic performance, the recent

tourism literature refers to the beneficial use of the Value-Chain approach (Christian 2012; Lee/Gereffi 2015). The value chain analysis allows for a better understanding of economic development with a focus on formation and exertion of power and hierarchy structures and their embeddedness within the institutional and socio-cultural environment (Lee/Gereffi 2015:320). According to Levy (2008) GPNs “*resemble contested organizational fields in which actors struggle over the construction of economic relationships, governance structures, institutional rules and norms, and discursive frames*” (944). Thus, the analysis of the tourism GPN provides a more holistic view towards the industries’ structure and framework which can be used as a tool to detect conditions that are necessary to favor and foster spillovers which increase social development, but also to determine junctions which cause negative impacts. As a consequence, GPN analysis can be used to design effective policy tools to enhance economic development, create employment and alleviate poverty (79). Therefore, GPN analysis might be a key to improving our understanding how the impact of pro-poor strategies can be improved and the benefits for people living in poverty and the tourism industry itself can be increased.

3.2 The Tourism Production Network

The tourism industry on destination level appears to be a loose cluster of stakeholders related to tourism and cross-sectoral links. However, essential interdependencies between the different actors to produce the final tourism product result in an ambivalent relationship between competition and co-operation among the actors (Scott et al 2008:3). Especially within a destination, where actors compete and provide for the common purpose – deliver the required services that are part of the tourism experience. Given the fact that most tourism destinations in developing countries are very distant to its source markets and to their potential customer base, the purpose of advertising and selling tourism products rely on collective actions by the actors from the destinations.

Theoretically, it must be the main aim for tourism destinations to establish domain of interest, bringing together knowledge, expertise and resources to gain the competitive advantage to compete with other destinations. Thus, collaboration is the key to enable access to assets, capabilities and information (Jenkins/Ishikawa 2010:10). The linkages are regarded to be social rather than formal and the common purpose should lead to self-regulated relationships. Hence, the resultant tourism industry cluster should be able to foster a process of joint decision-making among the autonomous stakeholders, providing cost-effective access to suppliers, distributors and retailers (Jenkins/Ishikawa 2010:14). In practise, power structures, individual perception of business and revenue and the economic, political and socio-cultural environment restrict collaboration and collective action.

Christian (2012) outlines, that tourism GPN are based on 5 principal segments comprising of 'inputs', 'components of trip', 'organization', 'sales' and 'final product' (2). With a closer look at the tourism industry, the productive segments of the supply chain consist of the trip segment, which frames business activities in the sector of transport, lodging and excursions; the organization segment, consisting of tour operators that design and assemble the tourist experience; and the sales segment, which usually covers travel agents who advertise and sell the final product (Figure 3).

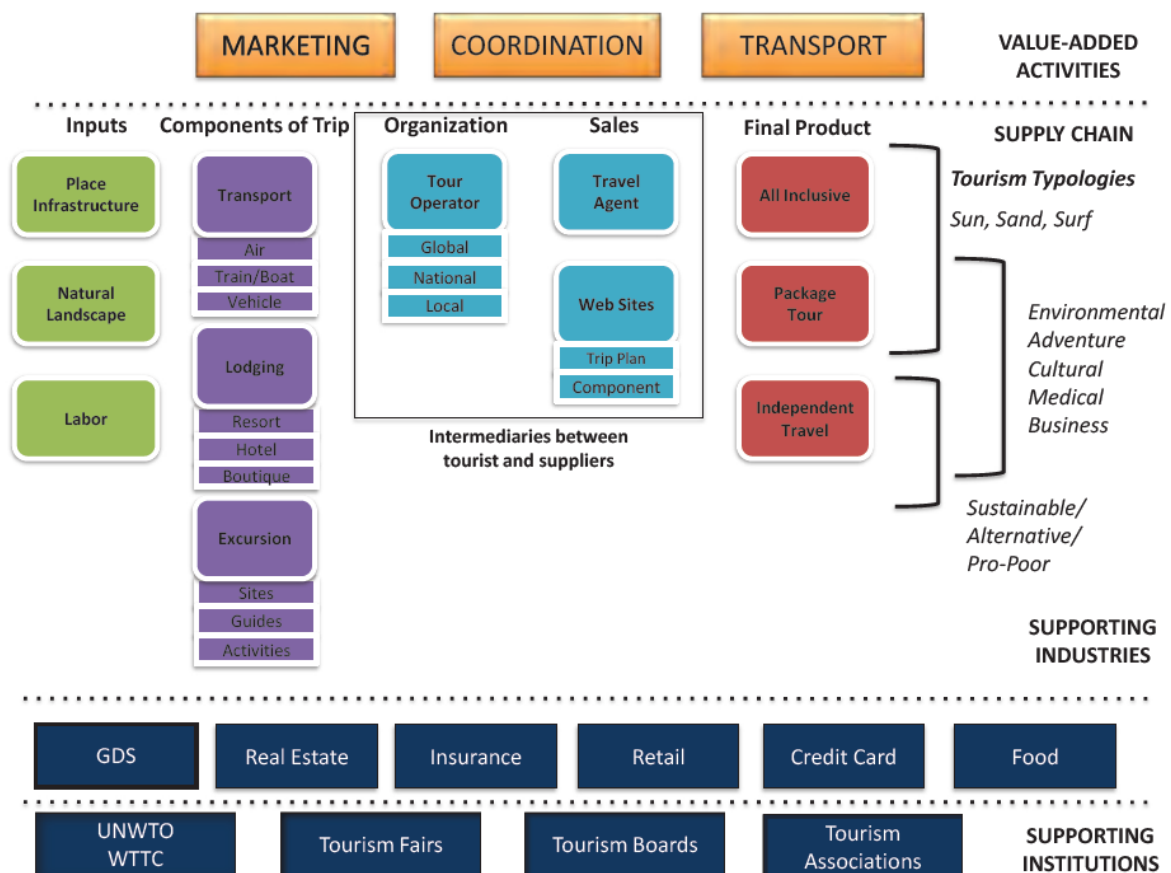


Figure 3: Tourism Global Production Network, Source: Christian 2012:3

As shown in figure 3, the businesses who are operating in the organization and sales segment act like intermediaries between the customers and the host destinations, which allowed some of them to expand further to ingrate vertically into the tourism value chain. Further, figure 3 depicts supporting industries and institutions that have a huge impact on the tourism GPN. Yet, it is important to understand, that all tourism production networks are embedded within their regional and historical setting, their political and industrial preconditions and their individual social and cultural norms (Christian 2016:40).

With regard to social development and poverty alleviation it is necessary to analyze the links between individual actors and their behaviors as much as identify critical junctures in destination networks, that cross functional and hierarchical boundaries (Scott et al 2008:2;

Christian 2016:40). Emphasis must be put on revealing linkages between local and regional structural forces and their relationships to international value chain processes to ensure benefits for local communities and people living in poverty.

3.2.1 Lead firms in the tourism sector

In GVC, lead firms are often considered to be MNEs who have market power due to market assets, technological advantage, expertise and/or are well connected to decision makers (Gereffi 1994). According to Christian (2016), for GPN the term lead firms also includes regulatory institutions and organizations (public and private) which are able to affect the access to the GPN by structuring the tourism sector framework and further create, protect and promote tourism products (44). This includes national policies, the given institutional capabilities, sectoral conditions of financing, education and training, but also public awareness as much as the engagement and power of NGOs (Gereffi et al 2005: 99). According to the impact frameworks like the SDGs, the ST-EP programme and PPT implementation, the influential role of non-economic actors, such as international institutions, national development agencies and NGOs, has increased.

With reference to figure 3, Christian (2016) points out to the severe distinction between actors who are responsible for outbound distribution, like tour operators, travel agencies and airlines, and relevant actors in charge of national distribution and provision of the components of the trip (43). Due to the direct access to source markets and integrational structures on destination level, global operating travel agencies and tour operators are regarded as lead firms who have the most power over the tourism value chains (Christian 2012:2; Barrientos et al. 2014:22). It is stressed that the tourism market is dominated by elite global tour operators which manage to sustain their positions by controlling the market access through the selective distribution of pre-bundled services (Barrientos et al 2014:22).

However, there are other key aspects that determine the market power in the tourism industry in developing countries. According to Barrientos et al. (2014) expatriate and local elites capture the main share in the tourism sector by means of vertical integration in tourism production networks, whereby local suppliers and local smallholders are either directly owned or selectively contracted (23). This creates high dependency structures on the supply side. Due to financial assets, high estimation in cultural hierarchy or attachment to decision makers, lead firms have better access to further investment capabilities, like the ability to secure concessions and permits, for instance to get access to land, building permissions and touristic resources (private beaches, national parks, etc.). To a high degree this applies also to lower segments in the value production on local level for enterprises with expatriate ownerships (ibid.:23). Firstly, they have the advantage to meet the demanded preferences and standards

of the mostly foreign customers. Secondly, they are able to establish trust among potential tourists in the source markets, due to national and cultural similarities. Whereas local tour operators which might provide equal services are only able to compete by adjusting lower prices. At this stage governance aspect in GPN comes into play.

3.2.2 Governance

According to the theoretical framework of GVC which also applies for GPN, Gereffi (1994) initially defined governance as “*authority and power relationships that determine how financial, material and human resources are allocated and flow within a chain*” (97). By now, implied hierarchical structures of this nature do not only occur in and through private sector enterprises. Considering the institutional framework and political structures, GPN emphasize also on public and social governance forms and their interrelations (Lee/Gereffi 2015:321). Lee and Gereffi (2015) indicate three major aspects whereby governance is characterized as ‘driving’, ‘normalization’, and ‘coordination’ (321). On the macro level, governance can be regarded as driving, because lead firms have the power to set the industrial framework to their favour. With power over supply and demand for instance, it is possible to set industrial conditions on product standards, quality and price. In particular, this affects service and supply providers that have high economic dependency towards this lead firm. On the meso level, governance as normalization describes the process whereby the applied standards and the established frameworks become normative within the value-added chain. This implies regulated conditions of participation of single providers as much as rules and conventions which are integrated into the production network (ibid.:322). On the micro level, governance as coordination can be understood as actual forms of inter-firm linkages that connect suppliers and buyers which are controlled by a lead firm.

In order to determine how power and hierarchical relationships operate in GPN, Gereffi (2005) designed a Five-Part typology for governance (83). The type of governance results from key determinants regarding the complexity of product specifications, access to product and service information, and the autonomous capabilities of the suppliers (Table 3, Gereffi 2005:87). Due to recent findings, it is necessary to highlight the role of bi- and multipolar governance types along the chain and within the sub-sectors (Lee/Gereffi 2015:322, Christian 2016:44):

Market Governance	Supplier who possess their own capabilities without further product specification. With steady demand the cost of switching to new partners is low. Therefore, the power asymmetry maintains low.
Modular Governance	Suppliers provide services and products to the customer's specification. The suppliers take full responsibility for

competences, technology and investments and act partly independent on the value creation.

Relational Governance	Business activities take place on mutual dependencies by the trading partners with a high level of asset specification. These forms mainly require trust or reputation of the partners.
Captive Governance	Suppliers become 'captive' and dependent on large buyers who can control and monitor the production process.
Hierarchical Governance	Incorporation of supply firms with strict hierarchical formations along the value chain.

Table 1 Key determinants of global value chain governance

Governance type	Complexity of transactions	Ability to codify transactions	Capabilities in the supply-base	Degree of explicit coordination and power asymmetry
Market	Low	High	High	Low
Modular	High	High	High	
Relational	High	Low	High	
Captive	High	High	Low	
Hierarchy	High	Low	Low	

Table 3: Determinants of global value chain governance, Source: Gereffi et al. 2005: 87

Within the tourism production network, different forms of governance co-exist along the chain. Lessmeister (2009) exemplifies that the relationship between incoming agencies and tour operators can be categorized as modular governance whereas the relationship between incoming agencies and accommodation or transport enterprises can be characterized as market governance (133). However, Lessmeister (2009) points out that international tour operators represent the lead firm which governance structure seems to be coherent all along the entire value chain (ibid.). Regardless of the degree of governance by international tour operators, power can be further distributed along the chain.

In addition, tourism linkages are defined by varying and dynamic power differentials, due to the differing environment within each destination. The environment thereby is shaped by impact and interconnection of the private sector, regulatory institutions, public participation and socio-cultural aspects. Christian (2016) argues that this setting determines the extent of how power relationships are constructed and how they affect who can access and benefit from the value creation (44). Regarding the micro level in destinations or even communities, Christian (2016) highlights, that socio-cultural aspects extremely affect the shape of power relationships (45). This mainly relates to cultural relevance of power regarding ethnicity, gender and religion. In developing countries, tourism lead firms also benefit from a fragmented supply side that is economically dependent on the tourism sector and has little institutional back-up (Christian/Nathan 2013:7).

3.2.3 Shifting tourism structures

The emerge of 'rising power' firms from countries like China, India, Brazil, Russia and South Africa is regarded as critically by Lee and Gereffi (2015:325) for social upgrading processes. The shift in global trade relations is challenging the ordinary Western dominance for economic organization and market share, whereby the world trade between industrialized countries is on a steady decline. The trade patterns are almost equally split between the 'developed' and the 'developing' countries (North-North, North-South, South-South).

The raise in trade and business activities in developing countries leads to a growing middle class who, beside business travel, are increasingly demanding leisure travel activities. Consequently, new actors successfully penetrate the destination's market. They set up new networks, additionally to the existing ones in the tourism industry (Lee/Gereffi 2015:325). Furthermore, the demand from potential tourists originating from these rising power countries differs from Western standards. In that respect it is noteworthy, that these 'new tourists' partly require different touristic supply and standards, for instance in lodging, board and activities. Lee and Gereffi (2015) point out that RP firms may gain advantages over global firms originating from the North that lack understanding of emerging markets, whereby RP firms can implement more innovative strategies and business models that are based on more comprehensive local knowledge and understanding.

However, the point of concern is the fact, that many of these businesses are based on smaller margins which may eliminate their ability to foster upgrading processes of smaller suppliers (ibid.:327). Attention is put on high-volume demand in the South to cover the low unit margins. Further, this business model bears the risk to be stuck in a low-cost, low-standard market which is not favoured in the tourism industry and not by governments in tourist receiving countries. With less standards in value adding stages and less consumers who are voluntarily paying for social labels, the impact for social upgrading is limited by rising power firms. Lee and Gereffi (2015) conclude that this business model cannot be sustainable in the long run (331).

Nevertheless, this prediction consequently highlights the need for enhanced regulatory standards and strict policy by the government with back-up by the industrial cluster, transnational and local NGOs as much as from the civil society. In order to maintain and improve economic and social upgrading, the formation of a "*cooperative governance*" is required, with essential need for active public participation and the necessity to form and implement labour unions (ibid.:330).

With reference to lead firms and RP firms, Christian/Nathan (2013) explicate in their case study that dependence on foreign tourism might prevent economic upgrading whereas an increase

in domestic tourism is more beneficial to grow capabilities and skills (3). For many developing countries, however, this remains a challenge, due to the lack of buying-power and specialized service providers in the domestic markets.

3.3 Upgrading in tourism GPN

Lee and Gereffi (2015) contest the mainstream approach in the international business literature, that foreign direct investments (FDI) and the presence of MNEs leads to trickle-down and spillover effects in capital, technology, skills and knowledge (319). They argue, that a country's development does not depend on broad based industrialization, but rather on their economy's position in the specific GPNs. To increase gains and foster economic and social development it is necessary that the framework of the production network must be adjusted to enable access for domestic and local enterprises. Hereby, the GVC approach on upgrading can help to detect what conditions are necessary to foster positive spillover effects and explore what might cause negative impacts (Lee/Gereffi 2015:321).

3.3.1 Economic upgrading

Economic upgrading refers to the *“process of improving the ability of a firm or an economy to move up to a more profitable and/or technologically sophisticated capital-and and skill-intensive economic niche”* (Gereffi 1999:51). Hereto, Humphrey et al. (2002:1020) point out four aspects of economic upgrading which were adopted by Christian (2012) for GPN in the tourism sector:

- | | |
|--------------------|--|
| Process upgrading: | Increase efficiency and productivity by rearranging production systems and with implementation of advanced technology. For domestic actors in developing countries, process upgrading most likely occurs through adaptation of information and communication technology (ICT) to operate more efficiently. In addition, it enables SMEs to directly advertise and sale their supply, thus cutting off the intermediaries. Though, it must be considered that actors in developing countries often lack the necessary ICT skills and capabilities (capital, hardware, internet, energy) (Christian 2012:4). |
| Product upgrading: | Refers to increase in product quality which can apply on many segments in the GPN. Hereto, Christian (2012) alludes the issues of sustainability and leakage effects in the tourism industry. These make it questionable if increasing the size or in luxury level will lead to economic upgrading (4). Especially, in the lodging |

segment, developing countries lack to negotiate conditions with MNEs brands to curtail leakage rates.

- Functional upgrading: This is regarded to be the most common form of upgrading in developing countries whereby actors increase their portfolio of services and incorporate additional stages of production (Christian 2012:3). It can be illustrated by businesses of tour operators, starting with local guides who work independent and offer excursions and who might be able to develop into a professional excursion operator. With increase in provided services, financial assets, organizational scope, responsibility and through linkages to other tourism actors it is possible to upgrade from a local level to the national and international level.
- Inter-sectoral upgrading: This form of upgrading reflects the process of diversifying activities and production patterns to higher and more profitable value chains. According to Christian (2012) inter-sectoral chain upgrading is difficult for domestic tourism actors in developing countries (5). Beside financial assets and good connectivity in the GPN this process requires professional branding and extensive recognition by the suppliers and potential customers. However, there are impacts on value-chain upgrading for tourism-linked sectors like in agriculture or other locally made tourism supply.

3.3.2 Social upgrading

Originating from the assumption, that economic upgrading would lead to social improvements, social upgrading was regarded as a consequential effect. In GPN, social upgrading refers at first to improvements in the rights and entitlements of the workers which are involved in production network (Barrientos et al 2011:325). The concept is framed by the International Labor Organization's (ILO) decent work agenda that aims on improvements in working conditions (wages, working hours, health, safety, etc.) and on enabling rights, the freedom of association and on a non-discriminatory environment (ILO 2015).

Christian and Mwaura (2012) point out relevant determinants that must be provided and improved in developing countries to achieve social upgrading for tourism (5):

1. It is necessary to design, implement a national labor code that will enhance the worker's employments conditions. The implication process and the adaption of the national labor code must be strictly monitored.

2. The issue of employee and community relations must be addressed in a more comprehensive matter. Community structures and their socio-cultural relevance need to be acknowledged by the tourism industry. It is necessary to establish dialogue and include communities into planning and decision-making processes. Hereby, it is required for tourism actors to imply decent working standards and a non-discriminative environment, regarding ethnicity, gender and religion.
3. The lack of labor unions and formation of associations among SMEs must be countered with information and a regulatory framework.
4. The ability to make individual private labor decision must be impeded. International standards specific to the tourism industry have received little penetration in Africa. Implemented standards mostly occur by niche products like Eco- or FairTrade Tourism. Though case studies reveal that they currently have little effect on tourism value chains due to little demand.
5. The existence of only few public and private training facilities for the tourism sector is a concern for education and training on a larger scale. Furthermore, most training facilities and universities are mostly located in the capital or bigger towns, access to special education in the rural areas or nearby national parks is therefore problematic.

3.3.3 Community Integration

It is assumed that by improving the employment quality and the well-being of the worker, their dependents, the family and the broader communities will also benefit (Barrientos et al. 2011:325). In many rural areas in developing countries, the community has a bigger significant value for the mode of life than a self-centred way of life by individuals. The community functions as a social system and is, to a certain extent, able to provide for the missing social service by the state. As outlined in chapter 2.1, tourism affects host destinations and especially in developing countries, where most tourism activities take place in rural areas and interference with local communities is inevitable, the consequential impact should be considered before initiating tourism projects. First of all, the pillars of PPT must be recognized as essential to establish a beneficial and sustainable tourism project. Secondly, it is necessary that the components of social upgrading apply to rural communities which are affected and incorporated directly or indirectly into the value creation (Christian 2016:46). The analytic framework of GPN allows to identify gaps and highlight positive factors for planning and effective implementation of tourism projects. Therefore, entrepreneurial initiatives, governmental intervention or donor and NGO projects must consider the effect on communities rather than on individuals. With regard to social upgrading, donor programs and development projects that aim on GPN improvements must be organized and channelled for effective implementation according to the economic and communities' needs (Christian/Mwaura 2012:6).

Hence, the case study will provide different perspectives of actors in the tourism industry how they recognize and contribute to social upgrading processes within the rural communities in Malawi.

3.4 Critical aspects

The GPN framework is supposed to provide a holistic perspective on complex, dynamic interrelations on macro, meso and micro level. The major challenge for this approach lies within its own demand to cover multi-dimensional network perspectives and examine connections and synergies between processes of value creation in different production networks (Coe et al. 2008:275). Furthermore, geographical and time-bound aspects must be considered, implying economic, political and socio-cultural contexts (Levy 2008: 946). Hence, the approach requires a high amount of data that is not easily accessible, for instance about sensible information of inter-firm, inter-sectoral transaction and relationships. Further, for the evaluation process, it is difficult to accurately determine abstract categories like power, fair distribution of profits or complexity of transactions (Fischer et al 2010:17).

Selwyn (2016) welcomes the recent efforts of GVC/GPN approaches to focus more on social upgrading by highlighting labour questions, such as working conditions and worker's rights (76). Nevertheless, Selwyn (2016, points out an analytical and a political shortcoming of the concept of social upgrading. According to the theoretical framework of PPT and the guidelines of the 'decent work agenda' by the ILO, collaboration, good governance and willingness of economic actors are inevitable to facilitate social upgrading. This is regarded as a top-down approach which is heavily criticized by Selwyn (2016). Whereas GPN focus on economic, political and institutional arrangements to foster social upgrading, emphasis should rather be on labour processes and working conditions as a basis for analysis. Hence, Selwyn (2016) argues *"for a 'bottom-up' conception of social upgrading, rooted in analysis of the capitalist labour processes where changes to workers' conditions are determined, fundamentally by the balance of power between labour and capital and how this balance is institutionalized by states"* (76).

In this context, the case study will provide insights to highlight economic and social upgrading potentials in the tourism GPN in Malawi. Under consideration of labour processes and inclusion of communities into the tourism GPN it will be necessary to point out the actors' attitude towards the employment market in Malawi to facilitate access to the tourism sector as well as the examine the actors' perception about current and desirable working conditions and workers' rights.

4. Methodology

To examine the existing power structures and linkages between the stakeholders in the tourism GPN and to analyse the PPT approach and its implications in Malawi, the research is based on an empirical study in form of a structural fieldwork, including expert interviews and participatory observations. Further, secondary literature as well as policy and strategy papers are analysed to filter and distinguish PPT strategies. This chapter covers the principles and techniques used to generate and analyse the required data to answer the research questions. It is noteworthy, that it is not the attempt of the research to produce findings which are universally valid, it rather attempts to examine and contextualize the tourism GPN due to the perspective of the interviewed stakeholders with focus on the linkages between the surrounding village of the Pottery Lodge, Nkhandwe, and the tourism sector. In the end of the chapter a personal reflection addresses crucial challenges that occurred during the process of the research

4.1 Qualitative research design

For the purpose of data generation and to evaluate answers for the sub- and main research questions, a qualitative research approach was chosen. The main issue of the qualitative approach is the generation of hypotheses according to the research questions. Instead of pre-formulated categories, the data generation is framed by policy papers which advocate PPT and by national strategy papers that aim on sustainable economic development. As presented, tourism GPN are complex and imply different political, economic and socio-cultural dimensions. Therefore, a comprehensive multidisciplinary concept is necessary to include all relevant stakeholder of the GPN (Scott et al 2008:1). The research intends to “*identify, analyse, and understand patterned behaviour and social processes*” that shape the tourism production network and affect community’s inclusion (Lockyer 2008:708). Further, it helps to understand different social realities of actors in the tourism GPN. Therefore, the qualitative research approach should reveal the actors’ individual position with reference to the subjective social construction and embeddedness in the tourism GPN.

4.1.1 Policy documents

As shown in the theoretical framework of this thesis, policy documents and strategy papers have a huge impact on the discourse of development and in the tourism sector. Frameworks and guidelines published by transnational organisations like the UN or the WB underpin theories about economic or social development and further, practical implementation of such development programmes. In this case, the Agenda 2030 functions as a guidepost. Non-governmental organizations and private actors are able to receive funds according to programmes by the UNWTO and in addition follow the international mainstream approach to

suit the transnational political agenda. In the same way, national policies are designed to incorporate and implement these guidelines. With regard to the case of Malawi, national strategies were used to contextualize and examine the strategic orientation for economic and social development by the Malawian Government. For that purpose, the Vision 2020, the Malawi Growth and Development strategy II and III serve as a basis to exemplify PPT strategies and linkages in the policy papers.

4.1.2 Interviews

Interviews are one of the most important methods for qualitative research and according to the research context, different forms of interviews exist. To enable an open interview setting and to generate as much information and personal perspectives on the research questions, the semi-structured interview method has been selected as a suitable method. Semi-structured interviews are framed by pre-designed guiding questions according to the research questions. The interview guideline was slightly adapted to suit the corresponding interviewee regarding their field of expertise. The guiding questions were posed openly to encourage the interviewee to talk freely about their opinions and experiences. While conducting the interview, the bigger share of the conversation should be handed over to the interviewee, to receive meaningful and unexpected information (Häder 2006:262). The interviewer must prevent verbalization of prescribed response options to find out the interviewees' perspective according to his/her social reality (Flick et al. 2000:14; Lamnek 2010:20). To this effect, the flexibility of this interview method allows the interviewer to cover specific dimensions of the research questions and vary the order of the questions to enable continuous flow of conversation while leaving space for gathering unexpected, continuative information.

Every interview partner was informed about the issue of the research, the research process and the utilization of the provided information. Further, most interviewees got a personal impression before the interview through mail, message, phone call or personal visit. The conducted interviews lasted between 30 and 90 minutes and were held in the natural environment of the interviewees. Even though all interviewees agreed to participate, it seemed like the interview situation was quite time-consuming for them and almost all interviews were interrupted in some kind. The interviews have been audio recorded and transcribed to ease further data analysis. Every interviewee agreed on audio recording and mentioning their names as presented.

Related to the extent of this thesis, the sample of interviewees in this qualitative research is limited to the available stakeholders which are presented below. 13 interviews were conducted between December 2017 and January 2018 in Lilongwe, Nkhosakota and Mzuzu.⁴ This

⁴ See appendix for more detailed Information about the interviewees

represents the purposive sample of interview data among stakeholders of the tourism production network: the government (Department of Tourism), the academia (Mzuzu University), tour operators and the park manager of African Parks, the management and employees of the Pottery Lodge and local community authorities from Nkhandwe, the surrounding village of the Pottery Lodge in Nkhotakota.

4.1.3 Participatory Observation

Participatory observations have been conducted at the lodge and in the surrounding communities. Complementary to the interviews, observations were helpful to gain information and a comprehensive idea about working and living conditions. Hence, it was possible to collect not only verbal but also non-verbal data by walking through the village and observing the community members' interactions and behaviours. In hindsight, such observations on behaviours and community structures brought additional value to the information that was communicated by the research partners. Furthermore, I was taken to development programmes such as the 'village garden' of the MIERA project, carried out by the GIZ and a potential fish farming project. At the University in Mzuzu I was also able to experience a class at the faculty of tourism and hospitality and briefly talk to different students.

4.2 Data analysis

Purposeful data analysis requires theory-based concept to allow a systematic analysis process of the interview transcripts and the secondary literature. Therefore, the qualitative content analysis which is described by Mayring (2000) as "*an approach of empirical, methodological controlled analysis of texts within their context of communication, following content analytical rules and step-by-step models, without rash quantification*" (23). This approach provides the necessary theoretical and methodological framework and is applied for this research. Mayring (2000) distinguishes between the inductive category development and the deductive category application to generate codes, categories and themes in order to arrange further analysis and interpretation (3). The inductive category development is appropriate when limited prior knowledge of the research objective exists and the researcher directly draws his aspects for interpretations from the data. Contrary, the deductive category application is used when theoretically derived aspects of interpretation are designed prior to the analysis (Mayring 2000:14). For this research a combination of these two methods have been used whereat deductive categories were set and supplemented by inductive codes and categories. The deductive categories resulted from the theoretical framework of this thesis as well as from policy documents and strategy papers. The pre-designed research questions provided the basis for the general qualitative content analysis.

Based on the analysis of the first interview data, new codes and categories were constructed which also affected the design of following interview guidelines during the field research. This approach refers to the Grounded Theory which is described by Breuer (2010). Hereby, researchers follow a cyclic process of preparation, data collection and analysis, which are continuously grounded by the actual field research. Here, the concepts of theoretical sampling and sensitivity are followed until reaching the point of theoretical saturation, where it is no longer possible to generate new empirical data by doing further research in the field. This allows the development of an appropriate theory that is grounded in the research and its results (Breuer 2010:53). Thus, the adapted method for the applied qualitative content analysis is illustrated with reference to Mayring (2000:80):

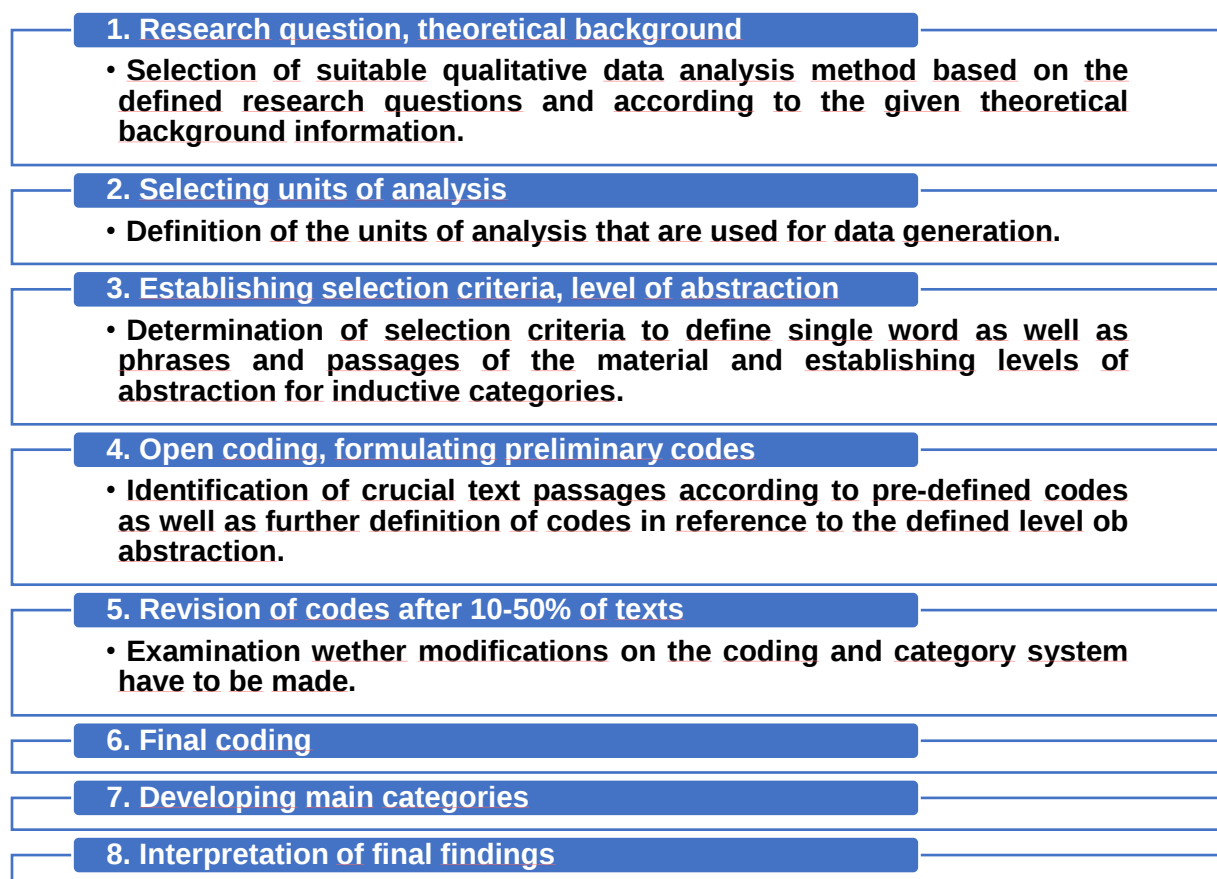


Figure 4: Steps of qualitative content analysis, Source: adapted from Mayring (2000:80)

During the research process new categories emerged based on the evaluation of the first interviews. Prior defined categories like *entrepreneurship*, *human resource management*, *upgrading*, *PPT policy*, *PPT initiative* and *participation* have been extended with categories such as *domestic tourism*, *downgrading* and *perception about development in Nkhandwe*. For instance, the codes for the passage

“No, advertisement would mean too much work, because when you place advertisement you get thousands of applications. And you get applications which say everything but nothing, right. So, we need experience, we need you to speak English. What we try, what we try is to find qualified personnel which is extremely difficult, extremely difficult. It starts already with English speaking possible employees or candidates. And, to train them then. And the job training, that’s what we do. There is no solution for that.” (Hildemann 2017, 6:48),

Were defined as *recruiting process*, *job profile* and *job market* and were merged under the category *human resource management*. Relating one or more codes to passages eases the survey of the huge amount of data at first. Then, merging the codes to sub-categories and categories helped to structure the material to establish connections and inter-relations between the categories to arrange further analysis.

Besides the audio recording of the interviews, the process of analysis was supported by the audio transcription program F4⁵ which eases and speeds-up the time-intensive work. Subsequently, the transcripts have been applied into atlas.ti⁶, a well-established qualitative data analysis program. Atlas.ti provides comprehensive data management and facilitates a clearly arranged coding process among all interviews.

4.3 Challenges and Reflection

Dowling (2008) points out that self-reflexivity is an integral part of qualitative research whereby the researcher continuously scrutinizes his/her role within the fieldwork and his/her influence on the research process (747). Therefore, this section provides a critical reflection about my research process and experience.

Based on my practical semester at a tourism company in Tanzania (2012) and field research in the context of an agricultural extension project in Malawi (2016), I was already prepared for cultural and linguistic differences, as much as for unusual living and working conditions (climate, food, hygiene, access and availability to water and electricity). In particular, the knowledge about my special status and role as a privileged, European, white man in the Malawian society was always at present during the research. Of course, this status also affects my perspective and attitude towards various circumstances and occurrences during my stay and for this research process and outcome.

During the preparatory stage of my research, I faced the first difficulties to get in contact with potential interview partners, because inquiries via mail and on social media platforms have been unanswered. Due to own experiences and the assistance of personal contacts in Malawi I was confident to get access to potential interview partners when arriving on the ground in

⁵ <https://www.audiotranskription.de/f4>

⁶ <https://atlasti.com/de/>

Malawi. At this point, I am thankful for the help of my friends, Mike Nkhata and Kenneth Matope in Lilongwe, Francis Nyasulu in Mzuzu, as well as Chipso Musandi and Harald Hildemann in Nkhosakota.

After my arrival in Malawi, I tried to contact potential interview partners as quickly as possible. Apparently, it worked out best by personal visit at the regarding business premises to meet the required persons. Even if everybody was welcoming and nice, not everybody was available for an interview, mostly due to limited time or under the pretence that the consent of the supervisor was not given. In general, I had no trouble in arranging appointments which were usually rescheduled shortly beforehand. I was told to be given recognition and priority just because of my appearance as a white male. At first sight, I was merely treated as a good paying, potential customer or in the case of my appearing within the communities, I was mistaken as a government official or a representative from an international NGO. This feeling did occur throughout my field research in many social interactions. However, a proper introduction and appropriate behaviour helped to solve these incidents.

In Nkhosakota, I was able to interview the managing personnel as well as available staff members of the Pottery Lodge. Unfortunately, owners of neighbouring lodges were not present, and the management staff was not willing to give any interview. Due to the friendly and supportive staff members at the Pottery Lodge, I got access to the surrounding communities. Gregory, the artist and tour guide assisted me by giving orientation, answering questions and most importantly by translating interviews held in Chichewa. In this case it must be considered that the interview guidelines had been massively adapted for the interviews with the local staff and community members, due to low education levels and limitations in the English language. Further, it was problematic to address critical issues: firstly, most of the staff members were directly linked and depended on the tourism industry; secondly, it seemed to be a cultural matter, where it is not usual to speak freely and critically to a stranger, especially about subordinate issues and hierarchies.

In Mzuzu, I was lucky that Mr. Banda, the Head of the Tourism Department, spontaneously agreed on an interview, notwithstanding that I got no reply on my email requests for an interview by the lecturing personnel.

It must be mentioned, that many people seemed to be too busy for time-intensive interviews, especially with regard to the implementation of the field research in the time of Christmas and New Year. Therefore, I was able to use the holidays for transcribing the audio-recordings and prepare follow-up interviews. On my return in Lilongwe I expected to meet a member of the tourism council and employees of the GIZ office. Sadly, they were too limited in time at the beginning of the year and suddenly not anymore available for an interview.

Most of the interviews were conducted in the environment of the interviewee which helped them too feel comfortable and favours a suitable interview situation. However, this also led to disruptive background noises (wind, waves, animals, children) which affected the audio-recordings and complicated the process of transcription.

5. Case Study

The tourism agenda for development is recently boosted within Africa. Just before the implementation of the SDGs, the secretary of the UNWTO, Rifai (2015a) stated that “*tourism is one of Africa’s most promising sectors in terms of development [...]. Africa has the opportunity to harness the potential of tourism to foster development and increase its participation in the global economy*” (2). Considering PPT as a development approach that enhances linkages with upgrading in the GPN, the infant stage of the Malawian tourism industry provides a good initial position for economic and social development and a good case to be examined for this research.

This chapter provides general information about Malawi, in particular the tourism sector and the district Nkhosakota in the Central Region. Through the recently established Nkhosakota Wildlife Reserve, the district bears touristic opportunities whereby actors like the Pottery Lodge at the lake shore might benefit as well as local communities.

5.1 National overview

Malawi is a landlocked country in the South-East African region. To the north-west it is bordered by Zambia, to the north-east by Tanzania and by Mozambique to the east, south and west. A third of Malawi’s area is captured by the Lake Malawi in the east. As a landlocked country Malawi highly depends on regional trade and import and export of goods and resources through the ports of Dar-es Salaam, Tanzania, and the Nacala corridor in Mozambique (World Bank 2004).

Malawi gained independence in 1964 and established a totalitarian one-party system under the presidency of Hastings Banda until 1994. After this, a new constitution enabling a democratic, multi-party government was implemented. Nowadays, the state is regarded as the biggest economic actor and the economy heavily depends on foreign aid and investments for the national development.⁷ Malawi participates in several international and regional organizations: The UN, the Commonwealth of Nations, the African Union (AU), the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA).



Figure: 5 Map of Malawi, Source: (Vidiani.com 2018)

⁷ <https://www.auswaertiges-amt.de/de/aussenpolitik/laender/malawi-node/-/208492>

5.1.1 Socioeconomic situation

Malawi is listed among the Least Developed Countries and ranked on position 170 out of 188 states in the recent HDI of the UNDP⁸. Due to inadequate development of the economic sector and insufficient provision of basic infrastructure, the Malawian government struggles to allocate institutional capacities to foster private sector development and enable employment opportunities. Even though, the government increasingly implements programs to develop the economy, enhance community inclusion and fight poverty, it depends on foreign investment and private sector engagement to cover for public expenditures.

In the recent decades, macro-economic instability is undermining economic growth with fiscal imbalances and weaknesses in public finance management (IMF 2017:3-5). Figure 6 illustrates the annual gross domestic product (GDP) growth of Malawi in comparison to its neighbouring countries.

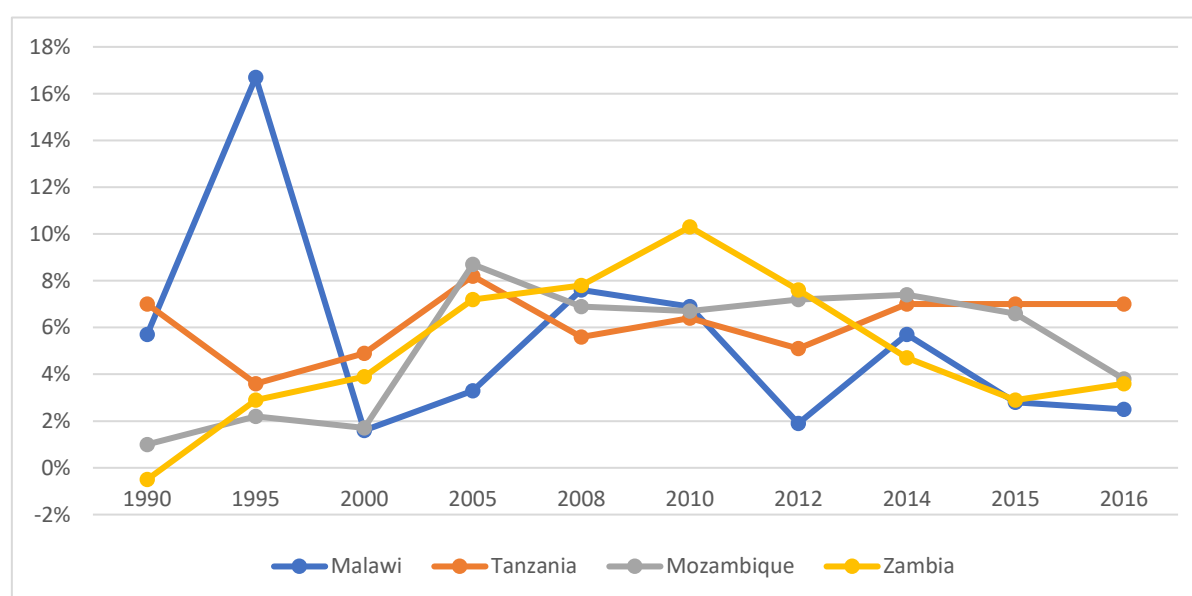


Figure 6: Annual GDP Growth (in %), Source: authors elaboration based on World Bank (2017)

The outlier, with an annual growth of 16,7% in 1995 is based on the political shift in 1994 which lead to international investment and opening markets for international buyers. Beside the global economic downturn in 2008, the Malawi's economy and development were affected by recent shocks through floods (2015) and droughts (2016). Further, these heavily affected the energy supply which is still a major issue throughout the country (IMF 2017:2).

Malawi possesses a slow-paced development of per capita income between 1995 and 2015 with 1,5% below the average of 2,8% for non-resource-rich countries in Africa (IMF 2017:1). With a per capita gross national income (GNI) of 320\$ in 2016 more than 50% of Malawi's citizens were regarded as poor whereby more than half of them lived in extreme poverty (IMF 2017:2). The current population growth of about 3,1% annually reflects a major challenge. The

⁸ <http://hdr.undp.org/en/countries/profiles/MWI> (01.08.2018)

largely rural population depend mainly on subsistence agriculture. Hence, private sector ventures implement high risks for individuals and secure working conditions in non-farming activities are rare and volatile (IMF 2017:1,4). Food-insecurity is still widespread with about 64% of all households and among 85% of rural households face shortages at least for one month per year (IMF2017:3). Agriculture represents the key sector which is accountable of 37% of the GDP and for 82 % foreign exchange earnings in 2013 (IMF 2017:3).

5.1.2 Malawi tourism sector

“*Malawi – the warm heart of Africa*” is known for its natural environment, wildlife and, as the slogan suggests, for its friendly and welcoming cultures. The main natural attractions include the freshwater Lake Malawi with its islands and biodiversity, five national parks and wildlife and forest reserves (Interview Banda 2017, 2:1). The Malawi citizens stem from several ethnic groups, with different cultural backgrounds and from different language families. The cultural role in tourism is mainly connected to dance forms, music, handcraft and carvings.

Malawi is regarded as an “*add-on destination*”, whereby international tourists spend some nights in Malawi before or after they continue their journey in the region and leave for Tanzania, Zambia or Zimbabwe (Interview Nansongole 2017, 4:69; Interview Linden 2017, 10:1). Malawi offers a certain degree of “*originality and unspoiltness*” and is ideal for individual travelers (Interview Hildemann 2017, 6:7).

The international source markets⁹ for the Malawian tourism industry are located in Europe with the United Kingdom, Netherlands and Germany (Interview Nansongole 2017, 4:4; 4:5; Interview Kabwilo 2017, 7:14). However, the main market is South Africa, as much as the regional markets in Zimbabwe and Zambia due to their proximity to Malawi (Interview Nansongole 2017, 4:3). With reference to the upcoming markets, Malawi targets East Asian countries like Japan, China and Korea as emerging source markets, but also in order to attract investors and development funds (Interview Nansongole 2017, 4:55). The domestic market is regarded as a crucial factor for the national tourism sector development and holds potential opportunities (Interview Banda 2017, 2:3). This applies especially for business travel, which expands the motive of leisure travel and refers to the engagement of missionary groups, church groups and NGOs who work in and with communities in Malawi (Interview Linden 2017, 10:2; Interview Hildemann 2017, 6:3, 6:13).

⁹ As indicated in chapter 2.1 (p.6) the data and statistics on tourism in Malawi are inaccurate to determine specific numbers, therefore the analysis is based on the information given by the interviewees.

5.2 Local Context – Nkhotakota

Nkhotakota is the name of a little town and likewise, of the corresponding district in the central region of Malawi. The Nkhotakota District is located along the shore of Lake Malawi. The natural environment of the area is diverse; hills, sandy beaches, rocky regions, grasslands and forest are ideal for outdoor activities like watersports, trekking and birdwatching. Historically, the town of Nkhotakota served as a market for Swahili-Arab traders. Therefore, it bears potential for historical and cultural heritage attractions. Hildemann (Interview 2017) points out, that *“Nkhotakota has no real attraction” and that the “tourism attractions [...] are deliquated, they are not developed”* (6:10). Further, Nkhotakota has no visitors center to attract and inform tourists (Interview Ngotsi 2017, 1:29). The main tourism potential lies with the Nkhotakota Wildlife Reserve, which was recently handed



Figure 7: Nkhotakota district, Source: adapted from googlemaps.com

over to African Parks, to manage and develop an animal sanctuary as much as a tourism product for financial revenue (Interview Kamoto 2017, 9:13; Interview Hildemann 2017, 6:10).

5.2.1 African Parks – Nkhotakota Wildlife Reserve

African Parks already manages Liwonde and Majete National Park in Malawi and the Nkhotakota Wildlife Reserve was handed over by the government in 2015. Poaching and depletion of natural resources led to degradation of the natural environment and to a huge decline of key mammal species (Interview Kamoto 2017, 9:3). African Parks has established a sanctuary for natural and wildlife recovery which is still under construction. Recently, the reserve gained global attention through one of largest animal translocation whereby more than 500 elephants and other species were moved from Liwonde and Majete National Park (Interview Hildemann 2017, 6:10). In the long-run, the reserve should be made accessible for tourism activities to cover its expanses. Bello et al. (2017) point out, that protected area management increasingly is assigned to private actors who use ecotourism as a source of revenue to cover government conservation funding (131). However, the Wildlife Reserve is also an important factor for the regional development as they are constructing basic infrastructure, supporting community projects, demanding regional supply and human resources (Interview Kamoto 2017, 9:5). The attempt to balance goals of preserving biodiversity, enhancing tourism and support in local development is appreciated by the tourism department (Interview Nansongole 2017, 4:66).

Contrary to a case study by Bello et al. (2017) about constraints of community participation in protected area-based tourism planning in Majete and Liwonde, the current management of the Nkhotakota Wildlife reserve emphasizes community extension services and improved community inclusion (Interview Kamoto 2017, 9:21). Critical aspects, such as inadequate financial resources, insufficient information and coherent coordination have been improved based on experience from other parks (Interview Ngotsi 2017, 1:11; Interview Kamoto 2017, 9:15). This reveals that effective community inclusion is an ongoing process which needs to be monitored, evaluated and therefore leads to adjustments in the business strategy.

5.2.2 Nkhotakota Pottery Lodge

The Nkhotakota Pottery Lodge is located at the lake shore in the Nkhotakota district and approximately 20 km south of the little town Nkhotakota. A 5 km sand road leads to the lodge from the paved main street (M5). The Pottery Lodge was taken over by a German couple, Harald Hildemann, a former teacher, and Chipso Musandi, an artist, in 2015. The new management had experience on a small scale as private tour operators in Sub-Saharan Africa where they came across the lodge and were fascinated by the beautiful and natural environment (Interview Musandi 2017, 14:34). With the acquisition of the run-down lodge, the new entrepreneurs invested their retirement pension to re-establish the lodge and settle in Malawi (Interview Hildemann 2017, 13:34). In this spirit, the owners and managers do not seek the lodge to be a cash cow, but rather a desired project and challenge to enjoy their retirement and do good for the local communities (Interview Hildemann 2017, 4:40, 4:46). Therefore, the communities are directly employed as staff members for construction, service and facility management and further involved in various projects implemented by the lodge.

Due to the bad condition and the bad reputation of the run-down lodge, Hildemann and Musandi started comprehensive reconstruction, refurbishment and rebranding which is still an ongoing process (Interview Hildemann 2017, 6:9). Thus, they did not entirely enter the market yet, besides receiving international stop-over customers, business visitors, mostly from NGOs who work in and with the communities in the districts, and local tourists mainly from Lilongwe who come to *“enjoy the beach, [...] and to enjoy the environment of this lodge which [is again] unique in this area from a standpoint of quality”* (Interview Hildemann 2017, 6:11). Fortunately, the owner had the financial assets and capabilities to establish themselves before entering the market. Hence, there have not been any form of bigger advertisement of the Pottery Lodge and neither any initiation for cooperation with tour operators and incoming agents, beside a few operators who incidentally stopped by at the lodge and were impressed by the improvement and offered to integrate the Pottery Lodge into their portfolio (Interview Hildemann, 6:24)

5.2.3 Local Village – Nkhandwe

The Nkhandwe village is located along the lake shore south of Nkhotakota and surrounds several lodges like the Pottery Lodge, the Safari Club and the Grace Hotel. It is a wide spread village and consists of several communities who mostly depend on subsistence farming. The first settlers constructed the first lodges whilst teaching the local communities how to improve cultivation (Interview Mtwana 2017, 8:1, 8:3). Since then, more lodges have been built and some are still under construction or already abandoned like the Mlambe Beach Lodge that belongs to a Dutch proprietor. The village is led by a senior and a junior chief who are mostly responsible for distribution of land, recitation of village needs to authorities and serving as contact person for external actors (Interview Mtwana 2017, 8:8). The senior chief, Nkhandwe (Interview 2017), highlights the good relationship with the management of the Pottery Lodge, because *“they are the ones who are staying here full time”* (13:2). The Owners of the other lodges do not reside in this area and live in Lilongwe, South Africa or the UK (Interview Hildemann 2017, 6:21). Through continuous meetings and communication between the Lodge and village individuals, trust and reliance have been established, so that the Lodge is regarded as the most important contact for village queries and requests: *“maybe [we] lack something, [...], maybe there is a problem in the household, maybe someone is sick or things like that. [We] can visit respectively the owner and explain about the problem”* (Interview Nkhandwe 2017, 13:6). Further, the Pottery Lodge is regarded as the only big supporter in the area and seen as a big economic opportunity for the village: *“the only place [I] know, [where I] can get a piece of work, is right there at the lodge”* (Interview Mtwana 2017, 8:7). The tourism activity is recognized as beneficial for the village development as the lodge undertakes public services and provides access to electricity, funding and construction of roads, a school block and a nursery (Interview Mtwana 2017, 8:12).

Beyond, the management of the Pottery Lodge managed to acquire several projects of international NGOs to be implemented in Nkhandwe, like the GIZ project MIERA – More Income and Employment in Rural Areas of Malawi¹⁰ - which will be further addressed in chapter 6.4.3 (Interview Hildemann 2017, 6:53).

¹⁰ MIERA focuses on promoting inclusive business models and on strengthening the business capacity of smallholder farmers and MSMEs to increase income and employment:
<https://www.giz.de/en/downloads/giz2017-en-miera-malawi.pdf> (19.07.2018)

6. Analysis of the key findings

This chapter presents the key findings of the empirical research which are further connected to and discussed in the context of the theoretical framework. The chapter is structured into four main sections. The first section outlines the aspects of tourism sector development. This implies the development direction determined by governmental strategy papers that outline the key priorities for the tourism sector and unfold current challenges. The following sub-sections exemplify opportunities and challenges to achieve sector development concerning the issues of entrepreneurship and human resource management. The last sub-section addresses the aspect of domestic tourism which is regarded as an important factor for national tourism sector development by many interviewees. The second section presents the key findings about the tourism production network by presenting the role and self-conception of the interviewed stakeholders. Furthermore, their capabilities for governance and the composition of power structures are highlighted. Thirdly, the actors' potential for economic upgrading is briefly outlined. In the fourth section, the stakeholder's perception about PPT is described to exemplify differences in understanding and implementation of PPT strategies. At last, the issue of community involvement is centred by depicting interlinkages between the interviewees and community inclusion into the tourism production network. In particular, the relationship between Nkhandwe and the Pottery Lodge is presented. At this junction, current initiatives by the Lodge are highlighted with reference to social upgrading potentials for their employees and the surrounding communities.

6.1 Tourism sector development

In general, the infant stage of the tourism industry in Malawi bears a lot of potential for purposeful development. However, referring to the overall economic situation, inadequate infrastructure, lack of sector specific investment incentives, lack of general education and skilled human resources are the major challenges for the tourism development (Department of Tourism 2006:2). Therefore, the latest National Tourism Policy highlights the potential for poverty reduction and economic development through comprehensive tourism development (Department of Tourism 2006:1). Community integration into the tourism industry is at the centre of this strategy document, seeking reorganisation of community structures by establishing community committees and cooperatives for effective interaction with governmental institutions, the private sector and other stakeholders (Department of Tourism 2006). Whereas the importance of the tourism sector and tourism development was acknowledged in former strategy papers for the overall development of Malawi, recent changes, a reduction in development areas and key priorities, in particular in the tourism sector, was noticeable during the research process. The government states that *“the MDGS II was based on assumptions that have not been fulfilled. [...] Accordingly, the government has*

chosen to focus on fewer priorities and concentrate its resource allocation on a select set of flagship projects” (Malawi Government 2017:4). Thus, the significance of the National Tourism Policy has decreased, and the Malawi Growth and Development Strategy has superseded the tourism sector strategy.

In this chapter, the vision and key areas for development according to the MDGDS are highlighted and further connected to perspectives on the tourism sector development given by the interviewees. This covers opportunities, challenges and limitations of the sector development. With reference to access and inclusion to the tourism industry, the main aspects about human resource management are stated and discussed. Lastly, the aspect of domestic tourism is covered, which bears a lot of potential for the industry’s development according to the interviewees.

6.1.1 Malawi Growth and Development Strategy

To achieve long-term development, the government of Malawi designed the Vision 2020 in 2004 which should be accomplished through the Malawi Growth and Development Strategy papers. The Vision 2020 states:

By the Year 2020, Malawi as a God-fearing nation will be secure, democratically mature, environmentally sustainable, self-reliant with equal opportunities for and active participation by all, having social services, vibrant cultural and religious values and being a technologically driven middle-income country. (National economic council 2000)

The current strategy plan MDGDS III (medium-term strategy 2017-2022) – “Building a Productive, Competitive and Resilient Nation” is designed to implement the basis for the upcoming vision until 2050. The IMF nations report (2017:2) argues that the MGDS III will face major challenges, due to the little progress towards the attainability of its successor’s targets and goals. In general, all strategies have highlighted strong commitment to global, continental and regional programmes and frameworks demanded by the SDGs, the African Union Agenda 2063 and the COMESA (Malawi Government 2017:10). The objective of the MGDS III is to *“move Malawi to a productive competitive and resilient nation through sustainable agriculture and economic growth, energy, industrial and infrastructure development while addressing water, climate change, environmental management and population challenges” (Malawi Government 2017: xvi)*

Therefore, 5 key priority areas are identified which mutually define each other: Agriculture and Climate Change Management; Education and Skills Development; Energy, Industry and Tourism Development; Transport and ICT Development; Health and Population (Malawi Government 2017:pp.32). With focus on the tourism sector development, three broad strategies are formulated: Improved investments in tourism support infrastructure; Improved

quality of tourism products and services; Improved conservation and management of cultural heritage resources. Whereas the MGDS II was much more specific about the tourism sector development strategies, the MGDS III is aligned towards more realistic and urgent targets and has been reduced: “[T]here was a serious economic slowdown which required the government to develop a Malawi Economic Recovery Plan (ERP). This was intended to address fuel and foreign exchange scarcity which made trade and other development activities very difficult. [...]. The MGDS II did not succeed in all of its goals due to the aforementioned challenges. Lessons learned during its implementation have informed MGDS III” (Malawi Government 2017: 10).

By virtue of changing development focus of the single strategy plans, the framework of this thesis partly refers to the former development strategies of the MGDS II. Key aspects that are not mentioned in the current strategy plan are: promoting participation of local investors in the tourism industry, increased local participation in the tourism industry and promoting eco-tourism (Malawi Government 2011:84,110). The research objective was set in conjunction with the former key priority of employment and rural development. Main strategies have been inclusion of rural communities into local value-chains to increase employment rates and foster economic growth and social development (Malawi Government 2011:75). Within the MGDS III, integrated rural development should be enhanced by promoting participation of key-stakeholders for inclusive local governance and development (Malawi Government 2017:67). The role of the private sector is highlighted within the implementation modalities. According to the MGDS III, private sector engagement is requested to provide financial assistance as well as public goods and services (Malawi Government 2017:69). Hereto, Nansongole (Interview 2017) contradicts that this reflects one of the main problems in the Malawian economic environment, especially in the tourism sector (4:72). The government should be responsible and accountable to provide public services which are required to facilitate a beneficial economic environment. Even if they have limited capabilities, the lack of coherent governance and decision-making between the individual ministries restrain suitable policy-making (Interview Nansongole 2017, 4:70). This statement particularly refers to the recent visa regulations which pose an issue for all entrepreneurs in the tourism sector (Interview Hildemann 2017, 6:4; Interview Kabwilo 2017, 7:20; Interview Linden 2017, 10:18). In 2015, on October 1st, the Visa fee for a single entry have been introduced and set to 75\$, which is one of the highest visa fees in Southern Africa. In comparison to its neighboring countries which have more tourist attractions, the high visa introduction reflects a “*burden for the tourism industry*” (Interview Kabwilo 2017, 7:20), especially when considering that Malawi is regarded as an ‘add-on destination’.

6.1.2 Entrepreneurship

Entrepreneurship and the business success in the Malawian tourism sector is dependent on many external factors, regardless of the business skills and knowledge. Banda (Interview 2017) highlights that financial assets, resources and conducive linkages are the key to enter and sustain in the tourism market in Malawi (2:20). To this effect, this section highlights perceptions about the business environment of the interviewed entrepreneurs in the private sector who are consequently responsible for the implementation of successful PPT strategies.

According to Kabwilo (Interview 2017), there are several aspects which must be considered to establish yourself as a tour operator and which partly applies for other national entrepreneurs in the tourism sector, too. He puts emphasis on the fact that there is high dependence between the stakeholders in the national tourism production network to the actors who have direct access to the source markets (7:4). Kabwilo (Interview 2017) was fortunate to be encouraged by his former employer, a Dutch entrepreneur, to set up his own company. Additionally, the former employer *“helped [him] a lot in connecting up with clients”* (7:4) and thus, helped promoting his company. Besides access to the source markets, another important factor are financial capabilities and financial access. Many national actors lack capital and access to financial assets, because *“they cannot go to a bank and get a loan. [Kabwilo] has not been able to get even a loan of maybe 100\$”* (Interview Kabwilo 2017, 7:8). For instance, Kabwilo's enterprise lacks cars which he must outsource from foreign car hire companies every time he has business incoming (Interview Kabwilo 2017, 7:8). In case of his work as an intermediary, Kabwilo (Interview 2017) criticizes the lack of acknowledgement for local tour operators by other national actors in the tourism production network: *“Within the local setup, it is really difficult indeed to come up with the connections, but it is easier to make connections with the foreign operators that are in Malawi. [...] [If] they find you trustworthy and honest, reliable, they actually connect you to clients”* (7:6). This refers to all other segments in the production network, so that many small players prefer to directly link up with big players and avoid local tour operators who are considered to be needless (Interview Nansongole 2017, 4:61). Hence, it empowers the big players who have cheaper and easier access to licences and permits, e.g. for the national parks; who pay lower rates for tourism supply; and who are even benefitted through tax cuts and tax holidays due to higher capacity and investment capabilities (Interview Kabwilo 2017, 7:9, 7:11; Interview Nansongole 2017, 4:67). In addition, there is a lack of collaboration between the smallholder actors in Malawi which is a problem for dedicated actors who want to push the regional and national sector development (Interview Kabwilo 2017, 7:10; Interview Hildemann 2017, 6:5; Interview Nansongole 2017, 4:61). There are only a few associations initiated by big actors and almost no meetings or dialogue between smallholder actors in the sector. Therefore, the department of tourism started promoting national tourism linkages and boosting domestic tourism operators for which Kabwilo (Interview 2017) is

thankful: *“They started involving my company in so many programmes. So, that helped with the exposure [...]. Also, you are invited to some platforms where you meet some players within the industry”* (7:18). Such initiatives cover conferences and trade fairs such as the recently established ‘Takulandirani – Malawi International Tourism Expo’¹¹ which should become an annually event; further the Department has established platforms for actors in the tourism industry to cross-link and establish sustainable networks.

Although the management of the Pottery Lodge has different financial capabilities, direct access towards source markets and a better position to create linkages within the sector, they face related challenges within the economic and institutional environment. Whereas the government stated that private sector engagement to provide public goods is appreciated, Hildemann (Interview 2017) points out, that it is rather necessary to establish your business in the accommodation segment in rural areas (6:5). In this setting, basic preconditions, like basic infrastructure, are not given and must be provided and maintained by the private actor. Hildemann (Interview 2017) notices the lack of public services which are now largely provided by the Lodge – benefiting the whole area. Among other, this applies for power grids, roads and school blocks built in Nkhandwe (Interview Hildemann 2017, Interview 6:32). Specifically, this aspect is regarded as a threat for engaged and motivated entrepreneurs by Hildemann (Interview 2017) and reflects one of the biggest challenges for SMEs who pursue a responsible and sustainable business strategy (6:5). Consequently, this affects the tourism sector development. For example, around Nkhandwe, beside the management of the Pottery Lodge, none of the owners of the other lodges reside in the area, most live abroad, in South Africa or Europe. They are run by applied management or in family ownership, and according to Hildemann (Interview 2017), many of them seem only be interested in financial returns and care little about regional and communal development (6:40). Thereby, it is difficult to set up a professional relationship and collectively develop and promote tourism in Nkhotakota.

6.1.3 Human resource management

This section outlines the key findings of the empirical research in terms of human resource management to reveal the modalities of recruiting and training in the tourism sector. Kabwilo (Interview 2017) claims the tourism industry in Malawi is noticeably growing whereby *“more lodges are coming up, there are more hotels coming up, there are more tour operators coming up, so the job market is there”* (7:25). However, it is believed that is a lack of experienced and skilled labour in the country which limits tourism performances (Interview Kabwilo 2017, 7:26; Interview Musandi 2017, 6:51). However, Nansongole and Banda contradict this assumption. Nansongole (Interview 2017) refers to insufficient terms and conditions of employment in the

¹¹ <https://www.tourism.mw/>

Malawian tourism sector which enable high fluctuation of skilled personnel (4:75). He is aware, that the industry needs an improved regulatory framework which has not been entirely designed yet (Interview Nansongole 2017, 4:27). Banda (Interview 2017) adds that the demand for low-paid and low-skilled workforce by entrepreneurs and investors contributes to this inappropriate development (2:21).

Training

Besides the Malawi Institute for Tourism (MIT) in Blantyre, the faculty of tourism and hospitality at the Mzuzu University represents one of the biggest professional training facilities for the tourism sector in Malawi. Banda (Interview 2017) highlights that the faculty is responsible to produce human capital, provide research and expertise to develop the national tourism sector (2:6). The courses put emphasis on sustainable management and particularly on conducive cultural inclusion into the industry (Interview Banda 2017, 2:11). The faculty implements many programmes tying the private sector and the government with academia and their graduates. This includes conferences, workshops, internships and applied research (Interview Banda 2017, 2:9). However, there is a lack of appreciation for academia by the private sector, many entrepreneurs would rather train and instruct their own personnel than recruit graduates who claim higher salary and suitable working conditions (Interview Hildemann 2017, 6:51). The chances to be promoted up to managerial positions is quite low, since these positions are generally taken by local elites, family members, expatriate western foreigners and experienced personnel from the region (Interview Frank 2017, 11:7).

However, Frank (Interview 2017) recognizes changes in training according to the decreased value of service in the tourism sector (11:3). In connection to low-quality standards and little competition, most actors seem to be focused on only providing basic services and therefore, facilitate only basic training for their employees. Actors who lack the capabilities to provide training and appropriate salary rely on low-paid trainees, who are also exploited by established businesses (Interview Kabwilo 2017, 7:26; Interview Linden 2017, 10:9). However, this cannot be sustainable on the long run, neither for the private actors who employ short term personnel nor for the trainees who seek appropriate working conditions and corresponding duties and responsibilities according to their skills and knowledge.

In contrast, Gregory (Interview 2017) states, that the necessary workforce is available in the communities who just *“need to get empowered, to be mobilized, to be trained”* (5:20). In this case, there is a scramble on the tourism job market whereby the skilled are not taken into consideration because they have higher demands and the unskilled are preferred for their acceptance of poor terms and conditions of employment. Consequently, this affects the sector development whereas cost-effectiveness limits provision of a quality tourism product and the working conditions remain poor.

Recruiting

Besides programmes which connect graduates with private actors, only few actors publicly call for tenders. Hildemann (Interview 2017) states, “*advertising would mean too much work, [...], you get thousands of applications [...] which say everything but nothing*” (6:48). In case of the Pottery Lodge, the required staff needs to be experienced, speak English and understand the international standards in terms of hygiene, style and taste (Interview Musandi 2017, 14:9). Due to the fact, that university graduates are too costly, a common behaviour to obtain qualified personnel is by poaching it through better conditions (Interview Hildemann 2017, 6:49; Interview Frank 2017, 11:8). This method of recruitment is enabled due to low accountability of contractual agreements (Interview Nansongole 2017, 4:75). There is always the risk, that qualified and trained personnel is poached away. Musandi (Interview 2017) refers to the fact that a good relationship, trust and the right working conditions are required to keep qualified staff (14:11). To this effect it can be costly for a private sector actor to highly train its personnel which might leave its workplace and affiliate with competitors.

In conclusion, the issue of human resource management must be regarded as an important factor for the sector development. On the one hand, the common business orientation to increase the profit margins leads to an increase in low-skilled employees who willingly work under bad terms of employment. However, it is challenging to keep qualified staff due to little enforcement of binding working contracts. On the other hand, the institutional actors must implement a regulatory framework regarding labour standards and mandatory contracts. Otherwise, supportive sector development is hampered.

6.1.4 Domestic Tourism

Unexpectedly, most interviewees considered the most potential for the tourism sector to be within domestic tourism. Whereas Kabwilo (Interview 2017) explains that most “*people in Malawi still believe travelling is luxury*” (7:36), Banda (Interview 2017) announces that “*the opportunity for tourism, in Malawi, lies within the domestic tourism*” (2:2). Given the statement of Kabwilo, Banda (Interview 2017) explains that it is necessary to raise awareness for tourism activities among service suppliers and potential customers (2:3). According to Nansongole (Interview 2017) the government is one of the biggest consumers of touristic services in Malawi (4:11). This applies for government activities throughout the country and includes the development sector, because most development organizations which are based in Malawi imply projects and hold workshops in areas where a tourism infrastructure is required. In addition, the interviewees acknowledge, that there is more business than leisure travel in Malawi (Interview Kabwilo 2017, 7:37; Interview Linden 2017, 10:2, Interview Hildemann 2017, 6:3). This represents a potential market which is only served by a few actors.

Unfortunately, the lack of research and available data for domestic tourism makes it difficult to prove these assumptions. However, Nansongole (Interview 2017) suggest that there is even a bigger market if local accommodations would be evaluated where Malawian citizens reside and consume, for instance to attend events or visit family members (4:11). The cultural and language barrier does not exist for domestic tourists so that they consume in a more local environment whereas international tourists prefer safe-space within the lodge or hotel and favour their usual consumer standards in terms of comfort, hygiene, service which tend to above the Malawian standards. In this way, domestic tourism should be further promoted, because local people have more impact through direct spending in the communities and in the local areas where they reside.

6.2 Tourism Production Network

This section presents key findings according to the actor's role in the production network and their interrelation. In this regard the findings are linked with the theoretical framework to distinguish the actors lead firm character, their potential to execute sectoral governance and corresponding power structures. In this context, also the role of non-private actors, like the national Department of Tourism, the academia and NGOs, are examined and discussed to reveal the framework of supporting industries for the tourism production network. Unfortunately, responsible representatives of the NGOs have not been available for interviews or correspondence. Thus, the information given is based on statements of other actors who have been interviewed during the research process.

6.2.1 Tour Operators

Whereas Christian (2017) points out that elite global tour operators are the big lead firms in the tourism production networks, it turns out that the infant tourism industry in Malawi is not yet massively affected by these operators. Big agencies like TUI process their clients through smaller, specialized tour operators who independently operate in Malawi and in the source markets (Interview Hildemann 2017, 6:22). Nevertheless, the tourism market in Malawi is dominated by foreign owned tour operators who can choose from a fragmented supply side in the Malawian tourism production network. As outlined, the lack of collaboration between the actors on the ground can be regarded as a major challenge for the national tourism development. According to Kabwilo (Interview 2017) most Malawi actors operate in isolation and only recognize big international operators, who bring in international clients, as valid partners: *"Within the local set-up it is really difficult indeed to come up with the connections, but it is easier to make connections with the foreign operators that are in Malawi. [...] If they find you trustworthy and honest, reliable, they actually connect you to clients"* (7:6). This hinders the business opportunities for local tour operators as collaboration is crucial for their business purpose, because it happens that costs for accommodation or fees and licences for

safari trips become costlier for local operators than for international operators (Interview Kabwilo 2017, 7:11). This perception is confirmed by Nansongole (Interview 2017) who is dedicated to promote and support collaboration between the actors in the Malawian tourism production network (4:61). So, additional to the challenge to acquire international customers it becomes a challenge to link up with national tourism actors in order to collectively develop tourism products and attract potential clients. Kabwilo (Interview 2017) remarks that actors who have the financial assets and favorable connections to these operators have more power and market share (7:17). In summary, it also depends on luck, trust and good reviews by customers to get extra business from international operators to be considered and involved in the tourism industry (Interview Kabwilo 2017, 7:17).

6.2.2 African Parks

As outlined in Chapter 5.2.1 African Parks is regarded as a crucial actor that fosters cross-sectoral regional development and, in particular community inclusion which is essential for their business success (Interview Ngotsi 2017, 1:32). The business plan implies investments for construction by local providers and provision of employment (Interview Kamoto 2017, 9:4,9:5, 9:14). The Nkhotakota Wildlife Reserve actually employs about 87 full time and more than 100 part-time employees (Interview Kamoto 2017, 9:9). African Parks works together with a lot of institutions from different sectors. There are partnerships with official institutions like the federal police which is connected to the Reserve by receiving workshops on law enforcement for the necessary objectives of the park such as fighting illegal poaching, growing illegal crops and illegal trespassing. In addition, the police help to train the reserve's staff to assist them (Interview Kamoto 2017:9:10). Further, African parks works together with different institutions and NGOs concerning resource management, environmental development, education, health and safety for "*tutoring communities*" (Interview Kamoto 2017, 9:12). To ensure that such interventions within the communities are received, understandable and accepted, the umbrella body 'Nkhotakota Wildlife Reserve Association' has been established. The involvement and initiatives of African Parks in communities will be further explained in chapter 6.4.1.

Furthermore, African Park is linked to schools, colleges and universities nationally and internationally. They provide workshops in schools, offer seminars for students and grant internships to participate in the fields of environmental education (Interview Ngotsi 2017, 1:30; Interview Kamoto 2017, 9:25)

In terms of tourism, African Parks is considered as an important national actor that attracts tourists and boosts the touristic value in term of attractions and quality in Malawi (Interview Nansongole 2017, 4:66; Interview Kamoto 2017, 9:13). Yet, the appropriate basis to set up the touristic product is still under construction: "*We make sure that we have the necessary infrastructure, to make sure that we have the animals in the park, we have to make sure that*

we have tourist roads and make sure that the roads lead to the lodges that we have in the protected area. So, the numbers will grow with time" (Interview Kamoto 2017, 9:13). This reflects investments that have been made for the tourism sector and the expected consequences for regional development. Also, the two Lodges in the Park who work on international standards, the certificated, high-end 'Tongole Wilderness Lodge'¹² and the up-class 'Bua River Lodge'¹³, profit from this development. Additionally, the park management intends to set up a campsite that is run by local community members to accommodate tourists whose expenditures flow into a community account (Interview Ngotsi 2017, 1:36)

6.2.3 Government

Kabwilo and Nansongole confirm the suggestions of Barrientos et al. (2014:23) that international lead firms are getting financial benefits, like tax cuts and tax holidays, and have a better ability to secure concessions and permits for constructions, equipment and business operations (Interview Kabwilo 2017, 7:11; Interview Nansongole 2017, 4:72). Whereas the government is supposed to be responsible to provide a fruitful economic environment, the lack of ministerial coherence hampers a strategic approach in the tourism sector. For instance, relating to the visa introduction, Kabwilo (Interview 2017) sums it up suitably: *"Within the ministries, [...], they do not drop policies together. As a result, ministry A sometimes finds it hard to understand what ministry B is trying to implement. So that [is] some kind of working in antagonism. [...] That is the challenge and then, that has an effect on the private sector. Because the private sector is on the receiving end of the policies. And these ministries are the ones that develop these policies. So, if a bad policy is developed, it means, it will negatively affect the private sector"* (7:19).

Further, Hildemann (Interview 2017) criticizes the lack of transparency due to several inspections for licenses and permits to operate the accommodation business (6:18). Hildemann (Interview 2017) acknowledges the attempt for professional registration process, but in the end, he regarded it as a collection of fees by local government, the district government and national institutions without knowing *"what they were exactly looking for"* (6:18). For Hildemann (Interview 2017), there has been no clear regulation and no endorsement for quality, whereby *"everybody gets their stamp as long as they pay their fees"* (6:18). Beyond that, the lack of transparency and obscure practices of certification and licensing led him to the assumption for corrupt conduct whereat *"it depends what you pay privately to the inspector"* (Interview Hildemann 2017, 6:18). Unfortunately, the interviewees

¹² <https://www.tongole.com/>

¹³ <http://www.buariverlodge.com/>

were not able to mention further information about the registration processes and responsible institutions.

It seems like there is little scope for the Department of Tourism to fully operate and to pursue and enforce their strategy for the tourism sector. On the one hand there are inter-ministerial limitations and on the other, there is the dependence on the private actors to shape the tourism industry (Interview Nansongole 2017, 4:79). Nansongole (Interview 2017) admits, that they need support of the big players in the industry in terms of structuring and advertising the tourism destination Malawi (4:61, 4:65). Furthermore, Nansongole (Interview 2017) recognizes satisfaction in terms of occupancy rates and incoming clients of foreign tour operators who do not seek to expand their business and their investments (4:61). Contrary to the approach by the Department of Tourism to expand and develop the market, *“these guys [international tour operators] are comfortable with the current capacity and say, ‘as long as we fill the rooms now, I do not think we have to look elsewhere’, they do not have any plans to expand within the next years. They are content with what they are getting. But I think as a country, we want to expand”* (Interview Nansongole 2017, 4:65). At this, it becomes evident, that the power to sustainably structure and develop the tourism sector is not with the Tourism Department which is subordinate to other ministries and heavily dependent on the private sector and especially on international enterprises. Further, the great lack of governmental public-sector management in rural areas leads to potentially monopolistic behaviour and misuse of public resources by private companies who are able to deepen dependencies in the economic and public sector.

6.2.4 Academia

The general role of academia and training organizations has been outlined in chapter 6.1.3. Further, the University of Mzuzu intensifies to generate and establish links between the stakeholders in the tourism sector in conferences and workshops. Programmes are designed to connect the stakeholders and to develop an international and domestic tourism network (Interview Banda 2017, 2:10). Beside the management of the Pottery Lodge, most actors have connections to tourism related faculties in Blantyre and Mzuzu and take part in their programmes or receive students for internship or as trainees (Interview Banda 2017, 2:9; Interview Kabwilo 2017, 7:22; Interview Linden 2017, 10:19).

According to Banda (Interview 2017) the private sector is dominating the tourism sector and mostly responsible for its current structure; he stresses that the power to shape the industry are *“not necessarily the big names, but there are numerous, a lot of them, different players in the industry”* (2:19). However, this does not reflect the desired power structure for Banda (Interview 2017) to achieve economic development which is in the nation's interest and should best be served by the academia and government in the leading role (2:9).

6.2.5 Non-Governmental Organizations

The findings for NGO engagement in the tourism sector reveal predominantly cross-sectoral linkages dealing with natural resource management, environmental conservation, improvement of livelihoods and health. (Interview Ngotsi 2017, 1:22; Interview Nansongole 2017, 4:86). In this context, Nansongole (Interview 2017) also indicates a lack of coordination between the ministries which are responsible for NGOs and project implementation (4:64). Hence, there are community projects which do not directly concern the tourism sector but may contribute or counter tourism practises. However, Nansongole (Interview 2017) criticises the approach of many NGOs in Malawi which invest and implement projects without comprehensive follow-up on the effectiveness and success (4:86). In relation to the tourism sector, Nansongole (Interview 2017) has the feeling that many NGOs address negative aspects of the tourism industry and condemn tourism practises without providing solutions or alternatives (4:86). It becomes evident, that a lack of communication and coordination on both sides, governmental and organizational, impedes purposeful, progressive and efficient project development and implementation with involvement of all stakeholders.

At last, Nansongole (Interview 2017) refers to NGOs who promote women and youth empowerment whether they are trained to produce crafts and arts, or more efficiently are indirectly connected to the tourism sector by agricultural extension (4:20). In this case, Nansongole (Interview 2017) states the involvement of the GIZ and their implementation of the MIERA programme (4:33). Since the project was implemented in Nkhondwe, further information will be provided in chapter 6.5.3.

6.2.6 Pottery Lodge

The Pottery Lodge is setting high quality standards and facilitation of good working conditions in Nkhondwe. This does not only attract tourists, but further is recognized by other actors in the production network. On the one hand, tour operators and private actors like African Parks ask for collaboration (Interview Hildemann 2017, 6:22); on the other hand, near-by located actors in the accommodation segment regard the development critically, because they are afraid to lose market share and being forced to catch up with the newly set standards (Interview Hildemann 2017, 6:34).

Though, the management of the Pottery Lodge is trying to set up communication and collaboration in the surrounding area of Nkhondwe with other lodge owner owners. The efforts turn out to be difficult, because most of the owners do not reside in the area and they seem to be rather interested in financial returns than in destination development and collective promotion (Interview Hildemann 2017, 6:20). This behavior reflects the stated issue about the boundaries of the sector development in Malawi whereat engaged and motivated entrepreneurs are hampered to form regional collaboration and initiatives which would be

beneficial for the tourism industry, their respective business and for the surrounding communities. To this effect, the management of the Pottery Lodge is not yet willing to pay for additional advertisement. They have the advantage to own the necessary capabilities to establish themselves before entering the market: “*we could not start before we were confident, that we have the right product*” (Interview Hildemann 2017, 6:25). In addition, the management has already direct access to one of the main source markets with potential clients (Interview Musandi 2017, 14:36). The fact, that the focus on quality convinced organizations and tour operators, just by word-of-mouth advertisement, to regularly check-in at the lodge and to offer collaboration for the long run, validates the quality-product approach and the business strategy of the management.

In terms of development work, the management of the Pottery demonstrates beneficial access to acquire projects which are also in their favour by establishing a community garden, providing cash crops for the lodge: “*We try to integrate GIZ here [...], we were able to motivate GIZ to do some work in this area*” (Interview Hildemann 2017, 7:2). This achievement reflects another subsequent virtue of engaged social commitment by private actors whereby they are also able to benefit.

6.3 Economic upgrading

Based on the findings of the empirical research this section presents the interviewees feasible upgrading according to the upgrading dimensions defined in the theoretical framework. At this point it has to be mentioned that according to Nansongole (Interview 2017, 4:61) and Linden, established businesses do not seek to expand or as for traditional safari tourism “*there is not much to innovate*” (Interview Linden 2017, 10:11). Hence, it is crucial for upcoming entrepreneurs to challenge traditional and established businesses to increase competition and foster tourism sector development.

Process upgrading

Out of the key findings it is difficult to make proposition in terms of process upgrading. According to Linden (Interview 2017) direct advertisement on various online platforms are key for their business success (10:19). At this, it is important to attract the desired customers through appealing visual representation and to create a trustworthy impression. Linden (Interview 2017) has the feeling that many competitors in the accommodation segment lack to understand the taste of international travellers, especially in terms of service and equipment standards as well as in interior design (10:19)

Another aspect of potential process upgrading lies within rearrangement of upstream processes. This entails improvements in collaboration with suppliers and to a certain extent assistance for their business to enhance their supply. This relates especially to the value

creation from the communities who are in need of capital, equipment and knowledge to be able to provide the demanded yield and quality.

Product upgrading

Whereas Christian (2012:4) refers to potential but questionable upgrading into luxury segments due to increasing leakage rates, the findings of the empirical research provide a different approach. In the Malawi context, provision of international valid standards is not self-evident. In the lodging segment, business orientation towards quality is crucial, which does not have to mean that it has to be luxury. However, with a responsible approach for the value creation, engagement of the involved stakeholders and management, it is possible to achieve successful product upgrading. Nonetheless, provision of quality comes at high costs and it is hard to maintain, especially when it comes to goods and supply which are scarce, must be substituted or produced in-house (Interview Hildemann 2017, 6:55).

In this regard, Hildemann (Interview 2017) criticises that responsible behaviour regarding community involvement, adequate working conditions and sustainable approaches are not appropriately acknowledged by the government or tourism authorities (6:18).

Functional upgrading

Entering new segments of the production network is a common segment in the Malawian tourism industry whereat actors increase their range of services. In this regard, beneficial linkages are the main inducement for actors to implement further services and activities in addition to their traditional business. In this case, most actors from the accommodation segment offer tours and activities. For these excursions, they use their own equipment, thus, cutting out specialized tour operators. In this context, it is recommended to design and create innovative products.

With reference to the huge potential of domestic tourism and in particular with regard to activities of organizations operating in the development sector specialization to facilitate conferences and workshops seem to an opportunity for tour operators and actors in the accommodation segment for functional upgrading.

Downgrading

Unfortunately, the risk for downgrading processes have been noticed during the research. In large parts this is based on copying successful business approaches or activities that consequently suffer from low quality and therefore loose recognition and value.

According to the empirical research, Gregory (Interview 2017) recognises extreme decline of valuation for local art and the work of artists. He refers to the business of artists who usually work in the suburbs on low living conditions. Whereas many artists do not have the time or skill

to personally sell their products, they depend on traders who go out to sell their paintings. Often the traders claim to be the painter in front of potential customers whereby they keep high margins for themselves and put pressure on the painters. Without transparency, Gregory (Interview 2017) points out that there is going to be loss for the client and for the painter (5:17). This development leads to an excessive supply of art and craft merchandise which is sold for very little and comes with a loss of individuality: *“day by day they are painting the same things”* (Interview Gregory 2017, 5:3). Further, tourism operators and guides have the power to choose where they bring the customers to, therefore, access to tourism enterprises imply many beneficiaries. However, on the luxury scale, most tourists are brought to settled art galleries which are mostly owned by foreigners or wealthy nationals who as well as street traders charge *“maybe 75% commission than what the artist put as price”* (Interview Gregory 2017, 5:6)

6.4 Pro-Poor Tourism

With regard to the strategy papers from the government, the MGDS III seems not to be appropriate to successfully implement PPT strategies according to the UNWTO “Manual on Tourism and Poverty alleviation” (2010). Based on newly defined priorities and the reduction of the tourism issue in the MGDS III, the governmental commitment for a comprehensive and suitable PPT policy framework, particularly for the tourism sector, is not given. In detail, it lacks legal back-up to legitimate, support and enhance PPT tourism structures and interventions such as financial assistance, taxation, regulated working conditions and training provisions (UNWTO 2010:4). According to the UNWTO (2010:3), the challenge for strategic development is based on inter-ministerial collaboration which seems to be one of the core concerns between the Malawian ministries. Especially the lack of capacities and regulatory framework to establish a suitable economic framework hampers PPT development. Although authorities like Nansongole (Interview 2017) are aware of their governmental role, *“our role is to ensure that services that the sector requires are also put in place”* (4:12), however, the private sector is in demand to bear the required services. To facilitate and enhance successful and sustainable PPT strategies private actors must come up on their own costs which is not only a burden for engaged entrepreneurs but also for the communities who are dependent on individual private actors.

The strategic orientation of the Department of Tourism bears potential and corresponds to the values of PPT. Also, Nansongole (Interview 2017) highlights the focus on *“promoting developing tourism to ensure, that the person in rural areas, we improve the quality of life of those”* (4:21) and that *“the policy is very clear on trying to benefit the communities”* (4:32). In this spirit, collaboration with development agencies and international institutions are fostered to implement projects which aim on women and youth empowerment and inclusion to the

tourism sector (Interview Nansongole 2017, 4:39). However, it must be noted, that strategy papers and pro-poor commitment are also used to receive funds and to attract investors.

6.4.1 Understanding Pro-Poor

This chapter presents the perception and individual understanding of PPT approaches according to the engagement and attempts of the government to implement PPT. Therefore, corresponding effort of the interviewed private actors towards PPT implementation is outlined to point out differences in understanding the concept of PPT. At this conjunction, the interview sample should represent the perception of different actors of the tourism GPN that have different intentions to influence and profit from the sector and its development. In this way, it is highlighted that the PPT concept is not regarded as a mainstream approach in the operational tourism industry based on the lack of knowledge about this term and its implications.

Tour Operators

As a Malawian tour operator who is involved in many programmes carried out by the Department of Tourism, Kabwilo (Interview 2017) appreciates the Ministry's effort to promote sustainable and responsible forms of tourism (7:33). However, he is also aware of the tourism department's limitation to push their agenda, due to restrictions by inter-ministerial discrepancies or restrictions in structural power in comparison to private actors. With regard to local tour operators and small enterprises which operate in low margins, it is difficult and expensive to consider and implement PPT approaches. However, for himself, PPT strategies should be taken for granted, especially because most attractions in Malawi are located in rural areas where you cannot only enjoy and use the attractions, the environment and then leave out the surrounding communities (Interview Kabwilo 2017, 7:31).

In contrast, Linden (Interview 2017) holds the government and the public sector responsible for sustainable and responsible approaches (10:13). According to the government's policies fostering sustainability and PPT, Linden (Interview 2017) states, *"especially at the meetings from the Malawi Tourism Board, it becomes more and more an item. But everybody is free what they want to do or what they can do"* (10:20). In this regard, implementing PPT aspects is not considered for the safari tour operator.

African Parks

In this regard, African Parks has managed to learn and adjust their community programmes for the wildlife reserve in Nkhotakota based on findings of the other African parks located in Malawi. In that context, the management took a lot of time to understand and *"study them"* to know where and how to intervene in the communities to win them for their cause (Interview Ngotsi 2017, 1:13). Bello et al. (2017) point out that community involvement for a common

course is difficult to achieve which is based on the daily struggle to survive (139). It is required to develop a mutual basis of understanding and address the basic needs of the communities which *“have their own serious problems. There are issues to do with illiteracy, issues to do with water, access, all those”* (Interview Kamoto 2017, 9:19).

In case of African Parks, community involvement is not regarded as a PPT approach per se, but rather necessary for their business success. They are aware that they cannot handle the project without community support (Interview Ngotsi 2017, 1:32). Therefore, it is needful to comprehensively inform local people about the ongoing project and how they can or must be meaningfully involved in it. Whereby local people prioritize activities that immediately meet their basic survival needs it is necessary to provide alternatives and present benefits for adjustments in their regular behaviour (Bello et al. 2017:139). Especially with regard to conservation whereat locals have restricted access to natural resources, alternative incentives have to be given to the communities to follow programme instructions. As an advice for entrepreneurs, Ngotsi (Interview 2017) highlights that community involvement should not be underestimated and must be planned extensively, because *“it really needs a lot of patience, it really needs a lot of effort, a lot of time, a lot of resources”* (1:13)

Academia

At the Mzuzu University, Banda (Interview 2017) was not aware of the term PPT and considers it to be tourism in a rural setting whereby so-called ‘poor people’ can benefit (2:16). It is an interesting point, because the term poor was understood as a politically shaped term which apparently is used for ordinary Malawi citizen living in a rural setting. In this respect, Banda (Interview 2017) further states that the communities and the associated culture are the basis for the tourism success in Malawi: *“we need to link culture and tourism, because otherwise we make a mistake if you only use one. If you are interested in tourism and you forget culture, you lose culture. At the end of the day, you kill the market. So, you make sure there is a balance between the two, culture and tourism”* (2:11).

According to the engagement of the government, Banda (Interview 2017) highlights the necessity of their approach and the required function of the government to act like mediator between communities and private actors to prevent conflicts in the long-run: *“Whereas some do not actually see the need of involving the local communities, right. As such they are always conflicts between the local communities and lots of the tourism operators. Whereas government understands much, much better its concept of community involvement. Because where I went, it is like, the government was taking the leading role, right. To bring the community and the private operators together, right. So, with the government, no problem, but some of these private operators need civil education to understand why the local people should be involved”* (2:35). Hence, it is not self-evident that entrepreneurs have the comprehensive

understanding how to involve communities who are affected by their business practise, and Banda advocates to implement corresponding programmes for tourism business to get a better understanding for these issues.

Pottery Lodge

Although neither Hildemann nor Musandi were aware of the term Pro-Poor Tourism as such, both considered community involvement and fostering local development as essential for the business purpose and for the business success. For Musandi (Interview 2017) the private sector has the obligation to mind their surrounding environment which includes the surrounding environment (14:19). Musandi (Interview 2017) wants to set a good example for other actors in the area by regularly involving and interacting with community authorities for which she facilitates regular meetings (6:44). Hildemann (Interview 2017) regards the current relationship between the lodge and the community as a win-win situation, however, he wishes for more support and acknowledgement by the government (6:46). On the one hand this applies for the economic impact, through the generation and distribution of income in the area. On the other hand, for their social engagement and spending for infrastructure, security and education (Interview Hildemann 2017, 6:32).

For Gregory (Interview 2017), the term pro-poor evoked criticism which targets on the western perspective to determine who can be considered as poor (5:29). Consequently, Gregory questions the implementation of such programmes which, out of his experiences, benefits individuals in the community which are not able to sustainable use the given resources. In this case, Gregory (Interview 2017) is referring to agricultural initiatives whereby the 'poorest' in the community have been given fertilizer and equipment which they rather sold than used (5:28). Thus, Gregory would rather favour projects and initiatives that target whole communities and in particular on the young and healthy who are willing and able to use given resources on a bigger scale whereby everyone in the community might benefit (5:28). Furthermore, Gregory (Interview 2017) has the feeling that the Malawi government does not have a good reputation among Malawian citizens due to recent wrongdoing by government officials: *"There have been disappointing things happening, especially in the governments or in high ranked positions, like people stealing money, like in this kind of cash gate¹⁴. Things like this have been affecting the lives of the people in the villages"* (5:23). In this context, Gregory states that NGOs and private sector might be regarded as more trustworthy and reliable to implement such initiatives.

¹⁴ In addition, the "cashgate" corruption scandal in 2013 where large amounts of resources were stolen from government accounts led to increasing distrust for governmental credibility.

6.4.2 Private sector commitment

It is notable that the approach for PPT is an expensive process which requires time, money, social and cultural understanding, organisational skills and motivational incentives to sustain participation. Especially for private actors, implementing comprehensive PPT becomes a challenge while paying attention to the main business. The lack of official support for public services is a burden for engaged private actors who want to operate a sustainable business.

However, it has been mentioned that not many actors consider PPT aspects within their businesses and even if entrepreneurs are committed for responsible business strategies, most lack knowledge and managing skills to effectively develop PPT strategies. Banda (Interview 2017) accurately points out that *“only few people [...] understand the concept of community involvement”* (2:26) and do not acknowledge the benefit of communities for the tourism image: *“As long as you involve them. They attract tourists, they interact with tourists, they can make the destination appealing. They can make the destination not appeal to the tourists, right. They can act aggressive towards tourists. They can act in friendly manner towards tourists. Whatever they do, they affect the destination image”* (Interview Banda 2017, 2:14). In this context, PPT does not only become an issue of social responsibility but also an important factor for the success and for the whole tourism sector development.

The approach for PPT becomes difficult if actors act independently, according to their business strategy, and do not collaborate and pool their resources together. This would enlarge and more effectively address social development and consequently reduce costs for each private actor.

6.5 Community Involvement

According to the study from Bello et al. (2017), community involvement implies factors which go beyond mere inclusion and integration of the community for the private sectors cause. Bello et al. (2017) emphasize on the necessity to build a common base of understanding to sustainably implement projects which benefit both factions. In this context, the projects objectives must be clearly explained as well as connected and embedded in the realities of the community's livelihoods. To ensure community's engagement, the projects must entail meaningful purpose for the community members and directly meet their basic survival needs, otherwise the projects might become redundant for individuals in the communities. Hereto, Mtwana (Interview 2017) point out, that in the case of project implementation in Nkhandwe, many community members do not see any reason for being involved in projects whereby they do not immediately benefit, because *“they struggle every day to put their food on the table”* (8:27). Therefore, communities must be comprehensively educated about the purpose and their beneficiaries in the long run. Private actors as well as engaged organizations must

understand that this process of communication and interaction *“needs a lot of patience, it really needs a lot of effort, a lot of time, a lot of resources”* (Interview Ngotsi 2017, 1:13).

In this context, this chapter outlines the current relationship between the Pottery Lodge and Nkhandwe. The communities are included into the tourism industry through the tourism activities of the Pottery Lodge and further through their engagement to benefit and ‘develop’ the communities. The section therefore highlights the community’s perception of the impact through tourism and related business activities by the Pottery Lodge and further discusses the issue of participation and integration. This is based on community initiatives by the Pottery Lodge and the MIERA programme of the GIZ. At least, the issue of social upgrading will be discussed in relation to the prior key findings of community integration in the case of Nkhandwe

6.5.1 The Relationship between the Pottery Lodge and Nkhandwe

With about 50 direct employees, Hildemann (Interview 2017) regards the Pottery Lodge as the second largest non-government employer in this area which determines its huge impact for social and economic development (6:58). The business affects the daily grind in Nkhandwe in many ways, but it seems like the community members got used to the touristic activities and its outcomes. The communities’ authorities have been involved right from the start and informed about business purpose and strategy by Hildemann and Musandi (Interview Musandi 2017, 11:14). Since then, the management of the Pottery Lodge and the authorities keep on frequent meetings for regular dialogue and as an opportunity to bring up current issues about business or communities demands. The senior chief of Nkhandwe acknowledges the effort of the management of the Pottery Lodge and in particular highlights Musandi’s motivation to maintain a good relationship: *“From all the foreigners, the foreign investors who have got lodges around here, [Musandi] is the one who will come to [us]”* (Interview Nkhandwe 2017, 13:1). Due to the persistent interaction and the fact that *“[the management of the Pottery are] the ones who are staying here full time”* (Interview Nkhandwe 2017, 13:2) the relationship does not only consist of business relations but further on trust and reliance. The Pottery Lodge is regarded as the only supporter in the area in terms of business, but also in terms of social care: *“maybe [we] lack something, [...] maybe there is a problem in the household, maybe someone is sick or things like that. [We] can visit respectively the owner and explain about the problem”* (Interview Nkhandwe 2017, 13:6). Hereto, Gregory (Interview 2017) confirms that in terms of interacting with the villagers and empowering them, *“the Pottery is the only lodge which is doing it”* (5:19). Hence, the undertaking of the Pottery Lodge’s management is appreciated and Mtswana (Interview 2017) highlights that among the community members, *“[she] has never assess someone who does not like the advancements or the progress of the business and the tourism or tourism aspects about the lodges in the village. There is no one who has a negative attitude”* (8:18). But, even though Hildemann and Musandi have been

positively revitalized the relationship between the private sector and the communities, tourism activities have been in Nkhandwe since the first settlers or development workers established the constructions along the shore. Mtwana (Interview 2017) tells that decades ago, the very first interactions with white tourists gave them the feeling of inferiority, but with time they got used to it and based on the *“friendliness between them and the whites [...] they can interact easily”* (8:30). Furthermore, most so-called tourists have been in fact development workers who reside at the Lodge and came to the Nkhandwe to help improving their livelihoods. The experience with tourists has been throughout positive and in return Nkhandwe (Interview 2017) highlights that the whole community acknowledges the tourism business at the lodge: *“We [we] should leave them feel, to do what they want there, and the tourists there, they should spend their time calmly, peacefully. They want to come out and interact with them, they can, they are welcome”* (13:6). In reference to the statement of Banda (Interview 2017), that the destination image is shaped by acceptance of local people, this statement reveals a positive and progressive relationship between Nkhandwe and the Pottery Lodge. However, the Pottery Lodge has not yet started to implement direct community tourism projects which might even intensify the touristic affect onto the villagers. So far, direct touristic interactions within the communities have not been frequent, and if so, every tourist has been guided by a staff member of the lodge (Interview Mtwana 2017, 8:31).

6.5.2 Community Initiatives by the Pottery Lodge

Throughout this thesis it has been proclaimed that private actors lack a comprehensive PPT strategy to effectively involve local communities into their business approach and distribute the beneficiaries. At this point, it has to be mentioned that this partly applies for the management of the Pottery Lodge as well. Hildemann and Musandi did not specifically design a business plan according to PPT aspects. However, they managed to involve the communities and right from the beginning at the stage of refurbishment work at the Pottery Lodge. Therefore, they arranged meetings with the community authorities who were told to bring the best carpenters from the area to demonstrate their work to conduct the renovation process (Interview Musandi 2017, 14:7). In this spirit, Hildemann and Musandi employed many community members who are advised and trained by senior managers that were poached away from other tourism facilities. All staff members reside in Nkhandwe where they are renting houses, lease fields for their women and families, buy vegetables and supply from the locals. Frank (Interview 2017), who moved with his wife and his three grandchildren from Lilongwe to Nkhotakota, feels welcomed and accepted by the community (11:12). Based on the good relationship between the management and the employees, the interconnection through the employees who are living in the area and the community has been strengthened whereby the employees act like intermediaries for education and information about the tourism industry and what is going

behind the walls, within the Pottery Lodge. This increases the acceptance of the Pottery Lodge by community members.

Beside direct employment and demand for agricultural supply, Musandi (Interview 2017) highlights her motivation to benefit the community whereof she feels that the Pottery Lodge is part of. Therefore, they decided to implement further community projects which are not directly linked to their tourism activities: *"We helped a [baby-poor family] to build a small little shop and we got them all the goods they need with commodities that people in our village would need. And it has been running now for something like 2 months and it is taking off like a rocket"* (14:30). The established tuck shop is the first shop in the village and it is now used by everyone. This success further motivated the management of the Pottery Lodge to design and implement more initiatives which might sustainably benefit the individuals while meeting community's demand. The next project should target inadequate housing of individual community members who cannot afford the necessary reparations (Interview Musandi 2017, 14:16). Whereas Hildemann is concerned about the public spending, Musandi regards it as essential to distribute their financial yield within the community. However, she is not yet aware how community-based tourism activities within the community will be perceived by the community members, whereby the community will face an increase in direct contact with tourists (Interview Musandi 2017, 14:31).

In this context, the junior chief realizes the economic impact of the tourism activities and explains that it is *"[the community's] will and desire every day, that more and more should flow to this place"* (Interview Mtwana 2017, 8:20). So far, the Pottery Lodge has been regarded as the best opportunity for employment and a constant point of contact for developmental issues. Mtwana (Interview 2017) envisions the Pottery Lodge as a place which hold more opportunities where the villagers may be able to fulfil the touristic demands (8:8). At this juncture, it turns out that there is no actual organization among the community members which is responsible for the development or in charge to demand improvements. Even though, they have ideas for development or actually require certain structures, Mtwana (Interview 2017) states that *"they just expect that someone will come and do that, it can maybe just be a dream"* (8:25). This is an important aspect that is also criticised by Gregory (Interview 2017), who takes a swipe at the villager's attitude and inability to effectively communicate about innovative and helpful ideas which remain unspoken (5:27). This also refers to projects which were already implemented but which have not been sufficiently perpetuated by the participants that have been in charge. According to Pretty's typology of participation and as suggested by Butcher (2012), the type self-mobilization has not been given at any project, because the decision to implement a project and design working opportunities has been coming from external actors and not from the community itself (104). In this context, Gregory (Interview 2017) highlights

the need to achieve interactive participation whereby the villagers are able to understand, make use and take over responsibility of given opportunities rather than wait for somebody else to implement projects (5:27).

However, for this purpose, it must be considered that most villagers, who are eager to participate, lack the required capital, resources and knowledge to initiate business. In addition, Banda (Interview 2017) states that most of local community members have a lack of economic understanding to grow and expand, they prefer to produce and sustain on a low scale (2:30). In this sense, it becomes difficult to set up and sustain production methods which then should be run by community members like the following example of the MIERA project by the GIZ demonstrates.

6.5.3 MIERA Programme by GIZ

Apparently, linkages to foreign source market are not the only opportunity for foreign entrepreneurs in the Malawi tourism sector. Based on former connection and comprehensive proposing, Hildemann (Interview 2017) was able to acquire NGOs, to implement social and economic development projects in Nkhondwe. Unfortunately, the corresponding facilitator of the GIZ was not available for an interview.

In Nkhondwe, the GIZ helped to establish a community garden to grow cash-crops which should be distributed directly to the lodges near-by and the market in Nkhondwe. According to Hildemann (Interview 2017) the GIZ provided a borehole, a water pump, a solar pump and some trainings for the participants (6:53). The project started with about 40 participants, predominantly women, whereby almost half dropped out after the first year after they have faced some serious issues (Interview Community Garden Participant 2017, 3:3). In the beginning, the project was received by the participants with enthusiasm, because most villagers regarded this project as an opportunity to learn how to grow and treat cash-crops which were new to them and are considered a profitable business. However, some equipment was stolen which hampered the first progress right from the start. Therefore, the equipment was given to the Pottery Lodge for security reasons and which was now regarded as the responsible contact for the participants (Interview Community Garden Participant 2017, 3:5). In the time after this, the community garden did not develop as expected and many participants felt, that there was no progress and no beneficiaries for them (Interview Community Garden Participant 2017, 3:8). Currently, the community garden is suffering from an outbreak of parasites of which the participants are neither capable to eradicate nor to curtail. The chemicals they have been given are not working (Interview Community Garden Participant 2017, 3:1). Hildemann (Interview 2017) was alerted by this incident and appointed his own gardener from the lodge to assist in the community garden. He felt disappointed about the project implementation and especially about the evaluation and monitoring of the MIERA programme:

“Unfortunately, the GIZ did not do a follow up. They started the programme, gave the money, but now, when we thought the project would start, that they [...] assist them, that did not happen. People were left alone, and we were not able to fully assist. What we did then, was to employ a skilled gardener” (6:53). Hildemann is disappointed by the GIZ, because villagers now hold the Pottery Lodge responsible for the community project which was not supposed to be a private actor initiative. This exemplifies the denounced content conditionality of development programmes which are not comprehensively monitored. Hence, the MIERA implementation in Nkhotakota suffered from the lack of on-going monitoring and poor evaluation, further the villagers had no point of contact besides the Pottery, according to their issues.

6.5.4 Social Upgrading

According to the key findings of the empirical research, social upgrading does not occur on a regular scale within the tourism production network in Malawi. Single actors provide decent working conditions for their employees, but most of tourism actors exploit the lax regulatory framework to increase their profit margins. Whereas the Tourism Department is trying to develop and negotiate a national labour code that applies for the tourism sector most actors and investors seem to be attracted to establish their business based on the low costs for workforce (Interview Nansongole 2017, 4:27). This behaviour also applies for entrepreneurs who implemented PPT aspects for their business strategy, such as the management of the Pottery Lodge. According to Hildemann (Interview 2017), most of the income is spend on public expenditures which is necessary for the business operations, such as the establishment and maintenance of infrastructure (6:51). However, Hildemann (Interview 2017) points out that they are paying more than the regular salary to their employees which additionally get social benefits and provision of food (6:62). In comparison to other Lodges, Hildemann (Interview 2017) indicates that their employees have regular working schedules and are not allowed to work more than eight hours (6:61). Surprisingly, Kabwilo (Interview 2017) states that big actors are more likely to provide better terms of employment which he links to higher profit margins and their awareness of employment standards (7:28). To this, Kabwilo (Interview 2017) suggests that the sector needs enhanced working conditions and terms of employment that apply for all actors. This can be only enforced through corresponding policies: *“The government can make some policies, [...], each and every operator has to be enforced by that. That would improve the living standards of the people working in the hospitality and tourism sector”* (7:28). The government is in demand to adjust the regulatory framework, which furthermore counts for enabling appropriate formation of labour unions and associations: *“In most places, they are not allowed to form unions. Of course, it is an issue of the private actors, but also the government must step forward for their own citizens”* (Interview Kabwilo 2017, 7:27).

The case of the Pottery Lodge, however, exemplifies the weak position for employees, particularly in rural areas where many people are in need of any kind of employment. The recruitment usually happens on a little scale whereby people from the village are chosen by the private actor. Due to the research findings, there is no institution neither a contact for labour issues who would be concerned with these matters for local employees. Additionally, the private actors make use of the desperate situation of local people which Kabwilo links to the existence of poor working conditions: *“The standards are very poor, [...], some people work in very bad conditions, but they cannot complain, they have nowhere else to go”* (Interview Kabwilo 2017, 7:27). Thus, the working conditions and the terms of employment usually depend on the employer. In this context, the Pottery Lodge provides reasonable working conditions for their employees. This further includes appropriate training and awareness for high standard services (Interview Musandi 2017, 14:12). Another important factor is the acknowledgement of community structures which seems to be the case in the setting of the Pottery Lodge where every employee resides in Nkhandwe and according to Frank (Interview 2017), they are all welcome and happy to be in this community (11:12).

For the community, the Pottery Lodge is regarded to be the main driver for economic and social development. Firstly, they provide direct employment which benefits families (Interview Musandi 2017, 14:15); Secondly, they engage casual workers and initiate projects which enhances employment opportunities, financial distribution and make to goods and products available; thirdly, they provide access and maintenance of basic infrastructure like roads and electricity: *“As you can see, they have electricity, this development is because of the lodges”* (Interview Mtwana 2017, 8:12); fourthly, they were involved in constructing public service facilities and provide public services: *“That school was built through the sponsorship of donations of tourists, [...] and the kids now can go to school which is located nearby”* (Interview Mtwana 2017, 8:12).

These aspects indicate, that the Pottery Lodge has a huge impact on social development for the workers in Nkhandwe and further can successfully distribute for improved livelihoods. Even though, the main business of the Pottery Lodge is still on an initiating position, the short-term effects are already recognisable. It has to be further evaluated if this impact will proceed and if it will sustainably affect the behaviour of other lodges in the area as much as increase the touristic value of Nkhotakota.

7. Conclusion

The objective of the research was to analyse how local communities can integrate into tourism production networks and benefit from the PPT approach. In this regard, the sub-questions ask for the constellation of the tourism GPN and the current challenges for tourism sector and its PPT development. With focus on the case study from the Pottery Lodge in Nkhotakota it is exemplified how PPT initiatives have an impact on social upgrading and local community inclusion in the tourism sector. Based on the outcomes of sub-questions and the key findings from the case study, the main research question will be approached and answered in this section.

In terms of how the different relationships of the stakeholders in the tourism sector are shaped and how they are linked to the tourism GPN, the research has shown, that intermediaries who have access to the source markets and provide services on the ground in Malawi have the best market position. Given the infant character of the Malawi tourism sector, these actors are not necessarily big international tourism agencies, but most of these actors are Malawian citizens or foreigners that reside permanently in Malawi. It turned out that many actors prefer working on their own and only collaborate with private actors that assumingly have a better market position. To Malawian actors, foreign ownership is associated with enhanced access to the source markets and with increased financial revenues regardless of actual financial resources and skills of foreign actors. Thus, foreign actors can take advantage of the fragmented supply side in the lodging, transport and excursion segment and engage national and local tour operators to perform corresponding services on a low profit margin whereas national actors struggle for collaboration and access to the market. As indicated by Jenkins and Ishikawa (2010:10), the lack of collaboration between private actors prevent purposeful consolidation to enable access to assets, capabilities and information and to collectively develop and advertise the tourism destination. Considering the extensive spending of private actors on public services and infrastructural requirements as a basis of tourism development and marketing, private actors' collaboration could also importantly reduce costs and increase profits. However, the case study has shown, that most tourist actors and investors seem to be satisfied with their returns and markets and that they do not seek further tourism sector development. This means that even little effort by committed and motivated entrepreneurs, as presented by the management of the Pottery Lodge, can affect the whole industry. With a focus on a tourism quality product and being able to financially cover public expenses, the Pottery Lodge has re-established its nationwide reputation and threatens near-by lodges while at the same time following a strategy that can be framed as PPT focusing on community inclusion.

Concerning the government and particularly the Department of Tourism, it has been shown that the ministry faces problems in terms of miscoordination among corresponding ministries

which restricts the purposeful implementation of tourism policies and the advancement of tourism sector development. In relation to the tourism production network, the department of tourism is trying to collaborate with the private sector to foster a supporting and sustainable environment for the tourism industry according to the MGDS. However, based on structural dependencies on foreign investment, the Department of Tourism has not been able to design a comprehensive regulatory framework that would strengthen national, often small, enterprises and employees in the tourism industry. Whereas actors like local tour operators understand the issues the Department of Tourism is facing and appreciates their efforts to support the industry for national development, sustainable-oriented actors expect more commitment from the government to support tourism actors who are contributing for local development. Even though PPT reflects an important aspect of the current tourism strategy of the Department of Tourism, it seems like the intentions to foster PPT are based on the assumption of available private actors that strive for sustainable sector development and social upgrading. Though, throughout this research, none of the stakeholders, beside the government representative have heard of the term Pro-Poor and its related approaches. The intention for private actors to facilitate a sustainable and responsible business approach are connected to efficiency and quality and the opportunity to obtain financial incentives. Only a few selective actors have an intrinsically moral motivation. Hence, to achieve a broad commitment for PPT implementation, the private sector actors and also the beneficiaries of the PPT concept such as communities must be included into policy discussions and outreach and linked to the regulatory framework.

According to the ILO decent work agenda, PPT aims on social upgrading for employees to improve social development and enhance inclusion into the tourism production network to consequently foster sustainable tourism sector development. Based on insufficient terms and conditions of employment, especially in the service segment, being employed in the Malawi tourism sector is not attractive for qualified personnel that switch to more lucrative industries. Even graduated, trained and skilled local employees face the problem to find decent employment, because many investors and tourism actors prefer to recruit unskilled and cheap workforce from surrounding communities to increase their profit. Managerial positions are mostly occupied by foreign experienced personnel which limits job promotion for local employees. These circumstances hinder a sustainable tourism sector development. Yet, it fosters community inclusion into the tourism production networks which holds the potential for financial distribution on community level, supporting community development, economic diversification and consequently social improvements for the local communities. However, the majority of actors in the Malawi tourism production network seem not to be eager to commit themselves for social improvements of their employees nor for local development. This behaviour limits economic development as much as social upgrading. Direct employment in the tourism industry is only beneficial if the employer is committed to adequate terms of

employment and working conditions. Therefore, the PPT approach must be increasingly advocated by the government and the Department of Tourism and underpinned throughout a comprehensive regulatory framework and incentives for private actors to facilitate social upgrading and enhance tourism sector development.

The commitment shown by the management of the Pottery Lodge can be regarded as exceptional whereupon they have the advantage to establish their business based on financial assets and access, being directly linked to international source markets and actors as well as their personal motivation run the lodge as retirees without economic pressure. Thus, the Pottery Lodge is responsible for economic and social development in Nkhandwe: provision of access and maintenance of basic infrastructure; construction and support of public service facilities; provision of direct employment with promotion opportunities; initiating economic projects and investments to enhance economic opportunities and the availability of goods and products. At this, the most beneficial integration of local communities into the tourism production network are considered to be backward linkages to supply the tourism industry with goods and services that reduce leakage rates and can be produced and provided without extensive capabilities. In this regard, however, the implementation and process of the MIERA programme of the GIZ in Nkhandwe has shown that such initiatives might not be working effectively and sustainably. Although, the community garden project was provided with technology, instructions and assistance it did not yield the expected outcome. Whereas, the ecological environment in Nkhandwe bears all potential to grow all kind of crops and there is a demand, the community was not yet able to make profit out of this opportunity. This indicates that such projects must be adjusted and designed to sustainably mobilize the participants and announce responsible contact persons who are better equipped and prepared to supervise the project process and are able to deal with upcoming issues.

The case study of the Pottery Lodge in Nkhotakota has shown, that PPT initiatives can enhance social upgrading and community inclusion along with tourism development. Yet, on a bigger scale, PPT needs to be coherently coordinated, managed and assisted by representatives of the government, non-governmental organizations, private actors and community members which reflects one of the main challenges in the Malawian tourism production network. It seems that the PPT approach is used as a political buzzword to appeal international institutions and donors on the macro level whereas the process to design strategies and implement effective initiatives on nation and destination level is insufficient. For this purpose, effective PPT demands a more regulatory framework to enforce improvements and enhance sector development as much as the approach requires incentives for private sector actors to implement PPT aspects due to the fact the government depends on private sector support. Otherwise, committed entrepreneurs will be less competitive on the tourism

market and furthermore, the tourism sector development will be hampered. In addition, the governments approach to facilitate platforms must be extended and should encourage national stakeholders to form and participate in associations and unions.

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Appendix

List of interviewees

Noah Nansongole (29.11.2017) – Chief Tourism Officer, Department of Tourism, Lilongwe

Sidney Banda (13.12.2017) – Head of Tourism Department, Mzuzu University, Mzuzu

Tim von der Linden (27.11.2017) – Branch Manager, Kiboko Lodge & Safaris, Lilongwe

Johnnie Kabwilo (30.11.2017) – Manager, Misuku Expeditions, Lilongwe

Samuel Kamoto (12.12.2017)– Park Manager, African Parks, Nkhotakota

Mrs. Ngotsi (11.12.2017) – Extension Community Manager, African Parks, Nkhotakota

Harald Hildemann (07.12.2017) – Owner/Management, Pottery Lodge, Nkhotakota

Chipso Musandi (11.12.2017) – Owner/Management, Pottery Lodge, Nkhotakota

Gregory (08.12.2017) – Guide/Artist, Pottery Lodge, Nkhotakota

Frank (09.12.2017) – Senior Receptionist, Pottery Lodge, Nkhotakota

Nkhandwe (08.12.2017) – Senior Chief, Nkhandwe village, Nkhotakota

Mtwana (08.12.2017) – Junior Chief, Nkhande village, Nkhotakota

Gardener (10.12.2017) – GIZ community garden participant, Nkhandwe village, Nkhotakota