A critical analysis of microfinance tourism and poverty alleviation: characteristics, opportunities and constraints

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Abstract

Set within the context of increasing global commitment to eradicate extreme poverty, this research critically analyses and evaluates the extent to which microfinance tourism (MFT) is an effective vehicle for poverty alleviation in developing countries. For decades, both microfinance and tourism have been promoted as key strategies for global poverty alleviation. Microfinance can offer people living in poverty, especially those considered ‘unbankable’, the necessary financial and educational support to engage in entrepreneurial activities, while tourism has the capacity to reduce poverty via economic development and global citizenship education. MFT emerged in 2008 as an innovative approach that pioneers the integration of microfinance and tourism for poverty alleviation purposes. Despite promising great hope for many by addressing multiple facets of the poverty issue, the extent to which MFT rhetoric translates into reality is unclear, given that the positive impacts of both microfinance and tourism on poverty alleviation remain debatable. More importantly, MFT as an antipoverty intervention built around impoverished communities also has the potential to inflict a range of negative impacts on vulnerable populations. Yet the literature on MFT is almost completely absent; thus there is a pressing need to undertake a comprehensive investigation of MFT to increase our understanding of the phenomenon.

To facilitate an exploration of MFT, Theory of Change (ToC) is utilised to scaffold the data collection, analysis and discussion of this study. Adopting a qualitative multi-level case study strategy, the global level case identifies and discusses the ToC perceived by staff from six MFT organisations in Mexico, Tanzania, Jordan and Vietnam. The local level case identifies and discusses the diverse MFT stakeholders’ ToC on MFT as a means for poverty alleviation in Vietnam. Secondary sources (e.g. newspapers, reports) are used in conjunction with participant observation and primary data collected through semi-structured interviews with 39 respondents.

The results of the study reveal that at both the global and local levels, MFT respondents’ perceptions of poverty vary widely, ranging from a lack of assets or income, being deprived of basic needs/capabilities, and/or experiencing unequal power relations in the local and global structures. These perceptions shape the
conceptualisation of MFT as a multi-faceted, antipoverty intervention, which involves both the poor (i.e., microfinance clients) and the non-poor populations (i.e., microfinance tourists and tourism organisations). In addition, microfinance and tourism activities are not separated but intricately interwoven in MFT to create six unique MFT elements.

At the global level, six key MFT approaches were identified to achieve poverty alleviation: personal empowerment, experiential learning, cross-subsidy financing, host-guest exchange relations, incentive systems and self-regulation. At the local level, the MFT stakeholders in Phu Minh commune, Vietnam, perceived the additional perspective of relative poverty (i.e., the whole community is poor) and utilised MFT as a means for community economic development. MFT was also seen as a catalyst for the development of community-based tourism in Phu Minh.

Overall, this research highlights that MFT, though effective as a vehicle for poverty alleviation, is not a silver bullet that solves all poverty-related issues; nor should it be used as a blanket approach to poverty alleviation. Subsequently, effective communication and expansive collaboration among the MFT organisations and between the diverse MFT stakeholders, together with understanding and putting the local communities first, are important for the successful development of MFT.

This research offers valuable insight into the potential opportunities for combining poverty alleviation strategies within a destination, in order to reduce overlapping efforts while maximising synergies between the stakeholders involved. This in turn will facilitate a greater range of positive impacts for developing communities. Moreover, by addressing the gap in literature pertaining to MFT and also by identifying the current lack of understanding about MFT at the practical level, the study provides pathways for MFT development that will be better informed and more responsible in the future.
Statement of Originality

This work has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

(Signed)_______________________________

Thi Linh Giang Phi
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- This paper is based on the findings and discussions in chapter 6


- This paper is based on the findings and discussions in chapters 4 and 7

Peer-reviewed conference papers


- This working paper is based on the findings and discussions in chapter 6


- This working paper is based on the findings and discussions in chapters 4 and 7


- This full paper is based on the backgrounds and discussions in chapters 1 and 3
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1. MICROFINANCE TOURISM: AN INTRODUCTION

There is little argument that poverty has been one of the most significant and persistent concerns of the human race. At the turn of the millennium, many leaders, development practitioners and academics believed that ‘poverty in the midst of plenty is one of the central challenges in today’s global economy and that fighting poverty is both a moral imperative and a necessity for a stable world’ (World Bank, 2000, p. i). Consequently, addressing the problem of poverty in developing countries has now become one of the world’s top priorities, frequently discussed in international meetings and firmly established as the major goal in development discourse (Cobbinah, Black, & Thwaites, 2013). The commitment to fight global poverty is perhaps best shown in the ‘Millennium Development Goals’ (MDGs), a document signed in the year 2000 by leaders and representatives of 189 nations, that aimed to free people from extreme poverty and multiple deprivations by 2015 (e.g., illiteracy, child mortality, HIV/AIDS, malaria and other diseases) (United Nations, 2003). At the end of 2015, the MDGs were superseded by the Sustainable Development Goals (SDGs) which seek to ‘end poverty in all its forms anywhere and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment’ (United Nations, 2016, p.1). To achieve this goal, the SDG framework promotes innovative initiatives and coordination of resources that transcend limitations of disciplinary and sectoral boundaries. This study focuses on one such innovative initiative, called microfinance tourism. This recently developed initiative emerged in 2008 and is a pioneer in the integration of microfinance and tourism for the purpose of poverty alleviation.

1.1 Microfinance, Tourism and Poverty Alleviation

Microfinance is the provision of small-scale financial services such as micro-credit (i.e., microloans for self-employment/income-generation projects), micro-saving (i.e., very small deposits in savings account), micro-insurance and funds transfer to people living in poverty who would usually be excluded from dealing with the formal financial institutions (Schreiner & Colombat, 2001). Modern microfinance started to gain recognition in the 1970s, with the pioneering and successful initiative called Grameen Bank of Bangladesh, which provided micro-credit to the rural poor without requiring
any collateral (a compulsory condition of traditional banks) (Grammen Bank, 2011). The founder of Grameen Bank, Professor Yunuf, believed that charity would only increase the dependency of the poor on donations and welfare (Yunus, 2003). In contrast, micro-credit, as well as other financial services situated under the umbrella of microfinance, arguably offer people important resources and motivations to increase income, which in turn, not only enables payment of debt, but also breaks the poverty cycle (Grameen Bank, 2011). Yunus’s idea is conveyed simply by reversing Ragnar Nurkse’s vicious circle of poverty of ‘low income, low saving, low investment, low income’ into an expanding system of ‘low income, injection of credit, investment, more income, more credit, more investment, more income’ (Grameen Bank, 2013, p. 1). In addition, by charging sufficient interest rates to cover the operating costs, the Grameen Bank initiative also demonstrated that microfinance institutions have the potential to become financially self-sufficient (Helms, 2006).

The key feature of microfinance is encapsulated by the co-existence of social missions and financial interests. This dual focus situates microfinance within the framework of social entrepreneurship (SE), which recognises that many entrepreneurs and enterprises are not simply personal-gain driven or pure profit-seeking (Zebrowski, 2009). Instead, many are driven by social objectives, aiming to achieve certain social missions while operating within the market to ensure financial sustainability (Mair & Martí, 2006). The phenomenon of SE has paved the way for new thinking and innovative solutions to tackle social issues and fill in the gaps where the public, private and third sectors have failed to provide.

From a grass roots movement, microfinance quickly gained global recognition as a viable option to become a thriving industry and one of the most-cited examples of SE innovation in the poverty alleviation field (Shaw & de Bruin, 2013). The term ‘microfinance institution’ (MFI) soon referred to a wide range of organisations including NGOs, credit unions, public co-operatives, private commercial banks, non-bank financial institutions and parts of state-owned banks (Regmi, 2013). Although to date, no official study has been taken to measure the scale of global microfinance, the Micro-credit Summit Campaign estimated that there were over 3,000 registered MFIs in 2005, serving over 112 million people worldwide (Magner, 2007). The significance of microfinance (especially micro-credit) as a catalyst for poverty alleviation resulted in
the UN declaring 2005, the International Year of Micro-credit. In the following year, Professor Yunus and the Grameen Bank were awarded the Nobel Peace Prize for ‘their efforts to create economic and social development from below’ (Nobel Prize, 2006, p. 1).

Similarly to microfinance, tourism is also viewed as having great potential to help reduce poverty. For decades, tourism has been a global phenomenon with the number of participants rising rapidly. In 2015, there were 1186 million international tourist arrivals worldwide, bringing tourism receipts to US$1260 billion (UNWTO, 2016). Employment created by the tourism industry has also increased steadily, reaching 284 million jobs in 2015 (World Travel & Tourism Council, 2015). Tourism is thus often advocated as a tool for economic exchange and economic development, with the potential to create trickle-down and/or direct benefits to the poor (Britton, 1982; Goodwin, 2011; Harrison, 1992; Sinclair, 1998; Wall & Mathieson, 2006; Sharpley & Telfer, 2008). This economic focus has received much criticism, as many studies have shown that the poor often have to bear the most costs from tourism development, while a large part of the economic benefits are leaked to foreign investors and/or the wealthier parts of the society (Mowforth & Munt, 2003, 2008; Pleumarom, 2003; Reid, 2003; Scheyvens, 2007, 2012). Consequently, new approaches to tourism (e.g., pro-poor tourism, development-tourism) which aim to ‘establish a direct link between tourism and poverty alleviation and emphasize the voices and needs of the poor in tourism development’, also started to receive increased attention (Zhao & Ritchie, 2007, p. 120). MFT emerged in this context as a unique approach that combines both microfinance and tourism for poverty alleviation. 

1.2 The Emergence of Microfinance Tourism: Promises and Potential Issues

The idea of MFT was first conceptualised by Trip Sweeney in his seminal article explaining how ‘microfinance tours’ could serve as an ethical and much needed initiative for poverty alleviation (Sweeney, 2007). Since then, several MFT organisations and operational models have been set up in Mexico, Tanzania, Jordan and Vietnam. In essence, MFT facilitates opportunities for tourists to experience microfinance in action by visiting small groups of poor local entrepreneurs operating in their daily environment. During their trip, tourists will also learn more about
microfinance and how the funds raised by their tour fees can be used in local microfinance activities to help improve these entrepreneurs’ lives (Sweeney, 2007). With MFT, local micro-entrepreneurs and their families tend to have only one-off interactions with tourists. Their brief participation in the tour enables them to receive microloans at low or free interest rates to invest in income-generating activities.

MFT emerged in response to two key issues. First, despite microfinance’s rapid growth, the majority of people living in poverty, especially ‘the poorest of the poor’, still have no access to microfinance services (Armendáriz & Morduch, 2010; Morduch & Haley, 2002). One of the main reasons for this is the huge gap between demand and supply. In 2007, it was estimated that globally, only US$25 billion in microloans was being provided to around 100 million people living in poverty, thereby serving only a fraction of total sector demand, which was estimated to be around one billion micro-borrowers (Dieckman, 2007). Additionally, the pressure on the MFI s to realise financial sustainability (i.e., generate sufficient revenue to cover operating costs) and in many cases, increase their profitability, further contributed to limiting their depth of outreach to serve poorer and/or more remote clients (Phan, 2009). In 2010, the global average interest rate for microloans was estimated at around 37% per annum, with rates reaching as high as 70% in countries like Mexico and Nigeria (MacFarquhar, 2010). As an alternative, MFT offers a self-sufficient approach to improving microfinance access for people living in poverty. For instance, an MFT project run by Investours in Mexico from 2009 – 2010 was able to raise sufficient funds to provide interest free microloans to over 120 entrepreneurs during the pilot period (Sherry, 2010). The main revenue in MFT does not come from big overseas donors or from charging the clients high interest rates; rather, the funds for microfinance come via a tourism fundraising process in which the microfinance clients themselves play a critical and direct role in deciding its success.

Second, MFT captures the ever-increasing number of responsible/ethical tourists who would like to assist with various local developmental needs (Butcher, 2003). Currently, these tourists often find themselves confronted with limited options and usually engage by way of philanthropic monetary donations or labour transfer in volunteering projects. These forms of aid are often viewed as creating dependency and only have limited short-term impacts on people living in poverty or impoverished communities (Taplin, Dredge & Scherrer 2014; Polak, 2009). MFT intentionally captures the profit generated from tourism activities in impoverished areas, and
channels it into financial services that directly and more sustainably support individuals and communities living there. Tourists are provided an opportunity to experience the value of local ‘empowerment and progress’, by ‘observing and supporting the small, significant successes of people in poverty who are moving hopefully forward’ (Sweeney 2007, p.1). By providing ‘something new’ in the market, MFT can also attract the fast rising number of tourists who are looking for alternative or direct tourism experiences with local communities (Novelli, 2005). Sweeney (2007) could see enormous potential in MFT and said:

(In 2007), across 21 African countries there are approximately 3.89 million individuals who are working their way out of poverty with microloans… By 2010, if 1% of the international visitors to Africa would go on a microfinance day tour priced at 50 dollars, this would generate 21 million dollars per year which (after subtracting tour operating costs) could be used to help lower loan interest rates and expand the reach of microloans to give more people opportunity (p.1).

Arguably, Sweeney’s goals are realisable, particularly with the development of microfinance and tourism hybrids that could facilitate the involvement of a large number of existing microfinance institutions, NGOs and tourism companies.

Despite being an alluring concept and an apparent, practical solution for poverty alleviation, an array of issues exists that requires further exploration in the development of MFT. For instance, as the effectiveness of both microfinance and tourism as tools for poverty alleviation remains debatable, the proposed positive impacts of MFT are certainly not guaranteed. Concurrently, any direct intervention into the targeted poor population might lead to a range of negative impacts on the already marginalised and vulnerable poor, and thus should be handled with extra caution. Therefore, some important, yet unanswered questions related to MFT include:

- Is MFT helping to reduce poverty or is it capitalizing on people living in poverty?
- How do different stakeholders perceive MFT as a means of poverty alleviation (e.g., MFT organisation, local people living in poverty, tourists, local government)?
- What are the key conceptualisations and operational models that underpin MFT?
- What are the challenges and opportunities for MFT development?
Clearly, the reality of employing MFT as a means of supporting poverty alleviation is not as straightforward as the associated global rhetoric suggests.

1.3 Research Aim and Objectives
For decades, microfinance and tourism have been widely discussed and debated as individual approaches for alleviating poverty. Consequently, the literature pertaining to a combined approach to poverty alleviation (e.g., MFT) has been very limited. Indeed, in 2009, Hoeve ten (2009) investigated the potential of linking microfinance and tourism for sustainable community development in Sub-Saharan African and remarked:

It is not clear why so little research has been carried out about the combination of micro-credit and tourism. Do researchers think it is not viable to combine these two possible ways for poverty reduction or have they simply not thought of the combination as a possible means? (p.43).

Moreover, a review of the microfinance and tourism nexus by Phi, Dredge & Whitford (2013) found only three relevant publications (Hoeve ten, 2009; UNWTO, 2005; Van der Sterren, 2008). These three publications however, focused only on the potential of microfinance (especially micro-credit) to support micro, small and medium-sized tourism enterprises (MSMEs) in overcoming the lack of access to credit. This way of combining microfinance and tourism over-simplifies poverty alleviation by suggesting that it can be achieved primarily through economic exchange, where tourists’ main contribution is to inject revenue into local communities through the purchase of tourism products and services. Opportunities (as proposed in MFT) to further educate tourists about issues of poverty and encourage them to support existing poverty alleviation initiatives within the destinations are often overlooked. Other than Phi et al. (2013) and Phi, Whitford and Reid (2016), Schwittay (2014), and Nance (2013) is the only other study known to date that specifically looks into tourists’ intentions of continuing poverty alleviation activities after participating in MFT.

It is clear that practice has led research in the area of tourism-poverty alleviation and of the microfinance-tourism nexus in general, as well as MFT in particular. Arguably, this has generated practical problems and conceptual issues, which are in need of further investigation for two main reasons. First, there is an overriding need to better understand MFT by exploring its characteristics, stakeholders, existing operational...
models, as well as potential positive and negative impacts. Second, there is a need to identify and understand more comprehensively, the MFT process, underlying conceptualisations and contextual factors to inform both MFT development and the development of similar approaches. However MFT, as an anti-poverty tourism intervention, operates in the highly complex tourism and poverty alleviation arena, where undertaking effective analysis and evaluation poses various challenges and which current evaluation approaches in the tourism-poverty alleviation field have failed to sufficiently address. This research thus explores and applies an innovative approach called Theory of Change (ToC) from the program evaluation field to assist with the MFT analysis and evaluation processes.

The aim of this research is:

To critically analyse and evaluate the extent to which microfinance tourism is an effective vehicle for poverty alleviation in developing countries.

The five main objectives of the study are:

i. To critically explore and theorise MFT as a poverty alleviation strategy,

ii. To explore the usefulness of ToC as a scaffold to analyse and evaluate anti-poverty tourism interventions;

iii. To critically evaluate:

a) Global MFT providers’ perceptions of MFT as a vehicle for poverty alleviation,

b) MFT stakeholders’ perceptions of MFT as a vehicle for poverty alleviation in Vietnam,

iv. To make recommendations for the development of MFT as a vehicle for poverty alleviation.

1.4 Significance of the Research

According to Gerring (2001, cited in Dredge, Jenkins, & Whitford, 2012, p. 44), traditional divisions of social sciences into disciplines, sub-disciplines and fields of study have created ‘academic cubbyholes in which writing, publishing and conference attendance has reinforced academic territoriality and narrow disciplinary engagement. Knowledge production is thus reduced into ‘information bites’ or excerpts of information of the broader phenomena’. Gerring’s argument is particularly relevant to
the field of tourism and poverty research, where academic discussion has rarely stepped outside the tourism space to consider other disciplinary and practical contributions that might help tourism to realise its full potential in poverty alleviation (Dredge et al., 2012; Harrison, 2008; Zhao & Ritchie, 2007).

Thus, in order to advance research on tourism and poverty alleviation, a refocus might be required, away from tourism as a standalone means for poverty alleviation, towards integrating tourism into other poverty alleviation strategies/tools (Zhao & Ritchie, 2007). In other words, in the quest to realise a world without poverty, tourism should step down from the lead role to also consider taking on a more flexible and cooperative facilitator role. Indeed, Zhao and Ritchie (2007) and Novelli, Morgan, Mitchell & Ivanov (2016) argued that future research should look at opportunities:

- to better coordinate and direct tourist philanthropy as a force to tackle poverty,
- to integrate tourism with other poverty alleviation strategies (i.e., microfinance) within the destination, to further increase positive impacts on the poor, and
- to expand knowledge pertaining to the complexity of tourism activities that are developed around impoverished individuals and/or communities.

This exploratory study on MFT addresses these opportunities. In addition, as this study is at the forefront of investigations focusing on MFT utilising ToC, the research also makes methodological, theoretical and practical contributions:

- Methodologically, the research introduces ToC to the field of tourism research as an innovative framework for data collection and analysis that could overcome the limitations of traditional evaluation approaches for antipoverty tourism interventions (ATIs) such as MFT.
- Arguably, the application of ToC will help to unlock the global MFT providers and Vietnamese MFT stakeholders’ key assumptions and propositions regarding global MFT and MFT in Vietnam. The critical analysis and evaluation of an MFT ToC framework provides the base for practical guidelines and recommendations to improve the effectiveness of MFT as a means for poverty alleviation.
- Linking the practical MFT ToC to relevant strands of literature and theoretical perspectives pertaining to the MFT-poverty alleviation nexus, helps to expand the theoretical base of MFT. This research thus has potential to inform the academy, policymakers, planners and practitioners, of directions for the future
replication and scaling up of global MFT. Moreover, it paves the way for the
development of innovative approaches that combine tourism with other poverty
alleviation strategies/tools within a destination to reduce overlapping efforts
while concomitantly, creating more synergies to achieve lasting social change.

1.5 Research Approach

This research adopts a post-disciplinary approach to the analysis and evaluation of
MFT as a means for poverty alleviation. A post-disciplinary approach requires careful
selection of the relevant literature, theoretical perspectives and analytical concepts from
as many disciplines as required and in doing so, ‘allows ideas and connections to be
pursued to their logical conclusion rather than to some contrived end point determined
by artificial disciplinary boundaries’ (Coles, Hall & Duval 2006, p.303). In this
research, the post-disciplinary approach (Bramwell & Lane, 2005; Coles et al., 2006,
2009; Laing, Lee, Moore, Wegner & Weiler, 2009; Stone, 2011) was applied to the
collection of literature for two main reasons. First, tourism has increasingly been
recognised as a dynamic and complex system that spans a plethora of disciplines (e.g.,
sociology, leisure, development, ecology) (Coles et al., 2006). Further, the integration
of microfinance and tourism warrants the multi-disciplinary nature of MFT as an
academic topic. Second and more importantly, a post-disciplinary approach is oriented
towards problem fields in the real world that transcend academic disciplinary
boundaries. At the core of post-disciplinary research is the recognition that ‘the world
has problems; universities have departments’ (Brewer 1999, p. 328). This approach is
thus better suited to the MFT context, which focuses on poverty and poverty alleviation
in developing countries and which is a complicated and persistent real-life issue to
which a flexible approach to knowledge creation is required.

By taking a post-disciplinary approach, this research drew on literature from a
number of different fields including (see Figure 1):

- international development (i.e., key approaches to poverty alleviation and
development theories),
- tourism (i.e., key theories/approaches underpinning tourism-poverty alleviation),
- microfinance (i.e., key theories/approaches underpinning microfinance-poverty
  alleviation),
- social entrepreneurship (i.e., key theories of social entrepreneurship and practices of social enterprises), and
- program evaluation (i.e., black-box evaluation, theory-based evaluation and ToC).

These strands of literature arose directly out of the topic under study (i.e., MFT as a means for poverty alleviation) and from the primary data analysis of global MFT providers and Vietnamese MFT stakeholders’ perspectives. Figure 1.1 demonstrates how the various strands of literature and theoretical perspectives are integrated in the thesis.

Figure 1.1. Theoretical perspectives and key approaches to microfinance tourism - poverty alleviation
1.6 Outline of Thesis

This thesis is divided into eight main chapters. The first chapter provides insight into the context of global poverty, microfinance, tourism and the emergence of MFT. The clear gap in the literature regarding MFT is highlighted and justifies the need for this research, which guides the research aim and five research objectives.

The literature review is divided into two chapters. This extended review was necessary to address the nexus between two fields where there has been little cross-over. Chapter two introduces readers to the broader poverty and poverty alleviation literature, highlighting the diverse perspectives that currently exist regarding these two concepts. Chapter three focuses on the overarching development theories, which influence the links between tourism, microfinance and poverty alleviation and the global environment that MFT operates in. Two major approaches directly relevant to MFT are also presented, including development-tourism and social entrepreneurship.

Chapter four examines the current challenges and existing approaches to understanding and evaluating ATIs such as MFT. The chapter highlights ToC’s potential in addressing the weaknesses of other ATI evaluation approaches and argues for its relevance in scaffolding MFT research.

Chapter five outlines the research approach of this study, including the social constructivist paradigm, qualitative methods and the case study for this research. In addition, the case study, details of the data collection and data analysis processes, and research limitations are also presented in this chapter.

Chapters six and seven present the results and analysis pertaining to how and why MFT works as a vehicle for poverty alleviation (i.e., MFT ToC). Chapter six focuses on the global MFT providers’ perspectives, and is followed by chapter seven which presents and discusses the diverse perspectives of MFT stakeholders in Vietnam.

Chapter eight provides a synthesis of the key findings of the thesis and discusses them in relation to the research aims and objectives. Recommendations and guidelines for future MFT development are provided, along with the contributions and future research directions.
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2. UNDERSTANDING POVERTY AND POVERTY ALLEVIATION

2.1 Introduction

Poverty is an evolving concept. Since the beginning of the development discourse after World War II, this concept has been widely debated by academics, practitioners, governments, the public and media (e.g., Alcock, 1993; Cobbinah et al., 2013; Dini & Lippit, 2009; Hulme & Toye, 2006; Kanbur, 2011; Laderchi, Saith, & Stewart, 2003; Sen, 2000). Multiple stakeholders involved in poverty alleviation tend to construct different versions of poverty, making numerous assumptions and judgements that are often not transparent. These different perspectives on poverty, in turn influence both the identification of different groups as ‘the poor’ and the respective formulations of poverty alleviation policies/interventions (Laderchi et al., 2003).

This chapter presents three major approaches to understanding poverty and poverty alleviation:

1. The income-based approach,
2. The capability-based approach, which includes the basic-needs approach and the capabilities approach; and
3. The structural-based approach, which includes the social exclusion approach, the rights-based approach, the participatory approach and the feminist approach.

These three overarching approaches to poverty alleviation were adapted from three frameworks developed by Chakrabarti and Cullenberg (2005), Dini and Lippit (2009), Peet and Hartwick (2009), with the aim of synthesising the multitude and fragmented conceptualisations and perspectives in the poverty discourse into manageable and logical categories. The chapter thus enables readers to quickly grasp the thesis’s key concepts of poverty and poverty alleviation and also contributes to the theoretical base which guides the analysis and evaluation of MFT.
2.2 The Income-based Approach to Poverty Alleviation

This approach covers the income-based or money metric discourse of poverty, which constrains the poverty concept within the economic dimension. Misturelli & Heffernan (2008, p. 667) defined income-based poverty as ‘the condition where individuals lack the financial resources to satisfy their basic needs and/or a minimum standard of living’. This definition was underpinned by the assumption that well-being and/or living standards could be quantified, while income and consumption could be used as proxies for their measurement (i.e., those who have higher income can consume better goods and services, hence having better welfare) (Dini & Lippit, 2009; Hartwell, 1972).

Based on this view, the poor are identified as ‘those who do not have enough income or consumption to meet a minimum threshold’ (Haughton & Khandker, 2009, p. 2), leading to the creation of many ‘income poverty lines’ to separate the poor from the non-poor. The first global poverty line was established by the World Bank in 1948, and defined poor countries as those with a per capita income of less than $US100. This separation between ‘developed’ non-poor and ‘underdeveloped’ poor countries led to the ‘overnight framing of two thirds of the world’s population as ‘poor’ (Escobar, 1995, p. 24). Since the early 1990s, the World Bank shifted its focus to the individual poor and defined the international absolute poverty threshold as US$1.25 per day for the poorest countries and US$2 per day for poor developing countries (World Bank, 2008). Although such a construction of poverty relies on positivist assumptions and a narrow definition that ignores many other social-political aspects of poverty, the World Bank’s income poverty lines play an important role in establishing the base lines of global poverty and, as such, are widely cited in poverty literature (Barasa, 2010; Chakrabarti & Cullenberg, 2005). Accordingly, they are adopted in practices by many governments and developmental organisations (Lister, 2004; United Nations, 2003).

Under the income-based approach, economic inefficiency within developing economies is frequently blamed for mass poverty problems. A range of expanded causal factors has been identified such as the lack of infrastructure/technology for capitalist development, the traditional self-subsistent/low productivity economies, bad economic management by governments of poor countries and other constraints upon the increase of economic capital (Chakrabarti & Cullenberg, 2005). The orthodox discourse and policies of development, led by the Brentton Woods Institutions such as the World Bank and IMF, thus prescribed economic development and economic growth as the
main mechanisms to cure (income) poverty (Brohman, 1996a; Cornwall & Brock, 2005; Du Toit, 2012).

2.3 The Capability-based Approach to Poverty Alleviation

Unlike the income-based approach, the capability-based approach, which encompasses basic-needs and capability approaches, takes a multi-dimensional view of poverty that focuses on addressing a range of human needs beyond income and economic dimensions.

The Basic Needs (BN) approach was first introduced by the International Labour Organisation in 1976 (Jolly, 1976). The BN approach extends the traditional list of ‘basic subsistent needs’ to comprise ‘not only shelter, food and clothing but also access to other assets such as education, health, water, credit, participation in political process, security and dignity’ (Hulme, Moore, & Shepherd, 2001, p. 6). Thus the BN approach moves the definition of poverty and well-being beyond income-based to include both material and non-material needs of the poor.

Similarly, the capabilities approach, pioneered by Amartya Sen in the 1990s, argued that income is only one of the many necessary means that contributes to the freedom of people to lead the lives they value (Anand & Sen, 2000; Sen, 1988, 1990, 1999, 2000). Sen (2000, p. 4) defined poverty in terms of ‘capability deprivation’ or ‘the lack of capabilities to live a minimally decent life’. In this sense, Sen (1999) proposed a holistic approach that focused on outcomes which are centred around quality of life. Poverty therefore, should be measured by flexible context-specific capability sets that allow room for expanded visions of well-being such as good health, protection against discrimination and abilities to have control over one’s environment both politically (i.e., choice) and materially (i.e., property) and to live a dignified life (Hicks, 2012; Nussbaum, 2001, 2004). Based on the capability approach, the Human Poverty Index was developed by the United Nations (UN), which measures poverty based on access to education (or the lack thereof), longevity, clean water and per capita income (United Nations, 1997).

The capability-based approach helps to integrate various dimensions of poverty (e.g., social, cultural, environmental, economic) and encourages a shift in defining the poor, from mainly statistical objects to human subjects with multiple needs, agency and
rights. In practice however, there has been an emphasis on consumption-orientated indicators in the BN approach (e.g., the minimum specified quantities of food, water, education level, etc to prevent physical deprivation), and social-cultural indicators in the capability approach (e.g., the Human Development Index), while factors relating to power relations such as democratic processes and political participation have been bypassed too often (Barasa, 2010; Offenheiser & Holcombe, 2003; Shaffer, 2008).

Importantly, Sen’s capabilities approach is ‘not at all against the use of market mechanism[s]’ (Tungodden 2001, p.255). Rather, it stressed that freedom to enter the market is one of the most important factors for development. Moreover, the operational versions of the capability-based approach are also frequently merged with the discourse of the income-based approach, where individuals are seen as lacking basic capital (e.g., health and education) and which excludes them from receiving any economic benefits from orthodox macro-economic development. A strong advocate of this idea is Jeffrey Sachs. In his influential book ‘The end of poverty’, Sachs (2005, p.244) argued that the poorest of the (income) poor (i.e., around 1.1 billion individuals) required assistance to ‘reach the first rung of the ladder of development’, and from there the poor would be enabled to raise themselves out of poverty. The underlying assumption here is that market-based approaches should be the way forward for poverty alleviation. Consequently, policies that aim to include the ‘hitherto excluded’ poor in the capital economic system are seen as the obvious solution (Veltmeyer & Petras 2011, p.7).

The de-politicisation of poverty and the framing of it as an economic matter, both help to generate consensus and commitment to poverty alleviation across global stakeholders (Jamieson & Nadkarni, 2009). This consensus is reflected in the MDGs, which use the World Bank income poverty line in conjunction with socio-cultural aspects of poverty such as literacy rate, health, education and environmental conservation (Jamieson & Nadkarni, 2009). The MDGs are thus often considered the most well-known multi-dimensional indicators of poverty (Sumner, 2007; Vollmer, 2010). However, this de-politicisation means that underlying factors that lead to the low capabilities of the poor remain overlooked. Causes of poverty under the capability-based approach are thus discussed narrowly within the constraints of welfare traditions, and so poverty appears to directly result from capabilities deprivation (Dini & Lippit, 2009; Sen, 1988).
2.4 The Structural-based Approach to Poverty Alleviation

While the notions of power and structures are ignored in the income-based approach and implicit in the capability-based approach, the structural-based approach situates the poverty issues in direct relation to power relations and the existing structures. The structural-based approach encompasses a social exclusion approach, a rights-based approach, a participatory approach & a feminist approach.

2.4.1 The social exclusion approach to poverty alleviation.

Under the social exclusion approach, poverty is explored within ‘the power relations and socio-political processes that create systematic disadvantages for some individuals and groups’ (Bhattacharjee, 2012, p. 3;). The poor are those excluded from participation in, and access to, certain opportunities/activities (e.g., credit, housing, education, public events) and can be identified based on a range of marginalised and discriminated social factors such as age, race, religion, gender, ethnic, educational and income levels (Barry, 1998; Saith, 2001; Shaffer, 2008). Though social exclusion can be seen as a form of capability deprivation, through its emphasis on relations between the excluders and excludees, the social exclusion approach offers a shift away from the individualist, welfare view of social disadvantage embedded in the more traditional capabilities approach (Rodgers, Gore, & Figueiredo, 1995; Sen, 2000). Thus, the social exclusion approach to poverty alleviation helps to connect the poverty issue with citizenship, social and/or market integration/inclusion and the resources/interventions needed for this to happen (Sen, 2000).

2.4.2 The rights-based approach to poverty alleviation.

The rights-based approach to poverty has been promoted by various NGOs, the UN and donor agencies since the mid-1990s (UNDP, 2000, 2006). While the social exclusion approach focuses on social aspects of poverty, the human-rights based approach aims to shift the focus of the poverty debate into the political domain (Mosse, 2004; Offenheiser & Holcombe, 2003). Poverty is defined ‘not as a state of deprivation which then require(s) development actors to provide assistance, but as a fundamental denial of human rights’ (Scheyvens 2012, p. 25). The language of ‘rights’, unlike that of ‘needs’, implies ‘a claim and duty for their fulfilment’, which in turn creates empowering effects and moral imperatives for poverty alleviation (Shaffer 2008, p.7).
2.4.3 The participatory approach to poverty alleviation.

Both the emergence of the rights-based approach and the uneven power relations existing within the production of poverty and poverty alleviation knowledge have been increasingly recognised. Robert Chambers pioneered this approach and argued that most of the poverty definitions, dimensions and indicators, no matter how complicated, still represented to varying extents, a reductionist thinking, based on the non-poor experts’ world frames of what constitutes poverty (Chambers, 2006). Chambers (1995, p. 184) further claimed ‘the root problem is that professionals and poor people seek experience and construct different realities’. Voices of people living in poverty however, are often unheard as they are frequently excluded from participating in poverty analysis and decision making processes (Escobar, 1992; Sachs, 1992). Even in cases where the poor are encouraged to participate, such as the global ‘Voices of the Poor’ project, which collected information from more than 60,000 poor people in 60 countries (World Bank, 1999), certain themes are omitted in favour of themes that are considered to be ‘policy relevant conclusions’ (Laderchi et al., 2003, p.26). Poverty knowledge and interventions developed by external development experts, scholars or government officials are thus often ineffective in addressing the poverty issue (Barasa, 2010; Chambers, 1995; Escobar, 1995; Maxwell, 1999).

2.4.4 The feminist approach to poverty alleviation.

Women throughout human history have frequently faced oppression from various structural constraints, for instance, the ‘norms, beliefs, customs and values through which societies differentiate between women and men’ (Kabeer, 1999, p.437). The feminist approach to poverty alleviation has its roots in the contemporary feminist discourse of the 1960s and 1970s, which argued that more attention should be paid to women’s perspectives in development and poverty alleviation (Peet & Hartwick, 2009). Critics particularly focused on the increase of poverty in the female population (i.e., about 70 percent of the world’s poor are women, see Khan & Noreen, 2012) and viewed the gender-indifference discourse and implementation of poverty alleviation as one of the major causes (Chowdry, 1995; Haq, 1995).

Studies have shown that compared to men, women and girls are more vulnerable to extreme poverty for various reasons. Under a social exclusion approach, women are often excluded from, or have limited access to, a wide range of economic, social and political activities due to gender-based discrimination in the society (Mayoux, 2001).
Under a rights-based approach, women living in poverty are seen as suffering from a double denial of fundamental human rights: ‘first on the account of gender inequality and second on the account of poverty’ (Moghadam 2005, p.1). Under a participation approach, there has been a lack of feminist contribution to poverty analysis as well as a frequent absence of poor women’s voices in poverty knowledge production (Kabeer, 2015). A feminist approach to poverty alleviation also contains elements of, and is strongly linked to, social exclusion, rights-based and participation approaches, however with much a stronger focus on oppression and other structural constraints on women. Consequently since the 1980s, there have been increasing calls for new theories and strategies of poverty and development that embrace female perspectives and female needs, as well as the role they play, as key solutions to global poverty (e.g., Chant, 2003; Chhachhi & Truong, 2009).

**2.4.5 Radical and reformist perspectives in the structural-based approach.**

Overall, the structural-based approach recognises power relations embedded within the economic, social and political structures at the micro, meso and macro levels that allow some groups to have greater entitlement and access to resources and security, while at the same time restricting and/or excluding others (McCaston & Rewald, 2005). This approach suggests that it is incorrect to view poverty as located ‘over there’ with the poor, or only in developing countries but rather, the poverty problem arises within a complex nexus of relations that extends into non-poor groups/communities, regions and developed nations (Yapa, 1996, 2002). Thus, poverty alleviation from the structural approach might adopt a radical or reformist perspective (Dini & Lippit, 2009; Higgins-Desbiolles, 2008; Petras & Veltmeyer, 2011).

On the one hand, a radical perspective is informed by the post-development literature, which argues that orthodox development and the key mechanism of economic growth are Eurocentric, which has served as the primary means of preserving and strengthening the unjust global capitalist system that creates and perpetuates global poverty (Ferguson, 1990; Matthews, 2008; O'Malley & Veltmeyer, 2006; Rist, 2002). The radical approach to poverty alleviation thus aims to move beyond ‘development’ and the capitalist system, advocating for local people to decide their own definitions of well-being and ill-being as well as the directions their economy should take (Brigg, 2002; Matthews, 2004; Sharp & Briggs, 2006). From a feminist standpoint, a radical
perspective on poverty alleviation also involves ‘female empowerment’, which empowers local women to completely transform laws and structures through a grassroots, bottom up approach to accommodate their own needs and agendas (Chowdry, 1995).

On the other hand, a reformist perspective opts for realistic agendas and gradual change to achieve better poverty alleviation outcomes. In general, the reformists acknowledge the progressive aspects of development (e.g., improve modern health and education systems, which in turn increase human longevity) and many also believe that there are currently no other viable alternatives to the current system (Nustad, 2001; Schuurman, 2000). Poverty alleviation thus aims to firstly empower the poor to claim their rights and participate in policy and decision-making processes (Bebbington, 2006; Chambers, 1995, 2006; Peet & Hartwick, 2009). Secondly, actions at higher levels (e.g., Ferguson, 1990; Higgins-Desbiolles, 2008; Matthews, 2008; Veltmeyer & Petras, 2011) are also required to:

- empower the governments of developing countries to be free from externally imposed influences when designing domestic poverty alleviation policies, and
- to empower global citizens, especially those from developed countries, to support the poor in dealing with the unequal power relations between developed and developing countries.

Under a feminist approach, reform strategies may include the creation of more gender-sensitised strategies to poverty alleviation, such as an increase in welfare and safety nets for female populations, the promotion of gender equity in accessing basic resources (e.g., health, education, jobs) and the improvement of women’s participation in decision making (Moser, 1991).

2.5 Summary

This chapter has explored a range of different perspectives on poverty and poverty alleviation, from income/material poverty to poverty as social exclusion and lack of rights. Table 2.1 draws this discussion together by providing a summary of the three key approaches to poverty alleviation.
| Table 2.1 | Three key approaches to poverty alleviation |
| --- | --- | --- |
| **Definition of poverty** | Income-based: Poverty centred around economic dimensions and is defined as the lack of income/material assets | Capability-based: Poverty is multi-dimensional and includes many social-psychological variables such as health, illiteracy, along with economic variables (e.g., lack of income/material assets) | Structural-based: Poverty is multi-dimensional, ranging from social exclusion, lack of fundamental human rights to oppression. Poverty should be defined by the locals’, especially by people living in poverty |
| **Causes of poverty** | Poverty is a natural phenomenon of economic development | Basic needs and capabilities deprivation and other social-political factors that lead to it | Factors inherent in social, economic and institutional structures that favour some groups over others. The inability of poor people to participate in and influence poverty alleviation knowledge production & decision-making |
| **Target for poverty alleviation** | The poor who fall under certain poverty lines based on income index | The poor who lack basic social-economic capital or capabilities to lead the life they value | Both the poor and the non-poor from developing and developed countries. Feminist approach has a special focus on poor women and oppressive factors |
| **Power relation** | Not concerned | Indirect attention/ power relations remain implicit through the depoliticisation of poverty | Power relations are core concepts and explicit |
| **Poverty alleviation approach** | Market-led approach, focus on economic development and economic growth | Welfare-led approach, focus on the provision of welfare and other services to meet basic needs and improve capabilities | Structure-led approach, focus on improving or replacing the structures. |
Beyond targeting people living in poverty, the different approaches to poverty alleviation also provide an open space for actions from the non-poor, which include a wide range of stakeholders such as the governments, development agencies, private sector, civil society and lay citizens. In effect, the scope of poverty alleviation has been widened, incorporating not only economic changes but also diverse social-cultural-political changes. The analysis of microfinance and tourism in general, and MFT in particular, as the means for poverty alleviation thus has to be understood within the context of this diversity. The next chapter examines the key theories underpinning the MFT-poverty alleviation nexus.
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3. KEY THEORIES AND APPROACHES INFLUENCING MICROFINANCE TOURISM

3.1 Introduction

In the wake of the New Poverty Agenda at the beginning of 21st century, poverty alleviation also became the focus of the global tourism agenda (UNWTO, 2002, 2011). This shift in focus created a wave of practical anti-poverty tourism interventions (ATIs) in developing countries (i.e., policies, initiatives, strategies, programs, projects, approaches, niche forms of tourism such as MFT) (see e.g., Scheyvens, 2012; UNWTO, 2005, 2011). A comprehensive body of literature discussing the tourism-poverty alleviation nexus however, has barely surfaced (see e.g., Jafari, 2001; Hall, 2007; Pleumarom, 2012; Scheyvens, 2007, 2012; Scheyvens & Russell, 2009; Sharpley & Telfer, 2008; Spenceley & Meyer, 2012). Existing literature on MFT is more sparse, and an extensive search yielded only three publications that directly mentioned MFT (Phi et al., 2013; Phi et al., 2016; Nance, 2013). This chapter seeks to integrate key theories and approaches that underpin the tourism-poverty alleviation nexus (and where possible, the MFT-poverty alleviation nexus), in order to provide the theoretical base for the analysis and evaluation of MFT.

General academic views on the link between tourism and poverty alleviation have shifted numerous times in the last few decades, owing to the frequent shift in global development rhetoric (Frenzel, 2013). Since the emergence of the modern development discourse post World War II, there exists a wide range of development theories that articulate different perspectives on how poverty alleviation can/or should be achieved as part of global development (e.g., modernisation, dependency, alternative development, neo-liberalism, and post-development) (Barasa, 2010). Sharpley and Telfer (2008) note that to date these diverse development theories still influence, to varying degrees, the global context of development and poverty alleviation. Figure 3.1 presents key theories and key approaches influencing the MFT-poverty alleviation nexus identified in the literature. These global development theories are shown in Figure 3.1 as not only having
significant influence on the conceptualisations of MFT as vehicles for poverty alleviation, but also contributing to shape the global environment where ATIs such as MFT operate (see Sharpley & Telfer, 2008, Scheyvens, 2012). In addition, two strands of literature that are identified as closely linked to MFT’s original proposed concepts are:

- development-tourism, and
- social entrepreneurship

The following sections examine the various theories and approaches presented in Figure 3.1 in more detail.

### 3.2 Modernisation & Dependency

Modernisation’s early roots are attributed to growth theory, grounded within Keynesian economics (Brohman, 1996a; Harrison, 1992). In essence, the modernisation
paradigm is built around a belief in the superiority of political, economic and social structures of Western societies and the traditional-underdeveloped societies were situated at the early stage of a linear transformational path towards ‘a modern mass consuming society’, as demonstrated by the United States or Western European countries (Binns & Nel, 2002, p. 78; Bernstein, 1971). Poverty alleviation was not a priority under modernisation theory (Brock, Cornwall, & Gaventa, 2001). Instead, mass poverty, defined in income/consumption terms, was seen as a natural consequence of under-development and was assumed to be automatically cured through the ‘trickle down’ effect, where development benefits would be naturally allocated to all, including the poorest section of the society (Aghion & Bolton, 1997; Dini & Lippit, 2009; Hirschman, 1958). From this perspective, tourism provides a promising tool for poverty alleviation, acting as an economic development catalyst to spread social structures (i.e., Western ways of life) and economic structures of capitalism to the developing world (Bond & Ladman, 1980; Cater, 1987; Harrison, 1992; Wall & Mathieson, 2006).

From the 1970s onwards, the assumed unidirectional path of mainstream development proposed by Modernisation Theory, has been challenged by many critics (e.g., Benson, 2011; Kiely, 2007; Larson, Guffey, & España, 2010; Sirasoonthorn & Coren, 2010), leading to a concurrent backlash against traditional tourism development in the tourism-poverty literature. Dependency and world-system theories have argued that global development has contributed to create and maintain a world system that works in favour of richer (core) countries, at the expense and impoverishment of poorer (periphery) countries (Chilcote, 1974; Wallerstein, 2004). Underpinned by dependency thinking, tourism critics highlight a wide range of tourism development’s negative impacts on developing countries which include, among other things, cultural commodification/homogenisation, social disruption and environmental degradation (Britton & Clarke, 1987; Britton, 1991; De Kadt & Mundial, 1979; Graburn & Jafari, 1991; Nash, 1989; Turner & Ash, 1975). In addition, empirical studies show that although tourism development in developing countries in many cases leads to economic growth, most of the economic benefits leak back to developed countries due to the predominance of foreign ownership in tourism and tourists’ preference of imported over local products (Duffield, 1982; Mathieson & Wall, 1982; Matthews, 1978; Mowforth & Munt, 2003; Pleumarom, 1995, 2012). The views that emerge from this period thus fit under the ‘critical perspectives’ of tourism and poverty (Scheyvens, 2012, p.36) which argues that, contrary to the early promises of poverty alleviation through economic
growth, traditional large-scale tourism development tends to reinforce and/or exaggerate inequalities and poverty (Britton, 1982; Brohman, 1996b; Graburn & Jafari, 1991; Sharpley & Telfer, 2008).

Due to increasing criticism and disappointing evidence on the ground, modernisation gradually became less influential in the 1970s in the broader development and tourism literature (McDonald, 2013). Nevertheless, the ideological contributions of modernisation laid foundations for:

- the view of tourism as a commodity, produced for modern consumption;
- the trickle-down effect in dealing with poverty issues (which remains popular in tourism-poverty alleviation literature and practices today).

3.3 Alternative Development

The 1980s witnessed the rise of alternative development that aimed to address limitations of mainstream development’s ‘Eurocentric, meta-narrative, economic models’ (Sharpley & Telfer 2008, p.47). Alternative development encompasses a number of theoretical models (i.e., the provision of basic human needs, grass-root bottom-up development planning, gender empowerment and sustainable development). These models arose out of the analysis of traditional development biases (i.e., top-down approach to planning and decision-making; exclusion of Indigenous peoples, the poor and women’s needs and roles in development; no consideration of limited environmental resources) (Brohman, 1996b; Chambers, 1995; Harrison, 1992; Holden, 2005; Korten, 1980; Loening, 1990; Moser, 1991; Todaro, 1997).

Tourism scholars, influenced by alternative development thinking, have suggested that tourism can still deliver positive impacts for local communities if developed in a different manner from the frequently criticised mass tourism model of top-down planning and development (Scheyvens, 2012; Smith & Eadington, 1992). Consequently, many approaches to tourism that adopted principles from alternative development perspectives emerged from the 1980s onwards. Variously referred to as ‘green, ‘responsible’, ‘soft’ or ‘alternative’, tourism under these approaches is generally ‘appropriately scaled, locally owned and [features] controlled development’ (Telfer & Sharpley, 2008, p. 27).
In relation to the tourism-poverty alleviation nexus, such changes have led to the growth of various alternative tourism genera that have the potential to directly contribute to improvement in the lives of people living in poverty. These genera share the common characteristic of featuring poverty and/or the prospects of poverty alleviation/development as the main ‘attraction’ to bring tourists to the impoverished destinations (Scheyvens, 2012). As such, they can be grouped under the banner of ‘poverty tourism’ or alternatively ‘development-tourism’, a term which highlights the potential of tourism as a development/poverty alleviation strategy (Ausland, 2010). The term ‘development-tourism’ better suits the context of this research, which captures the focus on poverty alleviation in developing countries.

### 3.3.1 Development-tourism genera.

Aligned with the priority given to poverty alleviation across the global developmental agenda, there has been a rapid increase in development-tourism activities in recent years. For instance, the significant work of Scheyvens, (2012) titled *Tourism and Poverty*, lists a range of tourism genera that are situated within a poverty context, such as disaster tourism, voluntourism, justice tourism and slum tourism. Scheyvens’s list echoes the work of Ausland (2010), who claimed such a wide range of tourism activities falling under the banner of development-tourism contributes to the highly incoherent debate about ‘development-tourism’ and ‘poverty alleviation’. Ausland’s (2010) proposed taxonomy (see Figure 3.2) provides a clear illustration of the fragmented and complex space of development-tourism.

![Figure 3.2. Taxonomy of development-tourism](source: Ausland, 2010)
Ausland’s (2010) taxonomy of development-tourism incorporates six main genera and 14 sub-genera. Table 3.1 provides an explanatory version of Ausland’s list, and includes definitions of four main genera only: volunteer tourism, community-based tourism, exposure tourism and slum tourism. Due to their similarity in content and purposes, ‘short-term (ST) volunteer trips’ such as church mission trips or missionary safaris have been incorporated into volunteer tourism and ‘study abroad’ (for development students) has been incorporated into exposure tourism.

Table 3.1
Definitions of development-tourism genera

<table>
<thead>
<tr>
<th>Development-tourism genus</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Volunteer tourism</strong></td>
<td>‘Volunteer tourism encompasses those tourists who, for various reasons, volunteer in an organised way to undertake holidays that might involve aiding or alleviating the material poverty of some groups in society, the restoration of certain environments or research into aspects of society or environment’ (Wearing 2001, p.1).</td>
</tr>
<tr>
<td><strong>Community-based tourism</strong> (CBT) (e.g., community tours; and and in some cases it overlaps with cultural tours, Indigenous tours, ethnic tours).</td>
<td>Community-based tourism incorporates tourism projects that ‘involve the host community in the planning, developing and the maintenance of those projects’ (Bauer, 2008, p.181).</td>
</tr>
<tr>
<td><strong>Exposure tourism</strong> (e.g., justice tours, micro-finance tours, donor tours, vision tours)</td>
<td>Exposure tourism allows travellers ‘with an actual connection or interest in ongoing activities in the community (e.g., donors, activists) to gain greater understanding and appreciation of what is actually happening by seeing it first-hand’ (Ausland, 2010, p.1)</td>
</tr>
<tr>
<td><strong>Slum tourism</strong> (e.g., township tours, favela tours)</td>
<td>Slum tourism or poverty tourism involves ‘the organisation of tours in the run-down areas of cities, characterised by substandard housing and squalor and lacking in tenure security’ (Ma, 2010, p.3)</td>
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</table>
The development-tourism definitions in Table 3.1 demonstrate that each development-tourism genus has a different focus. For instance, volunteer tourism is fuelled by the demand of tourists to engage in some form of development (i.e., through tourists’ contribution of economic and/or labour exchange) (Wearing, 2001), whereas for community-based tourism (CBT), the central question is who initiates, owns and manages the tourism activities (Blackstock, 2005; Hall & Lew, 2009; Reid, 2003). Exposure tourism focuses on education and the delivery of certain developmental messages (e.g., social justice, poverty issues) to tourists (Higgins-Desbiolles, 2008; Scheyvens, 2007; Wrelton, 2006). MFT, with its focuses on local poverty alleviation and educating tourists, is arguably also a form of exposure tourism. In contrast, slum tourism is often used as a profit-making tool by for-profit providers (i.e., tour companies) offering curious tourists a window into the lives of people who live in impoverished urban areas (Frenzel & Koens, 2012; Ma, 2010).

Importantly, these development-tourism genera are not mutually exclusive, thus the boundaries between them are not clear-cut (Ausland, 2010; Baptista, 2011; Higgins-Desbiolles, 2006). For instance, exposure tourism does not have the only claim to providing educational opportunities. Volunteer tourism and slum tourism also often claim to be education-oriented, depending on the motives of the tour providers and the tour participants (Holdnak & Holland, 1996; Wearing, 2001). Moreover, Frenzel (2013, p.118) argued that a large part of modern slum tourism evolved from exposure tourism which has become ‘a broader consumer leisure practice’ with a market made up of ‘political tourists interested in pursuing global justice and equity’. Concomitantly, Salazar (2004) and Ramchander (2003) argued that approaches constituting development-tourism could be situated somewhere between ‘cultural tourism’ or ‘ethnic tourism’, where the focus of activities often centres on the notion of experiencing the ‘other’ and/or ‘authentic poverty’. In addition, all these genera of development-tourism have made various claims as to the potential positive impacts they may have on poverty alleviation (see e.g., Scheyvens, 2012). The next section examines those debates on the benefits and criticisms of development-tourism that shed light on potential positive/negative impacts of MFT.
3.3.2 Potential benefits of development-tourism.

Advocates of development-tourism claim that tourism such as volunteer tourism, CBT and slum tourism can create direct sources of income for poor communities through the supply of products and services to tourists and/or through tourists’ philanthropic activities (Higgins-Desbiolles, 2006; Scheyvens, 2012; Sharpley & Telfer, 2008; Wearing, 2001). Development-tourism that is designed to respect local people and showcase their identity/strengths for outsiders’ appreciation, can also help to increase community pride, self-esteem and confidence (Aquino, 2014; Scheyvens, 1999). In addition, community cohesion and integrity can be confirmed or strengthened as the whole community works together to develop and share benefits from tourism ventures and activities (Ellis, 2011). In addition, development-tourism offers tourists a chance to better understand the lives of the poor and provide education pertaining to poverty issues, which in turn may inspire actions and advocacy to combat deep-seated causes of global poverty (Coghlan, 2006; Devereux, 2008; McGehee, 2007; Mekawy, 2012; Wearing, 2001). These altruistic goals have great appeal to governments, NGOs and development agencies, which have increasingly viewed development-tourism as a tool to support poverty alleviation (Kennedy & Dornan, 2009).

As a form of development-tourism, MFT is also regarded as having potential to deliver positive impacts on poverty alleviation (Phi et al., 2013). In MFT, microfinance is used as a conduit to channel economic resources from tourism directly to people living in poverty. In terms of educating tourists, unlike volunteer tourism, MFT aligns more with other forms of development-tourism such as slum tourism and justice tourism, where poverty and development issues are embedded as part of the tour’s design, to be delivered to tourists over a short period of time (see e.g., slum tours in Dharavi, India (Lancaster, 2007) or justice tours in Chiapas, Mexico (Wrelton, 2006)). Arguably, with careful construction of the tours, MFT can still promote the exchange of important information about poverty and poverty alleviation, yet it remains to be seen if MFT meets the challenge of effectively educating tourists within a limited timeframe.

3.3.3 Critiques of development-tourism.

Along with the rise in global ethical consumerism (Butcher, 2003), ‘development’ has become fashionable in the tourism industry, with the behaviour and purchasing habits of tourists frequently being linked to development/poverty alleviation outcomes.
(Baptista, 2011; Ingram, 2011). There is however, growing scepticism in relation to the underlying assumptions and effectiveness of poverty alleviation via development-tourism.

First, it is often assumed that where development-tourism takes place, the local community and the poor do not want to pursue mass tourism (de Kadt & Mundial, 1979; Jafari, 2001; Scheyvens, 2012). It has been argued however, that mass tourism in many cases is less intrusive, easier to manage and able to generate more economic benefits than small-scale development-tourism (Butler, 1990; de Kadt, 1992; Thomlinson & Getz, 1996).

Second, similar to mass tourism, development-tourism does not automatically translate to poverty alleviation. Yet, development-tourism rhetoric tends to ignore the fact that poor people, especially the poorest of the poor, still face significant constraints in participating in tourism (Harrison, 2008; McLaren, 2003). CBT for instance, often presents the whole local community as homogenously poor (Ashley, Roe, & Goodwin, 2001). This oversimplified CBT view of ‘who the poor are’ bypasses both complex power relations within the community and the diverse capabilities/assets possessed by different members within the community which allow the elites and more well-off residents to capture most of the benefits (Blackstock, 2005). In these projects, the poorer section within the community is merely ‘the inhabitants of a traditional village’ and ‘become the subjects of tourism, or objects…’ (Schellhorn, 2007, p. 263).

Third, in contrast to the arguments that development-tourism can help to educate tourists, empirical studies show that in many cases, various forms of development-tourism have led to the commodification of poverty, as well as the reinforcement of ‘othering’ and cultural stereotypes (Baptista, 2012; Frenzel, 2013; Guttentag, 2009, 2011; Raymond & Hall, 2008; Vodopivec & Jaffe, 2011). The commodification of poverty is reported most frequently in slum tourism, where many tour operators turn the experience of people living in poverty into an entertainment spectacle for the consumption of tourists (Selinger & Outterson, 2009; Rolfes, 2010). Studies on slum tourists’ motivations also revealed that such tourists were highly driven by a desire to experience the ‘new and exotic’, as portrayed by mass media and the slum tour providers (Freire-Medeiros, 2013; Ramchander, 2003, 2007). Tourists’ curiosity, coupled with the short period spent on site, often turn the slum tourism experience into
a typical ‘tourist gaze’ without much, if any, meaningful observation/interaction between the hosts and guests (Urry, 2001; Urry & Larsen, 2011).

Arguably, MFT also inherits many of these development-tourism criticisms. For instance, given the small-scale, grass-roots nature of most MFT projects, direct economic benefits to local communities are likely to be quite small in MFT. Microfinance tourists’ appearance in the homes of people living in poverty can also be quite intrusive and could create potential negative psychological impacts on the hosts if not managed properly. Furthermore, while MFT seeks to deliver tourism profit to people living in poverty via microfinance, it has been reported that the poorest of the poor also face significant constraints to effectively participating in and receiving benefits from microfinance (Bateman, 2011). Finally, MFT, which aims to attract the same market of slum tourists, and which also utilises short tours, must attempt to mitigate the potential occurrence of similar negative outcomes associated with slum tourism. While development-tourism increasingly faces a range of criticism, the emergence of economic neoliberalism has added another dimension and further complicated the debates pertaining to development-tourism.

### 3.4 Neoliberalism

Throughout the 1980s, and concurrently with the emergence of development-tourism, a renewed focus on economic development/economic growth as the key to poverty alleviation emerged with the advent of economic neo-liberalism (Schuurman, 1993). In essence, economic neoliberalism is fuelled by the unquestioning belief that the ‘invisible hand’ of the free market will create the best conditions for economic growth (Smith, 2005). The paradigm was advanced by the work of Adam Smith’s laissez-faire capitalism and David Ricardo’s competitive advantage, both of which advocated free competitive markets, supply-side economics and the minimisation of the state’s role through downsizing public services and privatising state enterprises (Brohman, 1996a, Sharpley & Telfer, 2008).

As a result of many pervasive market-led macro-policies (e.g., Structural Adjustment Programs) that were implemented during the height of economic neoliberalism, a new world economic order was formed, with the power of nation-state governments weakened, but that of international organisations strengthened (Strange, 1996). There was also a transfer of power from public to private sectors that represented...
shareholders’ interests rather than public interests (Brohman 1996a; Barasa, 2010). Unsurprisingly, early studies that focused on the relationship between economic neoliberalism and the tourism-poverty nexus showed the active role of international players such as the World Bank, International Monetary Fund and UNWTO in shaping global tourism into a primarily private-led sector (Dieke, 1995; Telfer & Sharpley, 2008; Scheyvens, 2007). Advocates of neoliberalism argued that tourism could support market-led growth and in turn, poverty alleviation, by acting as an export sector to generate foreign exchange earnings and to attract foreign investment, with trickle-down impacts on the local economies (Dieke, 1995; UNWTO, 1998).

However, by the end of 1980s, the ‘trickle-down’ effect lost momentum as inequities deepened and poverty became more widespread (Öniş & Şenses, 2005). The free market was critiqued as favouring the non-poor, who had resources to take advantage of the liberalised economy, while the disadvantaged and marginalised poor suffered the highest cost of economic adjustment, especially in the form of inflation, unemployment, low wages and a decline in basic social services (Mowforth & Munt, 2003). This led to a reshaping of the early neoliberalism rhetoric which formed a ‘New Poverty Agenda’ where ‘strategies to deal with poverty are subject to ideological interpretations lying within the (capitalist) extremes of neoliberalism and protectionism’ (Schilcher, 2007, p. 167). On the one hand, the new rhetoric re-incorporates the state’s role in managing/protecting the economies within their own borders, preventing market failures and promoting a more pro-poor growth pattern through distributive policies. On the other hand, states are under pressure to support the expansion of global macro-economic reforms that accelerate global market-led growth (World Bank, 2008). To provide a quick fix for the surge of poverty in developing countries (partly due to Structural Adjustment Programs), direct interventions into the targeted poor population, also known as pro-poor policies, became mainstream from the 1990s onwards.

Unsurprisingly then, poverty alleviation also became one of the priorities in the global tourism agenda (UNWTO, 2002), mirroring the shift towards poverty alleviation in the mainstream development discourse under the ‘New Poverty Agenda’ (Zhao & Ritchie, 2007). A pro-poor tourism (PPT) approach, which favours using tourism to support economic growth and to include the poor population in the regional/national and global tourism market, emerged and played a central role in the new rhetoric. By investigating the various ways tourism can contribute to an increase in the impoverished
population’s net benefits, PPT seeks to alter ‘the distribution of benefits from tourism in favour of poor people’ (PPT Partnership 2005, p.1). Arguing that any kind of tourism on any scale or level can be made pro-poor, PPT provides a broad framework that can be easily adapted for the planning and development of diverse ATIs, while allowing room for the expansion and growth of the tourism industry. Consequently, MFT and development-tourism also fit within the larger framework of PPT.

Despite PPT’s promising rhetoric, the pervasion of neoliberal logic in practices of PPT is a common theme in the tourism literature. Schilcher (2007, p.168) remarks that PPT fits well within ‘the neo-liberal interpretation of poverty alleviation’, reflected in the popular slogan ‘liberalisation with a human face’. For instance, the new initiative ST-EP (Sustainable Tourism – Eliminating Poverty), one of the operational models of pro-poor tourism and developed by the World Tourism Organization, has been criticized as a disguise for the neoliberal agenda, which is still ‘growing the sector, expanding markets and enhancing profits’ by advocating for deregulation and voluntary actions from the private sector (Scheyvens, 2007, p. 134). In addition, governments’ role in directing PPT efforts remains very limited and the discourse tends to ‘contradict with the neoliberal growth-oriented economic policies being implemented by the same governments at the behest of lending agencies and donors’ (Scheyvens & Russell, 2009, p. vii). Operating in this environment, MFT is also subjected to the broader global influence of neoliberal forces that ‘tend to aggravate poverty-enhancing inequalities’ instead of reducing poverty (Schilcher, 2007, p.166).

3.5 Post-development

Since the 1990s, the post-development approach to tourism-poverty alleviation emerged (Scheyvens, 2012). This approach is influenced by post-modernist, post-colonialist, post-structuralist thinking, which rejects ‘single ways of understanding the world’ and the meta-theories of global development (Scheyvens, 2012, p.42). Seminal post-development authors (e.g., Escobar, 1992; Esteva, 1992; Ferguson, 1990; Rahnema, 1997) argue that not only has modern development failed but that the discourse of global development promoted after 1945 was largely shaped by the ‘Western perceptions of reality’, which favoured a modern, consumerist way of life over other ways of living (Sachs, 1992, p.5). Post-development thus differs from alternative development in the key aspect that it does not only critique the shortcomings of
development, but also challenges the desirability of meta-development discourse (Latouche, 1993).

Two major perspectives in post-development were mentioned in section 2.4.5, which were the radical and reformist perspectives (Higgins-Desbiolles, 2008; Petras & Veltmeyer, 2011). A radical perspective in post-development, which rejects all existing development structures and replaces them solely with grass-root movements, has been increasingly questioned and criticised. Scheyvens (2002) for instance, found increased interest from many communities globally, who support and demand greater access to current development systems. Furthermore, positioning local movements as the sole solution to development also assumes that most local economic, social and political structures are ‘operating efficiently and effectively in the interests of local people’, which does not always hold true (Telfer & Sharpley, 2015, p.63).

In lieu of these arguments, a reformist perspective on post-development has increasingly been adopted in tourism. Under this perspective, reductionist thinking regarding the link between tourism and poverty alleviation is rejected and tourism is seen as neither the root causes of, nor a panacea to, the poverty issue (Harrison, 2008; Sofield, 2003; Sharpley & Telfer, 2008). It also suggests that tourism projects are not underpinned solely by either neo-liberal economic motives or social/political motives, but these motives can, and often do, co-exist in varying degrees (Higgins-Desbiolles, 2006; Schilcher, 2007; Wearing, McDonald & Ponting, 2005). Empirical studies have also shown that impoverished communities and people living in poverty are not merely victims or beneficiaries of (tourism) development, but that they have power to respond to the effects of development in their daily lives; to adapt, embrace or reject it (Bebbington, 1993; Curry, 2003). Local communities therefore can be empowered to play active roles in building unique discourses and pathways for tourism-poverty alleviation activities that are most suited to their local cultures and priorities (Scheyvens, 2012). The reformist perspective thus focuses on the search for ‘alternatives to development’ approaches that have potential to unlock local communities’ power to take advantage of, and adapt to the current structures (e.g., tourism market) in order to pursue poverty alleviation and development goals as defined by them (Tantingco, 2011). In this context, a social entrepreneurship approach has emerged as a potential way forward for reformist post-development, and become a
global phenomenon in the last few decades. The next section presents the SE approach and its link with microfinance and MFT.

### 3.6 Social entrepreneurship

The notion of social entrepreneurship (SE) tends to be linked to individual achievement (e.g., Muhammad Yunus and the microfinance movement), yet SE is certainly not limited to ‘the story of a handful charismatic social entrepreneurs’ (Bornstein & Davis, 2010, p. 34). Rather, it describes a process involving an innovative way of organising ‘resources and networks to pursue opportunities that can lead to social change and/or address social needs’ (Mair & Martí, 2006, p. 37). SE emerged as a practical response to the failure of the existing social-economic structures in dealing with many social issues, including poverty.

Arguably, despite the notion that ‘very few of our actions could be said to be motivated by anything so simple as untrammeled greed or utterly selfless generosity’ (Graeber, 2007, p. 2), the current ideologies divide human nature into two separate dimensions, effectively compartmentalising and separating social values/goals from economic values/goals (Zebrowski, 2009). On the one hand, Polak (2009) argued that the existing private sector framework only allows room for economic motives, despite increasing pressure on businesses to integrate social goals and involve poverty alleviation. He stated:

Poverty workers saw multinational corporations as evil oppressors of the poor, and business as the enemy. Now many see them as white knights ready to slay the poverty dragon. But a multinational corporation is inherently neither of these. It is an organizational structure for doing business (p.42).

In tourism, critics have also frequently highlighted the notion that the inherent nature of tourism businesses is to make profit through meeting tourists’ needs, not to alleviate poverty (Pleumarom, 2012; Scheyvens, Meyer, Harrison & Peeters, 2012; Schilcher, 2007; Harrison, 2008; Sharpley & Telfer, 2008). Tourism businesses’ interests in supporting the poor hence remain largely tokenistic (e.g., advocating for self-regulation, codes of ethics and ‘voluntary’ corporate social responsibility), while their priorities lie in expanding the tourism industry (Scheyvens, 2012).
On the other hand, the current discourse promotes the non-profit sector, especially NGOs, as an important force for directing poverty alleviation efforts (including tourism as a means for poverty alleviation) (Higgins-Desbiolles, 2006; Wearing et al., 2005; Wearing & Ponting, 2006). Yet as long as the non-profit sector is burdened with the role of addressing social needs, ideological constraints (e.g., maintain low overheads and low marketing costs, pursue only social goals) lead it to having no economic freedom, while it also faces a constant struggle to capture resources from donors (Zebrowski, 2009). NGOs are thus seen as frequently moving away from the poors’ real needs to favour the views of donors (van Beers, 2011). In tourism, it has been noted that NGOs overly focus on community participation instead of on building the community’s capacity to effectively operate in a tourism system (e.g., Spenceley, 2008) and addressing their inefficient use of resources (e.g., Harrison & Schipani, 2007). Such foci mean that any positive impacts generated from poverty alleviation projects are often short-lived.

Arguably then, a dichotomy between the socially-driven non-profit sector and the economics-driven for-profit sector has prevented any integration of the diverse goals and values of human beings. This in turn significantly has limited the capability of each sector to meet social needs and deliver widespread social benefits (Yunus, 1999, 2003, 2005, 2006a; Zebrowski, 2009). Thus SE offers the pragmatic structure of prioritising social values while operating within the constraints of the market to achieve financial sustainability (Volkmann, Tokarski, & Ernst, 2012; Zahra, Gedajlovic, Neubaum & Shulman, 2009). Figure 3.3 provides a useful illustration of social entrepreneurship’s capacity to transcend boundaries between non-profit and for-profit sectors.
Figure 3.3. The boundaries of social entrepreneurship
Source: Abu-saifan, 2012, p.26

Figure 3.3 presents a spectrum which positions the traditional non-profit sector (which is dependent on donors to achieve its social mission) on one end and the traditional for-profit sector (which prioritises profit and economic goals over social goals) on the other end of the spectrum. SE, in the middle, supports both the incorporation of business practices into the non-profit sector through earned income strategies, and the incorporation of social values into the economy through mission-driven strategies (Jack & Anderson, 2002; Light, 2008). By integrating social and economic elements, SE challenges conventional structures and gives way to new thinking that has the ability to transcend traditional boundaries. This enables SE to overcome the limitations of each sector in dealing with social issues (Zebrowski, 2009).

Within the development and poverty alleviation context, social entrepreneurship is often seen as a social movement, which brings together actors from different sectors and disciplines to create community-based innovative pathways and solutions to persistent social-environmental issues (Tantingco, 2011). Social entrepreneurs achieve this through their ability to ‘resist being trapped by the constraints of ideology or disciplines’ (Schwab Foundation, 2004, p. 1) and to ‘base their design on local needs rather than on the centralised assumptions of large institutions about what needs to be done’ (Mustafa & Ismailov, 2008, p. 29). SE is thus seen as partly aligned with reformist post-development ideals (Tantingco, 2011).
3.6.1 Microfinance and social entrepreneurship.

One of the most frequently cited examples of SE is microfinance. Like many other social entrepreneurs, Professor Yunus, the key figure of modern microfinance, recognised the untapped potential at ‘the bottom of the pyramid’ (BoP), the largest but also poorest social-economic group of around 4 billion people who live on under UD$2.5 a day (Prahalad, 2004). While the majority of these 4 billion poor people are locked out of and/or overlooked by the current economic system, SE in general, and microfinance in particular, advocate that it is realistic to not only recover the cost involved in business set up/operations, but also to generate profit from the provision of products and services that assist poor people to improve their lives (Pervez, Maritz, & De Waal, 2013; Yunus, 2006b). Yunus thus founded the Grameen Bank and started the movement of modern microfinance that worked as an innovative market-based solution to poverty and as ‘an income producing tool instead of a consumption aid’ (Magner 2007, p.8). As a form of SE, microfinance pursues dual missions:

(1) A social mission of providing financial services to large numbers of people living in poverty to improve their well-being, and

(2) A financial mission of delivering these services in a financially sustainable manner.

To achieve the social mission, MFIs serve primarily low-income groups, most of whom are living just above or under the absolute poverty line of US$1.25 a day (Micro-credit Summit, 2004). Microfinance’s core products (i.e., micro-credit, micro-saving and micro-insurance) encompass a number of common characteristics that make them attractive to, and easy to be accessed by, poor clients (Murray & Boros 2002), and they include:

- a very simple application procedure, no collateral required;
- a very small amount of loans, savings and insurance premiums (e.g., Yunus’s pilot project in 1976 lent a total of US$27 to 42 women in Jobra village);
- short-term loans (usually up to one year and usually for income-generating activities);
- repayment or saving deposits made in small but frequent instalments.

By directly working with people living in poverty and local communities, microfinance represents a grass-root approach to poverty alleviation (Roy, 2003). Professor Yunus from the Grameen Bank criticised the simplified Western thinking on
wage and formal employment in poverty alleviation and highlighted the power of the informal sector (Yunus, 2005; Yunus & Weber, 2007). Yunus (2005) argued that in the absence of formal job opportunities, the provision of productive capital in the form of micro-credit to people living in poverty would enable them to instantly generate additional income through self-employed projects. Underlying microfinance therefore is the basic idea that people living in poverty already possess skills and knowledge that can be readily put to use, and that they are willing to work to pull themselves out of poverty provided that they have access to capital input (Neelamagam, 2012). Micro-entrepreneurial opportunities in both rural and urban areas vary greatly, from cattle farming, grocery kiosks to food vendors, rickshaw drivers, seamstresses and so on. In the poorest countries, it has been shown many times that a loan as small as $25 dollars can dramatically transform the poor entrepreneur’s life (Kiva, 2016; Littlefield, Morduch, & Hashemi, 2003; Roy, 2003). Besides financial services, the complexity and interrelatedness of poverty causes also gives rise to more comprehensive designs of microfinance programmes (Hulme & Mosley, 1996). For instance, additional training/education to improve the clients’ business knowledge/skills has been found to play an important role in helping the microfinance clients and local communities to develop their human capital for better success in investing the loans (Roy, 2003; Spohn, 2010).

Microfinance’s key arguments can be linked to the post-development concept of ‘diverse economy’ (Gibson-Graham, 2005). In particular, poverty alleviation through the informal sector can encourage the local communities to select and develop a diverse range of livelihoods and social relations that are meaningful to them, many of which are non-capitalist and unconventional to mainstream development (Carnegie, 2008). By acknowledging and building upon a local community’s strengths and assets (as opposed to defining it by what it needs or lacks), microfinance also has potential to empower the community to build self-reliance and take charge in defining its own pathways to well-being (Gibson-Graham, 2005; Tantingco, 2011).

To achieve a financial mission, microfinance innovatively utilises business principles to achieve self-sufficiency. The initial microfinance model of the Grameen Bank focused on solidarity group lending, in which every member of a group guaranteed the repayments of all members. This was viewed as a form of social collateral that worked effectively in the absence of material collateral (Hadi & Kamaluddin, 2015). Repayment
was insisted on and clients were given permission to apply for larger loans, based on their payment performance. In addition, the Grameen Bank charged clients interest rates that could sufficiently cover the high transaction costs associated with administering large numbers of very small loans. The bank also emphasised savings mobilisation through both voluntary and forced saving schemes (e.g., compulsory saving of at least US$0.68 a week) (Fotabong & Kedju, 2005).

With the repayment success rate at between 95% and 98% and significant capital raised from savings, the Grameen Bank demonstrated that people living in poverty, despite not being able to provide the collateral asked for by traditional banks, are still ‘bankable’. Microfinance also demonstrates that both private and non-profit sectors can ‘do well by doing good’ (Silverman R., 2006) by prioritising social mission while utilising business and market principles to achieve financial sustainability. More importantly, the role of MFIs at the institutional level is not simply about achieving self-sufficiency. Otero (1999) argued that when these MFIs become recognised, regulated and fully integrated into the larger financial system of a country, they will be able to tap into the existing capital market for expanding loan portfolios as well as mobilising capital from both the poor and non-poor. This integration helps to change ‘the system that moves and allocates capital’ from previous restrictions pertaining to small groups of elites in formal sectors, to a system that is widely available to the poorer populations and informal sectors in the economy. Utilising an SE approach, microfinance is seen as effectively ‘bridg(ing) the gap that commercial banking has not been able to fulfil, and where philanthropy has not been able to go beyond pilot approaches to reach meaningful scale’ (Magner, 2007, p. 8).

3.6.2 Microfinance tourism and social entrepreneurship.

SE has so far attracted limited attention in tourism and poverty alleviation literature (Sheldon & Daniele, 2017), although there exists an inclination towards finding a medium between ‘tourism first’ and ‘development first’ approaches (Burns, 2004). Many researchers agree that ‘commercial realism’, ‘commercial viability’ or ‘economic viability’ is important for long-term success of both PPT and various forms of development-tourism such as CBT (Ashley & Ntshona, 2002; Ashley et al., 2001; Chok, Macbeth, & Warren, 2007; Harrison, 2008; Scheyvens et al., 2012; Zhao & Ritchie, 2007). In the private sector, tourism businesses are encouraged to expand their
social roles, from minimalist (i.e., tokenistic support) and philanthropist (i.e., donations to local projects) approaches to encompassing (i.e., creating changes in company management and business operations to better support poor and marginalised groups) and social activist (i.e., moving beyond profit maximisation to become a catalyst of change) approaches (Ashley & Haysom, 2005; Locke, 2003). These arguments are well reflected in SE (Mair & Martí, 2006; Shaw & de Bruin, 2013; Zebrowski, 2009), yet the term ‘social entrepreneurship’ itself has not been sufficiently recognised in the tourism literature. The link between SE, tourism and poverty alleviation is indeed still in its infancy, with increasing calls for more integration of the concept into Indigenous tourism (Rebutin, 2009), ecotourism (Situmorang & Mirzanti, 2012), rural adventure tourism (Heyniger & Lamoureux, 2007), tourism and gender empowerment (Thien, 2009) and hospitality (Johnson, 2013).

Given that microfinance forms an integral part of MFT, the conceptualisation and implementation of MFT as a means for poverty alleviation is also underpinned by SE. MFT offers an innovative solution for tourism to leverage the strength of microfinance towards achieving poverty alleviation goals. Unlike conventional forms of development-tourism and PPT, which attempts to integrate poor individuals/impoverished communities permanently into the tourism system, MFT involves microfinance’s key clients (i.e., people living in poverty) in mostly one-off experiences with tourists (Sweeney, 2007). Microfinance clients’ brief participation in MFT enables funds to be raised from the tourism market to cover operational costs (including cost of training/educating microfinance clients about financial/market knowledge) and to provide them with microloans at low or zero interest rates. Importantly, economic resources from tourism, when channelled through microfinance organisations to the poor, are no longer simply forms of philanthropic donations/charity but seeds of capital that give poor entrepreneurs the invaluable opportunity to pursue their micro-entrepreneurial ideas (Ord, 2013; Phi et al., 2013).

MFT as a means of poverty alleviation thus gives people living in poverty and in a local community much greater flexibility in choosing and developing livelihood activities that are best suited to them. This arguably helps to better utilise local resources, local knowledge and avoid the negative impacts that may come with over-dependency on tourism. Through the repayment of loans, the funds raised through microfinance tours are not lost but recaptured and accumulated by the MFT
organisations. By innovatively integrating resources/networks from both tourism and microfinance sectors to create a financially self-sufficient poverty alleviation initiative, MFT arguably can be seen as a form of SE, inspiring the emergence of other poverty alleviation initiatives that go beyond the borders of the tourism discipline.

3.6.3 Critiques of social entrepreneurship.

Underpinned by market-based solutions and financial sustainability, SE has been criticised for aligning with, and contributing to the dominant neoliberal agenda of social services’ marketization and expansion of free market principles (Cook, Dodds & Mitchell, 2003; Kerlin & Pollak, 2011; Kim, 2016). Tantingco’s (2011, p.133) empirical research in the Philippines revealed that SE is indeed ‘a malleable concept’, where the development and implementation of diverse SE initiatives take place along a spectrum of post-development ideals on one end and neoliberalism ideals on the other end. Unsurprisingly, whilst MFT relies on the SE rhetoric of balancing social motives and market logics, in reality, the social and commercial forces are constantly clashing, especially when the initial SE initiative becomes widely adopted by the private sector (see Garrow & Hasenfeld, 2014).

In microfinance, despite the rhetoric of modern microfinance which espouses it as a means of poverty alleviation, ‘following thirty years of work by path breakers who demonstrated its viability’, many commercial banks have entered the industry hoping to utilise microfinance not as a tool for poverty alleviation but primarily as a commercial activity (Bornstein & Davis, 2010, p. 33). Compartamos, a Mexican bank which reportedly charged its poor borrowers an interest rate of at least 75% a year, is just one of the many examples of microfinance-gone-commercial. Ironically, Compartamos’ first Initial Public Offering in 2007 was successful, raising US$450 million for its existing shareholders and officially marking the mainstreaming of microfinance into the financial system (Khan, 2012). Although not as extreme as the case of Compartamos, currently there is a growing trend of international funders shifting to commercial-oriented microfinance policies, which focus more on the health of the financial organisations/systems (i.e., high interest rates and high-handed practices to ensure repayments of loans) instead of on microfinance clients’ welfare (e.g., African Development Bank, 2006; International Fund for Agricultural Development, 2009; World Bank, 2009).
In a study investigating the logics of poverty alleviation versus commercialisation, Khan (2012, p. 2) argued that microfinance, with its historical identity as a poverty alleviation tool, will react negatively to ‘any attempts to make commercialisation the dominant imperative’. Unsurprisingly then, Professor Yunus accused Compartamos of being ‘on the money lender’s side’ and providing ‘loan shark’ under the name of microfinance (Yunus, 2011, p. 1). However, many other critics have noted that the so-called ‘battle for the soul of microfinance’ is now at critical point, where the mainstreaming of microfinance is important in expanding the microfinance industry to meet the needs of billions of poor people, yet the same change may compromise the social missions of the field (Carrick-Cagna & Santos, 2009; Forster, Lahaye, & McKee, 2009; Lascelles & Mendelson, 2011; Yunus & Weber, 2007). Thus the question posed by Carrick-Cagna and Santos (2009, p.8) which asks, ‘Can the microfinance industry ‘grow up’ commercially while preserving its ‘innocence’?’ best sums up the current situation. As a form of SE utilising microfinance, MFT seems to also inherit microfinance’s dilemma of having to expand to serve the needs of more people living in poverty, but at the same time risk drifting further away from its original social mission of poverty alleviation and succumbing to neoliberal and commercialised forces.

In tourism, the application of pro-poor rhetoric in reality is certainly not exempt from the potential hijacking by and domination of commercial and neoliberal influences. More crucially, unlike microfinance, which originates from the development and poverty alleviation field, tourism is inherently a commercial industry, making the pervasion of commercial interests even more inevitable (see e.g., Schilcher, 2007). Consequently, tourism critics have repeatedly pointed out that despite all good intentions, ‘new’ forms of tourism are still subject to the structural inequities within the tourism industry (Butcher, 2003; Butcher & Smith, 2010; Lanfant & Graburn, 1992; Mowforth & Munt, 2003, 2008; Wheeler, 1993), making them a part of ‘the same profit-maximising tourism machine that extracts major benefits for those who own and control resources of the industry, while exploiting others’ (Scheyvens 2012, p. 69). Furthermore, Tomazos & Butler (2009, p.4) stated that these new forms of development-tourism provide tourists with ‘a feeling of having the moral ‘high ground’ while being sensitive, exclusive and ‘fashionable’, while concomitantly, ‘giv(ing) the operators a ‘licence’ to print money’. Combining the microfinance and tourism sectors, it is reasonable to argue that MFT, as a form of development-tourism and SE, runs the
risk of exposing the impoverished and marginalised to be taken advantage of by powerful commercial interests.

3.7 Summary

This section has discussed key development theories and key approaches that influence the conceptualisation and operational environment of MFT as a means for poverty alleviation. The chapter shows that the innovative combination of two major poverty alleviation strategies, microfinance and tourism, has created some unique advantages for MFT as a practical solution to poverty alleviation.

The chapter has argued that MFT may be a form of development-tourism, which emerged out of the alternative development thinking that prioritised the voices and needs of local communities and people living in poverty. By integrating microfinance with development-tourism, MFT is also seen as aligning with reformist post-development thinking; and further underpinned by SE, it is a practical approach to address persistent social issues through the utilisation of existing market structures and principles.

However, as a form of development-tourism and SE utilising microfinance, MFT also inherits many of their criticisms and challenges. The MFT-poverty alleviation nexus thus raises the question; can the MFT rhetoric be translated into reality? And how can MFT retain social values and missions in a global environment increasingly dominated by neoliberal and commercial forces? Given the dearth of MFT studies to date, there is a need for better understanding MFT as a means for poverty alleviation to inform its practices and future development. The next section discusses the challenges and available approaches for the analysis and evaluation of MFT.
4. THEORY OF CHANGE AND EVALUATION OF ANTIPOVERTY TOURISM INTERVENTIONS

4.1 Introduction

The previous chapter shows that the links between microfinance, tourism and poverty alleviation are still very much debated and, in particular, the role of the MFT as an antipoverty intervention tool. This section examines the literature relevant to the analysis and evaluation of complex ATIs like MFT. The section first highlights the challenges associated with analysing and evaluating ATIs, which current approaches in tourism have failed to address. Then drawing on literature from program evaluation field, the chapter explores and presents ToC as an innovative evaluation approach and discusses its relevance in improving evaluation of ATIs in general, and of MFT in particular.

4.2 Challenges and Current Approaches in Evaluation of Anti-poverty Tourism Interventions (ATIs)

Both tourism and poverty alleviation are inherently complex and multidisciplinary in nature, with activities taking place in a fragmented, pluralist environment that can lead to a plethora of both positive and negative impacts across various dimensions (i.e., economic, socio-cultural, environmental, political) (Hall, 2007; Scheyvens, 2012). This complex, messy nexus of tourism and poverty alleviation poses a number of challenges for the evaluation of ATIs.

First, while ATIs are introduced into a setting to instigate change that would lead to poverty alleviation, there is little consensus on how this change takes place. ATIs are mediated by a wide range of stakeholders from both tourism and development fields (e.g., governments, tourists, civil society, aid donor, local communities and the poor - Zhao & Ritchie, 2007). Each stakeholder, based on their understanding of what constitutes the poverty problem (i.e., poverty definitions and causes, influencing development theories) would have different interpretations on whether the interventions are needed and what causal-effect chains/impacts might be brought about by an ATI. The diverse stakeholders may also take actions to direct the interventions according to
their version of the problem and/or their agendas, which in turn would continue to shape and reshape the nature of the intervention and its results. As such, regardless of how the initial models are developed, ATIs are not static but adaptive and dynamic, and which are continuously ‘transformed as they pass through the hands of multiple actors’ during the implementation (McLaughlin, 1985, p. 103). ATIs’ dynamic nature often leads to an inherent gap between the initial conceptualisation/rhetoric versus the reality of an ATI, and the intended versus their actual (and often unintended) impacts (Zapata, Hall, Lindoc & Vanderschaeghe, 2011).

The complex, messy space surrounding ATIs necessitates a comprehensive assessment of the ‘what’ and ‘how many’ (i.e., outcomes and impacts), ‘how’ and ‘why’ (i.e., context/processes) of ATIs, all of which cannot be separated from assessment of the ‘who’. This constitutes the underlying rationale, values, assumptions and expectations of stakeholders of the ATIs (i.e., mechanisms perceived by stakeholders). ATI evaluation then, must be an iterative process where objectives and criteria for evaluation and pathways towards change, need to be continuously negotiated, co-constructed and revisited by stakeholders over time.

Yet for decades, ATI evaluations have continued to favour the quantification and normalisation of poverty issues, overlooking various stakeholders’ perspectives and perpetuating an economic-centred approach to poverty alleviation. The tourism-poverty alleviation link in particular, has mostly been framed narrowly within an economic dimension. This gives rise to the method-driven approach with particular focus on quantitative outcome studies aiming to measure the economic impacts of tourism (e.g., Banerjee, Cicowiez & Gachot, 2015; Mitchell & Ashley, 2010; Winters, Corral & Mora, 2013). Despite increasing calls for the broadening of impact evaluation to consider non-monetary, qualitative aspects of tourism and poverty alleviation (e.g., Scheyvens, 2012), to date, this call has not been translated into practice, as ‘the lure of measurable positive and negative impacts that enable the calculation of quantifiable ‘net benefits’ still remains strong (Frenzel, 2013, p.121). Concurrently, there is a growing number of qualitative studies focusing on the role of power relations and structures in directing intervention processes and articulating tourism benefits (e.g., Bianchi, 2009; Phommavong & Sörensson, 2014; Trau, 2012; Zapata et al., 2011). While these qualitative studies have helped to uncover some of the contextual influences in the ATI environment, the mechanisms of ATI operations are still not fully revealed. Importantly,
most of these studies are also influenced by economic-centric thinking about poverty alleviation, largely aiming to provide explanations for ‘how’ and ‘why’ many ATIs have not delivered their expected economic outcomes to the poor (Spenceley & Meyer, 2012).

Second, ATIs also coexist with a myriad of external variables (e.g., other antipoverty interventions, unexpected changes at the community, national or global levels) that concurrently affect poverty conditions. This makes it even more challenging to associate any given outcome/impact to a specific intervention activity. Thus, there is a heightened need for evaluation studies to better connect the mechanisms, processes and outcomes of ATIs if the link between an ATI and poverty alleviation is to be clearly established (Gascón, 2015). In this context, current approaches in ATI evaluation have contributed to create and perpetuate the black box space, which is:

…the space between the actual input and the expected output of a program. Moved by the need to tackle serious social problems, program designers often gloss over what is expected to happen, the how and why, when an input is put in place; and evaluations do the same concentrating on measuring outputs, whilst attributing the observed difference to the input. (Stame, 2004, p.58)

On the one hand, the impacts of ATIs on poverty alleviation may occur and can be measured at multiple levels (e.g., individual, household, community, regional/national/global network) and across multiple dimensions (e.g., economic, environmental, psychological, socio-cultural, political). On the other hand, by focusing only on evaluating economic impacts of ATIs, current approaches in ATI evaluation fail to explain why certain indicators are selected for evaluation over other indicators, how and why an ATI succeeds or fails, and whether proposed poverty alleviation impacts actually result from the intervention’s activities (Frenzel, 2013).

Importantly, the current state of ATI evaluation research has served to widen the gap between research and practice. The fast-pace and urgency of day-to-day activities within the poverty alleviation environment has led ATI stakeholders to neglect the incorporation of formal theories and available research evidence into improving practices, opting instead to rely on assumptions developed from practical experience (Chen & Turner, 2012; Ferguson, 2005). Thus the results of ATI evaluation research, which is carried out without consideration for the practitioners and the broader
stakeholders’ perceptions, are barely informative or useful for stakeholders and/or decision-makers wishing to build upon previous experience to improve or replicate ATIs. In turn, this further discourages the use of research in practice (Bickman, 1987; Pawson & Tilley, 1994). Indeed, in a recent review of tourism-poverty research, Spenceley & Meyer (2012) encouraged better knowledge transfer between research and practice. They stated:

The practical application of tourism research on poverty alleviation is perhaps the most important aspect of this field. It may not be enough for academics to undertake research studies that measure impacts or to evaluate power relationships and institutional systems. Mechanisms need to be found and tested that translate the lessons learned into a medium that can be understood and practically applied by practitioners, development agencies, governments and the private sector (p. 311).

Clearly there is a need for alternative approaches to evaluation such as the ToC approach, which more effectively addresses the current ‘black box’ issues and the research-practice divide of ATI evaluation.

4.3 Unpacking the Black Box via Theory of Change

ToC evolved from two major streams of development: informed social practice and program evaluation (Vogel, 2012a). Since the 1960s, in the field of informed social practice, the development community has been recognised as being heavily guided by the meta-theories of development acting as various frameworks for its actions (e.g., modernisation/neo-liberalism theories). Hence, conscious reflection on the assumptions, philosophy and change mechanisms behind these theories was encouraged and set the foundation for ToC thinking (James, 2011). In the field of program evaluation, from the 1980s, there has been an increased awareness of the complexity, ambiguity and uncertainties surrounding interventions in multifaceted social systems, coupled with a general agreement on issues pertaining to black box evaluation. This in turn, has led to an increasing call for the replacement of method-focus evaluation in favour of theory-driven evaluation (Bickman, 1987; Chen & Rossi, 1989; Scheirer, 1987).
4.3.1 Overview of Theory of Change.

Advocates for theory-driven evaluation have argued that each social intervention is underpinned by its own stakeholder intervention theory or ToC, defined as multiple sets of interrelated assumptions, principles and propositions that explain how and why the intervention brings about necessary change to address a social problem in a particular context (Chen, 1990; Patton, 2008; Pawson, 2003). Weiss (1995, p. 67) defined ToC more simply as ‘a theory of how and why an intervention works’. In contrast to the concept of ‘formal theory’ from academia, ToC represents a systematic configuration of stakeholders’ perceptions and beliefs regarding the intervention, which are often implicit, conflicting and not easily comprehended by the range of stakeholders involved (Chen, 2005).

ToC deals with the conceptual aspect of the intervention, which involves a combination of perceptions regarding the problem the intervention is aiming to address, the perceived key goals (i.e., expected outcomes/impacts) and perceived mechanisms of change (Chen & Turner, 2012; Donaldson, 2012; James, 2011, p. 8; Rogers, 2006, 2008; Weiss, 1998). Mechanisms of change describe what it is about a program or intervention that brings about any effects. In other words, they are ‘not the program activities per se, but the responses that the activities generate’ (Weiss, 1997, p. 46). These mechanisms are often hidden and can be compared to ‘the workings of a clock which cannot be seen but drive the patterned movements of the hands’ (Pawson & Tilley 2004, p.6). Often, the identification of mechanisms has involved ‘backwards mappings’ from the long-term goals, to identify how the various interventional aspects/elements could generate changes that would lead to the achievement of these goals (Anderson, 2006). For instance, MFT ToC would include respondents’ perspectives on poverty in general, which arguably have influences on the respondents’ perceptions of MFT key goals. Based on the key goals, MFT mechanisms can be identified by asking respondents to articulate a range of unique MFT elements (i.e., features/characteristics) and provide explanations on how these elements can be configured in various ways to enable MFT to achieve the key goals. As the term ‘mechanisms’ is specific to the ToC approach and is not frequently used in the tourism field, in this study the term ‘mechanisms’ will be referred to as ‘approaches’ from here on.
Figure 4.1 below provides an example of an MFT ToC model.

Figure 4.1 : Microfinance tourism Theory of Change

4.3.2 Theory of Change’s potential.

The importance of ToC, both as a product of, and an approach to, the analysis and evaluation of development and poverty alleviation interventions is increasingly acknowledged in both research and practice (Abrahams, 2003; Conlin & Stirrat, 2008; Funnell & Rogers, 2011; Stein & Valters, 2012; Vogel, 2012a; Wolk & Stanzler, 2010). In ATI research, the benefits of applying ToC are threefold.

First, drawing from its tradition of reflective practices for social change, ToC is increasingly viewed as a conceptual tool that enables stakeholders to engage in a deeper reflective process of ‘thinking through fundamental questions about context, actors, change and strategy’ (Vogel 2012b, p.3). Through a critical reflection process of identifying and linking an intervention’s mechanisms, outcomes and context, ToC effectively opens up the intervention’s ‘black box’, making the ‘theories’ inside explicit for further analysis and testing (Brousselle & Champagne, 2011; Loveridge, 2011). Subsequently, ToC has great potential to contribute to the ATI body of knowledge as it helps to unlock and integrate alternative knowledge and viewpoints from a practical perspective and thus provide a crucial starting point for debates regarding an intervention’s conceptual design, its implementing environment/process as well as its outcomes/impacts (Greene, 2001; Weiss, 1998).

Second, ToC is seen as providing a useful framework for the analysis of complex social interventions (e.g., MFT) as it is capable of grasping the complexity of social change, taking into account both the internal conceptualisations as well as the external context that influence it (James, 2011; O’Flynn, 2012; van der Knaap, 2004). The combination of program theory and implementation theory in ToC closely resembles thinking rooted in complex systems theory, which is a recent approach to science investigating ‘how relationships between parts give rise to the collective behaviours of a system and how the system interacts and forms relationships with its environment’.
In particular, the application of complex systems theory in evaluation also focuses on making explicit, the interactions that occur between different elements/mechanisms of an intervention, as well as between the intervention and the context in which it is implemented (Shiell, Hawe & Gold, 2008).

Third, ToC helps to narrow the gap between research and practice, where knowledge from both domains is utilised to assist the development of the interventions (Dunphy, 2013; Stein & Valters, 2012; Vogel, 2012b). This is achieved through the combination of existing research literature and practical knowledge from the stakeholder community (Brousselle & Champagne 2011). The integration of formal research and ToC is born out of the criticism of whether stakeholders’ perspectives on interventions are qualified as ‘theory’ (Brousselle & Champagne, 2011; Scriven, 1998, 2003; Stufflebeam & Shinkfield, 2007). Shadish (1987, p. 95), for instance, described ToC as ‘hunches and intuition built on common sense and on accumulated professional wisdom and experience about the nature of social programs and how they change’. For Leeuw (2003) and Pawson and Tilley (1997) however, social science theories have significant influence on stakeholders’ perceptions of intervention mechanisms. ToC supporters thus frequently call for better linkage between ToC and wider social science theory and research-based evidence (Abrahams, 2003; Brousselle & Champagne, 2011; Greene, 2001; Page, Parker, & Renger, 2009; Stein & Valters, 2012). Abrahams (2003) for example, viewed existing literature and empirical stakeholders’ perspectives as equally important sources in ToC construction, while Stein and Valters (2012) emphasized the literature’s role in interpreting and clarifying stakeholders’ perspectives in the subsequent analysis and assessment of ToC. Brousselle and Champagne (2011) suggested that ToC, built solely from stakeholders’ beliefs and assumptions, may be right or wrong and advocated for the use of existing research literature in logic analysis to check and enhance ToC’s validity. Importantly, these recent arguments further encouraged the integration of stakeholder perspectives and existing literature to not only improve an intervention, but also to advance knowledge of the field.

In addition to the above key benefits, a review by Abrahams (2003) also suggested a range of practical implications of ToC for policymakers, researchers and practitioners, which included:

- The identification of intervention mechanisms/approaches that can assist the generalisation and scaling up of social interventions like ATIs (Cooley & Kohl, 2006; Seymour, 2010);
• The revelation of effects that are not anticipated by program planners and implementers (Loveridge, 2011; Pawson & Tilley, 1997); and
• Improvement of stakeholder consensus through dialogues and knowledge-sharing (Stein & Valters, 2012; Wholey, 1996).

Unsurprisingly then, from the 1990s onwards, ToC has been embraced by the international development community, forming part of a broader literature (i.e., theory-based/theory-driven/theory-oriented evaluation) which guides the assessment of complex social interventions (Donaldson, 2012). Arguably, the ToC approach provides a useful framework that facilitates the connection between the existing literature and the data collection, data analysis and findings (i.e., analysis and assessment of MFT’s ToC) of this study.

4.4 Summary

This chapter has explored and established the role of ToC in guiding analysis and evaluation of MFT as a means of poverty alleviation. The chapter highlights the complex space surrounding the tourism-poverty alleviation environment and the multitude of challenges associated with the analysis and evaluation of ATIs (including MFT). As the result of an array of challenges, evaluation approaches in tourism have been largely ineffective to date.

Arguably ToC, which is an innovative approach specifically developed for the effective evaluation of complex social tourism interventions like MFT, provides a useful framework for data collection, data analysis, presentation and discussion of the findings of this research. ToC, in essence, combines program theory (practitioners’ or stakeholders’ assumptions and propositions as to how or why an intervention works) and implementation theory (practitioners’ or stakeholders’ perceptions of contextual variables governing the intervention’s delivery) (Weiss, 1998; Scheirer, 1987). This chapter also highlights the importance of integrating existing literature (i.e., ‘formal’ theories and research-based evidence) in logic analysis to check and enhance the validity of ToC derived from the practical field. The next chapter outlines and justifies the research approach and methods utilising ToC.
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5. RESEARCH APPROACH AND METHODS

5.1 Introduction

This chapter presents the research methodology and methods used to address the key research question: To what extent is MFT an effective vehicle for poverty alleviation in developing countries? To address this question, the research adopts a qualitative approach, underpinned by social constructivism and ToC. The research design is based on an exploratory, qualitative global-level case study, which is presented in this chapter, along with the data collection process, the approach to data analysis, and ethical issues and challenges experienced during fieldwork.

5.2 Overarching Research Paradigm: Social Constructivism

There is little argument that all research is based on certain underlying philosophical assumptions regarding the nature of reality, the nature of relationships between the researchers and the subjects under study, and the methods and evidence that are seen as ‘appropriate’ or ‘valid’ (TerreBlanche & Durrheim 1999; Guba & Lincoln, 2005). This set of beliefs, values and assumptions is known as the ‘research paradigm’, a term first used by Thomas Kuhn in 1962 to denote the common framework shared by a community of researchers regarding the nature and conduct of research (Kuhn, 1962).

Currently there are many research paradigms which guide research inquiry, such as positivism (i.e., objective, universal, value-free reality), post-positivism (i.e., objective reality exists but can only be imperfectly apprehended), critical theory (i.e., subjective reality produced within social, cultural, political structures) and constructivism (i.e, different individuals construct different realities) (Bryman, 2004; Denzin & Lincoln, 2011; Guba & Lincoln, 1994; 2005; Jennings, 2010, 2012). The previous chapters argued that the MFT-poverty nexus should be subjected to careful analysis and evaluation, yet this task cannot take place in isolation from the highly diverse and complex MFT-poverty alleviation environment, where each perspective is considered valid but incomplete. Consequently, the methodology deemed most suitable for this research is a qualitative research approach underpinned by social constructivism.
5.2.1 Overview of social constructivism.

Constructivism is a philosophical school of thought that arose out of the early work of various philosophers and sociologists in the 19th and 20th century, including Hans-Georg Gadamer (1900-2002), Paul Ricoeur (1913-2005); Alfred Schutz (1899-1959) and Karl Mannheim (1893-1947) (Creswell, 2013). More recent seminal works include Berger and Luckmann’s (1967), *The Social Construction of Reality*, which introduced the concept of ‘social construction’ into the social sciences and Lincoln and Guba’s (1985) *Naturalistic Inquiry*, which explained the nature of constructivist inquiry and provided a comprehensive rationale for non-positivistic approaches to research (Mertens, 2014).

Despite the existence of various sub-strands within the broader paradigm (e.g., phenomenology, cognitive, radical, social, e.g., see Riegler (2012)), a uniting feature of constructivism is that it seeks to understand the social world not as external and independent to human interactions and experiences, but rather as ‘constructed’ by them (Bryman, 2004). In other words, most constructivists agree on the fundamental principle that humans are social beings who constantly make sense and create meanings of their worlds (Neuman, 2003). The purpose of this research, inspired by constructivism, is to understand and describe ‘the complex world of lived experience from the point of view of those who live it’ (Schwandt, 2000, cited in Mertens 2010, p.16). More specifically, this research builds a holistic understanding of MFT as a means for poverty alleviation through the multiple lenses of MFT stakeholders.

Social constructivism aligns with the fundamentals of constructivism but further emphasizes the influences of social-cultural interactions and relationships with individuals' constructions of knowledge and subjective realities (Marshall, Kelder & Perry, 2005; Airasian & Walsh, 1997; Gergen, 1995; Vygotsky, 1980). Social constructivism gained attention in the late 1970s and is particularly suited to this study as its principles allow for the diversity of values, worldviews and perspectives constructed by both the poor and the non-poor (i.e., other MFT stakeholders) to be taken into account as a key part of the analysis and evaluation of MFT.

Another advantage of adopting social constructivism as the overarching research paradigm for this study is the paradigm’s strong ethical focus on the balanced
representation of diverse perspectives throughout the research process (Guba & Lincoln, 1989, 2005). As mentioned in chapter two, people living in poverty, who are marginalised in real life, often also face marginalisation in research (Chambers, 2006; Dini & Lippit, 2009; Laderchi et al., 2003). The marginalisation can range from the homogenisation of poverty groups into one category called ‘the poor’, the depoliticisation of poverty (i.e., taking poverty out of its social-political context) and the frequent exclusion of meaningful participation in research and enquiry related to poverty alleviation (Baptista, 2011; Brock et al., 2001; Cornwall & Brock, 2005; Frenzel, 2013). Social constructivism hence provides the essential ethical base for data collection, data analysis and presentation of results to ensure that multiple viewpoints, especially those possessed by people living in poverty, are equally represented in this research. Table 5.1 provides a summary of the key characteristics of social constructivism.

Table 5.1

<table>
<thead>
<tr>
<th>Ontology</th>
<th>Epistemology</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of reality</td>
<td>Nature of knowledge, relation between the inquirer and the inquired-into</td>
<td>Approach to systematic enquiry</td>
</tr>
<tr>
<td>Relativist. All truths are socially constructed by humans</td>
<td>Knowledge is context and time-dependent Researcher and respondents are co-constructors of knowledge</td>
<td>Generally qualitative, employing interpretive and naturalistic approaches</td>
</tr>
</tbody>
</table>

Source: Adapted from Guba & Lincoln, 1994; Creswell, 2013

5.2.2 Social constructivism: Ontology & epistemology.

Ontology refers to the theory of existence and explores the nature of reality (Denzin & Lincoln, 2011). In essence, the social constructivist paradigm assumes a relativist ontology, where ‘the truth’ is not only socially constructed in the minds of individuals, but also frequently negotiated and communicated between them (Denzin & Lincoln, 2011; Guba & Lincoln, 1994; Krauss, 2005). Fluid definitions or ‘multiple realities’
regarding a particular phenomenon, can and do emerge and some of them may even be in conflict with one another. For example, the concepts of poverty and of MFT as a means of poverty alleviation, can mean very different things to different people, even when the respondents come from the same group of stakeholders (e.g., the MFT organisations).

Epistemology refers to the theory of knowledge and explores the nature of relationships between the researcher and the respondent (Bryman, 2004). In line with the relativist ontology, social constructivism views knowledge as relevant only within certain social-cultural contexts and historical moments in time. Both context and time-dependent, knowledge as such is ‘local, provisional and fleeting’, which (is) in stark contrast with the ‘universal knowledge’ claims from the positivists (Marshall et al., 2005, p. 2). Another key assumption by social constructivists is that the world is shaped by ‘a complicated, web-like configuration of interacting forces’ wherein the researcher and the respondent are inseparable as ‘they are both a part of the complex web of reality’ and are always inter-dependent, with one influencing the other (Kincheloe, 2005, p.25). This view positions both the researcher and respondents as co-constructors of knowledge and meaning and a more personal, interactive research process is promoted to uncover the multiple views of reality that may exist (Mertens, 2014). For example, in this study, the researcher personally collected all interview data through either face-to-face skype videos or by visiting respondents in their daily environment. As part of the process, the researcher also developed rapport with respondents to better understand their social-cultural backgrounds and the values/meanings they bring to their involvement with MFT.

5.2.3 Social constructivism methodology.

While ontology and epistemology are more abstract, methodology focuses on how the researcher practically goes about finding out what he/she believes can be known (Lincoln, Lynham, & Guba, 2011). Early methodological debates in social science research tend to emphasize the dualism of quantitative and qualitative approaches. For instance, positivism and post-positivism, which take an objective, value-free stance to reality and knowledge, are often situated under a quantitative research approach. In contrast, social constructivism’s framework of multiple realities and context-dependent
knowledge is often associated with qualitative research traditions (Guba & Lincoln 1994; Lincoln et al., 2011) which offer ‘valuable insights into how people construct meaning in various social settings’ (Neuman, 2006, p.308). Guided by the social constructivism paradigm, this study adopts a qualitative research approach to the design, implementation and evaluation of the research project.

Broadly defined, qualitative research is ‘a systematic inquiry into the nature or qualities of complex social group behaviours by employing interpretive and naturalistic approaches’ (Thomas 2010, p. 306). The characteristics of qualitative research include:

- **Natural settings** (Denzin & Lincoln, 2011): This research investigates a real-world phenomenon (i.e., MFT) as it unfolds naturally. The data collection process is also carried out in the usual environment of the respondents with no attempt from the researcher to influence the respondents’ behaviours or viewpoints.

- **Emergent design** (Guba & Lincoln, 1994): The researcher creates a flexible research design, as opposed to a tightly preconfigured survey design in quantitative research. For instance, the researcher asked mostly open-ended questions to allow respondents more flexibility to share and elaborate on things they considered would be important issues regarding MFT.

- **Researcher as primary instrument of data collection and analysis** (Creswell, 2013): At the heart of qualitative research are the personal interactions between the researchers and the respondents, as well as between the researchers and the research data. In this study, the researcher’s role was to listen to respondents’ views and interpret the MFT phenomena ‘in terms of the meaning people bring to it’ (Denzin & Lincoln, 2005, p.2), taking into consideration the participants’ background, experiences as well as the local-global context of MFT.

- **Qualitative methods** (Creswell, 2013): This research makes use of meaning-oriented methods (e.g., semi-structured interviews, participant observations, document reviews) to create ‘rich’ data, in contrast to measurement-oriented methods (e.g., questionnaires or surveys with predefined variables) used in quantitative research which aim to generate ‘quantified’ data.
5.3 Research Design

Research methodology refers to ‘an articulated, theoretically informed approach to the production of data’ (Ellen, 1984, p. 9). The major philosophical assumptions of social constructivism underpin this study. Additionally ToC, as detailed in the previous chapter, constitutes an important methodological lens that scaffolds the research’s data collection, data analysis, presentation and discussion of findings. In contrast, research design is often referred to as an ‘action plan’ (Yin 2003, p.19) which provides details on how the research is ‘planned, structured and executed’ (Mouton 1996, p. 175) to answer the research questions. The following sections present the research design of this study, which applies ToC in a multi-level (i.e., global and local) exploratory case study of MFT.

5.3.1 Case study strategy.

A case study is a frequently employed strategy in qualitative research, along with biography, phenomenology, grounded theory and ethnography (Creswell, 2013). Yin (2003) proposes four key conditions for when a case study design should be selected. These are:

(1) The study’s focus is on answering ‘how’ and ‘why’ research questions.
(2) The study investigates a contemporary phenomenon within its real life context.
(3) The boundaries between the phenomenon and context are not clearly evident.
(4) The researcher has no control over how the event unfolds or how respondents behave.

For the purpose of this research, a case study approach was adopted, given the researcher was asking primarily ‘how’ or ‘why’ questions. For instance, questions were asked about:

- ‘How’ diverse stakeholders perceived the key issues associated with MFT and ‘why’ they perceived them that way;
- ‘How’ and ‘why’ MFT works or does not work as a means for poverty alleviation;
- ‘How’ and ‘why’ ToC can contribute to the effective critical analysis and evaluation of MFT.
In addition, this research examined the contemporary phenomenon of MFT, but did not in any way manipulate how MFT takes place or how MFT respondents behave (Yin, 2003). Dealing with the issue of poverty alleviation, this research therefore cannot be considered without its context: both the local areas where MFT organisations operate, as well as the broader poverty alleviation environment in developing countries. Indeed, the context is an essential part of the phenomenon under study, as it is within these settings that key perspectives regarding MFT as a means of poverty alleviation emerge.

More importantly, the case study strategy brings a number of distinct advantages in helping to address this study’s aim and objectives. First, arising out of ‘the desire to understand complex social phenomena’ (Yin 2009, p.4), a case study favours ‘thick descriptions’ that help to reveal various layers of the social world and enable a much more in-depth examination of a phenomenon (Flyvbjerg, 2006; Wiebe, Durepos, & Mills, 2010; Yin, 2014). Situated at the junction of microfinance, tourism and poverty alleviation fields of research, MFT’s inherent complexity warrants the need to employ this strategy to reach a deeper understanding of MFT as a complex social phenomenon.

Second, a case study is also known as a triangulated research strategy, which ‘relies on multiple sources of evidence’ (Yin 2003, p.14). The flexibility in data collection and analysis that a case study provides in turn, facilitates a more comprehensive and flexible approach to the examination of various issues associated with MFT. Through the effective integration of a variety of data sources into the main narrative (e.g., literature review, document review, interviews, participant observation), a case study strategy has enabled this research to incorporate the theoretical perspectives from the existing literature with the MFT stakeholders’ practical ‘theories’ into the process of MFT critical analysis and evaluation. Unsurprisingly, a case study strategy has frequently been applied to tourism, microfinance and poverty alleviation research and has ‘proven particularly useful for evaluating programs and for informing policy’ (Merriam 1998, p.41).

Despite its apparent strengths, critics of a case study approach have cited a number of limitations; the two most notable include:

(1) Unable to generalize in a statistical sense: This is due to a case study’s time consuming and labour intensive nature, along with the strategy’s usual focus on interpretations of social meanings drawn out from a small sample (rather than...
from quantitative statistics from a large population) (Myers, 2000). However, it has been argued that a case study strategy’s contribution to the development of knowledge is not through statistical generalisation as in quantitative research, but rather via ‘analytical generalisations’, where the researcher can ‘generalise a particular set of results to some broader theoretical propositions’ (Irani & Love 2008, p. 56). Flyvbjerg (2006, p.25) further stated that even though possible, the task of summarising and generalising case studies was often ‘not desirable’, as ‘good studies should be read as narratives in their entirety’.

(2) A potential lack of rigour and bias: Critics (e.g., Diamond, 1996; Sudman & Bradburn, 1982) tend to maintain a case study, especially a qualitative case study, allows more room for researcher subjectivity and/or bias compared to other strategies and methods (e.g., experiments using quantitative methods). Many researchers however (e.g., Campbell, 1975; Ragin, 1992; Flyvbjerg, 2006), have strongly objected to these views, citing a lack of knowledge on the critic’s part regarding case study research. On the contrary, a case study’s strength of ‘closing in on a real life situation’ has enabled many researchers to realise their ill-conceived assumptions or hypotheses regarding the subject under study (Flyvbjerg 2006, p.19). Others have further argued that a case study was no less strict or rigorous, though it was often subjected to different criteria from other strategies (e.g., research trustworthiness vs. research validity) (see e.g., Shenton, 2004). In addition, the use of triangulation in a case study is also said to help researchers to better minimise bias that may influence results (Bloor & Wood, 2006; Yin, 2003; Greene, Caracelli & Graham, 1989).

5.3.2 Exploratory case study.

Under case study strategy, various types of cases exist and one should be chosen according to the overall research focus (Baxter & Jack, 2008). Yin (2003, 2014) for instance, categorised case studies as exploratory, explanatory or descriptive. In essence, an explanatory case study aims to explain a situation through causal links, while a descriptive one focuses on precisely describing and portraying a phenomenon (Yin, 2014). In contrast, an exploratory case study is used to explore a phenomenon where very little research has been conducted previously and where considerable uncertainty exists about the outcomes (Mayer & Greenwood, 1980; Yin, 2003). Given that MFT only first emerged in 2008 and little is known regarding its characteristics or outcomes,
this study’s newness (i.e., one of the first studies on MFT) and its inherent complexity (i.e., a combination of microfinance, tourism and poverty alleviation) warrants an exploratory focus. Subsequently, an exploratory case study was deemed best suited to generate new insights regarding MFT as a means for poverty alleviation.

5.3.3 Global-local embedded single case study.

A preliminary global search identified only six organisations that have offered MFT. Whilst this small number of existing organisations may be appropriate for undertaking comparative multiple case studies of global MFT, the diverse local settings of Mexico, Tanzania, Vietnam and Jordan made it very difficult to undertake a comparison between the cases. More importantly, it is beyond the scope of this study to explore in-depth, the context and the perspectives of diverse MFT stakeholders (i.e., from tourism, microfinance and wider poverty alleviation/development networks) within each destination. Given the extremely labour intensive nature of the case study strategy and the time, human resource and budget constraints on this research project, a multi-level embedded single case study approach, which identifies and connects global-local perspectives regarding MFT, was deemed appropriate.

An embedded single case study contains multiple units of analysis, as opposed to a holistic single case study that focuses on only one unit of analysis (Yin, 2014). In this thesis, at the global (macro) level, the case study’s first unit of analysis is the key informants from six MFT organisations worldwide. The second unit of analysis is at the local (micro) level, which articulates the perspectives of a much wider range of MFT stakeholders in Phu Minh commune, Vietnam (e.g., local MFT organisation, poor micro-entrepreneurs, microfinance tourists, the local community, local government, local NGOs).
The global-level case is designed to facilitate the identification and analysis of global MFT. This level reveals how MFT, as a means for poverty alleviation, is conceptualised from the founders and current staff perspectives. The global-level of the case study includes six organisations that currently offer MFT in four different countries: Mexico, Tanzania, Vietnam and Jordan (refer to chapter six for background information on these organisations). These organisations are shown in Table 5.2:

Table 5.2

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fundación En Vía</td>
<td>Oaxaca, Mexico</td>
</tr>
<tr>
<td>2. Investours Mexico (now Human Connections)</td>
<td>Puerto Vallarta, Mexico</td>
</tr>
<tr>
<td>3. Investours Tanzania</td>
<td>Dar es Salaam, Tanzania</td>
</tr>
<tr>
<td>4. Zikra Initiative</td>
<td>Amman, Jordan</td>
</tr>
<tr>
<td>5. Microfinance and Community Development Institute</td>
<td>Hanoi, Vietnam</td>
</tr>
<tr>
<td>6. Bloom Microventures</td>
<td>Hanoi, Vietnam</td>
</tr>
</tbody>
</table>

Vietnam was chosen as the local level research site for three main reasons:
First, Vietnam presents a typical context that many countries in the developing world are facing in terms of poverty alleviation, where macro-economic growth policy achieved certain success in the past but is now becoming less effective. A report by the
World Bank in 2012 shows that the headcount income poverty rate in Vietnam has fallen from nearly 58 percent in the early 1990s to 20.7 percent in 2010 (World Bank, 2012). The remaining 18 million poor however, face extreme hardship including poor health, low education, are often isolated geographically and discriminated against ethnically. These conditions make them much less responsive to macro-economic growth and harder to reach. In this context, development agencies (e.g., AusAid, Asian Development Bank, SNV Netherlands Development Organisation) and the government (e.g., Vietnam Poverty Reduction Strategy Paper) increasingly recognise microfinance and tourism as important poverty reduction strategies in Vietnam (International Monetary Fund 2006; Mekong Economics, 2007; Nghiem, Coelli, & Rao, 2006; Redman, 2009; Truong, 2013). Vietnam is thus one of the pioneering countries for MFT, with two of the six MFT organisations in the world located in the country. Moreover, the exploration of MFT in Vietnam has potential for generalisation and assisting MFT’s replication in other developing countries with similar situations, where macro-economic growth is not effective in poverty alleviation and where microfinance and tourism are both on the rise as potential poverty alleviation strategies.

Second, Vietnam initially offered two sub-cases; the Microfinance and Community Development Institute (MACDI) and Bloom Microventures (BM). These two organisations had potential to enhance the diversity of findings from this research. However by the time data collection started, MACDI had ceased MFT operations and returned to be a pure MFI. Despite this setback, the holistic development of the BM organisation still produced diverse perspectives at the local level.

BM was externally founded by a group of foreign students from all over the world (e.g., India, Spain, Germany, UK), some also originally involved in the first pilot MFT project in Mexico. In the beginning, BM first entered into partnership with MACDI, which was a local MFI. This partnership enabled BM to operate primarily as a tour provider, leaving MACDI in charge of microfinance operations. After the partnership ended, microfinance features were added to BM and the management team was completely changed to locals. Since 2012, BM has delivered MFT primarily in Phu Minh commune, Hoa Binh province, Vietnam (Refer to chapter seven for full background information). Given the complex history of BM, the researcher decided to proceed with BM’s MFT operations in Phu Minh for the local level case.
Third, the Vietnam case was also chosen based on pragmatic reasons for data collection. As the researcher is Vietnamese, the problems of language/cultural barriers and potential misunderstanding and/or mis-interpretations during the data collection process were vastly minimised. Furthermore, previous work experience for an INGO in Vietnam gave the researcher a deeper tacit understanding of local poverty and poverty alleviation, while at the same time allowing her to gain ready access to, and support from, the MFT organisation, local NGO networks and other relevant stakeholders in recruiting respondents for this research.

Within the literature, a single case study is sometimes viewed as being inferior to a multiple case study design (Yin, 2003). This point was refuted by Ragin (1992, p. 225), who found that even single case studies ‘are multiple in most research efforts because ideas and evidence may be linked in many different ways.’ In addition, a single ‘instrumental’ case study also has the ability to provide insight into a particular phenomenon and the knowledge generated can still be generalised to expand and/or propose theory (Flyvbjerg, 2006; Stake, 1995; Thomas, 2011; Yin, 2014). To further explain this point, Flyvbjerg (2006) used Karl Popper’s metaphor of ‘black swans’ and new knowledge that has general significance to stimulate further investigations and theory-building. Flyvbjerg (2006, p.242) found that even a single case study is still well suited for identifying ‘black swans’ because of its in-depth approach and what appears to be ‘white’ often turns out on closer examination to be ‘black.’ In this case, an instrumental single case does not only help to provide insight into the MFT-poverty alleviation nexus in developing countries, but also provides a base theory that could be further developed and have possible application to the broader context of MFT and anti-poverty interventions that combine tourism with other poverty alleviation strategies in the developing world.

In this global-local MFT case, besides the ‘within level’ analysis, a ‘between level’ analysis is also conducted, which provides synthesis between global-local levels by comparing and contrasting global ToC from an MFT organisational perspective and the ToC constructed from diverse local stakeholders in Phu Minh, Vietnam. Baxter and Jack (2008, p.550) argued that ‘the ability to engage in such rich analysis only serves to better illuminate the case’, which in this instance revolves around MFT as a means for poverty alleviation.
5.4 Data Collection: A Multi-method Approach

Multiple methods and sources of data were employed to generate a wealth of rich textual data for the global-local case study of MFT, and included a review of literature, review of documents, semi-structured interviews and participant observation. Table 5.3 presents a brief summary of the different data sources and their utility for this study.

Table 5.3
*Type and utility of data from each data collection activity*

<table>
<thead>
<tr>
<th>Data source</th>
<th>Type of data</th>
<th>Utility of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing literature</td>
<td>Existing theories (e.g., key approaches to poverty alleviation; key theories and approaches influencing the MFT-poverty alleviation nexus) and formal empirical studies (e.g., microfinance economic and social impacts; or tourism impacts)</td>
<td>Provided academic information relevant to MFT background, research design and critical analysis of findings</td>
</tr>
<tr>
<td>Existing documents</td>
<td>Global level: Microfinance tourism (MFT) organisation websites, news articles, blogs Local level: official annual reports from local organisations</td>
<td>Global level: Provided official and semi-official information regarding global development of MFT Local level: Provided official information regarding local context</td>
</tr>
<tr>
<td>Semi-structured interviews</td>
<td>Interview transcripts/ Interview notes from both global and local levels</td>
<td>Provided, in respondents’ own words, their perspectives on poverty and MFT as a means for poverty alleviation</td>
</tr>
<tr>
<td>Participant observations</td>
<td>Researcher’s field notes at local level in Phu Minh commune, Vietnam</td>
<td>Provided the researcher with first-hand experience of MFT, in the natural context of local community and their daily activities</td>
</tr>
</tbody>
</table>

5.4.1 Review of existing documents.

To augment the review of literature relevant to the MFT-poverty alleviation nexus, existing documents that were relevant to the MFT case study formed another important part of data collection. The process of document collection was on-going in this study and involved three main steps.
Step 1: The researcher carried out an online desktop search, examining worldwide MFT providers’ websites, newspaper articles and online blogs associated with the term ‘microfinance tourism’ or ‘microfinance tours’. The purpose of this initial stage was:

- To bring together the fragmented information regarding the current state of global MFT for developing the case study’s contextual background (see e.g., Marshall & Rossman, 2011);
- To identify the sample population and their contact details for potential interviews (see e.g., Corti & Thompson, 2004);
- To identify initial issues surrounding the MFT-poverty alleviation nexus for development of interview questions (see e.g., Patton, 2002); and
- To assist with the clarification and interpretation of respondents’ perspectives in interviews as well as the findings of data analysis.

It is important to note however, that the nature of MFT, both as a newly emerged approach and as being implemented by very small grass-roots organisations, has resulted in the existence of very limited available information as secondary data.

Step 2: During the process of primary data collection (i.e., interviews) at the global level, the researcher asked respondents if they were willing to share any MFT-related documents. Some additional documents (e.g., MFT program brochures) were subsequently acquired, although often this was similar in content to the information published on the main websites of the MFT organisations and general media.

Step 3: During the process of primary data collection at the local level, official annual reports from local organisations such as Childfund NGO, the Phu Minh government and Hoa Binh Department of Tourism, Sport and Culture, were collected. These informed the case study background and helped shape the interpretation of respondents’ meanings.

5.4.2 Semi-structured interviews.

In-depth interviews are a common practice in qualitative research with the purpose of eliciting ‘detailed information about a person’s thoughts and behaviours or to explore new issues in depth’ (Boyce & Neale, 2006, p. 3). A semi-structured interview is
usually guided by certain themes with a pre-prepared set of questions, yet still ensures a high level of flexibility by allowing room for new emerging questions/issues, which are tailored to a particular interview situation (Lindlof & Taylor, 2010). Thus the semi-structured in-depth interviews undertaken with key respondents from the global-local levels helped to explore the multiple viewpoints regarding the issues surrounding the MFT-poverty alleviation nexus (see e.g., Jennings, 2010; Stake, 2010).

In total, 39 individuals participated in this research at both global and local levels, resulting in 37 interview transcripts. With the informed consent of respondents, interviews were digitally recorded and later transcribed verbatim. Interviews conducted in Vietnamese were first transcribed before being translated into English by the researcher. Two respondents did not want their interviews to be recorded, citing concerns regarding their engagement in ‘a sensitive topic like poverty alleviation’ (Personal comm. 2014). In such cases the researcher resorted to note-taking during interviews. These notes were developed into full transcripts directly after the interviews to avoid memory loss regarding certain details.

The names of respondents were removed from transcripts and assigned a random number to maintain their confidentiality. Appendix 1 and Appendix 2 provide more details on respondents’ profiles at the global and local levels.

5.4.2.1 The interview guide

Guided by ToC (Chen, 2005; James 2011; Pawson & Tilley, 2004; Vogel, 2012b) and this study’s literature review on microfinance, tourism and poverty alleviation, the interview guide (see Table 5.4) was developed based on three main tasks:

1. Uncover the respondents’ perceptions about global poverty;
2. Ask respondents to articulate the key goals of MFT within the context of poverty alleviation (i.e., who or what will change);
3. Invite respondents to discuss in-depth, the key elements (i.e., unique features/characteristics) of MFT, and how they contribute to key approaches (i.e., mechanisms) that will help MFT to achieve the proposed goals.

Respondents were asked to further explain and justify their responses to the above questions if and when a response was unclear and/or ambiguous. This process ensured
more accurate recording and reporting of respondents’ rationales and assumptions regarding how and why they perceived MFT as a means of poverty alleviation in certain ways.

Table 5.4

**Global level semi-structured interview guide**

<table>
<thead>
<tr>
<th>Theory of Change</th>
<th>Sample Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptions on poverty and poverty alleviation:</td>
<td>What is your understanding of the terms ‘poverty’ and ‘poverty alleviation’?</td>
</tr>
<tr>
<td>MFT key goals:</td>
<td>What are the key goals of MFT?/Who or what are MFT’s key target(s) for change?</td>
</tr>
<tr>
<td>MFT key elements and approaches:</td>
<td>What are the unique features/characteristics of MFT? How do these features/characteristics contribute to help MFT achieve the key goals?</td>
</tr>
</tbody>
</table>

| Assumptions and Rationale | Ask for explanation and justification of responses when and where appropriate |

At the global level: The interview guide was used in all interviews to construct a full version of MFT’s ToC, including the program theory and implementation theory.

At the local level: The interview questions were translated into Vietnamese to communicate with most local people who did not speak English. The semi-structured interview guides in both English and Vietnamese (Appendix 3 and Appendix 4 respectively) highlight the themes and questions for the research inquiry at the local level. Interview questions were similar to those at the global level, with an extended focus on the Phu Minh context. The wording in the local level interview guide was also slightly changed to suit different stakeholder groups.

After the interview guide was developed, data collection at the global and local levels was carried out.
5.4.2.2 Interview data collection at the global level

At the global level, interviews took place between October 2014 and February 2016. 12 respondents from six MFT organisations participated in the research, resulting in fourteen in-depth interviews varying between 30-90 minutes. Two respondents had to leave after approximately 30 minutes and agreed to participate in follow-up interviews, which lasted for another 30-45 minutes. These two additional transcripts were merged with the earlier ones to avoid confusion during data analysis. Data collection followed three key steps:

Step 1: Selecting respondents

- **Purposive sampling** was employed to guide the selection of potential respondents. Purposive sampling is a widely adopted method in qualitative methods and aims to identify the information-rich sources that best contribute to answer the research questions (Bryman, 2004; Patton, 1990). Guided by social constructivism, the purposive sampling undertaken in this study aimed to maximise the diversity of perspectives on MFT-poverty alleviation nexus, whilst at the same time providing rich explanation and in-depth knowledge regarding the various aspects of MFT.

- Utilising purposive sampling, the research aimed to include ‘key informants’ (i.e., respondents) from all six identified MFT organisations. The term ‘key informants’ refers to ‘influential, prominent or well informed people in an organisation’, who had the potential to provide the researcher with detailed information and insights regarding the organisation’s activities and impacts (Marshall & Rossman, 2011, p. 113). Because all MFT organisations were very small in size (ranging between 2-5 staff), the ‘key informants’ were extended to include original founders of the MFT program/organisation, current and previous director(s)/boardmembers, key managers, and other key staff who had been directly involved in the planning/implementation of MFT.

- The **Snow-balling technique** was also utilised. Respondents were asked to recommend other people that they believed would be able to provide a
distinctive perspective about MFT and poverty alleviation (see Salganik & Heckathorn, 2004).

Step 2: Gaining access to respondents

The initial desktop research for this study resulted in a list of 21 potential respondents with contact details. All MFT organisational websites provided contact details of current MFT staff, along with the full names of MFT founders/board of directors. A further Google search of these full names resulted in additional email contacts. Any additional contact given to the researcher during interviews was added to the list.

Gaining access to such a small population of potential respondents, many of whom were high level executives with very tight schedules, posed significant challenges to the researcher. Three sequential steps were taken to deal with these challenges:

1. Introduction emails (Appendix 5), which stated the researcher’s interest in MFT were sent to the main contact of six MFT organisations early on in the research to establish connections and secure future support. Subsequently, the researcher received feedback from three organisations, showing initial interest to participate.

2. Official emails (Appendix 6) with an attached information sheet (Appendix 7) were sent to the email addresses of those on the contact list, after the research ethics approval was confirmed. The information sheet clearly stated the study’s purpose, the methods used to collect data, what participation in the research would entail and any potential risks/benefits. Importantly, potential respondents were assured of confidentiality and that any information provided by them would be de-identified in the final results.

3. Follow-up phone calls: The official emails generated only five responses, which prompted the researcher to follow-up with additional phone calls to those that had their phone numbers identified. Some potential respondents acknowledged that they did see the email but were too busy to respond. Some phone numbers were out of date and the potential respondents could not be reached.
The low response rates from the global MFT organisations may be explained by many founders/executive staff having been withdrawn from involvement with MFT for quite some time. At the time of data collection, significant changes had occurred in the global development and delivery of MFT (refer to section 6.2), resulting in only three organisations still offering MFT. As a result, many potential respondents could not be reached by (possibly out of date) phone numbers or email addresses. Others declined participation due to time constraints and/or limited interest in participating in the research.

For those currently working for MFT organisations, many were doing MFT on a volunteer basis, as ‘a second full time job, on top of a full time job’ [Pers. comm. 2016] or working in a ‘two-to-three-person operation’ [Pers. comm. 2015]. Thus, the work schedules of MFT staff were typically very hectic and attempts to organise interviews were frequently delayed. Although the researcher was willing to conduct interviews on any date, at anytime the potential respondents indicated, many respondents still did not participate in the agreed Skype/phone call interviews or simply ceased contact with the researcher after a few failed attempts. In addition, some interviews were cut short due to the interviewees having other commitments to attend to. In these cases, follow-up interviews were arranged to continue where the previous conversations left off.

The small pool of both existing organisations and number of staff also meant that the snow-balling technique tended to result in a dead-end or in going in a circle leading back to someone who was already interviewed. This fact, however, indicated that saturation was reached in global interviews. Refer to Appendix 1 for the profiles of the 12 respondents.

Step 3: Conducting interviews

In addition to the current staff in four MFT organisations in Mexico, Tanzania, Vietnam and Jordan, the researcher also conducted interviews with MFT original founders and previous MFT staff who, at the time of data collection, resided in various parts of the world (e.g., China, Germany, Spain, Singapore, the United States).

Due to the wide geographical distribution of respondents in global MFT, communication technology such as Skype (internet video calls) or telephone were
utilised as a low cost and practical solution to conduct interviews (Gray, 2009). Arguably, the use of Skype and telephone also provided convenience and choice for respondents to incorporate the interviews in their busy daily schedules.

- Skype interviews, with video function, enabled the effective exchange of visual and non-verbal communication that resembled face-to-face interviews (Hanna, 2012) and therefore became the primary mode of conducting interviews at the global level.

- Telephone interviews were offered to those who did not have access to, or were not comfortable with Skype. The researcher made the call to these respondents to avoid their incurring of costs. The most common concern with telephone interviews is the lack of visual contact, making it challenging for the researcher to develop rapport with the interviewees (see e.g., Holt, 2010). On the other hand, telephone conversations allow respondents to be in their familiar settings, while still maintaining some anonymity. Trier-Bieniek (2012) thus argued that a telephone call, in many cases, produced more honest answers than face-to-face interviews.

- Face-to-face interviews were conducted with current staff from the two MFT organisations in Vietnam, as the data collection for the local-level case required the researcher to travel to the site in Vietnam. Although face-to-face interviews help to facilitate rapid in-person rapport, they are also labour, time and resource intensive (Gray 2009; Novick 2008).

Upon reflection, the researcher did not perceive any noticeable differences in the quality of conversations during the actual interviews or in the quality of information in the data, as collected by the different interview modes.

5.4.2.3 Interview data collection at the local level

At the local level, 26 face-to-face interviews were carried out during the researcher’s field trip to Phu Minh, Vietnam between September and November 2014, followed by 5 Skype interviews conducted after the trip, from December 2014 to April 2015.
It is important to note that some respondents [1, 3, 5, 8, 9, 10] from the global level reported previous or current involvement with the MFT program in Vietnam and as such are also included in the local level data set. Though the majority of interviews are individual, on two separate occasions, both the husband and wife from the MFT micro-entrepreneur stakeholder group decided to jointly participate in the interview. This resulted in a total of 33 respondents in 31 interviews at the local level, with duration varying between 15 and 90 minutes, depending on the respondents’ levels of understanding of MFT and poverty alleviation.

Step 1: Selecting respondents

- Purposive sampling: The aim was to include a variety of respondents from various stakeholder groups who had direct/indirect involvement with MFT in Phu Minh commune, Hoa Binh province as it is the current area in Vietnam with MFT operations. Within each stakeholder group, the term ‘key informants’ was still applicable but with a slightly different meaning at the global level. ‘Key informants’ at the local level were those who could add ‘distinctive perspectives’ regarding the MFT-poverty alleviation nexus. The change in the ‘key informants’ concept is important, given stakeholder perspectives are not homogenous even within one group, but rather vary between MFT original founders, previous and current MFT staff, or between the Chairperson and Tourism officer in Phu Minh People's Committees.

- The snowballing sampling technique was also utilised during interviews to elicit the recommendations of additional people whom interviewees thought could contribute insight into MFT in the Phu Minh commune.

- Concurrently, the researcher also carefully observed all the activities related to MFT during the field trip to Phu Minh. Through immersion, a tourism social entrepreneur and Childfund microfinance officer were added to the list of potential respondents for their important involvement with local poverty alleviation.

Table 5.5 presents a list of interview respondents in the MFT case study in Phu Minh commune, Vietnam.
Table 5.5
Microfinance tourism stakeholders in Phu Minh commune, Vietnam

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Key informants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Microfinance tourism (MFT) organisation</strong></td>
<td></td>
</tr>
<tr>
<td>Bloom Microventures (BM)</td>
<td>Founders/ Board of Directors</td>
</tr>
<tr>
<td></td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td></td>
<td>Managers</td>
</tr>
<tr>
<td></td>
<td>Intern</td>
</tr>
<tr>
<td><strong>Microfinance Institution</strong></td>
<td></td>
</tr>
<tr>
<td>(with direct links to BM)</td>
<td>Director</td>
</tr>
<tr>
<td>Microfinance &amp; Community Development Institute</td>
<td></td>
</tr>
<tr>
<td><strong>INGO operating in local area</strong></td>
<td></td>
</tr>
<tr>
<td>ChildFund Australia</td>
<td>Microfinance officer</td>
</tr>
<tr>
<td><strong>Local government</strong></td>
<td></td>
</tr>
<tr>
<td>Phu Minh People's Committees</td>
<td>Chairperson;</td>
</tr>
<tr>
<td></td>
<td>Tourism officer;</td>
</tr>
<tr>
<td><strong>Local organisation</strong></td>
<td></td>
</tr>
<tr>
<td>(with direct links to BM)</td>
<td>Chairperson;</td>
</tr>
<tr>
<td>Phu Minh Women’s Union</td>
<td>Local Women’s Union staff</td>
</tr>
<tr>
<td><strong>Tourism consulting organisation</strong></td>
<td></td>
</tr>
<tr>
<td>Community-based Tourism Travel Consulting</td>
<td>Tourism social entrepreneur</td>
</tr>
<tr>
<td><strong>Regional tourism organisation</strong></td>
<td></td>
</tr>
<tr>
<td>Hoa Binh Department of Culture, Sport &amp; Tourism</td>
<td>Vice director</td>
</tr>
<tr>
<td><strong>Microfinance tourists</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Manager of student tour group</td>
</tr>
<tr>
<td></td>
<td>Third-time microfinance tourist</td>
</tr>
<tr>
<td><strong>MFT micro-entrepreneurs</strong></td>
<td></td>
</tr>
<tr>
<td>Poor micro-entrepreneurs who are clients of MFT</td>
<td>First, second and third time MFT borrowers</td>
</tr>
<tr>
<td><strong>MFT local service supplier</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local villagers who are hired by the MFT organisation to provide services to tourists</td>
</tr>
<tr>
<td><strong>Broader local community in Phu Minh</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Village leader</td>
</tr>
<tr>
<td></td>
<td>Local villagers who interact with tourists but are not clients of MFT</td>
</tr>
</tbody>
</table>

**Step 2: Gaining access to respondents**

The process of gaining access to respondents at the local level was much easier compared to at the global level. This is partly thanks to the researcher’s background as a Vietnamese INGO staffer with an extensive network of local contacts.

During the field trip, the researcher received important support from BM, the local MFT organisation, who provided an initial list of potential local respondents. Through BM, the researcher was also introduced to, and stayed with, the local village leader’s family on two occasions. The family members frequently accompanied the researcher.
during the local data collection process and significantly helped to improve trust during conversations between the researcher and local respondents. Profiles of respondents at the local level are provided in Appendix 2.

**Step 3: Conducting interviews**

- The researcher travelled from Australia to Vietnam for data collection in September 2014. While in Vietnam, the researcher continued to travel between Hanoi (where the MFT organisation is based), Phu Minh commune (the local area for MFT operations) and other parts of Hoa Binh province (E.g., Hoa Binh city, Mai Chau district) to trace the relevant stakeholders for face-to-face interviews.
- The researcher continued to conduct Skype interviews with the founders and previous staff of BM (the local MFT organisation) and microfinance tourists whose contact details were acquired during the field trip.

### 5.4.2.4 Sampling size

In qualitative research, the concept of saturation (Glaser & Strauss, 1967) is often used as the key guiding principle to determine sample size. In other words, data collection will continue until the respondents can no longer introduce new perspectives on the topic (i.e. saturation/exhaustion of viewpoints) (Mason, 2010). The numbers of respondents needed to reach saturation varies. Guest, Bunce and Johnson (2006) believed that saturation typically occurred by the twelfth interview, while Creswell (1998, p. 64) suggested saturation occurred with ‘long interviews with up to 10 people’ for phenomenological studies and ‘20 – 30 people’ for studies using grounded theory.

There is little empirical argument as to why some numbers are more desirable or why some methodological approaches required more respondents than others (Mason, 2010). In reality, the actual interview sample size often reflects the research scope and nature of enquiry and is further dictated by the existing pool of potential respondents as well as the number of those who actually agreed to participate (Denzin, 2012).

Jette, Grover and Keck (2003) suggested that the expertise regarding a chosen topic can help to reduce the number of respondents needed to reach saturation in a study. Given that respondents came from diverse MFT organisations globally and many are
also involved with several MFT organisations over time, each respondent at the global level can be considered an MFT expert. Theoretical saturation regarding MFT as a means for poverty alleviation was reached by the twelfth and thirty-third respondents at the global and local level respectively, at which point no further interviews were conducted.

5.4.3 Participant observation.

In addition to interviews, participant observation (PO) is another commonly adopted method in qualitative research to generate rich contextual understanding. In general, PO is the process of observing and participating in the day-to-day activities of the people under study in their natural setting (Kawulich, 2005). The use of PO often requires the researcher to stay in the setting for an extended period of time which, depending on the nature of inquiry, can range between a few days and a couple of months or years (Guest, Namey & Mitchell, 2013).

Both covert and overt forms of PO were used during the local level case study, when the researcher visited Phu Minh commune on three occasions. In the first visit, the researcher joined an official MFT day trip with other microfinance tourists to the local area. Initial impressions of the area and all activities during the tour, including any interactions between tourists and the poor micro-entrepreneurs/local community were covertly observed (i.e., the researcher acted as a tourist) and took field notes. In the two subsequent visits, overt modes of PO were employed when the researcher openly introduced her position (i.e., PhD student) and the MFT research, to the community.

The researcher stayed in the local area for 15 days and during this time, attended various local events, including a local government meeting, a retirement party, a celebration party of the newly appointed Local Women Union chairperson and the annual ethnic cultural festival. These events provided a unique opportunity for the researcher to be exposed to and familiarised with the community members and local cultures. The researcher also spent much of the time immersed in the various respondents’ daily routines. For instance, accompanying the MFT staff member during her weekly trip to manage the local microfinance borrowers or attending a normal working day at the local women union’s office. Other areas of observation included the local area’s infrastructure, different households’ material assets, the daily social
interactions and daily livelihood activities such as farm work, animal rearing and broom making.

Field notes were prepared by first jotting down a few words or short sentences. These words were later used to assist memory recall for the full development of detailed and coherent descriptions of what the researcher observed (Webb, 1991). Appendix 8 provides an example of a field note.

5.5 Data Analysis

5.5.1 Analysis of existing documents.

Existing documents helped to facilitate thick descriptions for the MFT case study. At the global level, data analysis of secondary data aimed to identify information under three key categories:

- The organisations’ backgrounds (e.g., original founders, how the MFT program was initiated, any organisational key development, current management team),
- The organisations’ aims/mission/vision,
- Details of the MFT program (e.g., locations, microfinance activities, tourism activities).

At the local level, identifying key information regarding the local MFT organisation (i.e., BM) was supplemented with the following information:

- General contextual information of Hoa Binh province and Phu Minh commune,
- Key information on poverty in Hoa Binh and Phu Minh (e.g., poverty level, poverty causes),
- Key information on microfinance and tourism in Hoa Binh and Phu Minh, with additional details on their links with poverty alleviation.

5.5.2 Analysis of interviews.

Thematic analysis, a process widely used for data analysis in qualitative research (see e.g., Braun & Clarke, 2006; Bryman, 2004), was applied to analyse interviews collected at both the global and local levels in the MFT case study. Thematic analysis involves the identification and reporting of key patterns and themes that ‘capture something important about the data in relation to the research question’ (Braun &
Clarke, 2006 p.82). Thematic analysis thus enabled the researcher to reduce the general dataset into rich stories and thick descriptions that were important features of the case study research design (Ryan & Bernard, 2003).

Despite being a fundamental task, the identification of themes in thematic analysis is often considered ‘one of the most mysterious’ (Ryan & Bernard, 2003, p. 85), with a lack of guidance on how the whole process should be carried out. To deal with this issue, Braun and Clarke (2006) proposed a process that included six iterative, reflective and dynamic phases to thematic data analysis. This outline was adopted by the researcher as follows:

1. **Familiarizing yourself with your data:** The researcher first immersed herself in the data by transcribing and undertaking repeated readings of the interview transcripts. Transcribed interviews were entered into Nvivo, a Computer Assisted Qualitative Data Analysis Software (CAQDAS). Nvivo allowed for the effective management and analysis of interview data through functions such as ‘memos’ (similar to a reflective journal) of the researcher’s detailed interaction with the dataset or ‘annotations’ (similar to note takings), when the researcher recorded initial ideas related to specific paragraphs in the data set (Patton, 2002). Gibbs (2002, p.13) however pointed out that no matter how advanced a CAQDAS is in terms of developed technology, it remained merely an assistant tool and ‘good quality analysis still relies on good analytic work by a careful human researcher’.

2. **Generating initial codes:** ‘Codes’ are usually short phrases or single words that best summarise portions of data with the same or similar patterns (Bazeley, 2013). ‘Coding’ is a process of mapping the entire dataset in a systematic fashion, indexing the data to facilitate its fast retrieval, while retaining its original context (Braun & Clarke, 2006). The creation of the codebook – a list of a priori structural, descriptive codes that covered information explicitly sought by the interview guide, was often carried out at this early phase of coding (Crabtree & Miller, 1999). For instance, respondents were asked to articulate what they considered as MFT’s key goals. All sentences containing answers to this question were assigned the primary code of ‘MFT key goals’.
Whilst reading and sorting the interview content under structural codes, initial data-driven inductive sub-codes (see e.g., Boyatzis, 1998; Bazeley, 2013) were also created to reflect distinctions of perspectives that emerged from the data. These codes are ‘in-vivo’, generated from the natural terms used by respondents (Ezzy, 2002). For instance, transcript readings of the primary code ‘MFT organisational model’ revealed that respondents either referred to (1) a hybrid organisation that provides both microfinance and tourism activities or (2) a platform organisation that acts as a medium to facilitate the development of new MFT programs. Two in-vivo sub-codes: ‘the hybrid MFT organisation’ and ‘the platform MFT organisation’ captured these recurrent ideas.

3. Searching for theme: Themes are the direct outcome of the coding process. Under this phase, codes were carefully analysed to identify relationships or connections between one another and grouped together to create themes (Bazeley, 2013). A review by Ryan and Bernard (2003) suggested a number of techniques often used in searching for themes: for instance, looking for repetitions of concepts or similarities/differences between units of data, identifying theory-related terms as well as unfamiliar terms and metaphors mentioned by the respondents. Deschambault (2011) further emphasized the importance of paying attention to the small stories told by respondents, which provided rich contextual insights into the way they perceived a particular issue. All of these techniques were applied to assist in the creation of themes in this study.

4. Reviewing themes: This phase involved further checks to see that the themes accurately reflected the transcript extracts and also the entire data set (Braun & Clarke, 2006). For instance, the researcher noted which respondents identified with a particular theme and also how they discussed this theme. Beyond the simple reviewing of identified themes, a deeper data analysis strategy of comparing/contrasting, extending and linking themes in order to ‘reveal their full value’ was also undertaken (Bazeley, 2009 p.8). Such a process was supported by continuous reading of relevant literature (Bazeley, 2009).
5. **Defining and naming themes:** This phase involved on-going analysis to further refine the identified themes while developing clear names/definitions for each theme that best told the story of the data (Braun & Clarke, 2006).

6. **Producing the report:** Analysis was still taking place at this phase, when the researcher selected what were considered the most compelling quotes and stories from the interviews to be included in the write-up of findings.

It must be noted once again, that the above phases of thematic analysis did not take place in a linear fashion, but rather in an iterative and reflective manner, resembling a ‘sense-making endeavour’ to create meaning from the dataset (DeCuir-Gunby, Marshall & McCulloch, 2011, p.137). It is also important to acknowledge that the researcher’s prior experience as an INGO staffer in Vietnam may have created some inbuilt bias that could affect the data analysis at the local level. Subsequently, a range of techniques used to minimise researcher’s bias and improve trustworthiness in qualitative research were employed (see section 5.7).

### 5.5.3 Analysis of field notes.

Field notes, which contained subjective observations of the researcher, were frequently read and re-read throughout the interview data collection and analysis stage to facilitate better interpretation and ensure analysis was relevant to the local context and local respondents’ meanings.

**During the interview data collection process:** Immersion in the local social context helped the researcher to develop interview questions that used terms that ‘make sense’ for those experiencing the phenomena (Guest et al., 2013, p.80). For instance, the majority of local people used the terms ‘Childfund’ or ‘Bloom’ when referring to microfinance or MFT programs. They also often used the term ‘ong tay ba tay’ (Mr. and Mrs. Westerners) as an alternative for the terms ‘foreigners’ or ‘tourists’. Furthermore, prolonged engagement in the local area also helped to reduce the issue of the respondents’ reactivity (Guest et al., 2013). In this case, as the locals gradually became comfortable with the researcher’s presence in the commune, the researcher was able to access more honest and open opinions during the interviews.
During the interview data analysis process: Reflection on PO field notes assisted the researcher to gain ‘intuitive understanding’ or interpret the meaning of the interview data (Guest et al., 2013, p.80). By using this method, the researcher was able to enrich her understanding of Phu Minh’s poverty issues, the community’s major livelihoods, the INGO Childfund’s long-term involvement in local development and the locals’ general attitudes towards MFT. This understanding was helpful to countercheck the interview respondents’ subjective views of local poverty and of MFT as a means for poverty alleviation (see Silverman, 2006). For instance, some causes of local poverty, such as alcohol abuse, were also identified in both field notes and the data analysis of interviews.

5.6 Adherence to Ethical Standards

Social research has inherent challenges. To respondents, these challenges are less likely to be of a physical nature but rather of a psychological nature such as distress, humiliation and/or embarrassment (Jennings, 2010). This research is considered low risk, as the interviews and discussions only centred on general understanding of MFT as a means for poverty alleviation. Nevertheless, efforts were made and careful consideration was exerted to minimise any potential harm to the research respondents:

- Before data collection and analysis commenced, research ethics approval was obtained from the Griffith University Ethical Committee (GU Ref No: HSL/20/14/HREC).

- Potential respondents were informed (via an Information Sheet) of the purpose, methods and intended outcomes of the research. Participation was voluntary, and the respondents’ privacy and confidentiality were protected through the de-identification of collected data before analysis and report. Collected data were secured in a locked filing cabinet that only the research team had access to.

- Interviews were transcribed verbatim and sent back to the research respondents for member cross checking. Respondents were also given the right to remove or change any information deemed sensitive/potentially harmful if exposed.

- Extra care and consideration was applied in the design of interview questions targeting the disadvantaged or those individuals living in poverty. In particular,
at the local level, questions regarding poverty and poverty alleviation were moved from the front to the middle or near the end of the interview and casually interwoven in the conversation. The terms ‘poverty’ and/or ‘the poor’ were referred to as ‘difficult situations’ or ‘people with more difficulties’ as a matter of respect to respondents.”

- Covert PO raises more ethical concerns than overt PO as the researchers often keep their true intentions secret from the people under observation (Hilbert, 1980). Covert PO thus has been criticised as lacking any form of consent, invading participants’ private space and increasing the risk of harms to the participants (Amstel, 2013). In this research, covert PO only took place in the first half-day visit, when the researcher was part of a microfinance tourist group visiting the community. Adopting a tourist identity, the researcher only observed the open public spaces and the areas where general tourists were invited to enter. Any potential harm, or potential invasion of privacy was therefore negligible. Nevertheless, the researcher still adopted additional care when talking to local borrowers in order to avoid potential harm to these vulnerable groups.

5.7 Trustworthiness of the research

As with any research, one of the fundamental concerns of this study is to ensure both its process and results achieve a high standard of quality. For social constructivist paradigm qualitative research, Lincoln and Guba (2000) and Creswell (2012) recommended four key criteria for establishing research trustworthiness: Credibility, transferability, dependability and confirmability.

Shenton (2004) provided a comprehensive review of a plethora of techniques used to improve research trustworthiness, many of which were integrated into this research:

- The adoption of well-established research methods (Shenton 2004): This research employed ToC, a methodology that has been used successfully in evaluation studies of complex social interventions similar to MFT. Other methods for data collection such as interviews, document reviews and participant observations are all key methods frequently employed in qualitative research and helped to produce a rich and holistic picture of the link between MFT and poverty alleviation.
- **Clear reporting of methods and methodological choices**: This chapter has provided a comprehensive and replicable research design and plan that clearly explains how the systematic research design addresses the research questions. The researcher also clearly reported details of data collection and analysis, location, methods of selecting and recruiting respondents, modes of conducting interviews, software used to analyse data and the key steps in data analysis.

- **Triangulation**: The researcher utilised multiple sources of data collection (see section 5.4). In addition, this research also sourced and included a diverse range of key informants (e.g., six MFT organisations operating in diverse contexts and a further 32 local individuals from different stakeholder groups in Vietnam). The multiple and diverse perspectives and experiences of respondents present a holistic picture of MFT as a means of poverty alleviation, based on the contributions of a diverse group of informants.

- **Thick description of the phenomenon under investigation**: The utilisation of a case study strategy ensured thick descriptions were provided, for both global and local MFT, which will enable readers to gain a rich understanding of MFT (Lincoln & Guba, 2000)

- **Member checks**: The interview transcriptions were returned to respondents for 'member checking', which was considered essential for upholding rigor in research (Morse, Barrett, Mayan, Olson, & Spiers, 2002). The key research results were also disseminated to respondents for more feedback.

- **Peer scrutiny of the research project** (Shenton, 2004): The researcher actively sought feedback from colleagues and other experts in the field. For instance, various sections of this research project have been submitted to peer-reviewed conferences and journals. The research design and findings were also presented in the PhD confirmation seminar and several relevant domestic and international conferences (e.g., CAUTHE and TEFI).
5.8 Research limitations

First, due to time and resource constraints, certain decisions were made for pragmatic reasons which may have impacted on the results of the study. For instance, one important initial intention was to distribute the ToC products to respondents for continuous feedback and revision. However, time constraints all round, coupled with a lack of sustained interest by many respondents, rendered this task impractical; therefore a document highlighting key results will be sent to respondents.

Second, the utilisation of ToC to scaffold this research meant that it was also affected by limitations associated with a ToC approach:

- The presented MFT ToC is confined within the sample of this research and therefore some version(s) or key elements of MFT ToC may not have been identified.
- The ToC literature frequently highlighted that ToC evaluation, though comprehensive, is unlikely to lead to the development of universal laws or theories (Pawson & Tilley, 1997). Rather, as ATIs are dynamic in nature, ToC evaluation should be treated as an iterative learning process. This research hence, is most relevant and useful for the global MFT development and the development of MFT in Phu Minh commune, Vietnam at this point in time. It will be important to revisit the MFT ToC and the recommendations presented in this research in the future, in order to make updates that are relevant to changes in global and local conditions.

5.9 Summary

This chapter has detailed the research approach and methods utilised to critically analyse and evaluate the extent to which MFT works as a means for poverty alleviation. In particular, the research adopted a qualitative approach, underpinned by social constructivism and ToC methodology. The chapter also presented the rationale and justification for utilising a case study strategy, and acknowledged the advantages and disadvantages of this type of research strategy. The selection of an exploratory global-local single case study of MFT, which sought to explore and analyse both global MFT providers’ perspectives and local Vietnamese MFT stakeholders’ perspectives, was justified,. Importantly, this study’s innovative research design is among the first to apply ToC to assist in the analysis and evaluation of an ATI (i.e., MFT), which could
have important implications for the future practices of tourism evaluation research. Following a brief discussion on ethical matters, the chapter concluded with discussion of the techniques applied to improve trustworthiness of this research, which in turn provided a strong case for the reliability of the results reported in the next chapters.
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6.1 Introduction

This study critically analyses and evaluates the extent to which MFT is an effective vehicle for poverty alleviation in developing countries. In particular, this chapter specifically address Objective three: To critically evaluate global MFT providers’ perceptions of MFT as a vehicle for poverty alleviation. First, to set the context, an overview of the development of global MFT is presented. Next, the chapter will focus on what constitutes MFT ToC from the perspective of global MFT respondents. This includes identifying their key perspectives on poverty and poverty alleviation, MFT key goals, elements and approaches which contribute to achieve these goals.

6.2 An Overview of Global Microfinance Tourism

Since its conceptualisation in 2007, MFT has undergone interesting developments worldwide, resulting in a mixed story of both success and difficulties in Mexico, Tanzania, Jordan and Vietnam. Trip Sweeney was the first proponent of the MFT concept in 2007. In his seminal article, Sweeney discusses several examples of microfinance tours and identifies the vast potential MFT holds in improving outreach and effectiveness of microfinance for poverty alleviation (Sweeney, 2007). In 2008, the first two operational models of MFT were concurrently set up in Mexico and Jordan. Interestingly, by coincidence, these two projects were established in complete isolation from each other. In Oaxaca, Mexico, the pilot MFT program was jointly established by Ashwin Kaja, an American student inspired by Sweeney’s concept, and Carlos Topete, a director of a Spanish-language institute in Oaxaca (Investours, 2016). In Ghor Al Mazra’a, Jordan, Rabee Zureikat founded the Zikra initiative, a tourism project aimed to assist local poverty alleviation in 2007. In the following year, staff at Zikra were given a book which introduced them to the idea of microfinance and they decided to integrate microfinance activities into their existing tourism program (Pers. Comm, 2015).

Two years later, 2010 was a major milestone for global MFT development, with the establishment of four MFT organisations in three countries. The pilot project in Oaxaca,
Mexico, finished with positive results, leading Topepe to set up the Fundacion Envia organisation in the same city (Fundacion En Via, 2016). Under Kaja’s leadership, a non-profit organisation called Investours was officially recognised in the United States and began MFT operations in Puerto Vallarta, Mexico and Dar es Salaam, Tanzania (Investours, 2016). After an unsuccessful attempt to set up MFT in Costa Rica, Lain Heringman, who was also involved in the Investour pilot program, travelled to Vietnam (Pers. Comm, 2014). Together with a number of international development students from the London School of Economics, they set up BM, a UK-registered charity organisation working in partnership with MACDI, a Vietnamese microfinance institution, to operate MFT in Soc Son and Ha Giang, Vietnam (BM, 2016a).

In the following years, MFT continued to expand globally, albeit more slowly. BM started to operate independently as a hybrid microfinance and tourism organisation in Hoa Binh, Vietnam in 2012. In response to the end of a partnership with BM, MACDI created a tourism department within its MFI to operate the Relief Vietnam Tour program. Meanwhile in 2013, Investours Tanzania expanded MFT to Arusa city, in addition to its existing operations in Dar es Salaam (Investours, 2016). In conjunction with success stories such as these, there were associated difficulties, including the cessation of the MFT section of Zikra Initiative and MACDI in 2011 and 2014 respectively. Investours Mexico was also transformed into Human Connections to reflect a different program concept in 2014. While MACDI’s decision to stop the MFT program was largely influenced by human and financial resource constraints, Zikra Initiative and Investours Mexico removed the microfinance elements from their tourism programs to better suit local interests and local context (which will be further discussed in this chapter). As of 2016, the three MFT organisations that have remained operational and continue to expand are: BM in Vietnam, Fundacion Envia in Mexico and Investours in Tanzania.

In the short history of MFT, a range of diverse outcomes have occurred at the global level, providing valuable insights into the opportunities and challenges associated with the development of MFT. A ToC of MFT in this case is important as it sheds light on how and why MFT does (or does not) work as an effective means of poverty alleviation. The next sections present results and discussions relevant to the ToC of global MFT, as perceived by the global MFT respondents. Figure 6.1 below serves as a road map for the ensuing discussion.
1. **Lack of income/assets**
   - 1. To improve microfinance clients’ lives
   - 2. To increase access to microfinance
   - 3. To foster compassionate active tourists
   - 4. To provide a socially responsible development-tourism alternative

2. **Basic needs/Capability deprivations**
   - 1. To improve microfinance clients’ lives
   - 2. To increase access to microfinance
   - 3. To foster compassionate active tourists
   - 4. To provide a socially responsible development-tourism alternative

3. **Structural issues**
   - 1. To improve microfinance clients’ lives
   - 2. To increase access to microfinance
   - 3. To foster compassionate active tourists
   - 4. To provide a socially responsible development-tourism alternative

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**MFT Key Goals**

1. **To improve microfinance clients’ lives**
2. **To increase access to microfinance**
3. **To foster compassionate active tourists**
4. **To provide a socially responsible development-tourism alternative**

**MFT Key Elements**

1. **Creating personal connections**
   - Connections between tourists and people living in poverty
   - Connections between MFT staff and people living in poverty
2. **Changing mindsets**
   - Changing mindsets of tourists
   - Changing mindsets of people living in poverty
3. **Nature of host-guest encounter**
   - Non-voyeuristic
   - Non-commercial
   - Minimise give and take dynamic
   - Deep interactions
4. **Channelling tourism profits via microfinance**
   - Tourism profit distribution
   - Tourism profit as sustainable form of funding
5. **Educating tourists of microfinance**
6. **Additional organisation support**
   - Training and education
   - Monitoring and feedback
   - Pre-tour orientation
   - Post-tour support

**MFT Key Approaches**

- **Personal empowerment**
- **Cross-subsidy financing**
- **Experiential learning**
- **Host-guest exchange relations**
- **Incentive system**
- **Self-regulation**

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**Figure 6.1. Global microfinance tourism Theory of Change**
6.3 Poverty Perspectives

Three key poverty perspectives which influence the goals and approaches adopted by global MFT respondents are shown in Figure 6.2.

![Figure 6.2. Poverty perspectives of global microfinance tourism respondents](image)

6.3.1 Perspective 1: Poverty as lack of income/assets.

Many respondents referred to the standard definitions of income-based poverty (World Bank, 2008; United Nations, 2003) where poverty was seen as the lack of material/financial resources and where the (extreme/absolute) poor can be identified through a range of asset/income poverty indicators. For example, respondent 3 said:

*There are many ways to define poverty, but the most fundamental is that poverty is caused by the lack of assets and material resources... We are using the poverty standard of USAID, looking at household assets and income to define poverty.* [3]

This perspective often involves a macro-economic top-down approach to poverty alleviation. For instance respondent 1 commented:

*First of all, there should be direct political institutions to ensure that there is (a) basic framework for (the) economy to prosper. On top of that, the government must have some strategies to develop the economy and that should be relatively*
free of corruption because ultimately the economy may be growing, but the gains from these economic groups (are) not shared evenly among the people. [1]

6.3.2 Perspective 2: Poverty as basic needs/capability deprivations.

Expanding on the concept of poverty from a lack of financial and material assets, respondents also highlighted the multiple social facets of poverty, including basic needs/capability deprivations (i.e., lack of education and health). According to respondent 7:

Most people refer to poverty as the lack of materials, but poverty is also lack of knowledge, skills and relationships. The poor are those who lack opportunities such as education, employment, wage, access to healthcare etc. [7]

Respondents also referred to extended versions of ‘absolute poverty’, which included a range of indicators that go well beyond the income poverty line. This perspective is closely associated with the literature that focuses on the fulfilment of basic needs and attempts to construct an eradicable level of absolute poverty (such as the MDGs) (Jamieson & Nadkarni, 2009). For instance, respondent 10 said:

I think it's about how do we get rid of absolute poverty? How do we make sure that no one has to go to bed hungry, no one has to fear about his or her survival or the family’s survival. Everybody has the possibility to go to school. Everybody has the possibility to vote. I think the political elements like the participation, I would consider that to be a part of the extended definition of poverty like the access to political participation. Everybody has a say and everybody has a stake. (In terms of) health aspect, everybody who is living has access to health facilities. [10]

In addition, respondents 5 and 10 voiced a perspective that echoed Amartya Sen’s (1999) capability approach to poverty alleviation. These two respondents said:

I guess it is more towards like an Amartya Sen type of idea...for me that will be a world with no poverty, where every human is living to the maximum human potential doing what they’re passionate about at that moment. [5]
I'm very fascinated by this kind of lack of opportunities and lack of freedom approach like the Amartya Sen kind of thinking and the way we talk about capabilities. [10]

Moreover, according to respondent 2 who also viewed poverty as a lack of capability, the aim of poverty alleviation should be to expand human freedom to enable everyone to reach their ‘fullest potential’ [2]. However, ‘potential indicators’ can be very diverse as noted by respondent 2:

Potential can be measured in many different ways; it can be measured economically, it can be measured in terms of happiness, it can be measured in terms of art, artistic contribution. I think potential is not a linear thing. [2]

6.3.3 Perspective 3: Poverty as structural issues.

Three respondents (5, 6 and 7) perceived poverty from a structural perspective. They each provided in-depth explanations pertaining to the uneven power relations in current global-local systems which they believed, are creating and perpetuating global poverty conditions. For instance, respondent 6 focused on the exclusion of local input in poverty knowledge production and reflected on her experience after two years of working in the local community. She acknowledged that the local people here ‘speak very differently about poverty’ and explained:

In Spanish, the translation for the way people would say poor is 'low resourced', which I think is interesting and very enlightening, because people recognize that they may not have a lot of cash, but they have a lot of other resources, you know. And so they have mangoes that they can pick off the tree, and they have the sunshine and they have a really high quality of life in many ways, compared to the way that we might live in Canada where it’s freezing all the time. [6]

Respondents 5 and 6 viewed the exclusion of local perspectives and the frequent imposition of Western values in global development as a major part of the global poverty issue. They stated:

What I think is the problem is that we are normally coming up with this wide solution of what we think people really need and want. [5]
I think part of the challenges are the way in which I would suggest that their lives be improved, are not on the same line or are not in line with the goals that they have. [6]

Respondent 7 however, focused more on the existing global system, where poverty was seen as a by-product of current global market structures and the development orthodoxy. According to respondent 7:

Globalization and domination of corporations is taking over the market nationally and internationally, providing very limited access and opportunities. The aid/development orthodoxy reinforces and perpetuates poverty conditions through imposing a poverty mindset and dependency in the aid receiving countries. [7]

Poverty alleviation from this perspective therefore, involves prioritising local perspectives and empowering the local communities to develop solutions for their own problems. Respondent 5 maintained:

You have all the theories behind it...But I think most importantly, what needs to be done, is to find very local solutions to whatever the people really want. [5]

While respondent 7 said:

Communities have the ability to find and innovate solutions to their own problems on their own...One wise sentence was once mentioned to me by a young man from Gaza, Palestine: ‘We have to be allowed to remove thorns in our hands on our own’. Only one can help themselves to remove those painful thorns, any external help will either cause a deeper wound or operate in the wrong area. [7]

Overall, the results revealed that global MFT respondents’ key assumptions of poverty are indicative of the major perspectives pertaining to poverty and poverty alleviation that were identified in chapter two (i.e., income-based, capability-based and structural-based approaches, (see Chakrabarti & Cullenberg, 2005; Dini & Lippit, 2009)). It is also important to note that respondents’ definitions of poverty were often not confined to one specific poverty approach but rather, they contained integrated elements that spanned income-based, capability-based and/or structural-based approaches. Respondent 2 observed:

I think that our notions of what poverty and wealth are, are going to go through continuous transformations in our lifetime. And that's a result of monumental
changes in economics, technology and policy that's affecting every corner of the world. So it's very difficult to say what a world would look like without poverty especially when we don't even know how we would necessarily define poverty itself. [2]

An amalgamated approach like this is not surprising given that poverty and poverty alleviation are both highly complex, interrelated and continuously evolving concepts.

6.4 Microfinance Tourism Key Goals

Diverse perspectives on poverty facilitate the development of diverse goals (see Figure 6.3) and associated expectations of the role MFT can play in poverty alleviation.

MFT Key Goals

1. **To improve microfinance clients’ lives**

2. **To increase access to microfinance**

3. **To foster compassionate active tourists**

4. **To provide a socially responsible development-tourism alternative**

![Figure 6.3. Global microfinance tourism key goals](image)

6.4.1 Goal 1: To improve microfinance clients’ lives.

MFT’s goal of improving microfinance clients’ lives was clearly articulated by numerous respondents, who said:
I want to enable the people in disadvantaged situations to have access to more choices and opportunities to develop themselves and create more income for their families. [8]

I think our program is set up to give our borrowers the power to take advantage of the idea and the skills that they already had... to be able to increase for their family their standard of living. [12]

It was possible to identify from respondent interviews, three major positive outcomes associated with improvements to the lives of microfinance clients: (1) increased income, (2) personal development and (3) increased standard of living. These three outcomes are also identified in the microfinance literature and are supported by a vast array of empirical evidence on microfinance’s positive impacts on the clients’ lives. For example, there have been various studies in developing countries (e.g., India, Indonesia, Zimbabwe, Bangladesh, Uganda) which established the positive link between the provision of micro-credit and the client’s increased income (e.g., Imai, Arun & Annim 2010; Littlefield et al., 2003; Morduch & Haley, 2002; Wright 2000). In addition, MFIs that provided additional training and education were found to help improve their clients’ capabilities in many areas, including financial literacy, skill development and business knowledge (Robinson, 2001; Karlan & Valdivia, 2011). Moreover, microfinance impacts often go beyond the individual level to help increase the standard of living of participating households. For instance, improvements in access to basic needs at the household level include:

- increased consumption expenditure on food, clothing and family assets (Ghalib, Malki & Imai, 2014; Mazumder & Lu 2015; Khandker, 2005);
- better nutrition and healthcare access compared to non-clients (Deloach & Lamanna, 2011; Leatherman & Dunford, 2010; Mazumder & Lu 2015); and
- improved education of the clients’ children (Chowdhury & Bhuiya, 2004; Mknelly & Dunford, 1998; McIntosh, Villaran & Wydick, 2011).

Arguably then, ‘poverty alleviation’, as perceived by respondents in this MFT goal, aligns with both the income-based approach and capability-based approach, where respondents seek to improve microfinance clients’ income, capabilities and their households’ access to basic needs. Cabraal, Russell and Singh (2006) also identified financial services provided by microfinance as a principal means by which people living in poverty can improve capabilities to gain greater freedom in their life choices. For
instance, respondent 10’s response resonated with Amartya Sen’s capability approach when he/she said, ‘in the end it's the lack of opportunities and once you give them an opportunity [through MFT], it's amazing what people can do once given a certain chance’ [10].

### 6.4.2 Goal 2: To increase access to microfinance.

Beyond the direct impacts on individuals, MFT also seeks to better fulfil microfinance’s social mission, which is to ensure people living in poverty will have access to financial services. Respondent 5 (and others) maintained:

*Of course, the long-term vision should have to do with making more accessible financial markets for people that have not even been able to reach microfinance through current MFIs.* [5]

Additionally, respondent 12 stated:

*I think one of the policy and structural changes that we need across the board in places like Mexico and the US and everywhere where people live in poverty is...across the board, better access to financial services that we all take for granted.* [12]

The views of MFT respondents echoed Dr. Yunus, who maintained ‘everybody is entitled to financial services, access to credit is a human right’ (Yunus cited in Wade, 2014, p.1). Goal 2 thus relates to the rights-based (i.e., structural-based) approach to poverty alleviation (Shaffer, 2008), where a lack of financial access signals a ‘gross injustice’ in the current system that MFT seeks to correct:

*I mean through the system, we make it so much harder for people that are not born into having access, to get any traction... And so, it's not even like, it's not like we are changing lives. It's like we are correcting a gross injustice, so that people can change their own life, and have access to something that they should've had access to from the beginning, so they can do the stuff that everyone else takes for granted.* [12]
6.4.3 Goal 3: To foster compassionate active tourists.

A key goal for MFT that many respondents shared is to foster tourists’ compassion towards people living in poverty, as well as encourage them to take further action to address the issues of local and global poverty, as articulated by respondents 1 and 4:

*What you want to achieve through this MFT is that you want people to gain appreciation that, ‘Okay, there is this problem’ and then they realise that, ‘Hey, I think I can do something to help out as well’. [1]*

*I feel that the most important thing with any non-profit initiative, any vision for the future for me, is compassion - people having compassion for each other; people coming from a place of understanding and mutual respect. [4]*

This goal reflects the literature on tourism’s role in fostering global citizenship (GC), which can be defined as ‘informed compassion in action’, and where tourists are no longer seen as merely global consumers, but rather, global citizens who have the capacity to take compassionate actions for global justice (e.g., Matthews, 2008; Novelli et al., 2016; Phi et al., 2013; Scheyvens, 2012; Wearing, 2001; Wrelton, 2006). Depending on their perceptions of poverty, MFT respondents sought to foster a range of ‘thin’ GC to ‘thick’ GC actions (Phi et al., 2017; Tiessen & Huish, 2014) or thick and thin GC.

**Thin GC actions**: Cameron (2014, p. 31) termed the notion of ‘thin’ GC. It is closely linked to the ancient Greek ideology of cosmopolitanism, which argued that all human beings belong to a single community based on a shared morality. A ‘thin’ cosmopolitan citizenship would signal each individual’s moral responsibilities to assist other human beings regardless of their nation-states, because it is the ‘right’ thing to do (Nussbaum, 2002).

Several respondents’ perspectives reflected the notion of thin GC. For instance, respondents 3 and 10 articulated a depoliticised perception of poverty alleviation where poverty was regarded as ‘the lack of assets and material resources’ [3], or the lack of basic needs/capabilities such as ‘education, food, and access to healthcare’ [10]. In this instance, MFT should encourage tourists to provide direct assistance to poor populations through donations or labour transfers. For instance:

*Like if they go back to their countries they may talk about it, they may be inspired to do something for the local charity there. In their communities they may be*
Thick GC actions: While ‘thin’ GC focuses on compassion and moral duties, ‘thick’ GC embraces the notion of politics, where each individual is seen as having political responsibilities to address global injustice and create a more equal ground for all human beings to define their own development (Andreotti, 2014). One of the key goals for GC education under ‘thick’ cosmopolitan citizenship therefore, is to create a new form of a global political community that is more inclusive of diverse discourses and voices (Linklater, 2006). Importantly, Dobson (2006) noted that a ‘privileged’ population who possess power to travel extensively, currently occupy the global space. Therefore there is a need to communicate to these ‘privileged’ tourists that their primary obligations are not only to assist people living in poverty, but also to work for the reform of unjust global institutions (e.g., World Trade Organisation, International Monetary Fund) and harmful development practices (e.g., top-down approaches that ignore local needs) (Cameron, 2014). In MFT, respondent 2 expressed similar goals for building a global political community and for fostering tourists’ activism through MFT:

I think what we're doing is we're building a constituency of people who care a lot about the cause of poverty alleviation and are actively involved in the community that they visit, but also more broadly we want them to become a sort of community of people around the world who engage with these issues on a much higher policy level. [2]

Respondent 2’s vision aligns with a structural-based approach to poverty alleviation (Dini & Lippit, 2009; Yapa, 2002), which claims that poverty is not the sole problem of ‘the poor population’, nor does it solely reside within a specific impoverished area; rather, the structural-based approach sees poverty as rooted in complex local-global systems that require actions that go beyond simple philanthropy (e.g., political activism).

6.4.4 Goal 4: To provide a socially responsible development-tourism alternative.

MFT respondents sought to develop MFT into a global, socially responsible tourism form, which serves as an alternative option to other tourism forms that deliver few
benefits to local people living in poverty or in some cases, exploit them for profit. Respondent 2 defined ‘socially responsible’ as incorporating two main elements:

(1) ‘Providing a way for travellers to visit, but also actively engage and connect with local communities when they travel’, and

(2) ‘Allowing tourists to be invited into the community with a clear purpose...to contribute in some way that allows the community to sort of invite people in’ [2]

Most of the respondents held a negative view of tourism in general as an ‘extracting type of industry’ [5], operating mainly for the benefit of the more well-off populations. Respondent 4 for example, expressed concerns that:

*Often times, tourism resources are not actually channelled into the impoverished communities in the places that are being visited... There is so much money that is going into tourism in these places and most often it is through big resorts, it's an outside company coming in. And you see this disparity between, you know, there's an enormous amount of money and the communities next door that aren't seeing those benefits.* [4]

This view largely reflects (neo)-liberal approaches in tourism development, which mostly serve to satisfy the needs of tourists and the tourism industry while overlooking the needs and values of the host communities (Krippendorf 1987; Saarinen & Manwa, 2008; Scheyvens, 2012). In addition, some MFT respondents also referred to MFT as being capable of replacing exploitative slum tourism, which ‘was more like Zoo Tours where they take tourists in a bus to see people in the Favela, leave no social impact and just go observe, which I think is tourism taken to the worst level’ [5]. Goal 4 thus reflects the reformist perspective (Nustad, 2001; Peet & Hartwick, 2009) in a structural-based approach to poverty alleviation. In this case, MFT seeks to facilitate change around the operations of slum tourism and other forms of tourism operating in impoverished areas (i.e., development-tourism) from ‘voyeuristic’ tendencies towards a more ‘socially responsible’ approach.

Overall, global MFT respondents possessed diverse understandings and assumptions of poverty and poverty alleviation in developing countries. Their perspectives were largely indicative of the three major approaches to understanding poverty and poverty alleviation identified in chapter Two (i.e., income-based, capability-based and structural-based approaches). Influenced by these diverse perspectives, MFT
respondents facilitated the development of MFT to not only help people living in poverty to increase income/assets, develop personal capabilities and better meet basic needs, but also to influence the institutional structures that prevent them from gaining access to financial systems. Furthermore, MFT respondents also sought to involve the non-poor as part of the broader solutions for poverty issues. MFT encourages tourists (mostly from developed countries) to provide direct assistance to people living in poverty through monetary/labour transfer or participation in political activism to influence the broader structures that perpetuate/maintain global poverty. Tourism providers (especially those operating in impoverished communities) can also adopt MFT or its proposed principles to avoid ‘voyeuristic’ tendencies and deliver ‘socially responsible’ tourism operations. These intentions are reflected in four key goals for MFT, which reveal a microfinance pathway (i.e., ‘To improve microfinance clients’ lives’ & ‘To increase access to microfinance’) and/or a tourism pathway (i.e., ‘To foster compassionate active tourists’, and ‘To provide a socially responsible development-tourism alternative’) to poverty alleviation. The next section presents respondents’ perceptions of key elements (i.e., unique features/ characteristics) of MFT, which serve as a bridge to uncover MFT’s diverse approaches that contribute to achieve these MFT goals.

### 6.5 Microfinance Tourism Key Elements

Results of analysis revealed that MFT is made up of six key elements (see Figure 6.4).
6.5.1 Element 1: Creating personal connections.

Creating personal connections is an element that focuses on the personal connections created between the microfinance clients and two other primary stakeholders of MFT: (1) the microfinance tourists and (2) the MFT staff.

1. Personal connections between tourists and people living in poverty: MFT is seen as the catalyst in creating the ‘personal connections’ between tourists and people living in poverty (i.e., microfinance clients). Personal connections become incredibly important when ‘two groups of people which are normally like worlds apart, not only geographically but also in terms of their income; in terms of their
education; in terms of their background’ are brought together in the ‘first encounter’ in MFT [10]

(2) Personal connections between MFT staff and people living in poverty: MFT facilitates connections between the staff of the MFT organisation and the microfinance clients. MFT has the capacity to create an ‘embedded experience’ for the MFT staff to personally ‘be there’ through the tour, have ‘close contact’ with the microfinance clients and ‘see how their lives are being changed’ [5].

6.5.2 Element 2: Changing mindsets.
MFT is seen as fostering changes in the mindsets of the two direct MFT participants.

(1) Changing mindsets of tourists: The focus on showcasing the poor micro-entrepreneurs’ strengths to tourists (i.e., showing ‘hardworking, committed, agents of their own change’ [12]) were viewed as crucial in ‘raising awareness’ [10] and shifting tourists’ mindsets about poverty, ‘not just in this part of the world, but the way that they think about poverty, that they think about people who have less than them across the board’ [12]

(2) Changing mindsets of people living in poverty: Respondents focused on MFT’s positioning of people living in poverty, not as merely beneficiaries or helpless victims, but as ‘co-participants’ where ‘the micro entrepreneurs are included in the solution and in the sustainability model of the tour’ [5]. This position helps to ‘create a very different type of mentality’, which changes people living with a poverty mindset and enables them to be ‘more responsible’ and to ‘participate actively in the program’ [8].

6.5.3 Element 3: Nature of host-guest encounter.
This element centres on the nature of the host-guest encounter in MFT, which respondents perceived to be very different from both ‘mass tourism’ and ‘slum tourism’.

(1) Non-voyeuristic: In direct contrast to slum tourism, respondents stressed the importance of delivering a tourism experience that is ‘non-voyeuristic’. Instead, MFT facilitates the engagement of tourists with the local poor/local community in ‘an “I’m here to learn” kind of way’, that is ‘respectful’ and ‘beneficial to everybody’. [12]
(2) **Non-commercial**: MFT respondents remarked on the ‘non-commercial’ nature of MFT, where local people directly involve in MFT ‘not for commercial profit’ but mainly to raise funds to support local microfinance activities [3]. Respondent 10 elaborated on the very limited exposure of each micro-entrepreneur to tourists, which meant the person was more likely to perceive visitors ‘as guests, not as tourists’.

(3) **Minimise ‘give and take’ dynamic**: MFT minimises a ‘give and take dynamic’ between the tourists and people living in poverty. This is achieved firstly through the microfinance aspect, which eliminates the traditional charitable transaction of one party directly ‘giving, handing the money’ to the other party [5]; and secondly, through striving to deliver a quality tourism experience ‘that’s worth the price that they [tourists] pay’, in separation from the ‘good cause’ of poverty alleviation [8].

(4) **Deep interactions**: In MFT, interactions between host and guests are also seen as taking place on a much deeper level than what occurs in mainstream tourism. That is, tourists are ‘invited into a local home or kitchen’ [9] and have personal conversations, ‘going back and forth’ with the hosts [10].

6.5.4 Element 4: Channelling tourism profits via microfinance.

Respondents highlighted the advantages of utilising microfinance as a conduit to channel tourism profit for poverty alleviation.

1. **Tourism profit distribution**: Respondents emphasized the stark contrast between the distributions of economic benefits in traditional tourism versus those in MFT. The former is thought to mostly benefit the ‘already relatively well-off’ and ‘does not really trickle down to those people at the bottom of the social pyramid’, whilst the latter channels tourism profit ‘directly as a form of loan to people who need it the most’ through local microfinance activities [1].

2. **Tourism profit as a sustainable form of funding**: ‘Tourism profit as a sustainable form of funding’ is unanimously mentioned by all respondents as an important element of MFT. For instance, respondents 3 and 7 stressed the freedom of
‘having sustainable funding, instead of depending on external contributions’ [3] through ‘a self-funding model of work that allowed us to be independent’ [7].

### 6.5.5 Element 5: Educating tourists of microfinance.

Respondents highlighted MFT’s ‘educational element’ [4] as it exposes tourists to ‘the power of microfinance’ [11] as one of the solutions to poverty and educates them about how people living in poverty can access resources.

### 6.5.6 Element 6: Additional organisation support.

Respondents also identified various types of additional support that the MFT organisation provides to both microfinance clients and microfinance tourists, beyond the core services such as the micro-credit or the microfinance tour. The additional support generally covers four main areas: (1) training and education, (2) monitoring and feedback, (3) pre-tour orientation and (4) post-tour support.

1. **Training and education (microfinance clients):** Respondents 3, 4 and 10 spoke of various types of training and education that take place as part of the MFT program. For example, ‘accounting training and agricultural training’ [10], or ‘educational programs, things like financial literacy training and English classes’ [4].

2. **Monitoring and feedback (microfinance clients):** Respondents also believed that ‘intensive monitoring’ [7] of microfinance clients is important to ensure they receive ‘appropriate advice at the right time’ [1] to successfully use the loans for income-generating activities.

3. **Pre-tour orientation (microfinance tourists):** Respondents highlighted the role of ‘orientation before going to the town’ [12] in ‘managing tourists’ expectations’ and setting ground rules for ‘what tourists can and cannot do once in the village’ [10]

4. **Post-tour support (microfinance tourists):** Respondents emphasized the MFT providers’ provision of different avenues for tourists to maintain connections with other tourists as well as the local communities they visit, and take actions to
support poverty alleviation after the tour. This could be done through sending tourists the ‘individual update’ of borrower conditions [10] and setting up the ‘tour alumni’ [12] or the ‘online global platform’ [2].

Thus it becomes evident that even though MFT respondents sought to alleviate poverty by taking a microfinance pathway and/or a tourism pathway, they did not perceive microfinance and tourism as two separate aspects of an MFT program. Rather, microfinance and tourism activities are interwoven in numerous ways to create six elements that are unique to MFT.

### 6.6 Microfinance Tourism Key Approaches

The above MFT key elements underpin the diverse MFT approaches which enable MFT to achieve its key poverty alleviation goals (see Figure 6.5).

![Figure 6.5. Global microfinance tourism key approaches](image)

#### 6.6.1 Personal empowerment approach.

Respondents articulated their thoughts on approach(es) that would enable MFT to improve microfinance clients’ lives. Results were indicative of the literature on individual empowerment (Kieffer, 1984), which was expressed by respondents as
‘enabling’, ‘giving micro-entrepreneurs power’ to ‘improve their life through their own efforts’ and to ‘lift themselves up out of poverty’. For example, MFT could facilitate a process of personal empowerment that would lead microfinance clients to take effective actions to improve their lives. Theories which seek to shed light on personal empowerment processes were first developed by Kieffer (1984) and further extended by Whitmore (1988), Lord (1991) and Lord and Hutchison (2009). The major empirical studies of these authors identified various elements that contributed to personal empowerment processes, three of which were found in the results from the data analysis of MFT at the global level: self-motivation, personal support, and self-efficacy. Figure 6.6 depicts the links between the various MFT elements and self-motivation, personal support and self-efficacy that contribute to the personal empowerment process of MFT’s microfinance clients.

**Figure 6.6. Microfinance tourism personal empowerment approach**

Self-motivation is often defined not in terms of egoism, but rather as a person’s self-participation and self-control to persevere when it comes to the pursuit of personal goals (Lord & Hutchison, 2009). In MFT, respondents believed that decades of the traditional aid/charity-based approach to poverty alleviation have created a mindset of victim and dependency in many people living in poverty, as ‘*they give people things and don’t*
require them to do anything’ [8]. This in turn, leads them to lose self-motivation and to rely frequently on donations for short-term consumption. Therefore MFT’s Element 2 (i.e., Changing mindsets of people living in poverty) is seen as the starting point to build or re-build a sense of self-motivation to improve one’s life. For example, when micro-credit is given out in MFT, it is not simply a transfer of capital, but represents a shift in mindset, where the microfinance clients realise or acknowledge that to varying degrees, they do have responsibility for changing their own lives:

*We bring them the motivation as we do not give out charity or aid packages, but rather in the form of loans. Our interest rate is very low, but still enough to make people be a little more responsible. In other words, they must put in efforts to receive the help, as they still have to pay certain costs. [8]*

Personal support refers to the various types of support that the individual receives from others and includes (1) moral support, (2) practical support and (3) mentoring. Whilst internal elements such as self-motivation are often seen as a catalyst to the empowerment process, external elements such as personal support are seen as being extremely useful in expanding personal empowerment (including furthering self-motivation) (Lord & Hutchison, 2009). In MFT, personal support was also perceived by respondents as being vital for people living in poverty to improve their lives through the microfinance program.

(1) *Moral support* is evident in MFT’s Element 1 (i.e., Creating personal connections) where MFT works as an instrument to create personal connections between microfinance clients and MFT staff as well as microfinance tourists. Despite being largely overlooked in the microfinance literature, the few studies that exist suggested personal connections and other forms of social capital (e.g., trust) play an important role in increasing the amount of moral support that the microfinance client receives (see e.g., Van Bastelaer, 2002; Mosley & Steel, 2004; Woolcock & Narayan, 2000). Arguably, this is also applied to MFT, when personal connections often compel MFT staff to go beyond their job description to interact with their clients as ‘a friend’. According to respondent 5, ‘*the main thing is your clients are these women. You need to really be with them, not in a company way but in a ‘friend’ way* [5]. Similarly, respondent 4 stated ‘*I think for me, what was the take-away, was that we were able to form relationships with several of our clients and support them*’.
In terms of personal connections with tourists, respondent 4 recalled the overwhelming moral support that her microfinance clients receive from tourists all over the world when they make a specific effort to personally visit and support the efforts of MFT clients. She said:

*I think [that] for especially our female clients, it was very empowering to have tourists come visit what they did not even consider was a business. You know, for a woman who, for example, sells tamales to her neighbours and didn't think of herself as a businesswoman, but to have a large group of tourists from all over the world to come and be interested in what you're doing. I felt like I witnessed the empowering nature of that firsthand.* [4]

(2) **Practical support** involves practical, tangible assistance that individuals might receive from others, in this case, the MFT organisations, their staff and also tourists. Importantly, this support empowers them to improve their conditions. MFT respondents identified two main types of practical support that their microfinance clients are given access to: micro-credit and education/training. Micro-credit or more precisely, ‘cheap’ micro-credit, is delivered via Element 4.1 (i.e., Channelling tourism profit via microfinance: Tourism profit distribution), where revenue from tourism activities enables the MFT organisation to lower the interest rate to *nearly zero or zero* [10]. Additionally, education and training in market skills/knowledge are provided through Element 6.1 (i.e., Additional organisation support: Education and training). Perhaps the statement by respondent 12 best sums up the importance of such practical support:

*A sort of starting assumptions that we have for a lot of microfinance, for the way that we approach microfinance, is that they [the borrowers] are smart, they have great ideas and they know what they need, and the problem that gets in their way is that they can't get access to capitals. In some cases, it's also access to education and access to some of the tools that other people take for granted, right? That's where the education program that we have come in. So I think our program is set up to give our borrowers the power to take advantage of the idea and the skills that they already had.* [12]

(3) **Mentoring** is considered an important type of personal support as it involves both moral support and practical support, both of which are relevant to each
individual’s capabilities, conditions and his/her particular set of issues/challenges (Kieffer, 1984; Lord & Hutchison, 2009). In MFT, Element 6.1 (i.e., Additional organisation support: Monitoring and feedback) resembles a mentoring process which takes place in ‘follow-up visits, like you would visit the borrower and check how she was doing and if there were any questions they were having’ [10]. MFT staff in this instance, take up the position of mentors, give out personal advice to microfinance clients on ‘the best options to invest’ [1] or deal with ‘issues that arise during the implementation process’ [9].

Self-efficacy: Beyond the practical values, these three types of personal support are also tightly linked to the self-efficacy development (i.e., people’s perceptions of their capabilities to achieve desired outcomes through their own efforts, see Bandura, 1989) of people living in poverty. The experience of poverty has been found to negatively affect individual self-efficacy and thus contributes to people spiralling deeper into the poverty trap (Callander & Schofield, 2016). In addition, the conventional top-down approach to poverty alleviation, which positions people living in poverty as ‘inferior’ or ‘victim’, is also seen by respondents to further reinforce a lack of self-efficacy:

_They [local communities] have the wisdom and the ability to look after and nurture their assets. When this ability is taken away from them and they are convinced that they are inferior to other Western nations, and that the knowledge and practices they have are obsolete, a sense of marginalisation grows and communities feel less able and less hopeful of being able to measure-up. [7]_

Thus, the personal support and self-motivation that is facilitated by MFT can help people living in poverty to recognise and build upon their existing strengths and capabilities. Financial capital (e.g., micro-credit) and education are seen as ‘symbol[s] of power’ (Yunus, cited in Khan 2012, p.54) and the ability of people living in poverty to access these resources, is an important aspect in further developing their self-efficacy to improve their lives.

Overall, MFT’s focus on personal empowerment of people living in poverty is unsurprising, given that it integrates microfinance, which is a prime example of SE. Santos (2012) suggested that the empowerment of targeted population(s) for change is central in SE, and allows SE models (such as microfinance and MFT) to address large-
scale social issues in a sustainable manner. This personal empowerment process encourages the targeted populations to tap into their existing strengths and assets, reduce their dependencies on the supporting organisation and increase their ability ‘to contribute to the solution and to their own welfare’ (Santos, 2012, p.37).

Although MFT respondents employ many arguments from the microfinance literature, two key differences exist between MFT and mainstream microfinance. First, while MFT respondents view mentoring as being equally important to education and training support, the role of mentoring in ensuring the success of individual clients is almost absent in the microfinance literature. Mosley and Steel (2004) appear to be the only researchers to have explored the combination of mentoring-education in microfinance practices. The emphasis on mentoring and moral support by MFT respondents indicates a further step in developing the internal strengths of people living in poverty, compared to traditional microfinance that only focuses on tangible practical support. These are extremely important internal elements which govern actions for change; and MFT, therefore, resembles the ‘microfinance plus’ approach, which seeks to deliver a mix of financial and non-financial support to achieve social goals (Khan, 2012).

Second, social capital is shown in the results as being leveraged in a different and arguably, more positive manner than mainstream microfinance. On the one hand, social capital is viewed as an existing asset of people living in poverty, often utilised by MFIs as social collateral (in replacement of material collateral) to reduce loan default through social pressure in group-based lending (Hadi & Kamaluddin, 2015). MFT respondents, on the other hand, focus on individual-lending and the fostering of new social capital between people living in poverty, tourists and MFT staff, in order to maximise the level of personal support each microfinance client will receive. This also adds a sense of obligation and responsibility arising out of the personal relationships that exist in the individual-level lending.

### 6.6.1.1 Challenges of Microfinance Tourism personal empowerment approach

MFT respondents in this study focused only on the provision of micro-credit for income-generating activities and did not mention micro-saving or micro-insurance (the other two key financial services situated under the umbrella of microfinance) as part of
the practical support for their clients. Critics have pointed out that a sole focus on micro-credit fails to acknowledge the high level of vulnerability of people living in poverty (Chambers, 2013; Morris & Barnes 2005; Philip & Rayan, 2004). Microfinance clients who engage in subsistent investments often face high risks in their daily operations (e.g., volatile climatic and market conditions), whilst lacking the means to cope with and recover from shocks (e.g., diseases, accidents, fire) (Karnani, 2007; Pollin, 2007). Disempowerment can occur when people living in poverty are unable to pay off their loans on time, or when any improvements previously achieved through micro-credit get wiped out from sudden shocks (Kah et al., 2005).

**Recommended actions:** Micro-saving and micro-insurance should be provided as part of MFT to enhance the impacts of personal empowerment on people living in poverty, whilst reducing the risks of disempowerment. Thus, the need for a safety net for people living in poverty, is heightened and micro-insurance is considered an effective means of mitigating risks and protecting them against unexpected losses in cases of illness, theft, fire and other hazards (Ahuja & Jutting, 2003; Balkenhol & Churchill, 2002; Werner, 2009). In addition, by encouraging clients to participate in appropriate micro-saving schemes, microfinance can assist people living in poverty to build up their cash savings to smooth out unexpected expenditures and broaden their asset bases to better cope with shocks (Ledgerwood, 1999; Littlefield et al., 2003).

**6.6.2 Cross-subsidy financing approach.**

MFT respondents believed that an MFT cross-subsidy financing approach would enable MFT to increase access to microfinance (Figure 6.7).
As shown in Figure 6.7, the goal of increasing access to microfinance involves: (1) expanding its outreach (i.e., serving more people living in poverty) and (2) expanding its depth (i.e., serving ‘the poorest of the poor’). The issue of outreach often requires the attraction of additional capital to meet the vast demand of people living in poverty (Khan, 2012). The issue of depth is more complex and often attributed to the challenges of balancing the dual missions of SE in microfinance: (1) a social mission (i.e., the provision of financial services for people living in poverty to improve their lives) and (2) a financial mission (i.e., reaching financial sustainability) (Rhyne, 1998). In other words, it is hard for MFIs to reach people who live in extreme poverty (i.e., ‘the poorest of the poor’) on a financially sustainable basis, as these people have a greater need for very micro and flexible financial services (e.g., small amounts per transaction). This incurs higher transaction costs for MFIs, whilst these clients have a very limited ability to pay market interest rates that are sufficient to cover the costs of serving them (Stuart, 2007). Unsurprisingly, a global survey in 2001 reported that only 37% of MFIs that worked with ‘low-end’ borrowers reached financial sustainability (MicroBanking Bulletin, 2001).

Since the beginning of the microfinance movement, MFIs have mostly relied on donor subsidies to increase outreach and depth, including financing the initial loans and
covering the financial gap where below market rates were charged (Dutta, 2014; Yunus, 1994). By 2005, the microfinance sector had attracted an estimated US$ 1 billion per year in subsidies from private and public donors (e.g., World Bank, USAid, Asian Development Bank - CGAP, 2005). The microfinance sector’s heavy dependence on donor funding has received much criticism, as MFIs who fall into this category are not social enterprises per se, but resemble the traditional charity/non-profit organisations (Wrenn, 2007). The majority of MFIs also face similar constraints to those of non-profit organisations, having to operate with limited, unsustainable funding from non-market sources and under constant pressure from donors (Hudon & Traca, 2011). The problem is heightened as international donors are gradually phasing out grants and subsidies after three decades, pushing MFIs further towards the path of favouring financial self-sufficiency over the initial social missions of poverty alleviation (Khan, 2012).

MFT respondents articulated an MFT cross-subsidy financing approach to deal with these issues, including:

- raising additional funds for microfinance, and
- subsidising below-market microfinance service rates.

**Raise additional funds for microfinance:** Element 4 (i.e., Channelling tourism profit via microfinance) highlights the integration of additional capital from private tourism markets. Respondents believed this capital is more abundant and sustainable, compared to the non-market capital traditionally sought by MFIs. The cross-subsidy financing approach of setting up a tourism operation to generate additional revenue streams and diverting funds from tourism into microfinance activities, closely reflects the key principles of SE, which utilises a market-based approach to achieve social goals (Smith & Nemetz, 2009; Volkmann et al., 2012; Zahra et al., 2009). In this case, MFT respondents suggested that MFT’s social goal of increasing peoples’ access to microfinance could be supported by a tourism, market-based approach, where MFT organisations are seen as true social enterprises which operate independently of donors’ funding/influence:

*The unique point about this program is that it uses a sustainable form of funding rather than relying on donors who specify how the funds will be used... Sometimes these guidelines may end up harming instead of helping the poor.* [1]
Many poverty alleviation solutions are just based on trying to solve just one factor, and here we are trying to be sustainable in the sense that it is done through a social enterprise. [5]

Subsidy below-market microfinance service rates: While the traditional microfinance sector also proposes its own self-funding model (Fotabong & Kedju, 2005), respondents believed that sources of funding besides donor subsidy were ‘primarily from interest of the loans [9]’, which come at the cost of charging poor people very high interest rates. In contrast, MFT uses tourism revenue to cover the organisation’s operational costs, including cross-subsidising the gap in interest rates for their microfinance clients. MFT’s cross-subsidy financing approach therefore effectively resolves the interest rate dilemma and enables MFT organisations to ‘get to borrowers that otherwise could not get afford to pay interest rates of the microfinance’ [12]. Respondent 10 clearly articulated this sense of expanded freedom when comparing the financing of MFT to that of traditional microfinance:

With our model of financing our operations with the tourism income, we are actually able to reach a group among the poor that other MFIs that rely entirely on the interest rates cannot reach. So for us, we rather picked the people who didn’t have a motorbike or who didn’t have a television set, because they don’t have any chance to be served by any MFI... So we had that freedom to go to the lowest, almost the lowest. [10]

Within SE literature, the cross-subsidy financing approach is often linked to the ‘bricolage’ theory (Domenico, Haugh & Tracey, 2010, p.684). The concept of ‘bricolage’ is adapted from the anthropologist Levi-Strauss’s (1962) famous aphorism of ‘making do with what is at hand’. A key dimension of bricolage in SE is ‘refusal to be constrained by resource limitations’, further defined as efforts to counteract existing or conventional limitations imposed by institutional structures to create social value (Domenico et al., 2010, p.689). ‘Bricolage’, in this case, usually takes the form of adapting/recombining existing elements for new purposes and innovation (Baker & Nelson, 2005; Sunley & Pinch, 2012). MFT for instance, leverages tourism resources that were previously unused or considered worthless by existing microfinance stakeholders. MFT thus challenges the existing financing structures of the microfinance sector and creates expanded structures that help to increase microfinance access, especially to the ‘poorer poor’.
6.6.2.1 Challenges of Microfinance Tourism cross-subsidy financing approach

MFT respondents’ assumption that tourism revenue could provide a sustainable source of funding for both the MFT organisations and the microfinance sector has been questioned in the tourism literature. McKercher (1993, p.10) for instance, reminded us that ‘most tourists are seeking an escape from their everyday existence’ and would not ‘want to be burdened with the concerns of the normal world’ (e.g., poverty). Similarly, Torres, King and Torres (2013) argued that the global market for responsible/ethical tourism had been significantly overestimated, largely driven by governments, NGOs and the tourism industry’s agenda instead of true consumer demand. In addition, Butler (1990, 1992) and de Kadt (1992) also raised concerns regarding the limited economic benefits of ‘small-scale’ alternative tourism. MFT’s scale would most likely be smaller than other forms of alternative tourism, as MFT expansion is not only subject to tourists’ demands, but is also limited by the availability and willingness of the local microfinance clients (i.e., people living in poverty) to participate as the hosts in the microfinance tours. Furthermore, as revenue from the microfinance tours is also used to cover various aspects of the tourism operations, the actual tourism profit that could be channelled into the microfinance sector would be even more limited. Other financing approaches besides revenue of microfinance tours therefore would be needed if MFT were to make visible positive impacts on access to microfinance for people living in poverty.

Recommended actions: Whilst most respondents in this research believed that existing MFIs only rely on donor funding or interest rates for survival, recent microfinance literature has shown that savings mobilisation is equally important in improving MFIs’ financial performance and outreach (e.g., Campion & White 2001; Davis, 2005; Kurgat, 2011; Quartey, 2008; Robinson, 2004). For instance, micro-savings provide a source of relatively cheap funds to finance other microfinance activities (e.g., micro-credit and training/education) and help to mediate the negative financial impacts of loan defaults (Kurgat, 2011). Another increasingly used approach to improve microfinance’s outreach and depth is cross-subsidisation between different groups of microfinance clients (Morduch, 1999). This type of cross-subsidisation often involves positive discrimination in pricing, where the slightly ‘better-off’ microfinance clients pay more for the same services. In addition, MFIs, including the Grameen Bank, started to experiment with
different types of services, with the hope of attracting and making profit through non-poor financial segments to provide specialised services for the poorer clients (Stuart, 2007). Given their importance and proven effectiveness, savings mobilisation and cross-subsidisation between microfinance clients should be adopted in MFT as complementary financing approaches to tourism revenue.

6.6.3 Experiential learning approach.

Advocates of tourism’s role in educating tourists of GC often refer to experiential learning as the key pedagogy (e.g., Brigham, 2011; Rennick & Desjardins, 2013; Tiessen & Huish, 2014). ‘Experiential learning’ is defined by Kolb (1984, p. 41) as ‘the process whereby knowledge is created through the transformation of experience’. Kolb placed special focus on personal experience as the key that gives ‘life, texture, and subjective personal meaning to abstract concepts’ (Kolb, 1984, p. 21). He also identified four main stages of an experiential learning cycle where *concrete experiences* are seen as the crucial first step for the learning process. *Reflective observations* on these experiences then give rise to *abstract conceptualisation* (i.e., new insight or modifications of existing concepts). *Active experiment* then follows, where learners set out to take actions based on the new insight developed (Kolb & Kolb, 1999). When discussing the approach(es) which enable MFT to achieve the goal of fostering compassionate active tourists, MFT respondents also presented viewpoints that are indicative of the experiential learning cycle. Figure 6.8 presents the necessary links between MFT elements and the MFT experiential learning approach to achieve the goal of fostering compassionate active tourists.
Stage 1: Concrete experience

*Personal encounter with people living in poverty:* In the poverty alleviation context, experiential learning emphasizes the importance of providing the non-poor with opportunities to engage in concrete experiences with poorer populations. Similarly, the respondents in this study identified Element 1.1 (i.e., Creating personal connections between tourists and people living in poverty) as being important in educating tourists. For example, respondent 12 viewed the microfinance tours as ‘*helping to put a human face to what poverty looks like*’. Respondent 10 also thought that it was tourists’ ability to ‘*actually visit the person and try to find out who they are*’ that distinguished MFT from the traditional microfinance, as well as many other poverty alleviation approaches.
that often had a ‘very big distance between the person who is providing the capital’ and ‘the person who's benefitting from it’ [10].

Microfinance as a ‘surprise’ setting for the tourism experiences: Many tourism and poverty alleviation programs tend to reinforce pity and stereotypes by exploiting ‘overwhelm(ing) images of poverty’, where tourists or donors are taken to see ‘a poor person with nothing’, ‘someone without slippers to walk on, or without food to eat’ [9]. In contrast, with MFT people living in poverty are not portrayed as ‘the needy other’ (Baptista, 2011, p.663). Element 2.1 (i.e., Changing mindsets of tourists) refers to the notion that microfinance tours help to showcase the strength, commitment and effort made by microfinance clients, as they continually work hard to improve their lives and to repay the capital they borrow. Thus, in an MFT setting, microfinance scenarios can act as a ‘surprise’ (Schon, 1983) and/or become a ‘disorienting dilemma’ for tourists (Mezirow, 1991). This in turn, can kick-start the tourists’ process of self-reflection on poverty and poverty alleviation. Respondent 12’s comment best summarises this idea:

There are a lot of people that just come with pity for people that have less than them, pity or sort of judgement on the negative end, or pity on a sort of positive end. They are like ‘I feel so sad for all these people’, and ‘how terrible’... I think what our program does that is different from other programs that tourists may do, is that they see that sort of strength of the people, of the borrowers. They see that they have ideas, they see that they are hardworking, they see that they are committed, and sort of (an) agent of their own change. [12]

Stage 2: Reflective observations

Reflective observations of people living in poverty: There is growing evidence that tourism experiences that take place in impoverished communities can give rise to tourists’ critical reflections on people living in poverty and poverty alleviation (Coghlan & Gooch, 2011; Scheyvens, 2012; Wearing, 2001). MFT respondents viewed reflective observations as taking place primarily during the tour. In particular, microfinance tourists were given space, not only to observe the ways of life and living environments of people living in poverty, but also to engage in personal dialogues with them. Respondent 10 explained:

We try to bring visitors and tourist to situations where, without us as an organization actually having to explain it, but with them realizing on their own just by talking to the borrowers, by hearing her questions, by asking her
questions, by seeing how she's living, by her describing that every day she gets up very early in the morning. So that the visitors by themselves would realize that actually poverty is not about laziness or stupidity. It's a lot about lack of opportunities and how this all fate out. [10]

Reflective observations of microfinance: Importantly, MFT does not only seek to challenge tourists’ assumptions about people living in poverty. Element 5 (i.e., Educate tourists of microfinance) also highlights MFT’s role in allowing tourists to observe and reflect on microfinance in action. Respondent 4 for example, stated that ‘There's an education element for the tourists that participate in the tours, who wouldn't otherwise have a chance to see... to experience the power of microfinance’.

Stage 3: Abstract conceptualisation

New insight into poverty: Overall, MFT respondents reported that the tourists’ reflections and dialogues, facilitated by microfinance tours, generally lead to the positive development of new insights. Respondent 10 for example, recalled notable changes in tourists’ awareness regarding poverty at the end of the tour:

We have cases where you could really see that people who came in with a certain mind-set in the morning, left with a different mind-set in the evening. I think that's very powerful and that's something which makes MFT so different from microfinance, and also which makes MFT different from classic tourism. Just this kind of combination of raising awareness [10]

New insight into microfinance as a means for poverty alleviation: In addition to challenging stereotypes of poverty, respondents also highlighted MFT’s capacity in developing tourists’ insights of microfinance as a means for poverty alleviation. Respondent 4 stated that:

It's not a primary commitment, but a secondary benefit of creating more of an understanding on the tourist part of what microfinance is, what the solutions look like, what the barriers are to access for women in particular who are living in poverty. [12]

This is facilitated through MFT Element 5 (i.e., ‘Educate tourists of microfinance) and Element 6.3 (i.e., Additional organisation support - Pre-tour orientation), where the tour
staff play a critical role in introducing tourists to the concept of microfinance through the ‘orientation’ that takes place in the office or in the van [6, 10, 12]. MFT respondents’ comments directly echoed the results of Nance’s (2013) survey of 88 microfinance tourists in Mexico, which reported that tourists’ understanding of microfinance increased 35% after participating in MFT.

Stage 4: Active experiment

*Poverty alleviation actions resulted from microfinance tour experience:* Staff from the MFT organisations cited many examples of tourists’ philanthropic actions following their participation in the tours. Schwittay (2014) believed that these actions were direct results of microfinance tourists gaining new insight and becoming socially and emotionally invested in the local borrowers they visited. In this research, a notable example was the creation of international businesses that helped to connect local producers with the outside market:

*Like tourists have come and just loved the weavers, loved the way they are doing things, and have set up ways to be able to connect the weavers to the outside market... A women set up her own company, and she is now working with a set of folks who used to be borrowers to make purses and rugs and other things. And she sells them at art fairs and craft fairs all across the US. She's giving them a ton of business, a ton of demand in a way that they didn't have before.* [12]

*Poverty alleviation actions fostered by MFT organisations’ post-tour support:* While many tourists’ actions take place independently of post-tour influence from the tour providers, Ballantyne and Packer (2013) suggested that tourists would be even more likely to act if they were given clear suggestions on a suitable course of action. Similarly, Nance (2013) suggested that MFT organisations could increase the financial contribution per tourist by offering them immediate opportunities to donate and/or ‘sponsor’ other local entrepreneurs. This trend is clearly reflected in Element 6.4 (i.e., Additional organisation support – Post-tour support) where all websites of MFT organisations have included options for tourists to continue their involvement through online donations. The community of microfinance tourists, known as the ‘tour alumni’ [12] are also called upon to participate in MFT organisations’ additional fundraising campaigns. Some MFT respondents also attempted to develop solidarity between
tourists and the local people by ‘sending guests once every few months a few photos or short video clips about the borrowers’ [9].

In addition to the common post-tour support from MFT organisations, respondent 2 also advocated for the development of an ‘online global platform’ which connects ‘individuals and organisations who care about poverty alleviation and MFT’. The provision of an online global platform emphasizes an MFT organisation’s attempt to build solidarity and dialogue among the tourists themselves, as well as between tourists and the broader civil society to collectively take action to address the root causes of global poverty. Through this platform, tourists, as ‘informed participants’ – ‘people in countries around the world who have seen and experienced, not just poverty, but more importantly techniques in poverty alleviation’, are encouraged to contribute their experience and ideas to a ‘global discussion around microfinance, poverty, sustainable tourism etc, which could lead into improved policy’ [2].

Arguably, the various forms of post-tour support undertaken by MFT organisations do not only ‘create a channel’ [2] for tourists to take actions, but also serve to expand and develop their insight into poverty and poverty alleviation, which was previously fostered during the microfinance tours. This type of support is important, as the cycle of experiential learning cannot be completed during a short tour period (such as a microfinance tour) (Ballantyne, Packer & Sutherland, 2011). Moreover, the provision of post-tour support for tourists addresses the iterative characteristic of the cycle of experiential learning, where active experiments can lead to new experiences, reflections and insight.

### 6.6.3.1 Challenges of Microfinance Tourism experiential learning approach

The experiential learning approach in tourism GC education has been subjected to increased scrutiny in recent years (Butcher & Smith, 2015). Critics have argued that current models of experiential learning in tourism only focus on promoting ‘thin’ GC values and actions, whilst neglecting a commitment to address root causes of poverty through ‘thick’ GC education (Tiessen & Huish, 2014). Heron (2011) believed that simply allowing tourists to self-reflect through direct tourism experiences would not be sufficient. Rather, in order to foster a more critical reflection process and build broader insight, tourism organisations should actively provide tourists with information pre, during and after the tour, that promotes linkages of ‘causal responsibility’ (Dobson,
In other words, tourists should be made aware of the causal chains that link their actions or non-actions with the conditions of people that they visit, who are living in poverty. The emphasis on causal responsibilities, duties and obligations is seen as a much stronger motivator for ‘thick’ GC actions (i.e., political activism) compared to only appealing to tourists’ compassion and sense of humanity (Dobson, 2006; Linklater, 2006).

The majority of MFT respondents however, did not explicitly mention any efforts during the tour to assist tourists in building linkages between their personal experience of local poverty and the broader global economic-political structures. Most MFT organisations’ post-tour suggestions also adopted a similar narrow focus on further donations to the MFT organisations or to other poverty alleviation projects. The prevalent focus of most MFT respondents on providing an MFT experience that fostered ‘thin’ GC is unsurprising, given that tourism is still predominantly a global industry that seeks to satisfy tourists’ demands. Respondent 4 acknowledged this broader tourism context and stated that ‘It's a tour, so it's meant to be an enjoyable experience, there's only so much information you can provide’. Respondent 9 noted that a ‘more gentle version’ would allow microfinance tours to appeal to ‘a wider audience’, including ‘those who are not self-identified as being socially conscious or being responsible’ [9]. This is important for MFT organisations’ financial sustainability and survival, as their key revenue comes from tourism activities to support the whole operation (including the microfinance activities that directly support local people living in poverty).

Arguably, without the integration of interventions to foster a higher level of critical reflection and broader dialogue from tourists (at least during the tour), MFT runs the high risk of sending out simplistic/reductive messages of poverty and development. While microfinance is promoted to tourists as a key solution to poverty, microfinance’s potential downsides and its dominant logic of alleviating poverty through integrating people living in poverty into the marketplace, could draw attention away from the deeper causes of poverty (Bateman & Chang, 2012; Schwittay, 2014). Tourists’ consumption of microfinance tours and/or their ensuing philanthropic actions therefore could still simply serve to make them ‘feel good about themselves’ or ‘feel like they're making a difference’ [6], instead of helping them to develop deeper insight into, and/or taking actions to, address poverty’s root causes (e.g. the system of privileges that allow
them to retain their ‘superior’ or ‘luckier’ positions to those of the people they visit (Sin, 2009).

**Recommended actions:** Values and recommended actions for ‘thick’ GC should be more extensively integrated throughout the experiential learning cycle of a microfinance tour (i.e., during the actual tour, as well as in pre-tour orientation and post-tour support). In pre-tour orientation and during the tour, respondent 2 suggested that MFT staff should play a more active role to ‘really engage the people that are travelling in discussions’, or in other words, to build dialogues between the tourists themselves. In addition, respondent 2 also highlighted the need to ‘better educate our tour guides in ethical issues’, which would enable them to not simply ‘bring up’ but also ‘know how to deal with and discuss these issues’. For example:

*Through the tour, in the introduction and especially in the final debrief, talk to them about the more challenging issues of, kind of an intersection between tourism and development and poverty. Ask them to grapple with some of the more difficult challenges that we as an organization are facing. Ask them, do you think it is ethical for you to come in to this community and do X Y Z? [2]*

In post-tour support, MFT organisations could also consider providing tourists with a wider range of opportunities to take actions after the tour that go beyond economic/labour transfer (e.g., participation in social/political movements). Avenues should also be provided for tourists (e.g., online forums or networks) to further reflect on and engage in discussions with a diverse range of MFT stakeholders regarding the issues that were brought to their attention during the tour. By encouraging tourists to openly share and/or discuss their experiences and perspectives, MFT staff can assist tourists to learn from their peers, instigating a form of collaborative learning that is crucial for broadening insight and challenging world views (Cranton, 1994; Coghlan & Gooch, 2011).

**6.6.4 Host-guest exchange relation approach.**

The concept of ‘social responsibility’ as defined by MFT respondents largely centred on the encounter between the MFT host (local communities) and guest (microfinance tourists). The host-guest encounter has been examined in-depth in the tourism literature (e.g., Cusiter, 2003; de Kadt & Mundial, 1979; Nunkoo, 2016; Saarinen & Manwa,
Sutton (1967) identified ‘exchange’ as a defining characteristic of the tourism encounter. He further argued that this encounter may provide ‘either an opportunity for rewarding and satisfying exchanges’, or it may ‘stimulate and reinforce impulses to exploitation’, as well as ‘suspicion and resentment’ (Sutton 1967, p.220). Based on social exchange theory (e.g., Levi-Strauss, 1969; Emerson, 1972), Ap (1992) suggested the host-guest ‘exchange relation’ in tourism comprised two key elements:

1. **Antecedents of exchange**: the preceding conditions or situations that represent opportunities for either tourists or the host community to form exchange relationships.

2. **Form of exchange relation**: the power and dependency relationships that manifest during the encounter.

Arguably, a tourism encounter can be considered socially responsible if the antecedents of exchange promote reciprocity and mutual benefits, and the form of exchange signals balanced power relations (Ap, 1992; Moyle, Croy & Weiler, 2010; Mostafanezhad & Hannam, 2014). In this research, MFT respondents also articulated attempts to influence these two elements of host-guest ‘exchange relation’ to achieve the goal of providing a socially responsible development-tourism alternative (see Figure 6.9).
MFT antecedents of exchange:

1. **Opening a community’s ‘back stage’ in a non-voyeuristic manner:** In terms of potential benefits to tourists, MFT respondents believed that ‘there is a tremendous desire on the part of travellers to visit and see real lives and real communities when they travel’ [2]. The desire to connect with ‘real’ communities is often referred to as tourists’ quest for authenticity (MacCannell, 1992). In other words, tourists often attempt to enter the community’s ‘back stage’ (i.e., where locals live their everyday life) as they associate this with a more authentic and intimate experience compared to the commodified tourism ‘front stage’ (Urry, 2001; Olsen, 2007). MFT Element 3.4 ‘Nature of host-guest encounter: Deep interactions’ presents tourists with the ‘honour and privilege’ to be invited into this ‘back stage’, ‘to see something different to the ‘tourist façade’ [12]:

   *On a normal tour, perhaps there are very few interactions or at best, tourists get to see people in the community. Deeper interactions such as having a chat or being invited into a local home or kitchen to light up the fire or having a drink almost do not exist.* [9]

Importantly, MFT Element 4.1 (i.e., Nature of host-guest encounter: Non-voyeuristic) helps to facilitate operational conditions that counteract the ‘voyeurism’ tendency associated with allowing tourists to enter the ‘back stage’ of impoverished communities (see Selinger & Outterson, 2010). MFT respondents attempt to form a ‘respectful’ and ‘culturally sensitive’ [4] encounter between tourists and people living in poverty through the key principles such as: never put local people ‘on parade, like it’s a show’ [12], ‘small tour’ so not to be intimidating to the host [2, 4, 5, 8, 9, 10, 12], and ‘the people that are running the tours should be connected with the community in some way’ [4]. To further reinforce the non-voyeuristic condition, the MFT Element 6.3 (i.e., Additional organisation support: Pre-tour orientation) relates to the need to ‘prep the tourists to be respectful’ [12] by setting ground rules for their behaviours and managing their expectations of the encounter:

   *We do like an orientation for every tour. We do it in the office or in the van, sort of on-route, where we tell people things like here's what you need to know about the*
town, here’s what you need to know about the borrowers, including how to be a good guest. [12]

(2) High equity in tourism profit distribution: In terms of benefits to the host community, MFT respondents’ perspectives largely reflect the critiques of development-tourism, which argue that profit from tourism activities are mostly captured by outsiders and/or by the better-off community members (Blackstock, 2005; Schellhorn, 2007). MFT exchange antecedents therefore need to be built upon fair and just principles that promote inclusion and benefits for the poorer segments of the host community (see e.g., de Kadt & Mundial, 1979; McCombes, 2008; Scheyvens, 2012). Respondent 9, for example, stated:

Normally, it is easy to say that tourism will bring change to an economy, but if you allow it to foster without direction, there will only be a certain number of people with power and money that can take advantage of tourism. The model of MFT is not only to utilise the revenue from tourism to serve the community but also to use that revenue in a way that is widespread and equitable. [9]

In MFT, equitable distribution of tourism profit is established through the MFT Element 4.1 (i.e., Channelling tourism profit via microfinance: Tourism profit distribution). MFT respondents sought to provide people living in poverty with opportunities to host tourists’ visits and gain benefits through their participation (e.g., receiving low/free interest micro-credit, education/training). Respondent 12 thus referred to the concept of ‘trickle up’ to distinguish MFT’s profit distribution from the conventional tourism ‘trickle down’ approach.

MFT forms of exchange: The asymmetry of power between the affluent tourists and the hosts has frequently been observed in the literature, partly attributed to the heavy focus on the exchange of financial/material resources during the host-guest encounter (e.g., Cheong & Miller, 2000; Joseph & Kavoori, 2001). This unequal power relation tends to be exemplified in the context of development-tourism, as people from impoverished communities possess even fewer financial/material resources for exchange and are often in need of assistance (Ap, 1992; Frenzel, 2013). In many forms of development-tourism, tourists’ participation in charitable aid or volunteer services tends to further
widen the power gap, where the ‘giving’ tourists assume a position of privilege over the ‘receiving’ host (Sin, 2009). In MFT, MFT respondents attempted to establish more balanced power relations via Elements 3.2 (i.e., Nature of host-guest encounter - Non-commercial) and 3.3 (i.e., Nature of host-guest encounter: Minimise give and take dynamic).

First, MFT respondents emphasized the ‘non-commercial’ nature of the microfinance tourist – local host encounter. The two parties are encouraged to share information and values regarding each other’s cultures and business practices, while commercial transactions (i.e., selling tourism products/services) rarely take place. Respondent 3, for example, stated:

*With MFT, the poor people directly get involved in the program, not for commercial profit but through creating jobs [via microfinance] and promote cultural sharing between two parties.* [3]

In other words, a financial exchange (which is a resource the tourist has more control of), is minimised during the MFT encounter and is replaced by social and psychological exchanges (which are resources that both parties have more equitable control over). Even in cases where the microfinance clients have ‘product to sell’ and are happy to receive ‘extra benefits’ from having tourists as customers [12], most of them only act as hosts to tourists on one-off occasions, as ‘every tour we would be going to different borrowers’ and ‘it was always a kind of first time’ [10]. This one-off exposure ensures an economic dependent relationship is not formed between the host and tourists, and allows a more equitable mindset to be developed, where ‘the women were receiving visitors as guests, not as tourists’ [10].

Second, MFT respondents also sought to reduce other forms of financial/labour exchanges that are labelled as ‘direct help’ from tourists to local host. The MFT Element 3.3 ‘Minimise give and take dynamic’ clearly positions the hosts not as ‘aid receivers’ but as ‘microfinance clients’ or ‘borrowers’. Respondent 5 highlighted that ‘We are actually lending them money, so they had the dignity part in it as well’. Concurrently, tourists are not seen by MFT respondents as ‘givers’ or ‘helpers’ but as pure customers who pay for a tourism experience. Respondent 8 said: ‘*We do not sell the tour to foreigners with the motto of coming here to do good deeds, but we sell them a quality tour that is worth the price that they pay.*’ The integration of microfinance and
tourism therefore allows the encounter between tourists and local people living in poverty to be, for the most part, balanced in terms of power relations.

This section has shown that MFT respondents believed that a just, equitable and mutually beneficial process of host-guest exchange is the defining character of socially responsible development-tourism. They hence attempted to integrate ethical values in both the MFT antecedents and forms of exchange relationships during the on-site host-guest encounters.

6.6.4.1 Challenges of Microfinance Tourism's host-guest exchange relation approach

While seeking to foster a mutually beneficial host-guest exchange relation between tourists and the host, the MFT principles of non-commercial and distributing tourism profit through microfinance, create a rather rigid framework for development that may not suit many local communities’ conditions or interests. For instance, critics have pointed out that microfinance would only be effective in certain areas that have common infrastructure, market linkages and a well-functioning domestic economy (Chowdhury, 2009; Karnani, 2007; Leikem, 2012). Respondent 9 also acknowledged that MFT would be inappropriate for subsistent areas without ‘a cash economy’, as people there ‘get rich by accumulating assets rather than by trade’ and ‘even if we hand them cash, they wouldn’t know what to do with it’ [9]. Similarly, respondent 7 admitted that most of the local businesses set up via MFT in her area have failed or struggled to operate due to ‘lack of access to national and global markets’. In a different context, a major community survey revealed that local people preferred other forms of interventions than MFT. Respondent 6 found that:

What our clients really want is, first of all the opportunity to have direct sales from the tours. They also want to be paid fairly for their time on the tour, and they want to have access to education that will help them learn how to interact directly with tourists. [6]

Recommended actions: It is important for those involved in MFT to develop a good understanding of the specific local conditions and interests. Ultimately, true local needs and conditions should be prioritised over the pre-determined MFT principles. Respondent 6, for instance, decided to change the organisation’s impact strategy to
better suit local conditions and local preferences at the time. Instead of channelling tourism profit into microfinance, her organisation now ‘channels profits into our Community Centre and ensures that the tour itself is financially rewarding for the people that we visit’ [6]. Respondent 7 uses tourism profit to foster more ‘systematic job opportunities in businesses that have access to global markets’ and ‘invested in development through arts, cultural program and education fund’.

6.6.5 Incentive system and self-regulation approaches.

Both microfinance and tourism sectors have been criticised as becoming increasingly dominated by commercial and neoliberal logics (section 3.5.4). Operating at the nexus of these two sectors, MFT respondents also acknowledge the danger of mission-drift (i.e., focusing on profit as opposed to social goals) and the risks of exposing impoverished communities to exploitation by unscrupulous commercial interests. Respondent 5, for instance, stated:

*We found a new way of lending money through the income of tourism, but again it depends on the hands of whom this falls. If it is for somebody who just wants to make more money, they are going to run 300 tours a day in a small city and take as many tourists as possible. Like everything, if it is put in the hands of people that have different motivations you end up with a nuclear bomb, you end up with microfinance done badly* [5]

Hence, for MFT to truly become a viable socially responsible development-tourism option, specific approaches are also needed to ensure ‘at the biggest scale MFT can still be implemented in a responsible manner’ [10]. MFT respondents believed an incentive system and self-regulation would assist MFT to maintain socially responsibility.

6.6.5.1 Incentive system approach

MFT respondents believed that the combination of financial and moral incentives in MFT forms a ‘correct incentive system’ [5], which can motivate MFT staff to act responsibly (see Figure 6.10).
Financial incentives: MFT respondents advocated for ‘*models that combine business side and social side, as generally everyone is motivated to maintain themselves*’ [9]. MFT Element 4.2 (i.e., Channelling tourism profit via microfinance: Tourism profit as a sustainable form of funding) allows MFT organisations to operate as social enterprises, using tourism revenue to achieve financial sustainability and to cross-subsidise microfinance activities. Importantly, tourists replace people living in poverty (i.e., microfinance clients) as the main targeted population for financial incentives in MFT, in turn effectively reducing the ‘profiting from poverty’ issue faced by traditional microfinance.

Moral incentives: MFT respondents highlighted the compassion MFT staff developed towards microfinance clients as an important moral incentive to sustain responsible actions. In microfinance, new social capital between microfinance staff and microfinance clients is often fostered through frequent meetings, which help to build trust and personal connections. Yet the pressure of lending to mass clients to achieve financial sustainability often limits the frequency of interactions between these two parties (Van Bastelaer, 2002). MFT Element 4.2 also helps to reduce this pressure of having to ‘*lend to many people to have sufficient funds to cover the operation costs*’ [9]. This enables the MFT organisations to serve smaller groups of poorer members within the community and allows more frequent contact to occur between the MFT staff and each client. Concurrently, the MFT Element 1.2 ‘Creating personal connection between MFT staff and microfinance clients’, requires the MFT staff to be ‘*embedded in the clients’ lives*’ [5], learning the clients’ personal stories and having personal interactions.
with them through the microfinance tour. The increase in both frequency and depth of interactions between MFT staff and microfinance clients led respondent 9 to state that: ‘Perhaps there is no other MFI in this world that can understand the clients like we do’.

Thus the focus MFT respondents placed on the need for increasing staff interactions with, and understanding of, microfinance clients implies that compassion plays a big role in creating and sustaining the socially responsible actions of staff. Arguably then, MFT respondents do not only seek to foster compassion in tourists, but also in MFT staff to ensure they take actions that will help to improve the well-being of people living in poverty. Respondents view the unique combination of financial and moral incentives in MFT as a ‘correct incentive system’ that allows MFT to maintain its social values:

So we do not need them [microfinance clients] to repay interest rates for us to keep going. But we do want them to do well because our [social] success is dependent on theirs. I think that is really creating a very different incentive system for the organisation and for it to keep its values even if it’s been passed down to other people, because the incentives are correct within the system. [5]

In the tourism literature, both financial and moral incentives have been proposed as part of the incentive system to motivate organisations and individual staff to do the ‘right’ or ‘responsible’ thing over the long run (Ashley, 2005; Dodds & Joppe, 2005; Weaver & Jin, 2016). Financial incentives in tourism tend to be utilised to encourage commercial tourism organisations to become involved in corporate social responsibility or pro-poor tourism initiatives. Ashley (2005, pp. 11-12), for instance, highlighted a number of ‘business cases’ that allowed organisations to acquire a ‘social license to operate’, get access to responsible financing, enhance organisational brands and increase staff morale. MFT respondents represented a rather different scenario, where ‘responsible’ financial incentive (i.e., targeting tourists for profit-making instead of people living in poverty) is seen as necessary to limit potential exploitation of the marginalised. In terms of moral incentives, philosopher Schopenhauer was amongst the first Western authors to view ‘compassion’ as the fundamental source of moral actions (Schopenhauer, 1840). In the tourism literature, Weaver and Jin (2016, p.2) recently argued that ‘compassion’ can work as the powerful and universal moral incentive that motivates tourism organisations and staff to ‘behave in ways consistent with and conducive to the realisation of the espoused ideology’ of socially responsible tourism.
6.6.5.2 Self-regulation approach

In both microfinance and tourism, self-regulation is widely referred to as an important approach for governing industry practices, especially in relation to responsible and sustainable conduct (Ayuso, 2006; Bramwell & Alletorp, 2001; Dayson & Vik, 2011, 2014). Gupta and Lad (1983) defined self-regulation as:

a regulatory process whereby an industry-level organisation (such as a trade association or a professional society) as opposed to a governmental or firm-level organisation, sets and enforces rules and standards relating to the conduct of firms in the industry (p.417).

At the core of self-regulation is the development and enforcement of rules and standards, often independent from official legislation set by the government (see Figure 6.11).

![Figure 6.11 Microfinance Tourism self-regulation approach](image)

Respondent 2 also identified these two elements of self-regulation, stating that:

*I think my biggest fear is that, like I said, there's tremendous potential to do good but also potential to do harm. And I’m worried that if there isn't a strong leadership in setting standards and ensuring these standards are adhere to, that it's very easy for unnecessary harm to come of it.* [2]

Development of MFT rules and standards: MFT Element 6.3 (i.e., Additional organisation support: Post-tour support) highlights the use of an online platform to bring together ‘individuals and organizations who care about poverty alleviation and MFT’ [2], to effectively carry out self-regulation. This platform is instrumental in the creation of a global community for MFT, where members can ‘work together’ to develop ‘best practices and industry standards’ [2]. Arguably, this MFT community is a typical
example of ‘community of practices’, which is defined as ‘a group of people who share a concern or a passion for something they do, and learn how to do it better as they interact regularly’ (Wenger, 1998, p.1). Thus, global communities of practice such as MFT can act as ‘professional societies’ to inform and establish responsible rules for MFT at the global level.

**Enforcement of MFT rules and standards:** MFT respondents believed that MFT stakeholders’ accountability to the established MFT rules and standards can be enforced through a monitoring system. The global community of MFT can also carry out the monitoring process, where the participating members of the MFT platform can review the conduct of all MFT programs:

> Basically the idea is that the network will self-policing and will ensure a very high level of assured adherence to the social goals of the program in the first place...Everything will be done automatically through the platform, which means that the user experience will be much richer. There will be much more accountability for the people that are running the program, and there will be much more opportunities for people to share ideas and experiences across these types of programs. [2]

Respondent 2’s idea of ‘self-policing’ via a global review platform reflects the rising power of consumer-generated content in shaping the conduct of organisations (Spivey, 2015). As tourists are increasingly relying on online travel review platforms such as Tripadvisor to inform purchasing decisions, organisations with positive reviews can enhance their reputation and are rewarded with increased revenue (Gonzalo, 2014). In MFT’s case, services are provided to both local people living in poverty and to tourists, allowing MFT reviews to reflect not only tourists’ perspectives, but also the host communities’ perspectives.

**6.6.5.3 Challenges of incentive system and self-regulation approaches**

Despite the proposed positive benefits, both incentive systems and self-regulation are voluntary by nature, making rule enforcement hard to achieve (Black & Crabtree, 2007; Weaver, 2001). In order for MFT financial incentives to occur, people living in poverty (i.e., microfinance clients) are still required to participate as the key ‘attraction’ of the microfinance tours. Hence, although being less exposed to potential exploitation through microfinance, the vulnerable poor population is still subjected to potential harm
in the process of generating tourism profit. In addition, while moral incentives may assist in reducing exploitative behaviours, it is unclear whether the ‘compassion’ from MFT front staff (who directly interact with people living in poverty) can influence the higher-level management and concomitantly, the overall conduct of the organisation.

Additionally, despite the abundance of self-regulation measures, the tourism industry was criticised as falling well behind other industries in terms of responsible conduct (Jenkins & Mkono, 2015; Mowforth & Munt, 2003). In microfinance, an analysis of 72 international microfinance self-regulation frameworks identified only four that had explicit guidelines for detecting non-compliance (Dayson & Vik, 2014). None of these frameworks specified any penalties for non-compliance cases. Similarly, while people who directly experience MFT can help to detect and report incidents of rule violations, MFT respondents did not clearly articulate how irresponsible conduct should be dealt with. The self-regulation approach, therefore, has often been criticised as the industry’s attempt to fend off government regulation that makes responsible practices compulsory (Mason & Mowforth, 1996).

**Recommended actions:** It has been widely argued that co-regulation (a combination of self-regulation and government regulation), will help to better ensure responsible conduct of businesses (Senden, 2005; Singh, 2007). The need for government regulation is heightened in approaches like MFT, which focuses on vulnerable populations (i.e., people living in poverty) and which generates great possibilities for exploitation and harm to occur (Whyte et al., 2011). In addition, the online review platform itself also needs to be subjected to a regulation framework to avoid unethical practices such as the manipulation of rankings through fake reviews (Hotrec, 2016). Finally, the above claims regarding MFT incentive systems and self-regulation also need to be tested further with empirical studies to determine their effectiveness in maintaining the socially responsible conduct of MFT organisations.

**6.7 Summary**

The aim of this chapter is to critically evaluate global MFT ToC, as perceived by respondents from six MFT organisations in Jordan, Vietnam, Tanzania, and Mexico. The chapter reveals that global MFT respondents possess diverse understandings and assumptions of poverty and poverty alleviation in developing countries. This in turn
leads to the conceptualisations of MFT as an intervention that seeks to address various dimensions of poverty (e.g., lack of income, basic needs deprivations or structural issues). In addition, although MFT respondents seek to alleviate poverty through a microfinance pathway and a tourism pathway, they do not perceive microfinance and tourism as two separate aspects of MFT program. Rather, microfinance and tourism activities are intricately interwoven to create six unique MFT elements as a means for poverty alleviation. Importantly, these MFT elements do not operate separately, but often interact with each other. Moreover, they are seen by MFT respondents as the tools by which six key approaches enable MFT to achieve the poverty alleviation goals.

Logic analysis has been utilised in this chapter, by integrating MFT respondents’ practical propositions as to how and/or why MFT works, with ‘formal’ theories and evidence-based research in the literature. Logic analysis has not only helped to reveal various challenges (i.e., missing links in MFT ToC) that could affect MFT’s effectiveness as a vehicle for poverty alleviation, but has also assisted in developing proposed courses of action to address these challenges. The next chapter presents and discusses the results of interviews with diverse MFT stakeholders in the local Vietnam MFT case study.
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7.1 Introduction

This chapter addresses objective four: To critically evaluate MFT stakeholders’ perceptions of MFT as a vehicle for poverty alleviation in Vietnam. It first presents background information for the MFT case study in Phu Minh, Vietnam and provides its context from the regional (Hoa Binh province), local (Phu Minh commune) and organisational (BM – the local MFT organisation) levels. A Vietnam MFT ToC, as perceived by the diverse Phu Minh MFT stakeholders, is then presented, which helps to broaden the understanding and discussion of MFT beyond the viewpoints of the organisations which directly plan and implement MFT.

7.2 Background to the Local Microfinance Tourism Case

7.2.1 Regional context: Hoa Binh province, Vietnam.

Hoa Binh province is located in the Northwest region of Vietnam, encompassing 10 sub-districts and one provincial city (Figure 7.1).

Figure 7.1. Hoa Binh regional map
(Source: Wikimedia Commons, 2011)
Hoa Binh’s population in 2015 was approximately 810,000, with the majority of citizens belonging to minority ethnic groups (Hoa Binh Government, 2015a). Most people in Hoa Binh rely on subsistent agricultural activities for their livelihoods and frequently experience adverse effects from the region’s unpredictable weather conditions. Subsequently, 18.73% of total households still live in poverty and many people do not have adequate rice supplies during certain seasons (Nguyen, Luu & Mac, 2014). In this region, both tourism and microfinance have been used as key strategies for alleviating poverty.

This region has beautiful mountainous landscapes, distinctive cultures and a developed transport infrastructure; therefore, the tourism sector in Hoa Binh has enjoyed reasonably rapid growth in both domestic and international arrivals, from 306,576 in 2005, to over 1.5 million visitors in 2012 (Table 7.1).

Table 7.1
Tourism arrivals in Hoa Binh 2005 - 2012

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<tbody>
<tr>
<td>Domestic</td>
<td>28,850</td>
<td>67,000</td>
<td>85,000</td>
<td>90,850</td>
<td>92,056</td>
</tr>
<tr>
<td>International</td>
<td>277,700</td>
<td>819,000</td>
<td>1,020,000</td>
<td>1,290,980</td>
<td>1,549,810</td>
</tr>
<tr>
<td><strong>Total arrivals</strong></td>
<td><strong>306,550</strong></td>
<td><strong>886,000</strong></td>
<td><strong>1,105,000</strong></td>
<td><strong>1,385,830</strong></td>
<td><strong>1,641,886</strong></td>
</tr>
</tbody>
</table>

Source: Hoa Binh Tourism Department, 2014

Thus, the tourism sector is leading the transformation of regional economics in the area by increasing the provision of services and reducing the dependency on agricultural activities. In the Hoa Binh Tourism Development Strategy 2014-2020 (Hoa Binh Tourism Department, 2014), tourism’s link with poverty alleviation was a strong focus, highlighting tourism’s capacity for the creation of jobs and subsequent increase in local income. For instance, it is stated on page nine of the strategy that:

Besides attracting a tourism work force of around 1,803 people in 2013 (projected to reach 6,528 people in 2020), tourism development in Hoa Binh will also employ double the number of people in indirect tourism-related jobs such as transport, handicraft production, food and beverage services and so on. These jobs
can contribute to increase local people’s income and play a key role in poverty alleviation (Hoa Binh Tourism Department, 2014, p.9).

Furthermore, the Hoa Binh Tourism Department also targeted the Development Assistance Committee of the OECD for Official Development Assistance (ODA) and funding from other development agencies (e.g., Asian Development Bank ADB) to further support tourism development in the region. Yet, other than general statistics on the tourism sector’s employment and tourism revenue for the whole Hoa Binh region, the strategy does not explain how the tourism revenue can contribute to improve the lives of people living in poverty, who often encounter significant barriers to participate and/or receive benefits from tourism.

The microfinance sector also has an increasing role to play in poverty alleviation in Hoa Binh province. Situated under the broader umbrella of Vietnam microfinance, the microfinance sector in Hoa Binh underwent a period of rapid growth between 1993-2004, thanks to support from international MFIs, development agencies and the Vietnamese government. However, from 2005-2016, the government-owned banks became dominant providers of microfinance and most international organisations either stopped their microfinance operations or completely withdrew from Vietnam, transferring microfinance delivery to local partners. In general, microfinance services are now offered by three types of providers: informal, semi-formal, and formal service providers (Nghiem, Coelli & Rao, 2006).

**Formal service providers:** In Vietnam, 95% of the formal credit market in rural agrarian communities, including Hoa Binh province, is serviced by three major MFIs, which are developed and subsidised by the Vietnamese Government to support rural development. These are: the Vietnam Bank for Agriculture and Rural Development (VBARD), the People’s Credit Fund (PCF), and the Vietnam Bank for Social Policies (VBSP). VBARD and PCF are for-profit organisations whose services often target higher income clients or medium-size businesses. VBSP was created in 2002 and is a non-profit organisation servicing disadvantaged groups (e.g., poor ethnic minorities) that are often excluded from the operations of the other two. Supported by the Vietnamese Government’s aggressive social lending policy, in the first six months of 2015, VBSP provided credit to 37,181 clients in Hoa Binh province with an average of 19 million VND (US $950) per client (Hoa Binh Government, 2015b). However, aside from a one-
off loan from the VBSP, most poor households in Hoa Binh must turn to semi or informal microfinance providers (e.g., NGOs or private money lenders) to meet their credit needs (Nguyen & Tsai, 2014).

Semi-formal service providers: Semi-formal service providers are often non-bank institutions that provide more regular loans, but with a lower amount of credit and a shorter term of payment compared to a formal service provider. Semi-formal service providers include community organisations, NGOs and other credit elements of national programs for poverty alleviation. For instance, in Hoa Binh, an Australian-based NGO called Childfund, initiated its microfinance service in 2005 and had 100% female clients (Girón, 2015). Microfinance was provided by Childfund as part of its broader poverty alleviation and development scheme (UNDP, 1996). Arguably however, semi-formal service providers are often trapped in a ‘microfinance-as-charity vision’, where small lending schemes can only grow in accordance with an increase in subsidies from government or external donors. Thus their contribution to rural credit provision is quite limited, with only a very small percentage of the poor receiving cheap credit, while the majority are left to deal with moneylenders (Nguyen & Tsai, 2014).

Informal service providers: Due to the insufficient coverage of formal and semi-formal services, people living in poverty have to frequently turn to friends, relatives or private lenders for loans with high interest rates (Asia-Pacific Economic Cooperation, 2011). For the extreme poor in Hoa Binh, more widespread and regular access to microfinance at low interest rates is important, yet still lacking.

7.2.2 Local Context: Phu Minh Commune.

Phu Minh is a hilly commune located in Ky Son district, Hoa Binh province, Vietnam. Classified as a remote rural area, Phu Minh is home to the Muong ethnic minority of around 2,500 people, with 90% of local residents being small-scale farmers (Phu Minh Government, 2013). The locals grow two crops of rice per year and sometimes other vegetable crops for family consumption. Their main income for daily activities comes from cassava and/or canna crops with a growth cycle of 10 months (BM, 2016b) (Figure 7.2). As of the end of 2013, in terms of off-farm activities, there were three small handmade broom-making workshops in the commune, providing around 130 part-time jobs for locals (Phu Minh Government, 2013) (see Figure 7.3).
At the end of 2013, there were only 4.23% poor and 3.89% near-poor households (defined by the Vietnamese government’s rural income/asset indicators) in Phu Minh. However, the general financial and living conditions of the whole commune are still low compared to the regional and national standards. One of the most significant challenges of Phu Minh is unsustainable poverty alleviation, as vulnerable groups frequently fall back into poverty (Phu Minh Government, 2013).
Microfinance has been a major strategy for poverty alleviation in Phu Minh. By the end of 2013, the commune’s total borrowed capital from VBSP for developmental and poverty alleviation activities (e.g., education, small business development, housing construction, clean water and sanitation) was 7.1 billion VND (US$350,000) (Phu Minh Government, 2013). They also received extra microfinance services from Childfund and BM, which are currently operating in the area.

Phu Minh has scenic rural landscapes, unique Indigenous culture and is located approximately 70 km from Hanoi, the capital; therefore it provides excellent opportunities for tourism development (Figure 7.4). However up until 2011, tourism was still a foreign concept to the isolated Phu Minh community, who had very few chances to travel and/or have contact with outsiders.

![Figure 7.4. Tourists riding bikes in Phu Minh](image)

7.2.3 Organisational context: Bloom Microventures in Phu Minh.

BM is a registered UK NGO, founded in 2010 by a group of International Development graduates from the London School of Economics. Initially working in partnership with MACDI, (a Vietnamese MFI providing microfinance tours in mountainous region in Vietnam), BM became independent in 2012 and started to provide both tours and microfinance lending in Phu Minh commune. During this time, the leadership and management of BM were fully transferred to a local team. BM’s
mission is to ‘use revenues from tourism to provide non-collateral, low-interest small loans and technical support to women in rural Vietnam to help them start their own businesses for sustainable income’ (BM 2016c, p. 1).

In partnership with the Women’s Union at the commune and village levels, BM generally follows a six-step procedure to deliver microfinance tourism (BM, 2016d):

(1) The Women’s Union informs their female members about the micro-credits provided by BM.

(2) The Women’s Union hands over the list of potential borrowers to BM staff, who visit each applicant at home for loan assessment.

(3) The borrower who passes the initial assessment is required to host a tour group visit at her house. Tourists also explore other local activities while on the tour.

(4) The tour fees become low-interest microloans, which are disbursed to the borrowers who participated in the tour.

(5) BM follows up on the borrowers and provides them with advice/support. Tourists receive updates about the borrowers they met.

(6) The loans are returned after 6 months to 1 year and are recycled in the community.

Since its modest start in 2012, BM’s operations in Phu Minh have expanded considerably, from servicing only one village in the beginning to covering all five villages (Dong Bai, Mom, Quoc, Bu Cham, Vat Lai) in the Phu Minh commune. The number of tourists has also increased, with the microfinance tour program currently ranking on Tripadvisor as number 24 of 81 activities to do around Hanoi (Tripadvisor, 2017). An estimation of over 1500 MFT tourists visited Phu Minh between 2012 and 2014. The steady accumulation of capital raised from both tourism and microfinance activities has enabled BM to provide regular affordable micro-credit schemes to local poor and near-poor households. BM also started to expand the lending scope beyond income-earning activities to include toilet construction projects that aim to improve local sanitary conditions (Pers. Comm 2014). In collaboration with other experts in agriculture and tourism, BM has organised a vegetable planting workshop and tourism training workshops (e.g., cooking and reception) for local tourism service staff (Figure 7.5).
Since early 2014, in collaboration with the social enterprise called CBT Consulting Travel, BM has supported the construction and operation of the first homestay in Phu Minh commune, which opened to receive tourists in December 2014 (Figure 7.6). Through training and education, BM and CBT Consulting Travel are building Phu Minh community’s capacity to take over both tourism and microfinance activities in the future, with the long-term goal of transferring the organisation’s model to other locations in Vietnam (Pers. Comm 2014).

The next sections present results and discussions relevant to the ToC of Phu Minh MFT in Vietnam, as perceived by the diverse Phu Minh MFT stakeholders. Figure 7.7 below serves as a road map that guides the discussion in the rest of this chapter.
Figure 7.7. Phu Minh stakeholders’ microfinance tourism Theory of Change

**Phu Minh MFT Key Goals**

1. To alleviate poverty for local women
2. To generate additional capital for local microfinance
3. To foster tourists’ involvement in poverty
4. To foster community economic development

**Phu Minh Poverty Perspectives**

1. Lack of income/assets
2. Basic needs/Capability deprivations
3. Structural issues
4. Relative poverty

**Phu Minh MFT Key Elements**

1. Creating personal connections
   - Connections between tourists and people living in poverty
   - Connections between MFT staff and people living in poverty
2. Changing mindsets
   - Changing mindsets of tourists
   - Changing mindsets of people living in poverty
3. Nature of host-guest encounter
   - Non- voyeuristic
   - (Non)-commercial
   - Give and take dynamic
   - Deep interactions
4. Channelling tourism profits via microfinance
   - Tourism profit distribution
   - Tourism profit as (sustainable) form of funding
5. Educating tourists of microfinance
6. Additional organisation support
   - Training and education
   - Monitoring and feedback
   - Pre-tour orientation
   - Post-tour support

**Phu Minh MFT Key Approaches**

- Personal empowerment
- Cross-subsidy financing
- Experiential learning
- Economic diversification
7.3. Phu Minh Poverty Perspectives

The diverse range of Phu Minh MFT stakeholders were encouraged to provide an in-depth perspective of poverty in Vietnam and more particularly in the local area called Phu Minh commune where the MFT program is implemented. Results revealed four main Phu Minh poverty perspectives (see Figure 7.8)

Figure 7.8. Phu Minh poverty perspectives

7.3.1 Phu Minh perspective 1: Poverty as lack of income/assets.

Many respondents at the local level, including the MFT staff, INGO staff, MFI, tourism social entrepreneur, the local community and local people living in poverty, perceived poverty as a lack of income to spend on daily activities and/or to accumulate household assets. In line with the literature on income-based poverty (e.g., Hartwell, 1972; World Bank, 2008), local respondents quoted a range of quantitative indicators used to identify people living in absolute/extreme poverty in Phu Minh. These included both income indicators (i.e., ‘US$ 1 - $1.25 per person/day’ [1]; ‘under VND$500.000 per person/month in rural area’ [23]), as well as household asset indicators (i.e., ‘1 television you get 3 points, a solid house is 20 points’ [21]).

Both MFT staff and local stakeholders clearly linked local income poverty with the shortage of regular income sources. Firstly, Phu Minh community’s current income
sources from agricultural production are seen as highly irregular in nature as they ‘only bring income once a year’ [9]. People living in poverty in Phu Minh expressed the same view. For instance, respondent 29 stated ‘In rural area we do not have monthly income, sometimes we have money, sometimes we don’t’. In addition, various local stakeholders noted the increasing land shortage that further reduced income earnings through the local agriculture sector. The land shortage was deemed to be caused by: (1) the increase of the local population and (2) a mass land seize for private and/or government projects. Respondents 11 and 18 stated:

Previoulsy the family only has 2 children; they can share the farming land between four people. Gradually that same land is divided further to three, four times more the number of people, resulting in much less land for each. [11]

There is also much less land due to it being acquired for other purposes. Both agricultural land as well as hilly land was seized for a water project or for foreign investors to build factories. [18]

Secondly, there is a lack of off-farm income sources in Phu Minh. Respondent 11 noted that ‘besides field farming, there is nothing more we can do to earn extra income’. Respondent 17 expressed a sense of helplessness regarding the current situation and stated: ‘It is rather cumbersome. People mainly do agricultural production and animal rearing, there is no market for other sectors...Currently, we are still stuck’.

Subsequently, a key goal for Phu Minh poverty alleviation is to help people living in poverty to increase income, as stated by respondent 13: ‘I wouldn’t say big things like “eradicating hunger and reducing poverty”, it’s more like enabling them to earn more income’.

7.3.2 Phu Minh perspective 2: Poverty as basic needs/capability deprivations.

MFT founders/staff and microfinance tourists perceived poverty as the deprivation of various basic necessities such as sanitation, food, shelter, education and political participation. This perspective supports the poverty alleviation literature on the fulfilment of basic needs and the attempt to extend versions of ‘absolute’ or ‘extreme’ poverty beyond simple measures of income and assets (Jolly, 1976). Respondents from
Phu Minh community however, viewed basic needs deprivation more simply as a lack of food and rice and too much hunger.

As the majority of people in Phu Minh rely on agricultural activities for food, local respondents often mentioned agricultural issues such as crop failure and market price fluctuation as the leading causes of basic needs deprivation. Respondents 16 and 22 recalled:

*Sometimes there was crop failure; there was not enough grain to eat that year.* [16]
*Also during the last year alone, we invested in fertilizer for cassava. Suddenly the market prices fluctuate, so we lost 20 million VND (US$1000) in cash investment.* [22]

To respond to the local community’s perception of basic needs deprivation, poverty alleviation in Phu Minh also means ensuring the local residents have a more frequent supply of food and rice throughout the year, especially in cases of adverse weather or changes in market conditions. Respondent 9 [MFT staff] stated:

*A recent strategy, which is very suitable in Vietnam, is to improve community capacity to deal with risks, including the risks in climate or the market. In other words, how the people can be proactive in these situations.* [9]

In addition to basic needs deprivation, staff from other development organisations in Phu Minh shared the same perspective as Phu Minh MFT staff regarding poverty as capability deprivations. In particular, they maintained that local residents were lacking ‘basic market resources such as market opportunities, entrepreneurial opportunities and market education’ [9], and ‘basic social services such as trade, health, education and infrastructure’ [3]. Respondent 3 further argued that ‘the gap in terms of geography led to low levels of education and difficulties in accessing the civilised culture and commerce service’.

Subsequently, development staff at the local level, including those from MFT organisations, believed that a market-based approach to poverty alleviation should be employed, ‘to enable people to have access to the approaches of generating revenue, provide them with knowledge and equip them with skills to better utilise their resources and market output’ [8].
7.3.3 Phu Minh perspective 3: Poverty as structural issues.

Local respondents acknowledged that poverty in Phu Minh could, in many cases, be non-structural, and stem from either an individual’s traits and/or awareness, or from adverse circumstances:

- **Personal traits and awareness**: Some individuals were seen as responsible for their own poverty conditions. For instance, by having ‘*low awareness*’ [17], ‘*low capabilities*’ [19], or ‘*refuse to create or work harder*’ [16].

- **Adverse circumstances**: Respondents from Phu Minh community listed a range of adverse circumstances that individuals may encounter, ranging from ‘*sudden illness*’ [2], to *the long-term war*’ [18] that pushed them into poverty.

In addition, when articulating poverty from a structural-based approach (e.g., Kabeer, 2015; Pogge, 2007), Phu Minh respondents tended to view poverty as a result of power relations embedded in local structures, as opposed to global structures. Respondents 21 and 22, for instance, considered the issue of alcohol abuse and domestic violence in Phu Minh as a direct reason for households falling into poverty:

*In some families, the husband is alcoholic and the wife cannot persuade him. If the wife speaks up, he will beat her. All the income from selling grain is spent on alcohol.* [21]

*Domestic violence still exists in our village... Since we got married, I have never argued back at my husband, whether he is right or wrong. However, after he got drunk, he often came home and beat me. In another family, the wife collected bamboo shoots all day. Then when she came home, the husband beat her up and threw all the bamboo shoots in the garden. She did extra work to buy a motorbike to take the children to school but the husband also destroyed it.* [22]

The heavy drinking culture in Phu Minh and its potential negative impacts on the local community was noted in the researcher’s observation field notes. More importantly however, the above quotes indicate the issue of unequal power relations between men and women in Phu Minh society. In these cases, local women are not sufficiently protected from domestic violence and nor do they have much decision-making power over their household financial matters.
Another issue related to power relations at the local level is the unbalanced distribution of market resources between people who live in the same area. Respondent 9 observed that:

*Some people are more well off than others because they have the opportunity to have better access [to resources]. This allows the middlemen or intermediaries to buy their agricultural products at a stable price, or they have access to both quality seeds and fertilizer.* [9]

Poverty alleviation in Phu Minh hence also means addressing the local structural conditions, including the gap in local gender equity, domestic violence and the uneven ‘distribution of resources and the accessibility to these resources’ [4] within the local population.

### 7.3.4 Phu Minh perspective 4: Relative poverty.

Respondents remarked that ‘poverty’ in Phu Minh does not only reside with individuals living in extreme conditions, but rather the whole community can be considered poor. Residing in a rural remote area, respondents from Phu Minh community often viewed themselves as having lower living standards compared to other areas in Vietnam: ‘With prices of goods here, our lives are not as well off as in other areas’ [17]. When compared to living standards overseas, respondent 27 remarked that ‘there is no doubt at all, those people live in incredible poverty compared to what we’re used to here [in Australia]’. Having worked in the local area, respondent 9 [MFT staff] also affirmed this gap between ‘institutions or the researchers’ perceptions of poverty versus the perceptions of Phu Minh people pertaining to poverty:

*If you ask the rural people who the poor households are, they will never perceive poverty like us. The institutions or the researchers try to separate the poor and non-poor, but to them they are all poor.* [9]

The perception by the community that Phu Minh is impoverished is rather common in the Northern rural areas of Vietnam, where the downturn of traditional agrarian economies and lack of employment have brought the per capital rural incomes to well below the national average of US $1,910 in 2012 (World Bank, 2012). This perception is indicative of the ‘relative poverty’ referred to in the literature, which often exists at the community level (as opposed to extreme poverty at the individual/household level).
(Kane & Kirby, 2003; Lister, 2004; Swanepoel & de Beer, 2012). From this viewpoint, poverty alleviation also means improving the standard of living for the whole population of Phu Minh. The next section presents and discusses Phu Minh MFT stakeholders’ key goals for MFT as a means for poverty alleviation, which are influenced by the above-mentioned diverse perceptions of what constitutes poverty in Phu Minh.

7.4 Phu Minh Microfinance Tourism Key Goals

Respondents at the local level were asked to articulate their ideas about the goals and/or expected impacts of MFT in relation to poverty alleviation in Phu Minh. The results revealed four Phu Minh MFT goals (Figure 7.9).

**Phu Minh MFT Key Goals**

1. **To alleviate poverty for local women**

2. **To generate additional capital for local microfinance**

3. **To foster tourists’ involvement in poverty**

4. **To foster community economic development**

**Figure 7.9. Phu Minh microfinance tourism key goals**

7.4.1 Phu Minh goal 1: To alleviate poverty for local women.

The MFT organisation in Phu Minh (i.e., BM) recruited only local women living in poverty as microfinance clients. This focus of Phu Minh MFT on local women is in line with the dominant practice of the microfinance sector, which recognises the high level of female poverty and the potential contribution women can make to local economic development (Khan & Noreen, 2012; Sen, 1999). Numerous respondents clearly articulated Phu Minh MFT’s goal of alleviating poverty for local women; for instance,
respondent 27 said: ‘Well I think they're aiming to alleviate as much poverty for local women as they possibly can’, and respondent 31 reiterated a similar view: ‘Everybody from that organisation wants the local women to reduce poverty and improve their lives’.

Based on the earlier discussion of Phu Minh poverty, the intended outcomes of poverty alleviation in this case included:

- increasing income for women living in poverty;
- ensuring their access to basic needs such as food and rice;
- increasing their capabilities to effectively participate in the economy; and
- improving gender equity (i.e., improving women’s decision-making power in household finance and reducing domestic violence).

With regard to poverty alleviation literature, these outcomes for Phu Minh Goal 1 are linked to income-based and capability-based approaches, as well as a feminist approach (under the structural-based approach) to poverty alleviation.

### 7.4.2 Phu Minh goal 2: To generate additional capital for local microfinance.

Another major goal that respondents perceived for MFT in Phu Minh is to generate additional capital for local microfinance. For example, respondents 3 and 18 said:

*The organisation wanted to develop MFT programs to generate more capital for microfinance.* [3]

*In my opinion, if this project continues in the long run, it will bring additional source of capital for local people to borrow.* [18]

Various local respondents in the Phu Minh case articulated the importance of having access to financial capital for poverty alleviation. Respondent 21 said:

*To get out of poverty, first and foremost, you need financial capital for economic activities...We often talk to each other, we feel dumb down and stuck when we do not have money. When we have money we feel more comfortable and start to think of what to do each day.* [21]
Despite this apparent need for microfinance by people living in poverty, the Phu Minh community still experienced the supply-demand gap. Respondent 3 for instance, expressed the fact that her organisation ‘lacks funding to meet the demand for microfinance services’ [3]. With regard to poverty alleviation literature, Phu Minh MFT stakeholders focused on equal distribution of market resources to the poorer members in the Phu Minh community (i.e., financial capital provided by MFT). Their views thus indicate a social exclusion (under the structural-based) approach to poverty alleviation, which connects poverty issues with market integration/inclusion and the resources needed for this to happen (Sen, 2000).

7.4.3 Phu Minh goal 3: To foster tourists’ involvement in poverty alleviation.

Various Phu Minh MFT stakeholders identified the MFT goal of facilitating tourists’ involvement in poverty alleviation. Analysis, however, revealed key differences between different stakeholders’ perceptions of what this ‘involvement’ entails.

Poverty alleviation in Phu Minh: On the one hand, many Phu Minh MFT respondents (i.e., 4, 12, 21, 26, 31) sought to increase microfinance tourists’ involvement with poverty alleviation in Phu Minh. For instance, respondent 21 shared that ‘The people here only wish to understand the tourists’ language to directly encourage them to invest and support us further’. This perspective is linked to the emerging strand of tourism literature related to traditional tourist/travel philanthropy in impoverished destinations (e.g., Gartner, 2008; Novelli et al., 2016; Zhao & Ritchie, 2007).

Poverty alleviation anywhere in the world: On the other hand, staff from MFT organisations and microfinance tourists believed that one of Phu Minh MFT’s key goals was to encourage tourists to ‘start to think about poverty’ and ‘hopefully some people will go on and do something’ [28]. Tourists’ interest in, and involvement with, poverty alleviation from this perspective, would not be confined to the destinations where MFT takes place (i.e., Phu Minh commune), but could be anywhere in the world. Thus MFT staff and microfinance tourists’ perspectives are linked to the strand of tourism and GC education literature (e.g., Butcher & Smith, 2015; Tiessen & Huish, 2014).
Despite the perceived differences among Phu Minh MFT stakeholders, the goal of fostering tourists’ involvement in poverty alleviation, whether in Phu Minh or elsewhere aligns with the income-based and capability-based approaches to poverty alleviation, which seek to provide direct assistance to people living in poverty.

7.4.4 Phu Minh goal 4: To foster community economic development.

Phu Minh MFT stakeholders perceived long-term local economic development as another major goal for MFT. Respondent 25 claimed that ‘This project assists community development, especially economic development in the long-run’. Similarly, respondent 28 said ‘The long-term impact is for Bloom [the MFT organisation] to get bigger and do more community development work’.

As mentioned earlier, Phu Minh MFT stakeholders tended to perceive the whole Phu Minh population as being more economically impoverished than the microfinance tourists and those living in other areas of Vietnam (i.e., relative poverty). Phu Minh respondents therefore often mentioned MFT within the context of rural economic development. For example, to ‘develop the rural economy’ [30], ‘create more local jobs’ [3], and ‘stimulate more expenditure by locals, leading to a more vibrant lifestyle and active economy’ [9]. Phu Minh Goal 4 thus is also linked to income and capability-based approaches to poverty alleviation, where MFT can play a role in improving the social-economic fabrics of the Phu Minh community.

Overall, the results in this section show that Phu Minh MFT stakeholders utilise MFT to assist with a range of poverty issues in Phu Minh. In particular, Phu Minh MFT simultaneously targets income poverty and basic needs/capability deprivations, as well as the structural issues of gender inequity and social exclusion (i.e., people living in poverty are excluded from the market due to a lack of access to financial capital and market knowledge). Beyond addressing the ‘absolute/extreme poverty’ of individuals within the community, Phu Minh MFT is also seen as helping to reduce ‘relative poverty’ and helping to improve the income and living conditions of the whole community.
Phu Minh stakeholders were encouraged to discuss the unique features/characteristics of Phu Minh MFT. The analysis of respondent responses revealed that Phu Minh MFT is a combination of six key elements (Figure 7.10).

**7.5 Phu Minh Microfinance Tourism Key Elements**

Creating personal connections
- Connections between tourists and people living in poverty
- Connections between MFT staff and people living in poverty

Changing mindsets
- Changing mindsets of tourists
- Changing mindsets of people living in poverty

Nature of host-guest encounter
- Non-voyeuristic
- (Non)-commercial
- Give and take dynamic
- Deep interactions

Channelling tourism profits via microfinance
- Tourism profit distribution
- Tourism profit as (sustainable) form of funding

Educating tourists of microfinance

Additional organisation support
- Training and education
- Monitoring and feedback
- Pre-tour orientation
- Post-tour support

**Figure 7.10. Phu Minh microfinance tourism key elements**

### 7.5.1 Phu Minh element 1: Creating personal connections.

1. Personal connections between tourists and people living in poverty: The majority of Phu Minh stakeholders highlighted the established personal connections between tourists and people living in poverty as an important and distinctive MFT element. For instance, respondent 20 noted that MFT is the first development project in the community where the ‘donors directly visit each household they are supporting’, while respondent 4 believed that MFT is ‘interesting as it increases the connection between the two parties’.
(2) Personal connections between MFT staff and people living in poverty: Besides MFT staff, other respondents did not identify this MFT element, indicating a gap in perceptions and/or communication between the MFT organisation and other stakeholders.

7.5.2 Phu Minh element 2: Changing mindsets.

(1) Changing mindsets of tourists: Microfinance tourists and MFT staff acknowledged MFT’s role in changing mindsets of tourists regarding poverty. For instance, the tourists recognised that ‘local people want to give the money back [repay the loan], even though they live in extreme poverty’ [27]. Other Phu Minh stakeholders however, did not identify this MFT element. This indicates another perception and/or communication gap, which may be attributed to the local community being unaware of the MFT organisation’s goal of educating tourists of GC.

(2) Changing mindsets of people living in poverty: This element was clearly articulated by various stakeholders, including MFT staff, microfinance clients, INGO staff and local government staff. Respondents believed that MFT could help people living in poverty to become ‘more aware and more responsible’ [17], and ‘have motivation for their own development’ [21].

7.5.3 Phu Minh element 3: Nature of host-guest encounter.

(1) Non-voyeuristic (i.e., tourist-host encounter where voyeuristic tendency is minimised) is articulated by the MFT organisation’s founders, but was not identified by either the local MFT staff or other Phu Minh MFT stakeholders. This indicates the locals’ limited awareness of criticisms of development-tourism (especially slum tourism).

(2) (Non)-commercial: On the one hand, MFT founders and staff highlighted the non-commercial nature of the MFT tourists-hosts encounter (i.e., no direct sales of tourism products/services). On the other hand, many respondents from the local community expressed a desire for local tourism to be more commercialised, for
instance, to have ‘more tourists that come to visit our village so that the people here can provide them with services’ [23].

(3) ‘Give and take’ dynamic: Respondents from the MFT organisation emphasized MFT’s advantage of minimising the ‘give and take’ dynamic during the host-guest exchange relation. In contrast, respondents 20, 21 and 26 expressed the wish to have more direct tangible support from tourists to people living in poverty, such as donations of money and gifts.

(4) Deep interactions were clearly identified by both tourists and the local community in Phu Minh MFT. For instance, respondent 28 recalled that ‘all the Westerners who go are very touched’ to have the opportunity to ‘sit with them [microfinance clients] and have a cup of tea’.

7.5.4 Phu Minh element 4: Channelling tourism profit via microfinance.

Phu Minh MFT stakeholders’ perceptions varied widely in relation to Element 4: Channelling tourism profit via microfinance.

(1) Tourism profit distribution: Various community stakeholders (i.e., local government, local women’s union staff, microfinance clients and villagers) clearly articulated the perception that MFT’s ‘first priority’ is to serve ‘households with most difficulties’ [20], and ‘gradually the near-poor and the families with slightly better conditions’ [31]. Similarly, respondent 28 believed that ‘microfinance has a lot of potential’ to ensure ‘tourism money getting into the hands of people who need the money’.

However, there is less consensus among the stakeholders on whether tourism profit should be distributed primarily through microfinance. Most respondents from the Phu Minh MFT organisation and local MFIs viewed microfinance as ‘the main tool’ [3] for poverty alleviation and tourism was ‘more like a vehicle’ [5] to help deliver microfinance. In contrast, tourism stakeholders such as the regional tourism vice director and tourism social entrepreneur, argued for the direct distribution of tourism profit to the local community.
(2) Tourism profit as a (sustainable) form of funding: Most respondents from the Phu Minh MFT organisation believed that tourism could be a sustainable form of funding for local microfinance and for the MFT organisation itself. Other stakeholders (i.e., MFT intern, local women union staff, microfinance borrowers, local government) however, voiced concerns that funding from the microfinance tours was rather limited and could not sufficiently address local needs for microfinance.

7.5.5 Phu Minh element 5: Educating tourists on microfinance.

The manager of a student group spoke about how the ‘microfinance’ education in MFT helps to change her students’ mindset regarding poverty alleviation. In particular, many of her students ‘coming from another country, wanted to just give the money’ to people living in poverty, but MFT helps them to understand ‘the importance of people in poverty having to repay’ [27]. Other Phu Minh stakeholders did not identify this element.

7.5.6 Phu Minh element 6: Additional organisation support.

- **Training and education:** Respondents from the MFT organisation focused on financial and agricultural training that ‘have (a) practical nature’ [8] to assist microfinance clients to successfully invest the loan in agricultural activities. The MFT organisation also started to ‘train the community in tourism’ [9]. However, most of the respondents from the local community still expressed unmet needs such as ‘English training’ [18] so they can communicate directly with tourists.

- The elements ‘Monitoring and feedback’ (provided to microfinance clients), along with ‘pre-tour orientation’ and ‘post-tour support’ (provided to tourists) were articulated by MFT staff but not mentioned by other respondents in the Phu Minh case, indicating yet another gap in perceptions/communication between the MFT organisation and the rest of the respondents.

This section has shown that viewpoints of Phu Minh stakeholders regarding each MFT element often varied and were at times, conflicting. This is unsurprising given the diversity of respondents’ backgrounds, leading them to perceive Phu Minh MFT key
goals and key elements somewhat differently from one another. The next section discusses Phu Minh stakeholders’ perceptions of MFT key approaches to achieve the goals, and the role each element plays under these approaches (Figure 7.11).

7.6 Phu Minh Microfinance Tourism Key Approaches

![Phu Minh MFT Key Approaches Diagram]

**Figure 7.11. Phu Minh microfinance tourism key approaches**

7.6.1 Phu Minh MFT personal empowerment approach.

At the global level, respondents articulated MFT’s approach to empowering individual microfinance clients to lift themselves out of poverty (See figure 6.6 from section 6.6.1). Three key elements of this personal empowerment process identified by global MFT respondents were: (1) Self-motivation, (2) Personal support and (3) Self-efficacy. Similarly, Phu Minh stakeholders’ responses at the local level identified the same three elements.

**Self-motivation**: Phu Minh MFT stakeholders observed a necessary shift from the traditional aid/charity approach that created dependency, to a new poverty alleviation approach that was ‘about motivation. We need much more motivation and participation from the local people to reach the development goals’ [4]. Phu Minh MFT’s Element 2
‘Changing mindsets of people living in poverty’ clearly aligns with this shift. In particular, the local MFT organisation noted that Phu Minh women living in poverty would not be given ‘charity or aid to do anything they like’, but rather they would be given ‘low-interest microloans’ [8]. Even though the capital per loan provided by MFT was not much, many local respondents acknowledged that the change in mindset was fostered via the conditions that ‘they must return the capital’ [17], and that ‘people are forced to commit in using these loans for meaningful activities’ [8].

The personal responsibilities that come with the personal loans, along with MFT organisation’s ‘interest in what they [women living in poverty] achieve from the support’ [8], help these women to ‘be more aware and more responsible’ for their poverty conditions [17]. MFT thus, was seen by Phu Minh stakeholders as ‘creating enabling conditions, so that the female members can have motivation for their own development’ [21].

Personal support: Individuals require various forms of tangible and intangible personal support (i.e., moral support, practical support and mentoring) to assist personal empowerment for changing their lives (Lord & Hutchison, 2009).

- **Moral support**: Respondents from Phu Minh community did not perceive MFT staff as a source of moral support. Rather, they felt more encouraged by having foreign tourists visit their houses. Respondent 12 [Third-time borrower] for example, recalled that ‘when we saw the sisters and brothers stop by to visit us on the tour, we felt a source of mental support that made us not afraid anymore’.

- **Practical support**: Phu Minh stakeholders believed that practical assistance to people living in poverty should not be in the form of ‘giving fish’, but ‘more about giving them a fish rope, or teaching them how to fish’ [4]. With regard to MFT, these are analogies for providing female microfinance clients with additional financial capital and human capital to more effectively participate in the local economy. Besides the provision of low-interest micro-credit, MFT staff mentioned various forms of training and education for the microfinance clients; for instance, respondent 9 said:

  *We have to train them first in what we call ‘the farm accounting’, for example, costs and revenues from a specific agricultural investment... In*
addition, we also do small training courses for each village about agricultural planting and breeding techniques. [9]

In microfinance literature, practical support is deemed particularly important for women living in poverty, as they often have less access to both credit and education than men (Mayoux, 2007). This view was also reflected in Phu Minh MFT, and respondent 5 believed that ‘a big driver for women to participate in the program is not only the money, but also the education that goes with microfinance’.

- **Mentoring**: Respondent 8 recalled the process of building mentoring relationships with individual microfinance clients:

  We need the people to actively contact us when they have problems, but they could not do that at first because their personalities were very timid. In the beginning, we would have to call or meet them in person frequently, then much later they started to call when they have issues. [8]

However, besides respondents from Phu Minh MFT organisation, other Phu Minh stakeholders did not provide any viewpoints regarding mentoring. This implies that they were either not aware of MFT staff efforts and/or did not perceive mentoring to be important.

**Self-efficacy**: Various Phu Minh stakeholders believed that having access to MFT personal support, especially practical support, would contribute to developing the self-efficacy of Phu Minh women living in poverty. Respondent 23 considered self-efficacy development to be more important for the personal empowerment of women living in poverty than the additional income generated through microfinance itself:

  I have to say, with a loan of 2 million VND (~US$100), their profit of few hundred thousand VND ($US20-30) is still not much. However, this is a way for them to feel that they also have strength. They can invest in animal rearing. They can lift themselves up and try harder in other areas. [23]

Respondent 27 recalled an encounter with a female MFT borrower and articulated the same viewpoint:
The lady I spoke to through an interpreter, it [MFT] actually gave her an enormous confidence. She was much more confident because she could see her place in the world. It was very humbling – her place was actually through the fact that she now owned four pigs. [27]

Overall, Phu Minh MFT stakeholders possessed very similar perceptions to respondents at the global level regarding MFT’s approach to empowering microfinance clients (e.g., Phu Minh women living in poverty) to successfully participate in and receive benefits from the economy to improve their lives. Phu Minh respondents also emphasized a ‘microfinance-plus’ approach, where the provision of micro-credit to poor clients was only one of the many elements to successfully empower people living in poverty. Importantly, the diverse Phu Minh stakeholders clearly observed the development of inner elements such as self-motivation and self-efficacy through MFT and at times, even considered them as being more important than the practical support offered by micro-credit. The comment from respondent 9 perhaps best sums up this view:

If they [microfinance clients] do not really have determination and motivation to improve their family conditions, to create a better life for their children, this source of money will eventually vanish. Without their internal strengths or determination, this type of support can hardly help them significantly. [9]

7.6.1.1 Challenges of Phu Minh Microfinance Tourism personal empowerment approach

A number of challenges exist in Phu Minh MFT’s personal empowerment approach to female microfinance clients. First, the provision of financial services in Phu Minh MFT only revolves around micro-credit, neglecting other major financial services such as micro-saving and micro-insurance. Having access to micro-saving and micro-insurance could assist people living in poverty to accumulate and build up assets over the long-term, as well as protect these assets in the face of risks or disasters (Kast & Pomeranz, 2014). Micro-saving is seen as particularly important for female clients, who often have more difficulty than male clients in getting access to a safe place to keep their money (Karlan, Ratan & Zinman, 2014). Similarly, women living in poverty often suffer higher health risks arising from pregnancy and childbirth and are more vulnerable to domestic violence, indicating a more significant role for micro-insurance in the women’s empowerment process (Mayoux & Hartl, 2009). Despite their importance,
Childfund was identified by respondents as the only organisation that offered micro-saving services in Phu Minh. Micro-insurance was not provided by any organisation at the time this research took place.

Second, there was a clear perception gap between respondents from the MFT organisation and those from other stakeholder groups regarding the provision of moral support and mentoring services. MFT staff considered the provision of moral support and mentoring services to be crucial for personal empowerment of microfinance clients. In contrast, other Phu Minh stakeholders seemed to overlook the role of this personal support, or remained unaware that MFT staff provided these services. This is not surprising given that these types of personal support are more likely to be intangible compared to the tangible nature of a loan or education activities. These services also often occurred unofficially as part of the on-going MFT staff-client relationship, as compared to the one-off moral support that people living in poverty may receive from having tourists visit their houses.

Third, many empirical studies have pointed out that microfinance’s positive impacts on women’s empowerment are very much dependent on the gender gaps inherent in the existing local context (Haile, Bock & Folmer, 2012; Mayoux, 2000, 2007). In fact, it is not uncommon for men to maintain complete control over the use of the loan and the income and assets gained as a result of the loan, while women simply act as intermediaries between men and the MFIs (Basnet, 1995, Johnson, 2004). Even when women can make their own decisions, a lack of income-earning opportunities for women in the society has often limited their investment to a narrow range of traditional female activities with lower return and hence resulted in marginal impacts (Bauchet, Marshall, Starita, Thomas & Yalouris, 2011). Respondent 5 [MFT founder] thus raised concerns that: ‘The society itself and the culture, how far can this woman really go?’ The goal of poverty alleviation for women in Phu Minh therefore does not only involve helping them to meet practical needs (e.g., basic needs, income), but also addresses their strategic needs, including reducing institutional gender discrimination and helping women to understand and claim their rights (especially in dealing with domestic violence).

Importantly, Mosedale (2003, p.1) noted that empowerment cannot be bestowed by a third party but must be claimed by those ‘dismempowered’ via an ongoing process of
reflection, analysis and action. The feminist empowerment paradigm hence has increasingly called for more effective integration of gender awareness and women’s legal rights into the education/training of microfinance programs (Kabeer, 2005; Mayoux, 2007; Sureshbabu & Apusigah, 2005). The Phu Minh MFT organisation, however, only focused on delivering practical knowledge to develop the local women’s agricultural and tourism skills.

Beyond personal empowerment, collective empowerment is also needed to reinforce individual change and involves the ‘collective mobilisation of women, and when possible men’, to challenge the current structures and systems that perpetuate gender inequity (Kulkarni, 2011, p.11). In microfinance literature, collective empowerment can be developed through the formation of female groups in a group-based lending model, or the creation of social networks exclusive to microfinance female borrowers (Mayoux, 2007). These groups and networks symbolise ‘a safe women-only space’, where they can collectively voice their concerns, reflect on, and resist their ‘relationships of oppression’ (Thompson, 1997, pp. 81-82). While each group can lend support to its member in the face of domestic violence or disputes within the household and community, the connection between groups and networks of the same nature can help to widen social movements that would lead to larger social change in gender equity (Kabeer, 1999; Pritchard, Kenward & Hannan, 2015). In the Phu Minh case, the MFT organisation only employed an individual-lending model, which inadvertently limited the opportunities to foster collective empowerment.

Thus, despite specifically targeting the reduction of poverty for local women, Phu Minh MFT stakeholders for the most part, seemed to adopt the general logic of microfinance’s personal empowerment, without incorporating gender-sensitive strategies. Alarmingly, without the attempt to address women’s strategic needs, Phu Minh MFT may run the risk of creating negative impacts for female clients. This may include increased workloads (having to fulfil both domestic responsibilities and income-generating responsibilities) and increased domestic violence due to tension over credit repayments and/or when women are empowered to actively press for change (Goetz & Gupta, 1996; Kabeer, 2005).

Recommended actions: First, the Phu Minh MFT organisation should move beyond a sole focus on micro-credit, towards the provision of other financial services (micro-
saving and/or micro-insurance) as part of the practical support to expand personal empowerment for their female microfinance clients. Second, mentoring and moral support are important elements for personal empowerment processes (Lord & Hutchison, 2009) and MFT staff should better communicate the availability and importance of these services to other MFT stakeholders, especially their microfinance clients. Respondent 21 noted that microfinance clients of the MFT program have higher success rates than clients of other microfinance programs. Arguably, this success can be partly attributed to the additional mentoring and moral support. These intangible services, when communicated more clearly to other MFT stakeholders, can serve as an additional point of difference to attract more local support and participation in MFT. Third, Phu Minh MFT stakeholders should pay more attention to the integration of strategic needs in education/training support, and/or the development of collective empowerment through social networks among their microfinance clients.

7.6.2 Phu Minh MFT cross-subsidy financing approach.

Mirroring MFT respondents’ viewpoints at the global level, the approach of cross-subsidy financing between tourism and microfinance (see figure 6.7 from section 6.6.2) was clearly articulated at the local level. Many Phu Minh MFT stakeholders (i.e., 4, 12, 13, 21, 26, 31) highlighted microfinance tours’ complementary role in generating additional capital for Phu Minh microfinance. Respondent 13 expressed his surprise that ‘NGOs all over Vietnam all received overseas donors’ funding, except BM’, while respondent 4 noted the difference between BM and other MFIs ‘lies in the use of tourism to attract funding’.

Phu Minh Element 4.1 (i.e., Channelling tourism profit via microfinance: Tourism profit distribution) clearly showed stakeholders’ consensus that the Phu Minh MFT organisation was channelling tourism revenue into microfinance to assist the most vulnerable members of the community. For example, respondent 20 emphasized that ‘they [the MFT organisation] lend money to female members in difficult situation, with special priority given to people with more difficulties’. Moreover, many respondents from the Phu Minh community also noted that tourism revenue enabled the MFT organisation to offer micro-credit products with ‘lower interest rate’ [12, 18, 20], ‘simpler lending procedure’ [15, 24] and more ‘relaxed repayment schedules’ [22] than other lending organisations in Phu Minh.
7.6.2.1 Challenges of Phu Minh Microfinance Tourism cross-subsidising approach

There is a lack of consensus between Phu Minh MFT stakeholders on whether tourism revenue can truly be significant and a sustainable source of funding for local microfinance. Phu Minh Element 4.2 (i.e., Channelling tourism profit via microfinance: Tourism profit as (sustainable) form of funding)) revealed respondents’ concerns regarding Phu Minh MFT’s full reliance on microfinance tour revenue to subsidise local microfinance. Respondent 28, for instance, noted the high cost of MFT operations, which left only a limited amount of surplus to channel into microfinance activities in Phu Minh:

*They’re limited by the money that comes in from the tourists, which is not so much. They charge US$70 per person to go on a tour and after they take all the cost out, maybe there’s only $30 left. It is a lot of work to get that $30 to go to a loan, and maybe it is just $20 or $10, I’m not sure.* [28]

Respondent 4 reiterated this point, stating that ‘To be honest, BM’s scale is rather small, so we knew them but have not yet collaborated with them’. Key staff from the Phu Minh MFT organisation also acknowledged that ‘the way we do microfinance now is very small as compared to other MFIs, till now our organisation only has around 100 borrowers with total value of the loans just a bit more than VND200 million (~US$10,000)’ [9]. This is partly due to the decision made by current Phu Minh MFT staff to utilise only tourism revenue:

*We have no other revenues and that is because we choose to be that way. Not necessarily because we are forced to, but we choose to test such model and live by the revenues from tourism.* [9]

Subsequently, the small amount of capital per loan, coupled with the limited numbers of loans available, was cited by local respondents as key barriers for their participation in Phu Minh MFT. Respondent 24 [First-time borrower] said that ‘many people wanted to borrow from BM but were still waiting for their turn’. Some people ‘who previously participated in MFT and wanted to borrow the second time were also not yet able to access the capital’ [6]. For MFT’s current participants, respondents 15, 23 and 25 compared the average capital provided by Childfund (US$250 per loan) versus BM’s ($100 per loan). They felt that it was more difficult for borrowers from
BM (i.e., the Phu Minh MFT organisation) to improve their lives from such a small investment within the span of one year. Respondent 23 said:

The profit from investing 2 million VND (US$100) in vegetable planting or animal rearing is quite small, around few hundred thousand VND (~US $10-30). That alone would not be enough to get out of poverty. [23]

**Recommended actions:** Savings mobilisation (i.e., raising extra funds through encouraging microfinance clients to deposit money in their micro-saving accounts) and cross-subsidisation between different groups of microfinance clients (i.e., the ‘richer poor’ pay higher interest rates than the ‘poorer poor’) have increasingly been used by MFIs to attract more capital to expand microfinance outreach and depth (Kurgat, 2011; Stuart, 2007). However, Phu Minh MFT has not yet applied any saving mobilisation schemes to increase capital generated through microfinance aspects of MFT. In addition, after a few years of operations, Phu Minh MFT ‘increased the scope to include all members of the local women union’ [23, Local women union chairperson]. Beyond people living in poverty, their major clientele were also average households, yet Phu Minh MFT still applied one standard interest rate across different groups of clients. In order to generate more capital for local microfinance, Phu Minh MFT could explore and integrate other financing approaches such as saving-mobilisation from microfinance clients and varying the interest rates between different groups of local borrowers.

### 7.6.3 Phu Minh MFT experiential learning approach.

At the global level, MFT respondents articulated a tourism experiential learning process (comprising of concrete experience, reflective observations, abstract development and active experiment) as the key approach to educate tourists of GC (see figure 6.8 from section 6.6.3). Arguably, respondents in the Phu Minh case also articulated a similar approach.

**Concrete experience:** Encounters between the non-poor (i.e., microfinance tourists) and the poor populations (i.e., microfinance clients and/or impoverished community) are often seen as the first crucial step in the experiential learning process (Coghlan & Gooch, 2011; Wearing, 2001). Phu Minh MFT Element 1.1 (i.e., Creating personal connections between tourists and people living in poverty) revealed Phu Minh stakeholders’ consensus that MFT helped to facilitate direct and personal encounters.
between the well-off tourists and people living in poverty in Phu Minh. Respondent 28 recalled that ‘MFT becomes very personal while you go out and meet people in the rural village. I mean... you're sitting in the house with poor people’. He further emphasized that ‘Most Westerners never get to do this’, indicating the rare occurrence and uniqueness of MFT experiences compared to other forms of tourism. On the community side, local respondents noted that there had been many developmental projects funded by ‘overseas donors’ [4] in the area, but ‘right now Bloom is the only project that brings in foreign tourists’ [21].

As discussed in Phu Minh Goal 3, Phu Minh MFT stakeholders possessed two different perspectives towards the scope of tourists’ involvement in poverty alleviation that MFT seeks to foster. Hence on the one hand, most respondents shared consensus on MFT’s role in providing opportunities for tourists to have direct experiences with people living in poverty in Phu Minh. On the other hand, the subsequent stages of the MFT experiential learning process were perceived rather differently between those respondents who seek to educate tourists of GC (i.e., poverty alleviation in general) compared to those focused on fostering tourists’ philanthropic support to people in Phu Minh only.

Reflective observations & Abstract development:

Educating tourists of GC: Respondents from the Phu Minh MFT organisation and microfinance tourists were the only stakeholder groups that expressed the ‘reflective observations’ and ‘abstract development’ stages in Phu Minh MFT experiential learning. In particular, they highlighted the effectiveness of a microfinance setting in fostering tourists’ critical reflections and the development of new insight into poverty and microfinance as a means for poverty alleviation via Element 2.1 (i.e., Changing mindsets of tourists) and Element 5 (i.e., Educating tourists of microfinance) Respondent 9, for example, reiterated microfinance’s role in helping to display the strengths of people living in poverty: ‘We want to show that while they are poor and in need of support, these people still have determination to overcome poverty and they have ‘entrepreneurship’ style’. Tourists who had opportunities to not only observe but also interact with microfinance clients in their daily environment, ‘… felt that we [MFT organisation] brought them a new perspective on poverty and rural life that they cannot understand fully through books’ [8]. Respondent 27, who accompanied three Australian student groups (approximately 60 students), on microfinance tours over a three-year
period, emphasized MFT’s role in helping her students to realise the difference between microfinance and traditional aid:

*Coming from one country to another, our students did not understand the importance of people in poverty having to repay. Our students wanted to just give the money but Bloom explained why they should not do that. And then, they explained to our students how little debt they had because people wanted to give the money back as well, even though they’re in poverty.* [27]

**Increasing tourist philanthropy in Phu Minh:** In the broader philanthropy literature, donors’ ‘awareness of needs’ was identified as ‘a first prerequisite’ for philanthropic giving (Bekkers & Wiepking 2011, p.924). Tourism has increasingly been acknowledged as a powerful tool to promote the needs of individual poor people and/or impoverished communities to tourists, which could lead to donations of money, labour, time and other in-kind resources (e.g., flights or equipment) (Goodwin & McCombes, 2009; Mitchell & Ashley, 2007; Novelli et al., 2016). Additionally, given that ‘awareness of need’ increases in cases where donors know the people they are giving to personally, advocates of tourist/travel philanthropy often highlight tourism’s unique position in fostering personal interactions between the international tourists/‘donors’ and local ‘beneficiaries’ (Gartner, 2008; Goodwin & McCombes, 2009).

Similar views on tourist philanthropy were identified in the Phu Minh case. Many Phu Minh stakeholders [e.g., 4, 19, 20, 26, 29] considered tourists not as (potential) global citizens, but simply as ‘donors’, who could provide more assistance to Phu Minh people beyond the microfinance tour fees. In Phu Minh Element 1.1 (i.e., Creating personal connections between tourists and people living in poverty), these respondents viewed MFT as better exposing tourists to Phu Minh community’s ‘difficulties’ [26] and ‘deficiencies’ [29], compared to traditional developmental projects where the overseas donors did not show up in person. In addition, local respondents also highlighted Phu Minh MFT Element 3.2 (i.e., Nature of host-guest encounter: Deep interactions), which enabled tourists to visit the specific microfinance clients’ houses and get to know the ‘conditions and needs’ [31] of these households. Respondent 26 stated:

*This project is interesting in that it can bring foreign guests to our local community to understand us, to understand our difficulties. Once they understand it, there will be more good things to come. For instance, if Mr. and Mrs.*
Westerners visit the households, they may feel compassionate and give extra support to these families. [26]

Active experiment: This stage of experiential learning is where the learners (i.e., microfinance tourists) set out to take actions based on new insight acquired (Kolb, 1984). In Phu Minh MFT Element 3.3 (i.e., Nature of host-guest encounter: Give and take dynamic), local respondents cited a few cases where tourists provided extra material support to a few households both during and after their participation in the microfinance tour. For example, respondents 20 and 21 said:

The other day there was a group of tourists coming to visit a family in adverse situation. The husband was alcoholic and left the mother and two children living by themselves. The tourists supported one child, donating one-year tuition fee. [21]

Tourists came back many times to visit that family. The family was very honoured that the tourists did not only give them the loan but also gifts for their child. [20]

Beyond material support, respondent 28 also volunteered to do some accounting work for the Phu Minh MFT organisation after participating in three microfinance tours.

7.6.3.1 Challenges of Phu Minh Microfinance Tourism experiential learning approach

Respondents from the Phu Minh MFT organisation utilised an experiential learning approach (via microfinance tours) to challenge tourists’ stereotypes of poverty and the traditional mindsets of giving aid to alleviate poverty. However, other Phu Minh MFT stakeholders were not aware of the MFT organisation’s intention and approach to educate tourists about GC. When asked to give opinions on why tourists visited potential microfinance clients’ houses, most respondents from the Phu Minh community either did not know why, or believed that these tourists were donors who came to investigate whether the hosts should be given support. This perception reveals the Phu Minh MFT organisation’s failure in communicating their goal to the local community. In addition, it indicates that not only tourists, but many Phu Minh stakeholders also possessed the ‘aid’ mindset, created by the ‘traditional NGOs that give people things and not require them to do anything’ [8].
Locals with the aid mindset viewed the MFT experiential learning process as a way to communicate Phu Minh community’s deficiencies and needs to tourists, in order to generate more charitable support. They may opt to appear needy and directly ask for material support during the host-guest encounter. These actions could serve to reinforce tourists’ previous assumptions regarding poverty and aid and negatively affect the MFT organisation’s goal of fostering GC. Indeed, respondent 9 acknowledged that besides ‘a few cases of tourists who came back to see how the borrowers used the loans and how they were now’, she was not aware of instances where tourists supported microfinance or took other actions which contributed to poverty alleviation elsewhere.

Another key challenge preventing microfinance tourists from taking further actions to support poverty alleviation may be the brief duration of the microfinance tours. Respondent 1 raised concerns that the ‘… short hours of interactions, I’m not sure how much the tourists will actually find out, or to really get a very good appreciation of it [poverty issue and microfinance], because it's simply too brief’. This comment supports Ballantyne et al. (2011), who indicated that the full experiential learning cycle would be unlikely to be completed during short tours. To further the MFT experiential learning process and to encourage tourists to take actions, Phu Minh MFT provided post-tour support to tourists via MFT Element 6.4 (Additional organisation support: Post-tour support). These forms of support, however, are rather passive and limited, and only include a donation option on the main website and sending tourists one-off updates of borrowers’ conditions.

**Recommended actions:** The MFT organisation should be more transparent and should better communicate to other stakeholders, especially to the Phu Minh community, their goal of educating tourists about GC and how this educational process takes place. This could help to limit conflicting views and behaviours that take place during the microfinance tours. Moreover, in dealing with the issue of a short tour, respondent 1 noted that the Phu Minh MFT organisation had assisted the development of a local homestay. This could provide tourists with alternative options to prolong their experiential learning process in the community. However, as a short day trip was still the dominant microfinance tour product, MFT tour staff could facilitate active discussions among tourists during the tour to assist them in reaching higher levels of critical reflection and to create more lasting impressions. They could also offer broader forms of post-tour support such as forum discussions and information on a wide range
of opportunities to further engage in poverty alleviation actions in Phu Minh or elsewhere.

7.6.4 Phu Minh MFT economic diversification approach.
Within the context of rural community development, rural economic diversification, both within the agricultural and non-agricultural sectors, is often referred to as an effective approach to assist a rural community to better cope with crop failure and the price volatility of the agricultural market. This could lead to more sustainable livelihoods, improved food security and increased living standards for rural households (Ellis, 1999; Gannon, 1994; Haggblade, Hazell & Reardon, 2010; International Labour Office, 2014). Phu Minh, as a traditional rural community, relied heavily on crop farming, which only provided income once or twice a year to the local community. Unsurprisingly, most Phu Minh stakeholders emphasized economic diversification as an important approach to foster Phu Minh community economic development (Figure 7.12).

Figure 7.12. Phu Minh microfinance tourism economic diversification approach

As shown in Figure 7.12, two major approaches to economic diversification were identified in the Phu Minh case:

- Economic diversification through existing activities; and
- Economic diversification through CBT-related activities.
7.6.4.1 Economic diversification through existing activities

Microfinance has great potential in providing a local community with the flexibility to develop a range of livelihoods that are most suitable to the existing local conditions (Hulme & Mosley 1996; Yunus, 2005). Microfinance is utilised in MFT to provide financial assistance and capacity building that enable borrowers to pursue and achieve success in various income-generating investments that currently exist in the Phu Minh area.

Financial assistance: In Phu Minh Element 4.1 (i.e., Channelling tourism profit via microfinance: Tourism profit distribution), respondents noted that the Phu Minh community does not directly rely on microfinance tours as a source of income but rather, this revenue is converted into micro-credit which can be invested. Due to the absence of other economic sectors in the Phu Minh economy, opportunities for investment revolve largely around the agricultural sector, but with a focus on ‘short-term production’ such as ‘the rearing of animals such as piglets, ducks, swans and short-term vegetables planting’ [9]. These small investments allow local people to receive income more frequently, helping them to secure their spending needs throughout the year and reduce the risks that are associated with full reliance on crop farming. For instance, respondent 22 said ‘My daughter borrowed money to raise chickens. When we run out of money, we only need to sell a few of them’.

Capacity building: Staff from the Phu Minh MFT organisation discussed Phu Minh Element 6.1 (i.e., Additional organisation support: Training and education), which emphasized the importance of assisting local people to develop both financial literacy and knowledge in ‘vegetable planting and animal breeding techniques’ [9] to successfully diversify income sources. Respondent 9 further explained that MFT organisation’s additional support was developed based on observations of ‘local traditional practices’, which often ‘brought about low quality and productivity and no longer suited to the current climatic conditions or current land conditions’. Subsequently, experts and lecturers from agriculture colleges and universities were hired to provide the local community with access to ‘new information and new techniques to be able to save labour time and cost of inputs’ [9]. Besides MFT staff, other stakeholders also noted the role of MFT in building local people’s human capital. Respondent 17 felt that ‘this project is interesting in that it helps the local people to learn how to use and save money’; while respondent 23 noted that ‘People will more or less have some experience in animal rearing after participating in MFT’.
Respondent 8 believed that MFT could help transform the Phu Minh economy by increasing the number of local people taking up diverse income-generating activities, stating that ‘there has been some progress in the lending program and I think when it covers the whole area, it will create general transformations’. However, the expansion of MFT has been slow, as only a limited number of local people (around 100) have obtained micro-credit via MFT. The capital of US$100 per loan was also very small and often resulted in a very small profit. In terms of training/education, the MFT organisation only managed to provide vegetable planting workshops to clients in one out of five villages (at the time of interviews). Most importantly, economic diversification within the agricultural sector means that the Phu Minh community is still subject primarily to the ‘small subsistence livelihoods’ [4] of an agrarian economy, ‘whereby they are producing these primary goods to be consumed for the rest of us who are in the other segment of the food chain’ [1]. Hence, beyond the scope of MFT, many Phu Minh MFT stakeholders advocated for the development of local CBT as a way to truly transform the Phu Minh rural economy.

7.6.4.2 Economic diversification through community-based tourism related activities

Tourism has frequently been promoted as an important strategy to diversify rural economies (Briedenhann & Wickens, 2004; Dezsi & Benedek, 2011; Gannon, 1994; Mair, 2006). With its characteristic of bringing tourists to the site of consumption, the development of the tourism sector can enable rural communities to integrate their traditional agricultural production with their provision of other services and commodities (Bennett, Ashley, Roe, & Britain, 1999; Johnson & Koster, 2010). Despite its potential, the top-down, external approach to tourism development in rural areas has been criticised as contributing little to improving the conditions of local communities (Britton, 1982; Sharpley & Telfer, 2008). Subsequently, CBT emerged in the 1970s as a key approach for poverty alleviation in the rural context (Briedenhann & Wickens, 2004; Murphy, 1985). Advocates of CBT tend to view the whole community as homogenously poor (Ashley, Roe, & Goodwin, 2001), which is similar to the Phu Minh MFT stakeholders’ perceptions of relative poverty and the goal of community economic development.
In the Phu Minh case, the diverse stakeholders, especially those from the tourism domain, questioned the MFT organisation’s full control of tourism operations in Phu Minh. This included the imposed non-commercial host-guest encounter and the conversion of tourism revenue into micro-credit for agricultural activities. Respondent 13 felt that this approach could potentially allow the MFT organisation to ‘receive most of the benefits, while local people do not get much from tourism’. Respondent 13 thus argued for the development of CBT to accelerate local community economic development further:

*I advised them [the MFT organisation] to assist the development of CBT, which enabled local people to supply tourism accommodation. With that accommodation, the community can also sell breakfast and other related services, in turn receiving much more tourism benefits. [13]*

Similarly, respondent 11 expressed her wish to develop local tourism further as a source of economic diversification:

*We have a lot of potential and would very much like to have more tourism projects to diversify the local economy. Otherwise, if we rely only on the farming and fieldwork, the most we can have is sufficient food! [11]*

In addition to ‘providing lodging for tourists or cook food for them’ [17], local respondents also mentioned a range of other CBT-related jobs that could help to diversify income for the local community. These included ‘row the boats or play local games’ [16], ‘rent bicycles, do fieldwork, go fishing, ride buffalos, listen to traditional songs or watch a traditional dance performance’ [18].

At its core, CBT centres on the participation, ownership, management and control of tourism projects by locals, in order to maximise positive impacts for the local community (Mitchell & Muckosy, 2008). The CBT development process typically involved increasing the local community’s participation in tourism decision-making and building the local community’s capacity to successfully set up, manage and operate locally owned tourism enterprises (Johnson & Koster, 2010). Phu Minh MFT stakeholders articulated MFT and the MFT organisation’s various roles in facilitating CBT development. These included: (1) Building awareness of tourism, (2) Financial assistance, and (3) Capacity building.
Building awareness of tourism: The lack of awareness and general knowledge of tourism is a common barrier for effective rural CBT development, which often results in low levels of locals’ interest and tokenistic participation in tourism decision-making (Dann, 1999). Phu Minh Element 1.1 (i.e., Creating personal connections between tourists and people living in poverty) revealed MFT’s role in introducing tourism to the community living in an area that ‘previously did not have any tourists or tourism activity’ [10]. Respondent 18’s comment perhaps best summarises the changes in the local community’s attitudes towards tourism and foreign tourists, from initially being ‘afraid’ or feeling ‘hatred’, to feeling ‘more comfortable’ over time:

Actually, I could not have imagined or envisioned what it (tourism) was, but initially I hated it. Because if you mention Westerners, Americans or other Western capitalist countries, we would remember the Vietnam War and the consequences that it has created for the Vietnamese people. The children were also very scared of Westerners because they were so big. However, we now start to think of them as an international community. We also reduce our hatred or long-term prejudices and gradually feel more comfortable. Right now, I can see that the children are no longer afraid. When they see Westerners, they also play games with them and greet them. I see that more often now, and if in the future, foreigners come to visit Vietnamese people and this commune more often, the local people would not have bad reaction to them. [18]

From the tourists’ viewpoint, respondent 27 also noticed similar changes and emphasized MFT’s role in assisting the local community to become more familiar with tourism:

*I'm sure some money changed hands, but I think what was of more importance was the reduction of “Oh my god, who are these Westerners and what does it mean?”* [27].

These comments suggested that microfinance tourists participated in an MFT experiential learning process and concomitantly, the Phu Minh community undertook similar experiential learning experiences. By having concrete experiences with microfinance tourists, local people’s previous perceptions of foreigners (especially Westerners) were challenged, which led to an increase in interests about tourism and more welcoming behaviours towards foreign tourists. Arguably, this increased interest
in, and general awareness of, tourism would enable the community members of Phu Minh to be more active in the CBT planning and decision-making process.

**Financial assistance:** The utilisation of local financing sources for CBT development is important to minimise influences/pressure from external donors and/or the risk of leakage/exploitation from external investors (Blackstock, 2005; Johnson & Koster, 2010; Zapata et al., 2011). In Phu Minh MFT Element 4.1 (i.e., Channelling tourism profit via microfinance: Tourism profit distribution), respondent 13 believed that MFT’s accumulated profit should be channelled into microfinance to support the establishment of locally owned tourism enterprises:

> I also told them [the MFT organisation] to assist local people financially, not through donation but through lending them money and allowing them to pay back through providing services to their [MFT’s] tourists. As they bring tourists to the community, they would have to pay local homestay owners the service fees and accommodation fees; all of this can be deducted into the loan. [13]

Respondent 13’s comment revealed potential for a new crossover model in the microfinance-tourism nexus. In this case, MFT’s tourism activities can help to generate the necessary capital to assist the development of local tourism entrepreneurship. Apart from CBT’s sources of tourists, the Phu Minh community also benefits from MFT’s existing sources of tourists and the provision of services to the MFT organisation as a way of repaying the borrowed capital.

**Capacity building:** The local community’s minimum capacity to operate effectively in a tourism system was identified as one of the key reasons for CBT failure (Hamzah & Khalifah, 2012; Spenceley, 2008). Phu Minh MFT stakeholders believed that MFT could contribute to the development of the Phu Minh community’s tourism capacity through Element 6.1 (i.e., Additional organisation support: Training and education). In terms of informal education, the MFT organisation ‘organised a field trip for local people to visit and learn about the CBT model’ [13]. By exposing local people to tourism activities and services provided by the MFT organisation, MFT also helped the local community to become ‘more acquainted with’ the provision of tourism services and products for tourists [11]. Respondent 9 observed the significant changes in the local community’s capacity to take part in tourism activities and said:
In the early stages, we had to arrange many things for the tour. The tour guide was also from our organisation, and sometimes we were the people who tell the story about the local community. In providing food to tourists, we also had to tell local people what to cook. Their daily food ingredients were very fresh, but they thought these were the poor’s food and never served them to tourists. Gradually, over the course of being exposed to tourism, they became more proactive, not only in which food ingredients to use, but also in how to cook and present them to meet tourists’ needs. They also participated in guiding tours and took guests to different places, as they told stories about their own lives. [9]

Moreover, the MFT organisation also provided official tourism training, in partnership with external tourism experts, to train the local community on ‘preparing food, building and designing the homestay areas, receiving tourists and organising dance and musical performances’ [8]. Respondents 8 and 9 believed that both the official and unofficial tourism training/education would enable the Phu Minh community to ‘independently receive tourists’ [8], and ‘later on, Bloom would only help to connect the community to tourist sources; while the rest of what we are doing could be transferred back to the community’ [9]. Respondent 11 also shared similar hope that ‘If the project continues to foster the tourism environment and provide financial support, gradually the local citizens here can do tourism ourselves’.

The role of social enterprises in assisting local communities to identify and pursue their own development agendas is increasingly recognised in the literature (e.g., Eversole, Barraket & Luke, 2013; Tantingco, 2011). In Phu Minh’s case, the Phu Minh MFT organisation also acted as a true social enterprise that empowered the community to pursue their own development through capacity building, financial assistance and the introduction of new developmental options such as tourism. Other Phu Minh MFT stakeholders were able to participate in, and direct the Phu Minh MFT development process, which led the MFT organisation to adjust its initial model (i.e., diversify through existing agricultural activities) to also facilitate the development of local CBT (i.e., diversify through CBT-related activities).
**7.6.4.3 Challenges of Phu Minh Microfinance Tourism economic diversification approach**

Phu Minh MFT faces many challenges in fostering community economic development via an MFT economic diversification approach. First, much of the funds raised through MFT were channelled into micro-credit for locals to invest in various existing agricultural activities in Phu Minh. The majority of members of the Phu Minh community therefore are still vulnerable to the risks posed by a heavy dependence on the agricultural sector. Unsurprisingly, some local respondents cited cases where agricultural market fluctuations, weather disasters and pandemic diseases in plants and animals have resulted in a loss and at times, indebtedness. Respondent 12, for example, shared his family’s struggles to invest the loans:

*The first time we borrowed from MFT to raise pigs, but the price of pigs went down significantly during that year. The second time we invested in cassava trading. However, the weather was bad and the buyers in the market pressured us to keep the price down. We had to try many ways to return the loans. [12]*

Second, the tourism training and education provided by the MFT organisation at the time of this research was limited and largely revolved around the provision of basic, on the ground tourism services (e.g., reception, food and beverage). Phu Minh MFT Element 6.1 (i.e., Additional organisation support: Education and training) revealed the Phu Minh community have many unmet needs in relation to comprehensive capacity development. In particular, most respondents from the Phu Minh community voiced their frustration at being unable to communicate with tourists and having to rely on MFT staff for translations. Respondent 17 further stated:

*The minimum requirement is to be able to communicate in English. Second, we need to build good connections with tour companies and tour operators outside the community. We also need to learn how to market our CBT to attract more tourists. All of these we are still lacking. [17]*

In a review of existing CBT literature, Hamzah and Khalifah (2012) also identified language, marketing skills and connections with the private tourism sector as important elements for local communities to successfully operate CBT after the supporting organisations (e.g., MFT organisation) withdrew their involvement. Hence, without further support to develop tourism capacities, the local community will not be able to
maximise tourism benefits and will be unable to attract sufficient tourism demand to local CBT in the long run (Zapata et al., 2011).

Third, the development of CBT as a means for community economic development and poverty alleviation also has its limitations. A major issue is the low capacity of people living in poverty to participate in CBT, leading to most CBT benefits being captured by the more wealthy and ‘elite’ members of the local community (Blackstock, 2005). Respondents 17 and 21 also identified this issue:

*The poor or near-poor households will have significant difficulties in participating in CBT. First, they do not have human resources. Second, they do not have sufficient awareness and skills. Hence, the more well-off families will be able to better take advantage of opportunities created by CBT development.* [17]

*The majority of people here know that we can get richer through investing in tourism. However, our hands are tied as we do not have financial resources.* [21]

Additionally, the global nature of the tourism industry means that the local community are exposed to external shocks for which they have limited capacity to cope. These range from financial crises, political instability to terrorism, all of which take place outside the destination (Scheyvens & Russell, 2009). Hence, without plans to mitigate and deal with the risks in both the tourism sector and the agricultural sector, the progress in Phu Minh’s long-term community economic development could be hindered significantly.

**Recommended actions:** First, when investing micro-credit in agricultural activities, the issue of risk reiterates the need for the provision of micro-insurance and micro-saving to better protect local communities from unexpected shocks in their environment. In addition, local respondents also suggested the expansion of education/training activities to equip borrowers with skills to take part in existing non-agricultural activities. Respondent 18 stated:

*Besides the supporting classes for livestock or agricultural production, they [MFT organisation] can run classes for other practical jobs. For instance, if they run workshops about broom or lace scarf making, or sewing, the borrowers can take up extra work in the commune or outside. This would allow them to have*
Second, beyond assisting with the development of the local community’s capacity to deliver basic tourism services on the ground, the MFT organisation should also pay attention to the development of language and business skills for the local community in general and the local tourism champions (i.e., those who pioneer the establishment of local-owned tourism enterprises), in particular. Moreover, education and training sessions should not only focus on promoting tourism benefits, but also on informing the community of potential risks in CBT development. The local community should be engaged in the development of local tourism plans to better manage potential negative impacts of tourism, including risk management plans to cope with and recover from tourism downturns.

Third, CBT could better contribute to community development when revenue-sharing approaches are in place to deliver widespread benefits to local community members (Ashley & Garland, 1994). This could include, as suggested by respondent 30 [Regional tourism vice director], the contribution of tourism profit to community social projects:

*It does not necessarily mean to collect all tourism revenue and divide equally to all community members, but there must be actions to support the broader community development. For instance, people who have capacity to invest in tourism enterprises can contribute part of the profit to community social projects, in order for the rest of the community to feel that they all received some benefits from CBT.* [30]

Furthermore, inclusive business strategies could potentially assist the poorer sections of the community to better participate in, and diversify their incomes through CBT. Tourism inclusive business involves the identification of current resource/livelihood activities of local people living in poverty and the provision of assistance to incorporate these diverse activities into the tourism value chain (e.g., through providing local produces/crafts to tourism businesses) (Redman, 2009). This allows poor members to be regarded as ‘consumers, employees, suppliers and distributors’, instead of being blended into the mix of community development (van Beers, 2011, p. 61). In Phu Minh’s case, respondent 17 also suggested ‘**assisting the poorer households to sell local**
special produces to tourists’ as a strategy to deliver CBT economic benefits to the poorer community members.

7.7 Summary

This chapter has presented the results and discussion of 31 interviews with Phu Minh MFT stakeholders in the local Vietnam case study. The chapter clearly demonstrates the diversity in stakeholders’ viewpoints regarding MFT as a vehicle for poverty alleviation. A significant finding is the local community’s perception of being (relatively) poor compared to other communities in Vietnam and overseas. This led to the identification of the Phu Minh MFT goal ‘To foster community economic development’ and the MFT approach of rural economic diversification. Other Phu Minh MFT stakeholders were able to participate in, and direct the Phu Minh MFT development process, which led the MFT organisation to adjust its initial MFT conceptualisation to facilitate the development of local CBT development. A number of perception/communication gaps however, still exist between the Phu Minh MFT organisation and other stakeholder groups, which could hinder Phu Minh MFT's realisation of its poverty alleviation goals. Additionally, this chapter also identified various challenges in Phu Minh MFT ToC and suggested actions to address these challenges. The next chapter will synthesise the global-local case of MFT, as well as other findings across the thesis in regard to the initial aim and objectives of the research.
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8. DISCUSSIONS AND CONCLUSIONS

There is an increasing global commitment to eradicate extreme poverty and this research sets out to critically analyse and evaluate the extent to which MFT is an effective vehicle for poverty alleviation in developing countries. MFT pioneered the integration of two major poverty alleviation tools (i.e., microfinance and tourism) and promises great hope for addressing multiple facets of the poverty issue. However, the extent to which MFT rhetoric translates into reality is unclear, given that the extent of positive impacts of both microfinance and tourism on poverty alleviation remain debatable. More importantly, MFT as an antipoverty intervention built around impoverished communities, also has the potential to create a range of negative impacts on vulnerable populations. Thus there is a pressing need for a better understanding of MFT to inform its responsible development; yet there is a paucity of literature focusing on MFT. This research responded to this significant gap and this chapter synthesises and discusses the key findings in relation to the four objectives of the study.

8.1 Objective One: To Critically Explore and Theorise Microfinance Tourism as a Poverty Alleviation Strategy

As a newly emerged phenomenon, the specific literature on MFT is almost non-existent and objective one helps to shed light on the key theoretical perspectives that underpin MFT as a poverty alleviation strategy. Through a review of literature and analysis of primary interviews with MFT respondents, this study revealed that the MFT-poverty alleviation nexus bridges the microfinance, tourism and international development bodies of knowledge and more specifically, is scaffolded by development theories, development-tourism and SE. Figure 8.1 presents a conceptual framework that highlights MFT’s links with the existing literature.
Figure 8.1. Key bodies of knowledge underpinned the microfinance tourism-poverty alleviation nexus

8.1.1 The influence of development theories on microfinance tourism.

As shown in Figure 8.1, development theories are the overarching theories that scaffold microfinance tourism. There is a large range of development theories from the field of international development that articulate different perspectives on how poverty alleviation can/or should be achieved as part of global development (e.g., modernisation, dependency, alternative development, neo-liberalism, and post-development (Barasa, 2010)). Various tourism researchers (e.g., Sharpley & Telfer, 2008, Scheyvens, 2012) have acknowledged the significant influence these development theories have had on developing and shaping the link between tourism and poverty alleviation. These development theories have also influenced the conceptualisation of MFT, the development of the operating environment of MFT and the emergence of the MFT-poverty alleviation nexus. The results of this study also clearly link the following major development theories with the MFT-poverty alleviation nexus (see Figure 8.1):

- **Modernisation and dependency theories**: Modernisation theories suggest, among other things, that development should follow a uniform pathway. This study found that MFT respondents expressed a critical view of the top-down development of mass tourism and the type/style of contribution a trickle-down
effect has on poverty alleviation. Thus it is clear that the perspectives expressed in this study are, to varying degrees, supporting dependency theorists’ critical views against modernisation theories.

- **Alternative development and post-development theories:** To address the criticisms of top-down approaches to tourism development, MFT’s conceptualisations were heavily underpinned by alternative development thinking, which prioritises the needs of people living in poverty and advocates a bottom-up approach to tourism development. Similarly, the overwhelming belief of respondents in this study was indicative of post-development influences, which stress that MFT’s role lies in assisting the local community to identify and pursue their own poverty alleviation and development pathways. This includes building local stakeholders’ capacity to participate in and adjust MFT development to better suit their needs, or for the local community to make the decision of rejecting MFT altogether.

- **Neo-liberalism:** Neoliberalism advocates the transfer of economic control from the public sector to the private sector. Thus the role of the consumer becomes paramount and arguably, the market becomes susceptible to an increase in exploitation and commercialisation. MFT respondents in this study were very conscious of the increased commercialisation in both the microfinance and tourism sectors and proposed approaches (i.e., incentive systems for MFT staff and self-regulation) to help reduce the negative influences of global neo-liberal forces on the socially responsible development of MFT.

### 8.1.2 Development-tourism, social entrepreneurship and microfinance tourism.

This research highlights the direct links between development-tourism, SE and MFT as shown in Figure 8.1. Development-tourism brings together various alternative tourism genera, including MFT, that have been developed and operationalised in a poverty and/or development context. In addition, the integration of microfinance (which is a prime example of SE) in MFT, establishes a clear link between MFT and SE literature and the results of this research reiterate the strength of the link. For instance,
MFT respondents articulated arguments that were indicative of the following themes, which are underpinned by development-tourism and SE:

- **GC education of tourists**: GC education is often highlighted as a key strength of development-tourism (Wearing, 2001; Wrelton, 2006) and the majority of MFT respondents noted MFT’s potential to educate tourists about poverty issues and were eager to encourage further poverty alleviation efforts via microfinance tours.

- **Socially responsible development-tourism operations**: The incentive system and self-regulation approaches of socially responsible tourism seek to minimise potential exploitation that may happen in the process of engaging impoverished communities and individual poor in tourism activities. Similarly, MFT respondents claimed their intentions are to create a just and beneficial process of tourist-host exchange which directly responds to growing criticism of many development-tourism genera (e.g., slum tourism, CBT, volunteer tourism) which are increasingly encouraging voyeurism and unequal profit distribution (see e.g., Scheyvens, 2012).

- **Social bricolage**: A key concept underpinning SE is ‘social bricolage’, or the innovative organisation of resources and networks to overcome existing institutional and practical limitations in creating social value (Domenico et al., 2010). Social bricolage enables SE models to simultaneously follow dual missions: a social mission of seeking to address social issues, and a financial mission of reaching financial sustainability. In this study, MFT respondents emphasised the limitations of the existing microfinance sector to meet the needs of people living in poverty and advocated for microfinance’s integration with a tourism market-based approach to achieve poverty alleviation goals in a financially sustainable manner.

- **Personal empowerment of people living in poverty**: Another key approach that enables SE to effectively address local issues is through the personal empowerment of targeted populations for change (Santos, 2012). In this study, MFT respondents encouraged people living in poverty (i.e., MFT’s microfinance clients) to tap into their existing strengths and assets to reduce dependencies on the MFT organisations, to actively make efforts to change their lives and to contribute to shape the direction of MFT development to more effectively address their needs.
8.1.3 Significance of the research in relation to objective one.

This study has expanded the literature base of MFT and consequently, facilitates more informed academic debate on MFT as a means for poverty alleviation in the future. This research has established that MFT is a complex, multi-disciplinary phenomenon that bridges the microfinance, tourism and international development bodies of knowledge, and is scaffolded by development theories, development-tourism and SE. The multi-disciplinary nature of MFT opens up opportunities to utilise MFT as an antipoverty intervention which can be used to address multiple aspects of poverty. Therefore, as a result of this study, future academic, and/or industry, and/or government debate pertaining to MFT and poverty alleviation will be better informed to develop the MFT-poverty alleviation nexus, which maximises positive MFT impacts and minimises the potential harms that may arise from MFT.

8.2 Objective Two: To Explore the Usefulness of Theory of Change as a Scaffold to Analyse and Evaluate Anti-Poverty Tourism Interventions

With an increasing level of resources being invested in ATIs by governments and development agencies around the globe, there is a heightened need for more robust analysis and evaluation practices. Such analysis and evaluation practices must not only determine ATIs’ effectiveness, but also have the capacity to generate knowledge for improving and/or replicating a specific ATI by uncovering the underlying mechanisms and contextual factors that can be utilised to inform new interventions (Harrison, 2008; Winters, Corral & Mora, 2013). However, an examination of the literature revealed that the existing approaches to ATI evaluation have largely failed to produce useful knowledge that can be utilised to assist ATIs’ development (Phi et al., 2016). Moreover, this study highlighted the domination of quantitative outcome-focused approaches in ATI evaluation, which are driven by economic-centric thinking about poverty alleviation. Nevertheless, there are a growing number of qualitative studies focusing on the role of power relations and structures in directing intervention processes and articulating tourism benefits. Yet most of these studies also focus on providing explanations for why many ATIs have not delivered their expected economic outcomes to the poor (Spenceley & Meyer, 2012). These existing approaches tend to overlook the complexity that is inherent in the nature of ATIs. That is, an ATI can generate a range
of outcomes/impacts across multiple dimensions (e.g., economic, psychological, social-cultural) in a dynamic and continually evolving environment. Arguably, the current approaches to ATI evaluation create and maintain the ‘black box’ situation, where little is known regarding why certain indicators are selected for evaluation over other indicators, or how and why an ATI succeeds or fails to achieve poverty alleviation goals (Frenzel, 2013; Phi et al., 2016).

An important contribution of this study has been to adopt the ToC evaluation approach to open up the ATI ‘black box’ and make the providers/stakeholders’ perceptions of the ATIs’ conceptualisations explicit (Chen, 2005; James, 2011). The results of the study have demonstrated that ToC has the potential to generate valuable knowledge that can lead to well-informed debate and enhance future decision-making regarding tourism and poverty alleviation. An ATI can be assessed by applying logic analysis to the built ToC products.

Logic analysis critically analyses an ATI by connecting its practical ToC with existing research-based evidence of similar activities and/or relevant social science theories. This allows the evaluators to assess the effectiveness of an ATI and provide credible information (based on previous research) about the missing elements that could be added to further improve the ATI—both without the need for costly and time-consuming empirical evaluation activities (Davidson, 2000). Logic analysis hence does not only have potential to bridge the research-practice gap, but is also very useful in cases where the evaluators (e.g., independent researchers) have very limited resources available for evaluation. In this study, a ToC approach utilising logic analysis was applied to MFT. The extent to which ToC assists the analysis and evaluation of MFT is discussed under the two main stages of ToC evaluation: (1) ToC construction process and (2) ToC logic analysis.

8.2.1 Theory of Change construction process.

ToC provides a comprehensive framework that guides the interview questions and the interview process. In this study, respondents were engaged in a backward mapping process which involved asking a range of questions designed to assist respondents to bring to the surface, various assumptions and beliefs about MFT as an ATI. Ensuing discussions were about issues pertaining to general perceptions of poverty, to MFT key
goals with relation to poverty alleviation, to specific elements (i.e., features/characteristics) and approaches (i.e., approaches) which help MFT to achieve these goals. The ToC construction process thus helps to engage the respondents in a deeper reflective process of ‘thinking through fundamental questions about context, change and strategy’ (Vogel, 2012b, p.3).

However, the construction of an MFT ToC was not without its challenges. The ToC framework required respondents to explore and reflect in-depth on multiple aspects of an ATI and at the same time, reflect on their own values and agendas. It was an intensive process that many respondents were not accustomed to. The interviews were long and some respondents could not devote sufficient time and/or energy to go through the whole process. Participation in the research was completely voluntary and many respondents were not willing to invest more time/energy in follow-up sessions. Abrahams (2003) encountered similar difficulties in his study of community development in South Africa, noting that people tended to view the ToC construction process as additional work that was not included in the budget. He highlighted the importance of initial buy-in and raising awareness of ToC’s value to ensure a more enthusiastic participation. The extensiveness of a ToC framework, therefore, is both its strength and weakness.

Another key issue in the ToC construction process is the difficulties associated with constructing the final ToC products. None of the respondents articulated a complete and clear MFT ToC. Often, their ToCs were implicit, confused and/or partial. Loveridge (2011, p.232) termed these ‘pieces of theories’, which would require being brought together in a coherent and inclusive manner. While the individual interview format in this study provided respondents with a comfortable space to freely discuss and contribute their viewpoints, this format significantly limited the dialogue exchange between respondents and thus the joint development of the ToC products. Hence the task of reconciling multiple perspectives and multiple MFT ToCs largely fell on the researcher. The backward and forward inductive process of piecing together respondents’ diverse viewpoints, while constantly monitoring and keeping researcher bias in check, required patience and reflexive dialogue. Thus the application of ToC requires capable, experienced and dedicated evaluators, as their roles involve not only assisting respondents to articulate their versions of ToC, but also to ensure potential bias is minimised throughout the whole process. Currently most evaluators, especially those
specifically trained in quantitative research approaches, are still not familiar with measuring ‘moving targets’ and working with the dynamic nature of ATIs. For ToC to be more widely employed, it requires a change of mindset and the broadening of evaluation scope to incorporate ToC and translate it into ATI evaluation practices.

8.2.2 Theory of Change logic analysis.

Logic analysis was applied to critically analyse and evaluate respondents’ MFT ToC. The practical ToCs of respondents were subjected to logic analysis which helped the researcher identify additional strands of literature that were directly relevant to the MFT-poverty nexus. For instance, the literature on personal empowerment, cross-financing, experiential learning, host-guest exchange relation, incentive systems and self-regulation closely resembled respondents’ propositions about MFT’s key approaches. Within these strands of literature, existing research-based evidence of similar activities (e.g., elements affecting personal empowerment in traditional microfinance programs, or experiential learning research documented in other forms of development-tourism) were used to assess MFT respondents’ ToC. Whilst many of the respondents’ viewpoints were supported by the existing literature, some assumptions appeared to contradict other studies. The application of logic analysis allowed the ‘missing links’, or challenges in MFT ToC to be brought to the surface, through which appropriate courses of actions to improve MFT’s effectiveness as a means for poverty alleviation, were suggested.

Despite these positive aspects, logic analysis is time-consuming and thus, from a practical perspective, resourcing this approach is a significant barrier for its use (Abrahams, 2003). In addition, the effectiveness of logic analysis is also very much dependent on the evaluators’ background knowledge in the field(s), as well as their skills to navigate and utilise the vast space of existing literature as part of the evaluation process. The fast-pace and urgency of day-to-day activities within the poverty alleviation environment means that it would not always be possible to integrate broader literature, such as development theories, as part of an ATI’s logic analysis, but the integration of research-based evidence (as shown in this study) would still be beneficial in improving the interventions. Finally, while logic analysis is useful, it cannot fully replace empirical evaluation exercises. The generation of empirical evidence greatly assists in ascertaining if an ATI is progressing towards its long-term goals.
Nevertheless, when resources permit, the developed ToC products can serve as a blueprint which guides the development of appropriate indicators and additional evaluation designs (Phi et al., 2016).

8.2.3 Significance of the research in relation to objective two.

Methodologically, this research is significant as it has introduced the ToC approach to the field of ATI evaluation and within the field of program evaluation studies. The call to integrate logic analysis in ToC is rather recent and there still exists a lack of understanding on the use of evidence-based, historical data in building confidence over ToC results. This study is among the first that utilises extensive logic analysis as part of a ToC evaluation process.

Adopting a ToC approach negates the issues associated with ‘black-box’ evaluation while contributing to bridging the practice-research gap. Thus this study demonstrates that ToC is a useful approach for scaffolding the analysis and evaluation of ATIs (e.g., MFT). Additionally, ToC is underpinned by constructivism and thus encourages the inclusion of diverse values and perspectives from the planners, implementers and stakeholders as a fundamental part of program evaluation (Stufflebeam & Shinkfield, 2007). Therefore this process enables research studies to tap into the pragmatic, dynamic, ‘other’ knowledge that resides within the community where ATIs take place. Furthermore, the articulation and construction of ‘practical’ theories underlying various aspects of an intervention (i.e., the underlying perceptions of poverty, elements, approaches and outcomes) can reveal interesting information about the intervention as a whole (Abrahams, 2003). Compared to the traditional ‘black-box’ evaluation approach, the knowledge produced utilising the ToC approach, is arguably more informative for the stakeholders and/or decision-makers wishing to build upon previous experiences to improve or replicate an ATI.

8.3 Objective Three: To Critically Evaluate Microfinance Tourism as a Vehicle for Poverty Alleviation

Objective three was to critically evaluate (a) Global MFT providers’ perceptions of MFT as a vehicle for poverty alleviation, and (b) MFT stakeholders’ perceptions of MFT as a vehicle for poverty alleviation in Vietnam. It has been shown throughout this
study that MFT as a vehicle for poverty alleviation is inherently complex. MFT respondents’ perceptions of what constitutes poverty vary widely and can range from a lack of assets or income, being deprived of basic needs/capabilities, and/or experiencing unequal power relations in the local and global structures (i.e., income-based, capability-based and structural-based approaches). These diverse perceptions shape the conceptualisation of MFT as a multi-facet antipoverty intervention at both the global and local levels (Figure 8.2).

![Figure 8.2. Global versus local microfinance tourism goals](image)

**8.3.1 Global microfinance tourism providers’ Theory of Change.**

MFT goals: At the global level, MFT’s microfinance-related goals (see Figure 8.2) resemble the visions of traditional microfinance in terms of assisting people living in poverty to increase income/assets, develop personal capabilities and better meet basic needs through the provision of financial services. Both MFT and microfinance also seek to influence the global financing structures that prevent people living in poverty from getting access to the financial systems. MFT’s tourism-related goals (i.e., ‘To foster compassionate active tourists’ and ‘To provide a socially responsible development-
tourism alternative’) seek to engage tourists and the tourism organisations as part of the broader solution for poverty issues. The visions of fostering compassionate active tourists and providing a socially responsible alternative to development-tourism not only involve directly delivering tourism benefits to people living in poverty and impoverished communities, but also fostering further actions from tourists and tourism organisations to positively influence the global structures (including exploitative and/or unjust tourism structures) that exaggerate and/or perpetuate poverty. MFT thus fits into an emerging discourse which views tourism as a social force (as opposed to an industry) that is capable of creating positive social-political changes beyond the confines of tourism experiences (Higgins-Desbiolles, 2006; Novelli et al., 2016; Wrelton, 2006).

MFT elements and approaches: Six MFT key elements were articulated by respondents to support the six MFT key approaches (Figure 8.3), which together revealed MFT’s inner workings as a vehicle for poverty alleviation.
Four key findings clearly indicate that MFT is an innovative antipoverty intervention that can help to address many weaknesses of both ‘traditional’ microfinance and ‘traditional’ (development)-tourism as vehicles for poverty alleviation:

(1) MFT utilises a personal empowerment approach to assist microfinance clients to improve their lives. MFT however, differs from mainstream microfinance as it supports a microfinance-plus approach that emphasizes intangible support (e.g., moral support and mentoring) alongside tangible support (i.e., micro-credit, education and training). In MFT, microfinance clients also receive extra moral support from tourists, which contributes to building the clients’ self-motivation and self-efficacy.

(2) MFT’s cross-subsidy financing approach provides an alternative pathway for the microfinance sector to deal with the dilemma of achieving financial sufficiency versus serving more poor clients, especially people who live in extreme poverty. A tourism market-based approach is utilised in MFT, which helps to raise funds for microfinance activities and cross-subsidise the gap that occurs from providing below-market pricing for poorer clients. This approach also assists the MFT organisations to reduce dependency on external donors in order to realise financial self-sufficiency.

(3) MFT respondents educate tourists of GC via an expanded experiential learning process that goes beyond the scope of a short microfinance tour. Pre-tour orientation and post-tour support (e.g., global online platform, borrower updates) provided by MFT organisations are seen as important elements to help tourists develop new insights about poverty/poverty alleviation and foster a range of actions to address poverty issues. The integration of microfinance during the tour (i.e., visiting microfinance clients’ home) provides both ‘personal’ and ‘surprise’ elements to challenge tourists’ stereotypes about people living in poverty. This helps to differentiate MFT from other development-tourism forms with the sub-text of ‘giving’, ‘helping’ and where people living in poverty are positioned as the ‘needy other’.
MFT respondents proposed a framework for socially responsible operations of development-tourism. Underpinned by social exchange theory, ethical values were integrated into both antecedents and forms of exchange of MFT to ensure a just, equitable and mutually beneficial exchange process between tourists and individual poor/impoverished communities. This perspective reflects recent literature on power in tourism, which identifies tourism brokers (e.g., MFT founders, managers and staff) as having significant power to influence the nature and results of the host-guest encounter (Cheong & Miller, 2000; Wrelton, 2006). Moreover, respondents proposed that an internal financial and moral ‘incentive system’ was embedded in the MFT program. Moreover, they suggested that an external self-regulation system for monitoring and evaluating via a global online MFT platform could be key approaches to help MFT maintain its socially responsible nature in long-term development.

**MFT key challenges**: Five key challenges that could affect global MFT’s effectiveness as a means for poverty alleviation were identified utilising logic analysis, including:

1. MFT respondents only perceived micro-financial services as the provision of micro-credit. Without micro-saving and micro-insurance, microfinance clients in MFT programs were at a higher risk when encountering shocks from their environment.

2. Small-scale MFT development has limited capacity to generate sufficient tourism profit, which prevents MFT organisations from being able to simultaneously achieve self-sufficiency and increase microfinance access to generate larger impacts.

3. The majority of MFT respondents only focused on fostering the general compassionate and philanthropic actions of tourists (i.e ‘thin’ GC values) and this may lead to the simplification/de-politicisation of poverty. ‘Thick’ GC values in MFT, which better assist tourists to develop deeper insight of, or take actions to, address poverty’s root causes, were overlooked.
The MFT models may not suit many local conditions and interests (e.g., areas with weak infrastructure and economy, or when locals prefer direct distribution of tourism profits as opposed to channelling the profit via microfinance).

Both incentive systems and self-regulation are voluntary by nature and hard to be enforced; hence, their effectiveness cannot be guaranteed.

8.3.2 Phu Minh, Vietnam microfinance tourism stakeholders’ Theory of Change

Phu Minh MFT goals: As shown in Figure 8.2, the first three goals of Phu Minh MFT seem to closely reflect the first three goals of global MFT. Despite these apparent similarities, Phu Minh stakeholders perceive poverty alleviation via MFT differently from global MFT respondents. For instance:

- While the clientele of the MFT organisations at the global level were quite diverse (i.e., women, people who have special talent or skill, or micro-businesses that have cultural significance), Phu Minh MFT only targeted women living in poverty as microfinance clients. An added focus on female poverty (as opposed to a non-gender sensitive strategy) means that Phu Minh MFT also seek to improve local structures (e.g., domestic violence) that perpetuate female poverty in Phu Minh.

- Many global MFT respondents viewed access to microfinance as human rights and attempted to influence the global structures that distribute capital (i.e., rights-based perspective). In contrast, Phu Minh respondents simply focused on attracting funding for local microfinance to enhance the market participation of the poor sections in the local community (i.e., social exclusion perspective).

- In terms of fostering tourists’ involvement with poverty alleviation, many local respondents focused only on increasing tourist’s philanthropic actions in Phu Minh, as opposed to educating tourists of GC and taking action in addressing global poverty.

Phu Minh MFT Goal 4: ‘To foster community economic development’ is remarkably different from Goal 4 at the global level, which is ‘To provide a socially responsible
development-tourism alternative’. The difference in goals is not surprising, given Phu Minh commune is a rural area, as opposed to the impoverished urban areas where voyeuristic and irresponsible forms of development-tourism (e.g., slum tours) often take place (see Frenzel, 2013). Furthermore, while MFT respondents at the global level focused more on reducing the ‘absolute/extreme poverty’ of individuals within the community, Phu Minh respondents also perceived the need to alleviate ‘relative poverty’ for the whole community.

**Phu Minh MFT elements and approaches:** Phu Minh MFT stakeholders articulated many similar MFT elements and approaches as those identified by respondents at the global level (Figure 8.4).
### Global MFT Key Elements

1. **Creating personal connections**
   - Connections between tourists and people living in poverty
   - Connections between MFT staff and people living in poverty

2. **Changing mindsets**
   - Changing mindsets of tourists
   - Changing mindsets of people living in poverty

3. **Nature of host-guest encounter**
   - Non-voyeuristic
   - Non-commercial
   - Minimise give and take dynamic
   - Deep interactions

4. **Channelling tourism profits via microfinance**
   - Tourism profit distribution
   - Tourism profit as sustainable form of funding

5. **Educating tourists of microfinance**

6. **Additional organisation support**
   - Training and education
   - Monitoring and feedback
   - Pre-tour orientation
   - Post-tour support

### Phu Minh MFT Key Elements

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   - Tourism profit distribution
   - Tourism profit as (sustainable) form of funding

5. **Educating tourists of microfinance**

6. **Additional organisation support**
   - Training and education
   - Monitoring and feedback
   - Pre-tour orientation
   - Post-tour support

---

**Figure 8.4: Global versus local microfinance tourism elements and approaches**

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**Personal empowerment**

**Cross-subsidy financing**

**Experiential learning**

**Host-guest exchange relations**

**Incentive system**

**Self-regulation**

**Economic diversification**
As shown in Figure 8.4, the first three MFT key approaches are the same at the global and local level. This may be because some respondents [1, 3, 5, 8, 9, and 10] from the global level are also fully or partially involved with the local MFT projects in Vietnam. Therefore it is likely that these respondents may actively implement their approaches and communicate them to the broader MFT stakeholders in the Phu Minh case.

However, a number of perception/communication gaps still exist between those from the Phu Minh MFT organisation and other stakeholder groups. For instance, most of the respondents were unaware of the Phu Minh MFT organisation’s goal of educating tourists about GC, as well as how this educational process takes place. Moreover, whilst most respondents from the Phu Minh MFT organisation perceived revenue from microfinance tours to be a sustainable source of funding for microfinance, other respondents were concerned that this revenue only generated a very small amount of additional capital for local microfinance. In terms of the nature of host-guest encounter, some stakeholders wished to increase commercial aspects of tourism and attract more tangible/material support from tourists, and were thus in direct contrast to the MFT staff’s perceptions of MFT as being non-commercial and with limited give and take dynamics. The three key MFT elements ‘tourism as a form of sustainable funding’, ‘non-commercial’ and ‘minimise give and take dynamic’ articulated by respondents at the global level, hence were renamed ‘tourism as a form of (sustainable) funding’, ‘(non)-commercial’ and ‘give and take dynamic’ at the local level to reflect the diversity of Phu Minh MFT stakeholders’ viewpoints (see Figure 8.4, red-text highlights).

Most importantly, to address the different fourth goal (i.e., To foster community economic development), Phu Minh MFT stakeholders had a different MFT approach from that of the global level. Economic diversification was articulated as the key approach to achieve the goal of Phu Minh community economic development and MFT was seen as playing a role in assisting the Phu Minh community to diversify economic activities within the existing agricultural sector. Importantly, CBT was considered more effective than MFT in economic diversification through the newly established tourism sector, and many Phu Minh stakeholders perceived MFT as a catalyst for Phu Minh CBT development (see Figure 8.4, yellow-shading highlights).
Phu Minh MFT key challenges: A number of challenges have been identified that can affect MFT’s effectiveness as a vehicle for poverty alleviation. Some of these challenges are similar to those at the global level (e.g., a neglect of micro-saving and micro-insurance; limited tourism profit to expand positive MFT impacts, a lack of attention to educating tourists of ‘thick’ GC). Three key additional challenges identified at the local level are:

- A lack of gender-sensitive strategies (e.g., gender awareness workshops) which support women living in poverty’s strategic needs;
- The perception/communication gaps between MFT stakeholders; and
- The unmet needs of tourism capacity training such as English language and tourism business management skills for the local community.

Overall however, the Phu Minh MFT stakeholders’ comments on their experience with MFT confirmed that MFT has generated a number of positive outcomes in accordance with its key goals. For instance, members of the Phu Minh community noticed an increase of access to financial services and training/education among Phu Minh women living in poverty (especially the ‘poorer poor’), along with the personal empowerment of these female microfinance clients. Phu Minh MFT staff and the tourists themselves also noticed the development of tourists’ new insights into poverty and microfinance after participating in microfinance tours. In terms of economic diversification, local respondents observed that the majority of MFT clients not only had higher income, but that the income also came from more diversified sources of agricultural activities. As a catalyst for CBT development, MFT helped to raise the awareness and interest of the Phu Minh community in tourism, provided financial assistance and developed tourism capacity for the local community to successfully set up, manage and operate the first locally owned tourism enterprise (i.e., Uncle Ty’s Farmstay). Hence, Phu Minh MFT achieved initial success that indicated progression towards its long-term poverty alleviation goals.

Furthermore, it is important to note that the MFT goals and approaches are not mutually exclusive but often inter-related. For instance, tourists’ philanthropic actions following the microfinance tours could further contribute to improving (female) microfinance clients’ lives. In the Phu Minh case, the development of Phu Minh CBT may also create further employment opportunities for women, as well as increase the
local community’s social interactions with tourists who possess progressive values regarding women’s roles and rights. Both of these could further support the goal of reducing local women’s poverty.

**8.3.3 Significance of the research in relation to objective three.**

This study closes the gap in the literature in understanding MFT as an emerging ATI. As one of the first studies to investigate MFT, it contributes in-depth insights regarding MFT’s characteristics, opportunities and constraints within the context of poverty alleviation in developing countries. The study also expands knowledge pertaining to the complexity of tourism activities that are developed around impoverished individuals and/or communities by adding a detailed global-local case study (which integrates global providers’ perspectives as well as the diverse local stakeholder perspectives) of a development-tourism genus (i.e., MFT). Practically, the MFT ToC articulated and discussed in this research has the potential to inform and benefit individuals and organisations that are interested in participating in existing MFT programs or developing new MFT programs.

In relation to the broader tourism literature, this study responds to Zhao and Ritchie’s (2007) call to investigate the integration of tourism with other poverty alleviation tools (e.g., microfinance) to expand positive impacts on people living in poverty. Thus, the research contributes concrete insights into how tourism can be better utilised to address multiple facets of the poverty issue. Moreover, the integration of social entrepreneurship in tourism has potential to ensure these ATIs can achieve financial self-sufficiency to maintain positive impacts in the long run. Beyond the traditional focus on alleviating income and basic need deprivations, there are also recent calls for better directing tourist philanthropy as a social-political force to tackle the structural root causes of poverty (e.g., Novelli et al., 2016). The critical discussion of MFT and GC education of tourists in this study, sheds light on how such a task is conceptualised and carried out by the tourism organisations.
8.4 Objective Four: Recommendations for the Development of Microfinance Tourism

To further facilitate the practical development of MFT, recommendations across the global-local levels have been developed.

8.4.1 Global microfinance tourism recommendations.

As shown in Table 8.1, the recommendations for global MFT centre around three key areas: (1) microfinance aspects of MFT, (2) tourism aspects of MFT, and (3) global MFT development.

Table 8.1
Recommendations for global microfinance tourism

| Microfinance aspects of MFT                                      | • Expand the scope of microfinance beyond micro-credit to provide people living in poverty with access to micro-saving and micro-insurance services |
|                                                               | • Integrate a range of financing options related to the microfinance aspects of MFT |
|                                                               | • Develop a good understanding of local conditions, needs and interests in relation to microfinance as a vehicle for poverty alleviation |
| Tourism aspects of MFT                                         | • Integrate elements of ‘thick’ global citizenship education (e.g., high level of reflections and dialogues among tourists on root causes of poverty) more extensively through pre-tour orientation, during the tour and post-tour support. |
|                                                               | • Develop a good understanding of local conditions, needs and interests in relation to tourism as a vehicle for poverty alleviation |
| Global MFT development                                         | • Subject the MFT online review platform to a regulation framework to minimise the issues of unethical/fake reviews |
|                                                               | • Support co-regulation (both self-regulation and government regulation) to ensure socially responsible conduct of new and existing MFT programs. |

(1) MFT’s microfinance: The analysis in this research emphasizes an apparent need for the expansion of microfinance services to be included as part of MFT. Beyond micro-credit, micro-saving and micro-insurance form important support for people living in poverty and should be offered to MFT’s microfinance clients. Additionally, microfinance as a market-based solution for poverty
alleviation offers many financing options which could be utilised in MFT (along with tourism revenue) to expand access to financial services. This may include savings-mobilisation from both people living in poverty and the non-poor, as well as introducing positive pricing discrimination which charges the more well-off clients higher price for services (as opposed to standardised pricing strategies). Above all, the successful planning and implementation of any microfinance services in MFT are subjected to specific local conditions, needs and interests. It is thus important for MFT planners and implementers to develop a good understanding of these local contextual factors.

(2) **MFT’s tourism:** Beyond directly providing assistance to people living in poverty, the tourism aspects of MFT have the potential to alleviate the root causes of poverty by engaging microfinance tourists and tourism organisations operating in impoverished areas as part of the broader solution. However, this research has shown that the majority of MFT respondents only thought about ‘thin’ GC goals and values. It is thus important for MFT organisations and the broader stakeholders involved in GC education through MFT (e.g., tour operators, tourists, local communities, governments) to be informed of the different perspectives regarding GC (e.g., ‘thin’ GC and ‘thick’ GC). Ideally, education for these stakeholders will encourage further integration of ‘thick’ GC goals and values into MFT practices, to more effectively foster social and political activism that could bring changes to the local-global structures that create and perpetuate poverty. Finally, similar to the microfinance aspects of MFT, the planning and implementation of any tourism activities as part of MFT need to come from a solid understanding of local conditions, needs and interests in relation to tourism as a vehicle for poverty alleviation.

(3) **Global MFT development:** It is important to operationalise MFT’s self-regulation mechanisms to maintain its socially responsible nature. Furthermore, the operation of an MFT online review platform should be subjected to a monitoring and regulation framework to minimise the issues of unethical/fake reviews. Beyond self-regulation measures, the MFT community should also support co-regulation (i.e., both self-regulation and government regulation) to ensure the socially responsible conduct of new and existing MFT programs.
8.4.2 Local microfinance tourism recommendations.

As shown in Table 8.2, the recommendations for Phu Minh MFT centre on three key areas: (1) microfinance aspects of Phu Minh MFT, (2) tourism aspects of Phu Minh MFT, and (3) MFT as catalyst for Phu Minh CBT development.

Table 8.2

Recommendations for Phu Minh microfinance tourism

<table>
<thead>
<tr>
<th>Microfinance aspects of Phu Minh MFT</th>
<th>• Communicate the availability and importance of mentoring and moral support to the microfinance clients and other MFT stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Expand education/training activities to equip microfinance clients with knowledge/skills to take part in non-agricultural activities</td>
</tr>
<tr>
<td></td>
<td>• Expand the scope of microfinance beyond micro-credit to provide people living in poverty access to micro-saving and micro-insurance.</td>
</tr>
<tr>
<td></td>
<td>• Integrate gender-sensitive activities to improve the clients’ strategic needs (e.g., education of gender issues, develop female social networks)</td>
</tr>
<tr>
<td></td>
<td>• Integrate a range of financing options related to the microfinance aspects of MFT</td>
</tr>
<tr>
<td>Tourism aspects of Phu Minh MFT</td>
<td>• Communicate the MFT organisation’s goal of educating tourists of global citizenship and show other MFT stakeholders how this educational process takes place.</td>
</tr>
<tr>
<td></td>
<td>• Facilitate the opportunity among tourists, to undertake a high level of reflection and discussion focusing on the root causes of poverty and the relationship to one’s actions/non-actions as part of the microfinance tour, as well as in pre-tour orientation.</td>
</tr>
<tr>
<td></td>
<td>• Offer tourists broader forms of post-tour support such as online forum discussions and information on opportunities to engage in a wide range of poverty alleviation actions</td>
</tr>
<tr>
<td>MFT as catalyst for Phu Minh community-based tourism</td>
<td>• Expand tourism education and training to support the development of English language and business skills</td>
</tr>
<tr>
<td></td>
<td>• Inform the Phu Minh community of both the potential positive and negative impacts of CBT.</td>
</tr>
<tr>
<td></td>
<td>• Facilitate the development of a Phu Minh tourism plan/policy</td>
</tr>
</tbody>
</table>
(1) Phu Minh MFT’s microfinance: Similar to recommendations at the global level, Phu Minh MFT should expand the scope of microfinance services to include micro-saving and micro-insurance. Moreover, along with tourism revenue, additional revenue to expand microfinance services in Phu Minh could be generated through the microfinance aspects of MFT. For instance, Phu Minh MFT can introduce micro-saving services and offer diversified microfinance products to different groups of clients (e.g., the non-poor, near-poor and poor households).

Alongside financial services, the expansion of Phu Minh MFT’s additional support for microfinance clients is also needed to further enhance microfinance’s positive impacts on local women living in poverty. For instance, Phu Minh MFT could organise workshops on non-agricultural activities or on gender issues and strategies for improving women’s social-political positions in the community. Intangible support, such as mentoring and moral support (from MFT staff and from other MFT clients), should be enhanced and better communicated to the existing clients as well as the broader MFT stakeholders.

(2) Phu Minh MFT’s tourism: To achieve the goals of educating tourists of GC, Phu Minh MFT organisation needs to effectively communicate this goal and the educational process to other MFT stakeholders. In addition, as the Phu Minh MFT organisation mainly focuses on the education of ‘thin’ GC, elements of ‘thick’ GC (as detailed in the global level’s recommendations) should also be integrated into Phu Minh MFT’s practices to unlock its potential in contributing to the alleviation of poverty’s root causes.

(3) MFT as catalyst for Phu Minh CBT: This research has highlighted Phu Minh community’s unmet needs for tourism capacity development. Phu Minh MFT therefore, should expand the scope of tourism education and training to include English classes and tourism business skills for the Phu Minh community in general and for the local CBT champions in particular.
8.4.3 General recommendations for microfinance tourism development.

Overall, the recommendations for both global MFT and Phu Minh MFT indicate the need for a holistic, grass-roots approach to MFT development with an increased focus on effective communication, extensive collaboration and an understanding of the need for putting communities first.

Effective communication: This research confirms the diversity of perspectives and viewpoints inherent in the poverty alleviation environment. Effective communication therefore is necessary to bring these diverse perspectives to the surface and to bridge the perception gaps that currently hinder the development and effectiveness of MFT as a vehicle for poverty alleviation. By building social capital and trust among those directly involved in MFT, as well as the broader MFT stakeholders, pathways for open dialogues and discussions can be established for each participant to become more aware of other perspectives and when and where possible, to reconcile and reach consensus on the development of MFT.

Extensive collaboration: The alleviation of multiple facets of poverty requires comprehensive intervention and extensive resources that exceed the capacity of any single organisation. Beyond the need to expand collaboration among existing MFT organisations, this research points to the importance of establishing cross-sectoral partnerships (e.g., between public, private, civil society sectors, as well as between microfinance, tourism, agriculture etc sectors) to mobilise resources for expanding MFT’s positive impacts. For instance, the Phu Minh MFT organisation can leverage existing resources to better address local poverty by:

- establishing partnerships with the existing initiatives that offer micro-saving and micro-insurance to introduce and/or expand these services in Phu Minh area;
- establishing partnerships with other (I)NGOs and government organisations in the local area or elsewhere, especially those specialising in women advocacy and empowerment, to offer education/training and other gender-sensitive services that contribute to address gender inequality in Phu Minh;
- establishing partnerships with volunteer tourism organisations, as well as Vietnamese and overseas universities, to run a series of English and/or business workshops in Phu Minh.
Understanding and putting local communities first: This research reveals that the extent of MFT’s success as a vehicle for poverty alleviation is largely dependent on each community’s conditions, needs and interests. MFT, just like microfinance and tourism, is certainly not a silver bullet to poverty alleviation and should not be used as a blanket approach that imposes certain poverty alleviation goals and implementation pathways on the local communities. Moreover, the case of the Phu Minh MFT shows us that the local MFT stakeholders are capable of both critically evaluating the MFT program and offering solutions to some of the identified issues. It is thus important to ensure the diverse MFT stakeholders (including the vulnerable and marginalised groups) in each area where MFT operates, can participate in, and are given sufficient power to direct the planning and implementation process of MFT to best reflect local conditions, needs and interests at any given time.

8.4.4 Significance of the research in relation to objective four.

The extensive range of recommendations developed in this study makes a significant practical contribution to the on-going development of MFT both at a global level and at the local level. Furthermore, these recommendations will assist future policy development that governs the development of MFT as a vehicle for poverty alleviation.

8.5 Future Research Direction

The exploratory nature of this research has laid down the foundation for future research opportunities. First, as this study focuses on logic analysis to critically analyse and evaluate MFT, more empirical evaluations of MFT should be carried out in the future to further determine MFT’s impacts. Based on the ToC created in this research, relevant indicators for evaluating MFT processes and outcomes can be developed to assist these evaluation studies. Second, this study has raised awareness of innovative cross-sectoral ATIs and tourism SE as important areas for study; yet to date, little to no attention has been given to them in the tourism-poverty alleviation space. Future research can explore the diverse ways social entrepreneurship theories and practices can be integrated in the area of tourism, hospitality and events. Future studies can also investigate the integration of tourism with other poverty alleviation strategies/tools within a destination, to help reduce overlapping efforts while creating more synergies to achieve lasting social change.
EPILOGUE

My interest in MFT started in 2011 by complete coincidence. At the time, I had just moved back to Vietnam after my honours degree and decided to apply for a project assistant position with a local NGO. During the interview, I first learnt about microfinance’s roles in poverty alleviation and about the NGO’s existing microfinance projects. Having a background in tourism, I immediately suggested the NGO develop the links between microfinance and tourism. However, my enthusiasm was responded to with downright rejection from the interview panel that no such connection existed; nor would it be beneficial to consider. Needless to say, I did not get the job, but my curiosity ultimately led me on a four-year exciting journey to investigate MFT, not only in Vietnam but also around the world.

My involvement with this project has challenged my previous thinking regarding poverty and poverty alleviation in developing countries. For many years, I was content being a ‘good person’ who donated money and labour to people living in poverty. Rarely did I question whether my support may help to change their lives, nor what the root causes of mass poverty conditions might be. Through this research, it becomes clear to me that poverty is a highly complex issue, and the links between microfinance tourism and poverty alleviation are far from being straightforward. The people who took part in this research have taught me that it is important to always keep an open mind regarding the possible pathways that lead to change, and to exercise great care in ensuring the antipoverty intervention itself does not create negative effects on people living in poverty. As global tourism continues to expand at a rapid rate, my hope is that this research inspires and encourages more people to experiment and adopt innovative ATIs such as MFT to realise tourism’s potential as a global force for good.
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Appendix 1: Global level sample – Respondents from six microfinance tourism organisations

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Gender</th>
<th>Mode of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interview 1</td>
<td>Business development intern</td>
<td>Male</td>
<td>Skype</td>
</tr>
<tr>
<td>Interview 2</td>
<td>Founder/Board of directors</td>
<td>Male</td>
<td>Phone</td>
</tr>
<tr>
<td>Interview 3</td>
<td>Founder/Director</td>
<td>Female</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>Interview 4</td>
<td>Director</td>
<td>Female</td>
<td>Skype</td>
</tr>
<tr>
<td>Interview 5</td>
<td>Founder/Board of directors</td>
<td>Female</td>
<td>Skype</td>
</tr>
<tr>
<td>Interview 6</td>
<td>Chief operating officer</td>
<td>Female</td>
<td>Skype</td>
</tr>
<tr>
<td>Interview 7</td>
<td>Business development officer</td>
<td>Female</td>
<td>Skype</td>
</tr>
<tr>
<td>Interview 8</td>
<td>Business development manager</td>
<td>Female</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>Interview 9</td>
<td>Operations manager</td>
<td>Female</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>Interview 10</td>
<td>Founder/Chief operating officer</td>
<td>Male</td>
<td>Skype</td>
</tr>
<tr>
<td>Interview 11</td>
<td>Director</td>
<td>Male</td>
<td>Phone</td>
</tr>
<tr>
<td>Interview 12</td>
<td>Founder/Director</td>
<td>Female</td>
<td>Skype</td>
</tr>
</tbody>
</table>
### Appendix 2: Local level sample – Phu Minh microfinance tourism respondents

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Stakeholder group</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interview 1</td>
<td>Microfinance tourism (MFT) intern</td>
<td>MFT organisation</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 2</td>
<td>First time borrower</td>
<td>MFT micro-entrepreneur</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 3</td>
<td>Microfinance institution director</td>
<td>Microfinance institution</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 4</td>
<td>INGO staff</td>
<td>INGO operating in local area</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 5</td>
<td>MFT founder/board of directors</td>
<td>MFT organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 6</td>
<td>Local women union staff</td>
<td>Local organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 7</td>
<td>First time borrower</td>
<td>MFT micro-entrepreneur</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 8</td>
<td>MFT manager</td>
<td>MFT organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 9</td>
<td>MFT manager</td>
<td>MFT organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 10</td>
<td>MFT founder/Chief operating officer</td>
<td>MFT organisation</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 11</td>
<td>Local women union chairperson</td>
<td>Local organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 12</td>
<td>Third-time borrowers (Husband &amp; Wife)</td>
<td>MFT micro-entrepreneur</td>
<td>Male &amp; Female</td>
</tr>
<tr>
<td>Interview 13</td>
<td>Tourism social entrepreneur</td>
<td>Tourism consulting organisation</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 14</td>
<td>Local tourism service supplier</td>
<td>MFT local service supplier</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 15</td>
<td>Second time borrower</td>
<td>MFT micro-entrepreneur</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 16</td>
<td>Local tourism service supplier</td>
<td>MFT local service supplier</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 17</td>
<td>Local government chairperson</td>
<td>Local government</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 18</td>
<td>Local village leader</td>
<td>Broader local community</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 19</td>
<td>Local villager</td>
<td>Broader local community</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 20</td>
<td>Local women union staff</td>
<td>Local organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 21</td>
<td>Local women union staff</td>
<td>Local organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 22</td>
<td>Local women union staff</td>
<td>Local organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 23</td>
<td>Local women union chairperson</td>
<td>Local organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 24</td>
<td>First time borrower</td>
<td>MFT micro-entrepreneur</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 25</td>
<td>Local women union staff</td>
<td>Local organisation</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 26</td>
<td>Local tourism officer</td>
<td>Local government</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 27</td>
<td>Student group tour manager</td>
<td>Microfinance tourists</td>
<td>Female</td>
</tr>
<tr>
<td>Interview 28</td>
<td>microfinance tourist</td>
<td>Microfinance tourists</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 29</td>
<td>Second time borrowers (Husband &amp; Wife)</td>
<td>MFT micro-entrepreneur</td>
<td>Male &amp; Female</td>
</tr>
<tr>
<td>Interview 30</td>
<td>Regional tourism vice director</td>
<td>Regional tourism organisation</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 31</td>
<td>Local villager</td>
<td>Broader local community</td>
<td>Female</td>
</tr>
</tbody>
</table>
### Appendix 3: Local level interview guide in English

<table>
<thead>
<tr>
<th>Theory of Change</th>
<th>Provisional Questions</th>
</tr>
</thead>
</table>
| **Background**          | - Are you born and grown up here?  
                          - What are the main sources of livelihood (occupation) for the local communities here?  
                          - What have been your livelihoods in the past and currently?                                                                                       |
| **Perceptions of poverty** | - Are there many poor households in your village? How is their life?  
                          - What are the main causes of poverty here?                                                                                                           |
| **Perceptions of the program theory** | • When did you first hear about this program?  
                          • Can you explain what you think MFT is?  
                          • How is this program different to other poverty alleviation activities?  
                          • In your opinion, what do you think the program aim to deliver to the local villager in the long term?                                        |
| **Perceptions of the implementation theory** | For participants only:  
                          • How long have you been involved in the program?  
                          • Why did you decide to participate?  
                          • What does your involvement entail? (activity, timing)?  
                          • Can you describe the interactions with tourists?  
                          • Any difficulties/challenges during and after participating in the program?  
                          (e.g., Is the process for getting funds efficient?; Any red tape in the processes?)  
                          • Did you receive supports from the tour organisers/other organisations to overcome these challenges?  
                          
                          For non-participants:  
                          • Do you want to directly participate in MFT? Why, why not?  
                          • Do you know anyone who wants to participate but cannot or choose not to? Why?                                                                |
| **Future**              | • Any recommendations on how to improve the program?  
                          • What current needs do you want the program to support?  
                          • If the program ends one day, can the village continue tourism activities?  
                          How should it be organised?                                                                                                                        |
### Appendix 4: Local level interview guide in Vietnamese

| Bối cảnh chung | - Minh sinh ra và lớn lên ở đây a?
- Mọi người trong làng chủ yếu sống bằng nghề gì?
- Trước và hiện nay gia đình mình sống dựa vào nguồn thu nào? |
|----------------|------------------------------------------------------|
| Quan điểm về vấn đề nghèo đói | - Trong lúc mình còn nhiều họ nghèo khổ? Cuộc sống của họ như thế nào?
- Những nguyên nhân nào dẫn đến nghèo?
- Lần đầu anh/chị nghe nói về chương trình du lịch kết hợp cho vay vốn này là khi nào?
- Anh/chị có thể giải thích thêm về chương trình này được không?
- Chương trình này khác với các hoạt động hỗ trợ xã hội giảm nghèo khác như thế nào?
- Chị nghĩ những người làm chương trình mong muốn lại điều gì cho dân làng mình về lâu dài? |
| Quan điểm về nền tảng của chương trình | - Quan điểm về việc tham gia (hỗ trợ) của chương trình lâu chưa?
- Vì sao anh/chị quyết định tham gia?
- Khi tham gia (hỗ trợ) chương trình thì mình làm những gì?
- Có khó khăn gì trong và sau khi tham gia chương trình không? (e.g., quá trình vay vốn có đơn giản và nhanh chóng không? Có phải qua nhiều đơn từ thủ tục không?)
- Chị có nhận được hỗ trợ gì từ bên ngoài làm chương trình, các tổ chức khác hay mọi người để khắc phục khó khăn không?
| Quan điểm về cách hoạt động của chương trình | Người tham gia trực tiếp:
- Chị tham gia (hỗ trợ) chương trình lâu chưa?
- Vì sao anh/chị quyết định tham gia?
- Khi tham gia (hỗ trợ) chương trình thì mình làm những gì?
- Có khó khăn gì trong và sau khi tham gia chương trình không? (e.g., quá trình vay vốn có đơn giản và nhanh chóng không? Có phải qua nhiều đơn từ thủ tục không?)
- Chị có nhận được hỗ trợ gì từ bên ngoài làm chương trình, các tổ chức khác hay mọi người để khắc phục khó khăn không?
| Quyền lợi | - Chị có góp ý gì cho chương trình hoạt động tốt hơn không?
- Chị mong muốn chương trình có thêm những hoạt động gì?
- Nếu chương trình du lịch này kết thúc thì lương mình có thể tiếp tục làm du lịch được không? Tại sao?
- Chương trình du lịch đó nên được tổ chức và quản lý thế nào?

| Quyền lợi | - Chị có muốn trực tiếp tham gia chương trình không a? Tại sao?
- Chị có biết ai muốn tham gia mà hiện giờ chưa thể hoặc không muốn tham gia không? Lý do vì sao?
| Quyền lợi | - Chị có góp ý gì cho chương trình hoạt động tốt hơn không?
- Chị mong muốn chương trình có thêm những hoạt động gì?
- Nếu chương trình du lịch này kết thúc thì lương mình có thể tiếp tục làm du lịch được không? Tại sao?
- Chương trình du lịch đó nên được tổ chức và quản lý thế nào? |
Appendix 5: Initial introductory email

Dear Sir/Madam,

My name is Giang Phi, a Phd student at Griffith University, Australia. I am currently working on a doctoral project which aims to explore microfinance tourism, and [MFT organisation’s name] has been identified as one of the very few organisations in the world that directly employ tourism to support microfinance activities and educate tourists of the global fight against poverty.

Even though my project is at a very early stage, I still would like to introduce myself and express my admiration for [organisation’s name] ’s achievement in poverty alleviation. Being a a former staff of Fred Hollows Foundation (an Australian-based NGO), I have experienced first-hand the poor’s struggles and their aspirations for a better life. Thus, my intention through this PhD project is to promote the microfinance tour initiative to tourism academics and tourism college/university students around the world, in turn hope to expand this unique initiative to more areas in Vietnam and other countries.

I also would like to enquire if [organisation’s name] is open to the possibility of involving in my research as a case study of pioneering microfinance tour provider. This might mean that interviews would be carried out with some of the organisation’s staff in the future.

Thank you for your consideration and look forward to hearing from you.

Sincerely,
Appendix 6: Invitation emails for interviews

Dear [Name],

Re: Interview request for Microfinance Tourism research project

My name is Giang Phi, a Phd student at Griffith University, Australia. I am currently working on a doctoral project which aims to explore the microfinance tourism (MFT)-poverty alleviation nexus, in order to develop practical guidelines for MFT development.

This research project explores the viewpoints from six MFT organisations in Tanzania, Mexico, Vietnam and Jordan (global level); along with the identification of diverse MFT stakeholders’ perspectives in the Vietnam case study (local level).

As [participant’s position] of [MFT organisation's name], you have been identified as the person who might be able to provide further insights about MFT as a means for poverty alleviation, and I would like to request an interview with you in the coming weeks. The interview should take no longer than one hour. Please take a moment to review the attached information statement about the research.

Your involvement is very much appreciated and I will be in touch shortly to arrange an interview time and location which suits you. If you don’t believe you can contribute, or choose not to be involved in this research, we would be pleased to hear your suggestions for others who may be able to provide a perspective from your organisation.

Thank you for your consideration.

Kind regards,

Giang Phi
Appendix 7: Information statement

Microfinance Tourism & Poverty Alleviation: Characteristics, Opportunities and Constraints

INFORMATION STATEMENT

Microfinance tourism (MFT) is an innovative poverty alleviation initiative. Since 2008, MFT has been providing visitors with first hand opportunities to experience the operations of small groups of poor local entrepreneurs. Visitors can learn about microfinance and better understand how the funds raised by their travel expenditures can be used in microfinance activities to help improve the lives of local entrepreneurs.

Despite representing a practical solution to poverty alleviation, little is known about the global developmental state of MFT, as is apparent from the current gap in research-practice on MFT. Additionally, no guidance to assist stakeholders with an interest in MFT to realise MFT’s full potential in assisting poverty alleviation exists, while minimising potential misconduct or negative impacts.

This research project aims to explore the characteristics, opportunities and constraints pertaining to the MFT-poverty alleviation nexus, in order to develop practical guidelines for MFT development.

In particular, the research project explores the viewpoints from six MFT organisations in Tanzania, Mexico, Vietnam and Jordan (global level); along with the identification of diverse MFT stakeholders’ perspectives in Vietnam case study (local level).

The research team

This project is being conducted as part of Ms. Giang Phi’s Doctor of Philosophy degree at the Department of Tourism, Sport & Hotel Management, Griffith University, Australia - under the supervision of [supervisors’ name]

What does this research involve?

The researcher will arrange an interview (about 30-60 minutes) at a time and place convenient to you wherein we can explore in further detail particular issues such as your background involvement with MFT and insight into current MFT operations and any perceived opportunities/barriers for future development of MFT. The researcher will be taking notes and will obtain your permission to record your interview. If you wish, you will be emailed a copy of the transcript and you can delete or change anything you have said.
Do I have to participate? What if I change my mind?
Participation in this study is voluntary. The research has deemed to be ‘low risk’ and does not involve any foreseeable risks to you. You may share as much or as little information as you want, and can also withdraw your participation at any time.

Your confidentiality
Everything you say will be kept confidential. Nobody except the research team will have access to information provided by you. The transcripts of your interviews will be stored in a secure, lockable filing cabinet at Griffith University - accessible only by the research team - for five years, after which time they will be destroyed.

Information collected will be used in Giang’s PhD thesis and articles or conference papers, but most of the information will be reported as group data. Quotes from your transcribed interview may be used within these publications, with any potentially identifying information removed.

Results
Should you wish to receive the study’s findings, an electronic version which summarises findings and practical recommendations will be sent to your email upon the completion of the project (expected to be in 2016).

Further information or concerns
If at any stage you have questions or require further information about the research, please do not hesitate to contact:
Supervisor’s name and contact details
The researcher’s name and contact details

Griffith University conducts research in accordance with the National Statement on Ethical Conduct in Research Involving Humans. If you have any concerns or complaints about the ethical conduct of the research project, you should contact the Manager, Research Ethics on (+61) 7 3735 4855 or research-ethics@griffith.edu.au. All information is confidential and will be handled as soon as possible.

Privacy statement
The conduct of this research involves the collection, access and/or use of your identified personal information. The information collected is confidential and will not be disclosed to third parties without your consent, except to meet government, legal or other regulatory authority requirements. A de-identified copy of this data may be used for other research purposes. However, your anonymity will at all times be safeguarded. For further information consult the University’s Privacy Plan at www.griffith.edu.au/ua/aa/vc/pp or telephone (07) 3735 4855.
Appendix 8: A field note excerpt

Day 2 in the village
The topic of ‘Western guests’ came up quite often in the conversations of the local villagers. They discussed the guests’ behaviour and appearance. Westerners were often perceived as beautiful and strong. They were also seen as friendly, enjoying the local culture and were environmental conscious (e.g., collecting garbage or ‘looking for the bin’ as they go).

Interviews with the poor borrowers did not go so well in the beginning. Most of the women were very shy and afraid. They also often mixed up between their ethnic language (Muong) with Kinh language (official Vietnamese), which made it hard for the researcher to understand, in turn, making them more shy and confused. Luckily, the researcher was assisted by a local women union staff, who was able to translate Muong language when needed to assist the interviews.

During an interview, the poor borrower’s family member, who was fixing his bicycle in the front yard, told the researcher ‘See how poor we are, we need to put three bicycles together to have one that works’.

Childfund and BM were the two biggest NGOs operating in the area. Childfund helped to train local farmers of agricultural knowledge and assisted a range of local development activities on a larger scale such as building new roads, improving current canal system and education. BM operated on a much smaller scope, targeting mainly the poorest of the poor through microloans.

The local government also supported to develop the area with some added welfare to the poorest of the poor (e.g., subsidise electricity bill or assist housing construction). A water factory (Vinacomex) was recently built in the area to deliver water to Hanoi. Though the local people was not able to receive the clean water from the factory, the government made new roads all around the factory, which reduced flooding in the area and the villagers could travel much easier.
By chance, the researcher was invited to farewell party of the commune’s Women Union Chairperson, who was now officially retired. The people here considered the act of drinking wine (bottom-up) as a sign of respect and bonding. All local government staff came to the table and asked the researcher to drink a shot of rice wine with them. Local people told the researchers that drinking was one of the main causes of domestic abuse in this area, as the men often became violent to their families when being drunk.

The Chairperson of women union, though retired, still had to pay social insurance for a few more years before she was eligible to receive pension. However, she refused to be dependent on her husband and wanted to borrow some money from the MFT project to raise pond fishes. This could help to cover the insurance fee and give her extra income, while waiting for the pension fee period to start. Being independent and able to generate extra income for the family were mentioned by many borrowers as a key reason that motivate them to participate in MFT project.
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