Hotel industry expansion and sustainable development: A case study of Inle Lake, Myanmar

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This article examines how international hotel industry expansion affects sustainable development in the context of least developed countries. The study focuses on power asymmetries in the governance processes of hotel value chains. First it develops a model to analyse these processes. Subsequently this model is used to present a case study of Inle Lake, Myanmar. The results show the relations between hotel industry growth, economic development, and sustainability in the particular governance setting of this destination. The analysis sheds light on how actors purposely produce and maintain strategic situations in which the interests of particular actors are protected at the costs of many others. In conclusion we therefore argue that practitioners and academia should direct their efforts at creating (knowledge about) governance arrangements that enable genuine community involvement in decision-making processes related to hotel industry expansion.

Keywords: hospitality industry, sustainability, power asymmetries, value chains, governance, least developed countries, south-east Asia.

God's idea of money
Kemp: "No one told me it's so pretty here."
Sanderson: "God's idea of money... You know what makes this place a goldmine? … Something that doesn't exist."
Kemp: "How is that?"
Sanderson: "Land. There isn't enough of it. Those who know how to get it, get the gold …"

(Depp et al., 2011)

Introduction

Hotel industry expansion drives globalisation in least developed countries (LDCs) by moving capital, knowledge, and people across borders (Niewiadomski, 2014). Besides providing accommodation to tourists, hotel investments stimulate the overall investment climate and business infrastructure of LDCs, attract global capital and expertise, enhance employment, improve skill levels and quality standards, and stimulate SME development (IFC, 2011). Due to their physical presence in destinations, hotels have direct relations with employees, suppliers, and local communities (León-Darder, Villar-García, & Pla-Barber, 2011), create employment and economic growth in often otherwise remote areas (Meyer, 2007), and offer LDCs opportunities to access resources for sustainable development. However, power asymmetries in hotel value chains pose barriers. Power generally accumulates with dominant actors external to the destination; lucrative components like franchising and hotel operations are based in source markets rather than host countries, and hotel ownership is generally dominated by national elites (Niewiadomski, 2014). This complicates sustainable development (Song, Liu, & Chen, 2013), and perpetuates rather than addresses global inequality (Clancy, 2011). While considered the most critical factor

affecting sustainability, little is known about this relationship (Song et al. 2013). Further insights into this matter would therefore enhance the contribution of the hotel industry to sustainable development in LDCs.

For this purpose the concept of value chain governance offers a suitable frame for analysis. Value chain analysis (VCA) is broadly used to identify interrelations between actors in (global) supply chains. Porter (1985) introduced VCA in business management studies to illustrate that local conditions determine competitive advantage in international supply chains (Mitchell, 2012). Kaplinsky (2000) adopted VCA in development studies to analyse the relation between globalisation and inequality. Value chains represent all interrelated business activities required to take a product from various inputs through the intermediary stages of production, to market delivery and disposal after use (Kaplinsky, 2000). Since the 2000s the aid industry has used VCA in private sector development programmes in numerous economic sectors in LDCs including tourism (DCED, 2007), to identify opportunities for generating so-called pro-poor growth. This is based on the assumption that participation of poor people in value chains increases their income and lifts them out of poverty (DCED, 2007). This makes income increase a condition for disadvantaged groups to achieve development.

However, an analysis of power asymmetries in value chains requires researchers to look beyond income distribution, and shed light on value chain governance. Governance concerns all institutional arrangements required to govern (Hall, 2011). Governance research has looked at (sustainable) tourism policies (Hall, 2011); destinations (Beritelli, 2011); the state (Bramwell, 2011); public private partnerships (Beaumont & Dredge, 2010), and value chains (Song et al., 2013). Value chain governance is a continuous decision-making process

through which value chain actors allocate resources, mobilise knowledge and create rules to manage their *common* affairs (Bramwell, 2011; Song et al., 2013). The aforementioned authors all acknowledge the importance of governance for sustainable development. Yet, achieving effective governance is challenging. Governance performance is primarily evaluated by those involved, based on their specific interests, worldviews, and level of influence (Beaumont & Dredge, 2010). This makes ideas about *good* or *effective* governance inherently political projects in a specific (strategic) context (Hall, 2011). Governance is shaped by the continuous power struggles of actors with divergent ideas about control, stakeholder identification, stakeholder participation levels, and governance performance. These power struggles delineate who and what is taken into account, and who and what is not. Governance thus produces externalities, i.e. the effects agents – perhaps intentionally – disregard (Van der Duim, Ren, & Jóhannesson, 2012).

This study examines how international hotel industry expansion affects sustainable development in LDCs. It analyses governance processes in hotel value chains by means of a case study of Inle Lake in Myanmar. Historically isolated from globalisation, Myanmar recently became the poster babe of the international hotel industry after starting political reforms in 2011 (MCRB, 2015). Inle Lake is currently facing rapid tourism growth, a hotel boom, and serious sustainability challenges. Drawing on extensive field research conducted in this area, this paper aims to advance the discussion about the social imperative of sustainability in hospitality management and research by highlighting power asymmetries in hotel value chains in the specific context of a LDC destination that experiences rapid hotel industry expansion.

Literature review

International institutions promote global value chain expansion into LDCs based on the belief that economic growth contributes to sustainable development. In its Aid for Trade initiatives, the World Trade Organisation (2015) frames international trade as sustainable development tool. Likewise, the United Nations considers economic growth an important driver of sustainable development in LDCs. *Our Common Future* proposed more balanced exploitation of resources to safeguard inter and intra-generational equity but did so on the premise that (economic) growth should be sustained (UN, 1987). Also the Millennium Development Goals (MDGs) aimed to eradicate poverty through income growth (UN, 2015a), and the recently launched UN Sustainable Development Goals (SDGs) explicitly link global economic transformation to sustainable development (UN, 2015b).

As a key trade sector for LDCs, tourism is promoted as an important driver of economic growth. Tourism encapsulates 30% of global service exports (UNWTO, 2015), and the market share of LDCs is increasing. In 2014, LDCs recorded 24 million tourist arrivals worth US$18 billion or 7% of total export earnings, and all countries that recently graduated out of LDC status have a sizable tourism industry (UNWTO, 2015). Not surprisingly, international institutions have positioned tourism as a vehicle to integrate LDCs into global value chains, as these countries generally lack competitive advantage in other export sectors (UNWTO, 2015). As tourism

is labour intensive and involves different economic sectors, the UNWTO considers tourism as an effective force for inclusive growth, and successfully called for full integration of tourism in the development plans of LDCs; 42 out of 48 LDCs have recognised tourism as a priority sector (UNWTO, 2015; UN, 2014). Moreover there is a widespread belief that tourism contributes to sustainable development of LDCs (UNWTO, 2015, 2013; UN, 2012). The UNWTO considers tourism as tool for "green growth" (UNWTO, 2013, p. 10), while the SDGs promise that tourism reduces poverty through the creation of jobs in tourism-related value chains (UN, 2015a, 2015b).

Yet, this aid for trade premise is controversial. The present dominant economic system does not succeed in converting economic growth into socio-economic development. Recent global financial crises suggest that global wealth distribution faces system failures, as neoliberal market expansion increases inequality among and between countries and people rather than relative prosperity for all (Piketty, 2014; Shahrokhi, 2011). Church (2004) argues this is because markets stimulate competition rather than cooperation, and Clancy (2011) showed how the governance of global industries limits the benefits of LDCs that seek integration into global markets. Also the UN (2015a, 2015b) admitted their MDGs have failed to address global inequality: their new SDG framework now links economic growth to the *quality* of employment and income opportunities it generates.

Tourism should be viewed in this light. Tourism growth logically leads to economic growth, as both concern market expansion. Economic growth, however, is not identical to development, and tourism growth and development may even be incompatible (Sharpley, 2009). Pulido-Fernández, Cárdenas-García, and Sánchez-Rivero (2014) demonstrated that tourism rarely contributes to development in terms of access to knowledge and education, decent standard of living, health, and life expectancy in LDCs. Poverty, weak economic, institutional and human resources, and environmental constraints pose obstacles. In such a setting, uncontrolled tourism development creates negative attitudes of host populations towards tourism and enhances inequality (Mowforth & Munt, 2009; Higgens-Desbiolles, 2006).

The contribution of tourism to *sustainable* development in LDCs is equally debatable. Sustainable development aims to address environmental concerns while tackling socio-economic issues (Hopwood et al., 2005). This requires governance frameworks that balance the different interests of the stakeholders involved. Yet, achieving this balance proves highly challenging (Vallance, Perkins, & Dixon, 2011) when the institutional environment is weak. Assimilation of imported international policies and ideas often fails, as the transferability of these concepts is disregarded (Church, 2004). Tourism is a highly competitive business sector (Sharpley, 2009) that capitalises on natural and cultural resources such as unspoiled nature, favourable climate, cultural heritage and a sizable workforce in which LDCs have a competitive advantage (UNWTO, 2015). Tourism introduces people to the notion of unlimited gain, which results in uncontrolled exploitation of these resources (Higgens-Desbiolles, 2006). Managing these resources sustainably proves highly challenging. Often it concerns public assets, whereas powerful international actors and national elites control tourism flows (Clancy, 2011;

Sharpley, 2009). These actors often treat the effects of their operations as externalities (Van der Duim et al., 2012), as they lack incentives to avoid overexploitation (Beritelli, 2011). Considering these power asymmetries, it should be questioned whether effective management of "rich natural and cultural environments" for the (sole) purpose of tourism exploitation (UNWTO, 2015, p. 4) ever leads to sustainable development.

Against this backdrop this paper addresses two interrelated knowledge gaps. First, hospitality research paid little attention to the *relationship* between international hotel industry expansion and sustainable development in LDCs. Most work treated both concepts separately (see for instance Prud'homme & Raymond, 2013; León-Darder et al., 2011; Bohdanowicz & Zientara, 2009; Quer, Claver, & Andreu, 2007; Chen & Dimou, 2005). In all these studies, firm or sector-centred perspectives on specific business fields prevail (Niewiadomski, 2014). Topics include the firm and new market entry strategies, firm expansion, the sector and HRM challenges in cross-cultural settings, and the firm and its CSR policies. Little hospitality research to date has adopted a more holistic view on the business of hospitality in relation to its resource base in destinations, i.e. the cultural, human and natural resources it capitalises on, and looked at the distribution of power and wealth between the two. This field has been left to geographers studying the political economy of the hotel industry (see, for instance, Niewiadomski, 2014; Clancy, 2011), but knowledge gaps remain. The effects of hotel expansion on destination economies in LDCs received limited attention (Niewiadomski, 2014). Notable exceptions are studies by Mitchell et al. (2014), Robles Teigeiro and Díaz (2014), Fortanier and van Wijk (2010), and Meyer (2007), who presented a destination perspective and illustrated the economic impacts of hotels on host populations.

Second, within these parameters, little research analysed the underlying power asymmetries in value chain governance, while this is broadly considered a critical condition for sustainable development. Governance research has predominantly focused on public-private relations (Bramwell, 2011; Hall, 2011; Beaumont & Dredge, 2010). More research in this area is needed, particularly when pro economic development efforts result in policies that are viewed "to benefit some interests more than others" (Beaumont & Dredge, 2010, p. 8). Song et al. (2013) conclude that there is a lack of knowledge about the effects of governance and its context on the sustainability of tourism value chains, while weak governance leads to conflict, unequal distribution of benefits and widens the gap between rich and poor. Church (2004) argued that little research looked at the distribution of power among different tourism interest groups within the context of a given governance environment. Beaumont and Dredge (2010) consider local participation in decision-making and policy ownership as important components of sustainable development, but claim that little is known about the advantages and disadvantages of different governance approaches at the local level. Such insights are essential for the realisation of effective management practices. Bramwell (2011) concludes effective governance is a necessity for destinations to adapt to change, and Beritelli (2011) considers this a critical condition for sustainability.

Methods
Research design
While power asymmetries in hotel value chains affect sustainable development in LDCs, little is known about this relationship. Further insights into this matter enhance the contribution of the hotel industry to sustainable development in LDCs, and advance the sustainability debate in hospitality research. Therefore this study aims to understand how power asymmetries in hotel value chains affect sustainable development. For this purpose we adopted the case study method, following Paget et al. (2010). A case study is a rich, empirical enquiry that investigates a complex phenomenon in depth and within its real-life context. Our case study illustrates interrelations between abstract concepts (power asymmetries in hotel value chains, sustainable development) by putting them in a particular setting (Inle Lake, Myanmar).

Data collection
The case study draws from field research conducted in Myanmar between November 2014 and July 2015 by the lead author, and five Bachelor's students of NHTV Breda University of Applied Sciences and three Master's students of Wageningen University. In total this team spent 10 weeks in the field. Data collection consisted of two components. The first component featured a hotel VCA of Inle Lake based on the value chain approach of Springer-Heinze (2007). A development organisation commissioned this research project to NHTV. This commissioner is currently implementing a SME development programme to stimulate sustainable economic development in this destination. The VCA focused exclusively on indirect impacts, i.e. the (local) supply of goods and services (Meyer, 2007); direct impacts (i.e. direct hotel employment) were not part of the scope (Table 1). The VCA defined hotels as consumers. Discretionary expenditure of hotel guests was not taken into account. As no previous research had looked into this matter, the VCA aimed to quantify the economic performance of the hotel value chain, identify current market demand, production capacity and (potential) linkages with local economic subsectors, and assess the capacity of destination stakeholders to strengthen these linkages.

Table 1: Hotels and community involvement (based on Meyer 2007, p. 572)

Tourist accommodation activity	Required goods and services
Accommodation	Construction supplies and labour
	Interior furnishings
	Maintenance and repairs (staff)
	Cleaning, ironing and laundry (staff)
	Fuels and electricity
	Security and gardening
	Waste management & disposal
Catering	Fresh food and groceries
	Processed foods
	Cooking and serving (staff)
	Procurement of supplies (staff)
Transport	Vehicles
	Boats
Tour activities	Guided tours
	Cultural events & performances
	Courses, workshops
	Community activities

The VCA consisted of a scoping study and an analysis of hotel sub-value chains. The scoping study was conducted in November 2014 by the lead author. Based on 15 structured interviews with hotel managers, six sub-chains were identified that offer business opportunities to local suppliers. From these six sub-chains, 54 tourism stakeholders selected four sub-chains based on their salience and growth potential for further analysis during a participatory workshop (Table 2). Four teams of two students analysed these sub-chains in February and March 2015. Data collection methods included a hotel survey and structured interviews. The aim of the survey was to quantify market demand for local products and services in selected sub-chains. In total, 47 hotels and guesthouses were surveyed in all budget ranges (Tables 3 and 4). This sample covered approximately 90% of the total hotel population in the research area at that time. The interviews aimed to identify opportunities, constraints, and possible solutions in selected sub-chains. Teams conducted 51 interviews with a wide range of value chain operators and supporters (Table 5). Teams shared and validated their initial findings by means of

focus group discussions during a second workshop attended by 46 tourism stakeholders. Participants of both workshops represented the government, business associations, the hotel sector and local NGOs. The commissioner conducted the stakeholder selection based on input of the study team and in accordance with Myanmar protocol. In July 2015, the final report was presented to the commissioner and tourism stakeholders. The second component consisted of six individual bachelor's and master's theses research projects about tourism development in Inle Lake (Table 6). In total, students conducted 102 semi-structured interviews with a wide range of actors (Table 7).

Data analysis

Findings of both components were analysed using the model presented in Figure 1. It combines the value chain approach of Springer-Heinze (2007) with a framework for researching value chain governance developed by Song et al. (2013). Value chains are performed by *value chain operators;* buyers and sellers linked to each other by a series of transactions that distribute the product from input providers, producers/processors, distributors to (re)sellers and end consumers (Springer-Heinze, 2007). *Value chain supporters* provide support services to value chain operators. Value chains thus offer a framework to understand the complex interrelations between different actors (Mitchell, 2012). Song et al. (2013) contend that governance performance is shaped by governance environment, structure, and mechanisms. The governance environment comprises social factors that set

Table 2: Selected sub-value chains in November 2014

Selected sub-chains
I   Good agricultural practice farming and distribution to hotels
II   Waste collection, organic fertilisers and biofuels
III Processed food production, wholesale, and retail
IV   Construction and maintenance services (including solar technology)

Table 3: Hotels in Inle Lake: the sample used in the value chain analysis

	Sample size	No of rooms	Potential market share (OR = 100%)	No of staff	Staff /room ratio	Average OR HS	Average OR LS	Average OR overall
Lake-side hotels	16	814	53%	1 292	1.6	87	35	61
Town-based hotels	16	562	37%	304	0.5	84	32	58
Town-based guesthouses	14	164	10%	110	0.7	86	45	66
Total	46	1 540	100%	1 706	0.9	86	37	62

Table 4: Room rates hotel sample value chain analysis

	Sample size	Budget (US$20–35)	Mid range (US$36–50)	High end (US$51–120)	Luxury (>US$120)
Lake-side hotels	16	0	0	0	16
Town-based hotels	16	4	6	5	1
Town-based guesthouses	15	11	4	0	0
Total (*n*)	47	15	10	5	17
Total (%)	100%	32%	21%	11%	36%

Table 5: Research sample value chain analysis

Value chain function	Respondents
Consumers	Resort, hotel, and guesthouse owners, managers, and staff
Sellers	Warehouses, market vendors, delivery services, bakeries, shops, (regional) supermarkets, contractors
Distributors/packagers/processors	Food stuff companies, brokers
Producers	Food production companies, farmers,
Input providers	Suppliers of packaging materials and specific ingredients, sugar mills, milk farms, market vendors, cement suppliers, iron suppliers, timber companies, fertiliser providers, construction workers
Value chain supporters	Several government local government departments and NGOs

the culture and context of decision-making processes about hotel industry expansion. Governance structure concerns the arrangements actors deploy to define the implicit and explicit conditions of participation in hotel value chains. Governance mechanisms are the features value chain operators apply to organise transactions in value chains (Song et al., 2013). Governance mechanisms are used to protect competitive advantage, investments, and relations, and are based on price, authority, contractual arrangements or trust (Jap & Ganesan, in Song et al., 2013). Governance environment, structure, and mechanisms collectively shape governance performance. In the data analysis these three concepts have been deployed as major categories. Using this main frame, the combined data of aforementioned theses and sub-chain analyses were analysed using open coding. This resulted in nine themes (Table 8).

Research ethics and limitations
The field research has been conducted in partnership with local experts, and joint attention was paid to ethnic sensitivities. All respondents voluntarily consented to participate as informants after having been informed about the purpose of the research. Researchers made sure respondents were protected and safe at all times by keeping confidentiality of information and securing anonymity of respondents. Minor variations occurred in the sample composition of the survey. Not all respondents completed all survey questions, which decreased the sample size for specific questions. Unrealistic and completely irrelevant answers, as well as questions that rendered low responds rates

were removed from the dataset during analysis. During the workshop all teams faced time constraints, which affected the depth of elaboration during the focus group discussions.
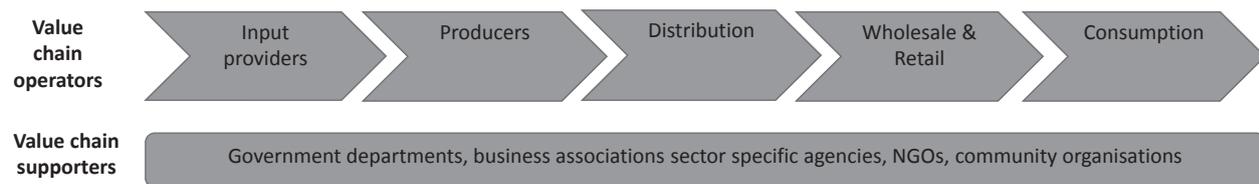
Case study introduction

After five decades of military rule and isolation, Myanmar is currently witnessing rapid economic, political, and social transformation. In 2011, the junta representing the country's largest ethnic group the Bamar, resigned and installed a quasi-civilian government led by the Union Solidarity and Development Party (USDP) and President Thein Sein, a former senior military commander. His government has opened up the country and initiated significant reforms, but the military still holds 25% of the seats in parliament, a veto to block changes in the constitution, and many of his cabinet ministers are ex-officers (MCRB, 2015). Reforms have brought economic growth and market integration; the country's GDP grew by 6.8% in 2013/14 (World Bank, 2013). Its strategic location between India and China and its vast natural resource base (natural gas, timber, and jade) have turned Myanmar into Asia's final frontier (Myint-U, 2012). International hotel groups like Accor, Best Western, Hilton, Kempinski, and Shangri-la Hotels and Resorts now operate properties in Myanmar's main tourism and business hubs (HotelNews Now, 2013); some anticipate expansion into Southern Myanmar's soon to be developed beach destinations. Foreign direct investment (FDI) reached 8 billion USD in 2014/15, a 50% increase compared to 2013/14.
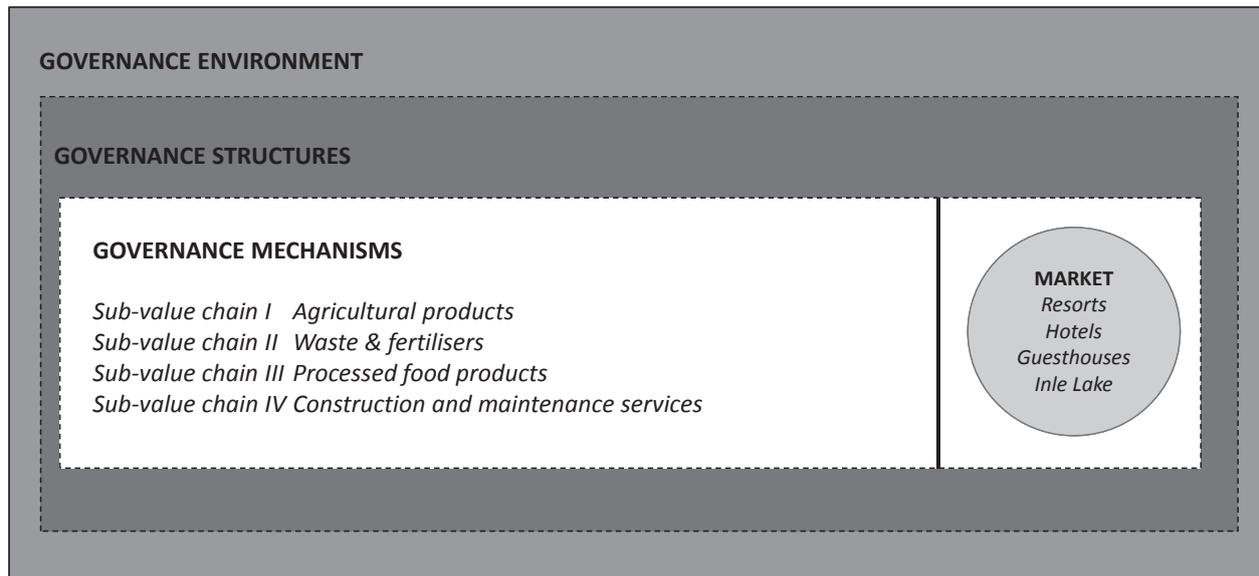
Table 6: Bachelor's & master's theses projects

Thesis	Topic
Boerdijk, M. (2015). *Micro and small enterprise development in the Inle Lake region, Myanmar*. (Unpublished bachelor's thesis). NHTV Breda University of Applied Sciences, Breda, The Netherlands.	Micro & small enterprise development
Hippmann, M. (2015). *Creative Tourism in the Golden Land*. (Unpublished master's thesis). Wageningen University, Wageningen, The Netherlands.	Host-guest relations
Koppens, E. (2015). *Nyaungshwe. A small town in full development. An analysis of recent past, present and possible futures*. (Unpublished bachelor's thesis). NHTV Breda University of Applied Sciences, Breda, The Netherlands.	Future development scenarios Nyaunghswe
Potma, L. (2016). *From Tyranny to Tourism or Tourism for Tyranny? New Manifestations of Governance in Inle Lake, Myanmar: A Case study on Relationship between Tourism and a Changing Political Landscape*. (Unpublished master's thesis). Wageningen University, Wageningen, The Netherlands.	Tourism governance in a changing political context
Tschunkert, K. (2015). Truth claims. A critical analysis of dominant tourism development and labour discourse at Inle Lake, Myanmar. (Unpublished bachelor's thesis). NHTV Breda University of Applied Sciences, Breda, The Netherlands.	Dominant tourism development and labour discourses
Uelkes, J. (2015). *Non-Profit Sector at Inle Lake, Myanmar*. (Unpublished bachelor's thesis). NHTV University of Applied Sciences, Breda, The Netherlands.	NGOs and donor politics in Inle Lake

Table 7: Interview sample thesis research projects

Stakeholder group	No of respondents
Business owners hotel sector	2
Business owners other	20
Community organisations	28
Government organisations	9
(I)NGO managers & staff	9
Monk	1
Workers and day labourers other sectors (farmers, fishermen, construction workers, etc.)	11
Workers hotel sector (receptionist, waitress)	2
Workers tourism & service sector (i.e. tour guides, boat drivers, travel agents, taxi drivers, etc.)	21
Total	103

| Value chain operators | Input providers | Producers | Distribution | Wholesale & Retail | Consumption |

| Value chain supporters | Government departments, business associations sector specific agencies, NGOs, community organisations |

GOVERNANCE PERFORMANCE

GOVERNANCE ENVIRONMENT

GOVERNANCE STRUCTURES

GOVERNANCE MECHANISMS

Sub-value chain I   Agricultural products
Sub-value chain II   Waste & fertilisers
Sub-value chain III Processed food products
Sub-value chain IV Construction and maintenance services

MARKET
Resorts
Hotels
Guesthouses
Inle Lake

Figure 1: Value chain governance in hotel value chains (based on Song et al., 2013; Springer-Heinze, 2007)

The country's oil and gas sector attracted the bulk of this investment. Hotels and tourism ranked fifth and recorded an official foreign capital influx of 357 million USD (Mon, 2015). The government introduced new foreign investment laws that offer five-year tax incentives, the same income tax rates for foreigners and Myanmar citizens, and no taxes on imported machinery or raw materials (WTO Secretary, 2014; Perria, 2013). However, despite the landslide victory of Nobel Prize laureate Aung San Suu Kyi's National League for Democracy in November 2015, Myanmar's business environment remains challenging: it is unclear whether the yet to be installed civilian cabinet members will have sufficient influence to reform the government system. Other concerns include political stability, poor infrastructure, and the present weak banking sector (Perria, 2013). While in the past tourism barely developed due to restrictive visas, limited accessibility (Häusler & Baumgartner, 2013), and Western boycotts (Clark & Cummings, 2000), at present tourism is booming, with visitor numbers surpassing the 1 million mark in 2012 and expected to reach 7 million by 2020 (MCRB, 2015). Tourism revolves around four flagship destinations: Yangon, Mandalay, Bagan and Inle Lake. Seventeen percent of all tourist arrivals in 2013 visited Inle Lake (Ministry of Hotels and Tourism, 2014). Tourism is considered a priority sector for balanced social and economic development. For this purpose, the Myanmar Ministry for Hotels and Tourism (MoHT) has formulated a tourism master plan and community involvement policy (MoHT, 2013a, 2013b).

Situated in Southern Shan State, Inle Lake faces serious environmental challenges due to climate change, unsustainable agricultural practices and population growth (Ingelmo, 2013; Su & Jassby, 2000). Agriculture, tourism, and conservation efforts make competing claims on Inle's finite natural resources. The area is home to approximately 172 000 people who live from agriculture, small-scale manufacturing and fishery (ICIMOD and MIID, 2014). Apart from the Bamar, who control the Government system, the area is home to four ethnic groups; the Inthar, Pa-O, Danu, and Shan. The Inthar populate the lake shores, while the Pa-O inhabit three self-administered zones east of the lake (ICIMOD and MIID, 2014). Interrelations between these groups are shaped by a complex history of armed conflicts, cease-fires, and peace agreements. To manage ethnic tensions the junta introduced a subnational government level in 2008. These *Hluttaws* are regional legislative bodies led by a Chief Minister from the USDP party who is appointed by the president, and consist of military representatives and civilians representing the region's ethnic groups (Nixon et al., 2013). Inle's natural scenery and cultural diversity have lured in tourists since the hippy trail years. Wheeler (1979) portrayed Inle as a magical place with one guesthouse in the area's main town Nyaungshwe. Since Visit Myanmar Year (1996) it has developed along the lines of the classic backpacker–tour group divide; a few budget guesthouses catered to the Lonely Planet traveller, while a handful of upmarket establishments popped up

Table 8: Code book

Categories	Themes	Topics
Governance environment	The state within the state	Army logic is about control
		Lack of accountability frustrates businesses
		Lack of transparency feeds distrust
	The gold rush for tourist dollars that knows no tomorrow	Rapid tourism growth
		Improvement & expansion of facilities
		The arrival of migrants
		Focus on short term gain
		Business without a plan
	The externalisation of environmental impacts	Hotel zone creates environmental impacts
		Waste management problems
		Externalisation of environmental impacts
		Push for growth
		NGOs have limited impact
Governance structures	The state within the state	Cronies set the rules of business
		Cronies benefit from increased investment and economic growth
		Cronies gain legitimacy through international brands
	Containment politics	Containment of knowledge
		Lack of policy implementation
		Clientelism
	The delineation of new class divides	Lower classes now depend on cash income
		New middle class
		Participation based on education
		Non-participants are pushed out
		Increasing inequality
Governance mechanisms	Into the great wide open …	Hotels create leakage
		Local products and services non-existent or sub-standard
	Market failures	Lack of market knowledge
		High transaction costs
		Lack of capacity due to value chain obstacles
	Risk avoidance strategies	Avoid reliance on others
		Vertical integration
		Preference for arms-length markets
		Lack of business partnerships

around the lake that handled package tours provided by a few, mainly Western tour operators (Clark and Cummings, 2000). In the 2000s relatively superior tourism infrastructure developed in Nyaungshwe and along the lake shores. An estimated 110 000 tourists visited Inle Lake in 2012/13, and further growth is expected (MoHT, 2013a). Currently Inle is witnessing a hotel boom: construction sites around town, and the development of a controversial hotel zone southeast of Nyaungshwe show what is still to come. NGOs have stressed the ecological significance of Inle and pressed the need for effective conservation (Ingelmo, 2013). Initially, tourism was viewed as a viable livelihood alternative for local communities and conservation (Ingelmo, 2013; Su & Jassby, 2000). However, at present the bulk of tourist expenditure goes to accommodation providers, and people who lack capacity to participate directly in the tourism industry reap little benefit from it (MCRB, 2015). Not surprisingly, the present tourism boom is increasingly considered as a threat rather than opportunity; "the natural beauty of Inle drives tourism, not the other way around" (Linn, 2015).

Inle had 52 operational hotels in November 2014 (Myanmar Hotelier Association, personal communication, 11 November 2014). However, not all hotels are formally registered. Twenty-two hotels operated around the lake and 30 hotels

in Nyaunghswe. Another 10 were under construction in town. Three categories can be distinguished: lake-side resorts, town-based hotels (> 20 rooms), and town-based guesthouses (< 20 rooms). Together these properties offer 1 540 rooms and employ approximately 1 700 people. Lake-side hotels make up the majority of Inle's hotel market, and with the construction of the hotel zone, the market share of lake-side hotels will further increase, while the number of town-based hotels is expected to grow at the cost of (usually older) guesthouses. The average occupancy rate is 86% in high season and 37% in low season, and is expected to decrease in the near future due to oversupply. Seasonal variations will also decrease, as Inle is increasingly viewed as year-round destination.

Results

Based on the model presented in Figure 1, this section presents the themes that resulted from the data analysis (Table 8).

Governance environment
The state within the state
The government system is effectively a state within a state (Myint-U, 2007) created in decades of military rule and armed conflict. Former military officers hold key positions at all levels;

the state hierarchy is a chain of command based on military ranks and army logic; "[the Minister] *he is still an army person. He knows what to do, but his mindset is military. So his first priority has a military goal, for his military position in the government, and his second priority is what he actually should do*" (local business owner, personal communication, n.d.).

This system produces worldviews and competences that are diametrically opposed to accountability and transparency, which frustrates local businesses: "*They don't know what is written in their own plans, they are military guys! ... Somebody else writes the plans, of course, not them, they are not that bright ... The ex-military government is still in every layer of society, down to the village level! A sergeant would be the chief of the village … Unless this government changes, unless educated people are installed, don't come to Myanmar. Come for your holiday, enjoy, go back, but don't get involved. If you get involved, finally you be the one who will be upset, like me*" (local business owner, personal communication, n.d.).

This lack of transparency creates distrust. The regional government, for example, sells the right to collect the Inle Lake entrance fee to the highest bidder. The contractor has to deliver the promised amount through the collection of fees and may keep the remaining revenue (local business owner, personal communication, July 25 2015). 50% of the delivered fees goes to the regional government, 50% is earmarked for local purposes. The exact budgets, and how this money is spent remain unknown (Potma, 2016; Uelkes, 2015). This creates distrust: "*They [the government] say they donate 2.6 million dollars. They say they do some project but they do not show you. I don't feel it. Better not to give money straight to the government*" (tour guide, personal communication, 20 March 2015).

These cases illustrate the relations between the Government and local businesses, and shape the context of Inle's unprecedented hotel industry expansion.

The gold rush for tourist dollars that knows no tomorrow
Initially, the rapid growth of visitors took people by surprise: "*In 2013 there was an overload of tourists coming to Nyaungshwe. There was not enough hotels to facilitate the tourists in high season. We accommodated them in the monastery*" (local business owner, personal communication, 6 March 2015).

Then, after 2013, dozens of new hotels popped up. In 2014, the first international hotel brand arrived. Nyaungshwe resembles a permanent construction site: "*Last two or three years all hotels and guesthouses came. Now everywhere construction, high buildings*" (tourism sector worker, personal communication, 2 March 2015). The town has become a growing tourist and business service hub. Faith in the future changed people's attitude towards education: "*During the military government all the local people thought we don't need to study. Because they thought that, when they would graduate, there would be nothing to do in Myanmar … Now it is changing, everybody is interested to learn*" (local business owner, personal communication, n.d.).

Many organisations offer English language, tour guide, and computer training. Tourism kick-started development at a pace no other sector could match. "*All development in Nyaungshwe is because of tourism. Many people in and around town earn money from the tourists nowadays. When tourists come we*

can have money" (hotel manager, personal communication, 15 March 2015).

This attracts many migrants: "*I had to move to here. Very difficult to get a job there [in his home village] so I come here and get a job here. Many foreigners come here because of tourism*" (hotel receptionist, personal communication, 18 March 2015).

Newcomers include construction and service sector workers, consultants and NGO staff in pursuit of projects, and business elites looking for new ventures. There is a feeling that many new hotels focus on short-term gain: "*Everyone wants to do business now … People are not honest about prices anymore. More hotels are being built and the prices have doubled but the facilities stayed the same*" (monk, personal communication, 6 March 2015), and operate without a plan: "*People that can afford it just building hotels now without knowing what to do with it in the future – they don't have the knowledge and work without a strategy*" (restaurant owner, personal communication, 12 February 2015).

The externalisation of environmental impacts
While more and more hotels capitalise on visitors who come to experience the natural beauty and cultural diversity of Inle, *"tourism is destroying it. Because more hotels are built around the lake and more boats are driving tourists around which both are causing damage to the lake"* (tourism sector worker, personal communication, 15 March 2015). The poorly planned construction of the hotel zone illustrates this: "*What a stupid thing to do a hotel zone over there. Have you seen it? There's no trickle of water to that place! Where are they going to take all the water from for the rooms, for the gardens, for the people to bath? It's a stone mountain, they cut down all the trees which is about four, five, six, layers of mud, of clay, and the rest is stone! They cannot dig there! These five, six layers of earth are already in the lake, because they took down all the trees*" (local business owner, personal communication, n.d.).

Growth of the (tourist) population has overstretched waste management capacity. Nyaungshwe's garbage pick-up only operates in parts of the town, due to a lack of budgetary and political support from the regional and national government. Currently, this service picks up approximately 25% of the total weekly waste volume of hotels and serves 19 out of 46 properties in our hotel sample; all lake-side resorts have to make own arrangements (Table 9). Awareness about waste reduction, separation, and recycling is limited and the bulk of the waste, including plastics, is burnt at dumpsites or buried in landfills. Instead of matching growth with investments in effective destination management, regional authorities are pushing for more growth, and frame the downside of hotel industry expansion as environmental conditions that should be solved by NGOs: "*The hotel zone will be good … so that time many people will come here to the lake. So we need more hotels ... The lake depends on the weather. Before 2010, there were so many problems on the lake. Our ministry, we help the lake. And there are a lot of NGOs that all help the lake … we have prepared a master plan, my ministry. We have more community-based tourism, more responsible tourism*" (senior government official, personal communication, n.d.).

But the actions of these NGOs have little effect due to a lack of planning, collaboration, and dissemination of lessons

Table 9: Use municipal garbage pick-up and approval ratings

Property	Sample size	Use municipal waste collection service		Own arrangements		Satisfaction rate (scale 1–4)
Lakeside resorts	16	0		16		1.9
Town-based hotels	16 (1 = n/a)	9		6		2.2
Town-based guesthouses	15	10		5		2.6
Total population	46	19	(41%)	27	(59%)	–
Total waste volume (bags per week)	803	197	(25%)	606	(75%)	
Total population town	30	19	(63%)	11	(37%)	–
Total waste volume town	379	196.5	(52%)	182.5	(48%)	
Approval rate (scale 1–4)	–	2.5		2		–
Average approval rate						2.2

learned. Uelkes (2015) found that there are so many NGOs operating around the lake that an overview of their activities is urgently required. Yet, there is currently no publically accessible NGO directory, no coordination between projects, and lessons learned are rarely shared (in local languages). This limits their impacts, which is problematic: NGO involvement in the area is still increasing while community support for their presence is not (Uelkes, 2015).

Governance structures
The state behind the state
Cronies of the former junta are today's *"big bosses behind the government"* (local business owner, personal communication, n.d.) who still set the rules of business in Myanmar. They command (ex)-army officers in all levels of government including cabinet ministers. Their business conglomerates hold tremendous investment capital, and dominate economic sectors vital to the hotel industry such as airlines, airports, banking, food companies and real estate. Also they own key import licenses and a lot of land (Mahtani & Paddock, 2015). They benefit from increased foreign investment, while the government protects their business interests from international competition (Mahtani & Paddock, 2015). Their enterprises also capitalise on the growing domestic middle class. Cronies play a major role in hotel industry expansion: "*Like planes, hotels, it belongs to them, to their family! They create a hotel zone, for themselves, to sell it back again one day*" (local hotel owner, personal communication, n.d.).

Land was grabbed from local people without proper advance notice and room for negotiation, and then sold to powerful domestic investors at inflated prices (Potma, 2016). Protestors faced imprisonment: *"The local people knew the correct information too late. This is the problem in Myanmar. Always the government blocks the real information. I mean they don't care about the local people. Because they have power, so they can do everything ... When the project started, some of the villagers were protesting, two leaders from the village, because they took their land. And then they sell the land of the people with little money to the business people with too much money. They made the business between the local people and the business people. That's why the local people did not accept it, they said, we don't want the money, we want to get our own land, we want to work here, so they said no. Now, local people, they are afraid you know, because some of them went to jail and then everybody stopped* (local business owner, personal communication, n.d.).

Some cronies own high-end hotels around the lake: "*Like this Novotel, it is owned by cronies. It is not internationally owned, they hired Novotel management, with the brand, they pay for the brand. But it's not real. The owner is Chinese, he lives in Yangon, and owns many chicken farms. He produces chicken, he produces eggs, so how can he understand tourism?*" (local hotel owner, personal communication, n.d.).

Hotels like his are often managed by expat GMs with little experience in Myanmar. They are discrete about the activities and identity of their owners: "*I am not aware of anything, but I think potentially, the owner might be doing some of this work, but this they don't share. A lot of things are taboo. And we don't know how much the investment costs are. So whether they are driving things behind us, I don't know. And sometimes, the less you know the better*" (expat GM, personal communication, n.d.).

Containment politics
Government officials at all levels deploy various strategies to maintain control, which shape the conditions of people's participation in hotel value chains. New knowledge and policies are contained rather than disseminated. This restricts the implementation of national policies at regional and local levels, and enforces clientelism and corruption. Numerous international consultants have assisted the MoHT to develop tourism policies for balanced socio-economic development (MoHT, 2013a, 2013b, 2012), but the government system has not translated these national policies into actions at the regional or local level (MCRB, 2014). "*Policies are only useful if they are being implemented ... It's the implementation where it lacks because of old structures. And that's gonna take long to change*" (international consultant, personal communication, n.d.).

The Government also controls project implementation (Potma, 2016), which affects the authority of NGOs: "*The Norwegian government donated money for the lake conservation, but I don't know if they have authority, because the government is also connected to that goal. So then their project is not so effective, because then they can't work together with local NGOs … At the end of the project they go back. So our region didn't change*" (local NGO staff, personal communication, n.d.).

This suggests that the Government talks the talk but does not walk the walk: *"The government only writes the book, you know. The book and outside is very different"* (local business owner, personal communication, n.d.). Beyond the

book, clientelism and corruption are widespread. Government licensing systems may look good on paper, but by obscuring procedures officials obtain the patronage of applicants as well the opportunity to demand bribes. Hotels and restaurants requesting an alcohol permit may find their official application denied. Subsequently inspectors will allow these establishments to serve alcohol in exchange for bribes and political support. If restaurants withdraw this support, they risk being closed down. For this reason, local hotel and restaurant owners are reluctant to demand information from the government about the entrance fee revenue of Inle Lake (local business owner, personal communication, 25 July 2015). Similar tactics apply to hotel licenses and logging permits. Hotels need approval from four different government departments at local, regional, and national level. "*In Nyaungshwe, we have about 78 hotels, but I think only 40 have a license. But if you build a hotel, you must have a license. …. They just say, 'Okay, if you pay money, you can build the hotel.' So no rules or regulations*" (local business owner, personal communication, n.d.).

Although officially illegal, twenty to thirty timber suppliers sell regionally logged hardwood and teak to various hotel construction projects in Inle. Logging requires bribing the police, park rangers and the municipality, as only companies working with the government can obtain permits.

The delineation of new class divides
The hotel boom has redefined rules for economic participation. High demand for land by external investors has driven up land prices: *"All people with money invest by buying ground from locals"* (hotel manager, personal communication, 15 March 2015). This makes it challenging for people to hold on to their land. Those who sold moved outside of town. Without land, people fully rely on cash income to sustain their livelihoods, which is challenging: "*Business people have power, money, and connections with the government; they can make real profit from tourists. The lower classes cannot earn as much as they mainly have simple jobs and miss a future view on things*" (restaurant owner, personal communication, 14 March 2015).

At the top of these lower classes, a consumerist middle class has emerged consisting of tourism sector workers and small entrepreneurs. These people are young at heart, self confident, and more individualistic than their parents. They spend their salaries on imported technology and international fashion. Their jobs have brought them prestige that comes to those in Myanmar who work with foreigners: *"If you are working with tourists [people] think you are making so much money"* (tour guide, personal communication, 20 March 2015). As long as the hotels keep popping up, they are the lucky ones. Most have lost interest in farming or their families have sold their land to investors (restaurant owner, personal communication, 14 March 2015). Fashion, cars and prestige are not for everyone. *"Only the life of the people that don't speak English and cannot work for tourists will stay the same"* (restaurant owner, personal communication, 14 March 2015).

A new type of inequality has emerged; one based on access to education: *"School is still for the persons who can afford it, it is still a little bit expensive. So honestly we don't really have enough English speaking people to serve the tourists, so we need to train them ... the people who live in the lake, they don't have other choice, they have to be farmer or they have to be fisherman. So maybe if they have the choice to do another job, maybe they want to do like me. But at the moment in the hotels, they ask you 'are you graduated?', when you go to apply for a job. Even when you are very good in the language, if you are not graduated, you don't get really good position* (local business owner, personal communication, n.d.).

Income is a must to cope with the increased cost of living: "*I am worried about the local prices. They will raise the price if they think you are rich and especially with international tourists this might become a problem*" (monk, personal communication, 6 March 2015).

Those who cannot participate will be pushed out, away from their land and traditions: "*The local people will get missing. So many tourists come. Rich people buy the land from the locals who use the money to move to the villages outside of Nyaungshwe. In this way in the future many things will get missing: like the hospitality, the local culture*" (tour guide, personal communication, 15 February 2015).

Materialism is increasing: "*Monks are influenced by money ... recently people even donated a car to a monk. I am very sad to hear that*" (restaurant owner, personal communication, 14 March 2015).

The hotels constructed on land sold to investors are built in styles local people are not familiar with: *"The traditional way of building is not used anymore as many international architects influence the way of building. For example, this hotel is from an Italian architect and the big hotel opposite of the waterside is constructed by an architect from Thailand"* (hotel manager, personal communication, 15 March 2015).

After selling their land, respondents find it is more difficult than before to make a living; *"I mean, you need money to get more money"* (tour guide, personal communication, 20 March 2015). To succeed in business you need sufficient capital, which many people lack (hotel receptionist, personal communication, 18 March 2015). At the same time, people see how more and more people who were already well off prior to 2011 do well: "*So many rich people … they plan a goal and they save. Then when the country changed they had the goal and started a hotel. I mean investment. So it's good for them*" (tour guide, personal communication, 20 March 2015).

Governance mechanisms

Into the great wide open …
Hotel industry expansion has changed competition by opening up a market that historically had a limited scope and a few players. In the old days, hotels had limited options. Value chains were short, transactions were organised through arms-length market relations, and suppliers held a relatively strong market position. Recent growth has shifted this balance in favour of buyers. The (international) hotels that recently opened shop along the lake shores require substantial product volumes to operate, particularly during high season. These hotels source from a wide range of (international) suppliers in value chains that reach beyond the physical boundaries of the destination, because local alternatives are non-existent or do not meet procurement standards (Table 10). Hotel developers, for example, source cement from Thailand, and international finishing companies are contracted that take on entire projects in which they coordinate all the finishing work (design, procurement, and on-site construction). These companies fly in

entire Vietnamese crews of specialised workers and import all materials, from coverings to doorknobs.

Market failures
All sub-chains revealed market failures. Local suppliers often lack market knowledge. Farmers, for instance, do not know that hotels are willing to pay 25% more for organic vegetables compared to non-organic produce. Value chain operators face high transaction costs because of weak infrastructure, lack of technology, and limited access to knowledge. Due to poor or absent municipal garbage pick-up services (Table 9), 27 out of 46 hotels surveyed have their staff transport garbage to landfills or burn it at dump spots. The sub-chain analyses show how local processed food producers struggle to keep products fresh during storage and shipment due to poor electricity supply and refrigeration facilities. Also these businesses lack packing facilities and knowledge about food technology. A jam producer solves this by transporting his products to a Mandalay-based food company (261 km one way) for packaging (business owner, personal communication, n.d.). Packaging materials currently available make fresh local products look unattractive and suggest these are (cheap) imports. Yoghurt, for instance, is locally produced, but packed and sealed in imported plastic cups with Chinese imprints. Local contractors lack machinery to manufacture customised building materials. As a result, materials are brought from Yangon (642 km) or imported from China, which regularly delays construction projects (local contractor, personal communication, n.d.). Local suppliers lack the required technology, knowledge and partnerships to improve their competitiveness. Local operators lack the collateral to get a loan, cannot afford the high interest rates, and do not understand the complex loan application procedures of micro-finance schemes (Boerdijk, 2015). NGOs have a wide range of training programmes available, but potential participants lack information about these courses (Uelkes, 2015). Farmers rely on brokers for market information, financial services and supply of fertilisers and pesticides. Unfavourable market incentives prevent farmers from upgrading to organic agriculture; there are loan systems for chemical fertilisers while farmers need to pay for organic fertilisers up front (Uelkes, 2015). Obstacles like these affect the ability of operators to match established (international) competitors in all sub-chains studied.

Risk avoidance strategies
Increased competition and market failure urge value chain operators to deploy risk avoidance strategies, which may add significant costs to their operations but avoid reliance

on others. Thirteen hotels in our sample use vegetables from their own gardens. Some hotels have bought land to establish organic farms that supply their own restaurants, and have started producing their own bread, cheese, jam, soap, and wine. Local producers prefer arms-length trading to contract agreements with hotels, as the latter are considered risky in case they cannot deliver. Our sub-chain analyses showed little evidence of cost and information sharing through business partnerships. What follows is that as long as value chain operators feel compelled to deal individually with structural challenges, opportunities may be missed to improve the competitiveness of local suppliers. This limits the scope for increased community involvement in value chains through outsourcing and subcontracting.

Conclusion and discussion

Little hospitality research has looked at the *relationship* between hotel industry expansion and sustainable development in LDCs. Most work has treated both concepts separately (Prud'homme & Raymond, 2013; León-Darder et al., 2011; Bohdanowicz & Zientara, 2009; Quer et al., 2007; Chen & Dimou, 2005), and has not address underlying power asymmetries in value chain governance, while this is broadly considered a critical condition for sustainable development (Song et al., 2013; Bramwell, 2011; Hall, 2011; Beaumont & Dredge, 2010). The aim of this research was therefore to understand how power asymmetries in hotel value chains affect sustainable development. For this purpose we adopted a case study approach. This enabled us to gain insight into these complex processes by putting them in the particular setting of Inle Lake, Myanmar. Inle represents a LDC tourism destination that experiences rapid tourism growth and hotel industry expansion, while facing serious sustainability challenges. We analysed empirical data by means of a conceptual framework that we developed from work done by Song et al. (2013) and Springer-Heinze (2007).

Inle's governance environment is characterised by unprecedented tourism growth and hotel industry expansion. The prevailing army logic of the government is at odds with transparency and accountability, and creates frustration and distrust among local stakeholders. As part of a government push for further growth, the environmental impacts of hotel industry expansion are effectively externalised to NGOs that have limited impact. The governance structure of hotel value chains is shaped by cronyism, containment politics, and the delineation of new class divides. Cronies of the former military regime set the conditions of participation in business through their relations in all levels of government. Crony businesses benefit from international investments: in the hotel industry international brands provide legitimacy to their properties. Our data indicate that their conglomerates deployed inhumane tactics in Inle to obtain land for hotel development. Containment politics in the government system hinder the dissemination of knowledge at regional and local levels, while government officials obscure application procedures for licenses to obtain patronage of applicants and opportunity to demand bribes. Hotel industry expansion has redefined the conditions of economic participation. Lower classes who do not meet the required education level or fail to generate sufficient cash income will not be able to join the growing

Table 10: Market requirements food products

Market requirements	
Clean	Product is clean (also organic)
Fresh	Product is fresh
Hygiene	Product is safe (hygiene)
Price	Product is reasonably priced vis-à-vis imported goods
Quality	Product quality is same as imported goods (shape, colour, weight, size, taste)
Stable supply	Supply of product is constant and stable
Trust	Supplier meets agreements and is able to deliver
Waste-friendly	Product does not produce a lot of waste

service economy and are pushed out instead. Buyer-seller relations in hotel value chains are defined by increased competition, market failures and risk avoidance strategies of local operators. Governance mechanisms deployed by value chain operators include procurement of imports and vertical integration to address high transaction costs of local sourcing. Local suppliers deploy risk management strategies to avoid reliance on others, which further affects their competitiveness.

This study makes two contributions to the literature and generates a number of lessons learned.

First, we show how hotel industry expansion relates to economic growth, socio-economic development and sustainable development. The case study illustrates how unbridled hotel industry expansion creates disproportionate income opportunities in an economic context that offers people little viable alternatives, and kick-starts development. Improved facilities result in better living conditions of the local population. This is at odds with the claim that tourism and development are incompatible as suggested by Pulido-Fernández et al. (2014) and Sharpley (2009). However, we also illustrate how unregulated marketisation results in marginalisation of local producers in hotel value chains, which supports previous work by Church (2004). This undermines the potential of tourism as a tool for poverty reduction as assumed in the SDGs (UN, 2015a, 2015b), and compromises the "inclusiveness" of growth as promoted by the UNWTO (2015). The Aid for Trade inspired policy of the UNWTO therefore requires careful scrutiny. Also, this study rejects the claim that tourism contributes to sustainable development and "green" growth (UNWTO, 2015, 2013; UN, 2012). Our case study highlights how specific social groups and environmental impacts are externalised in favour of further hotel industry expansion, which supports claims by Beritelli (2011), Sharply (2009), and Higgins-Desbiolles (2006). The related lessons learned are that policy makers should *implement* effective regulatory frameworks *before* stimulating tourism growth and hotel industry expansion. Also the consensus that tourism is a green industry that supports sustainable development in LDCs should be reconsidered.

Second, this study illustrates the workings of actors and networks in creating and maintaining strategic situations in which the interests of some result in the exclusion of (many) others (Beaumont & Dredge, 2010). We show how different power asymmetries are maintained or purposely produced. In particular, we shed light on a connotation of governance very different from the one suggested in the literature. Our case study articulates a state-centered governance culture that rejects the idea of *common* affairs, and prefers control to collaborative management. Alternative institutional arrangements (Hall, 2011) that accommodate joint decision-making about the allocation of resources, the mobilisation of knowledge, and the creation of rules as suggested by Song et al. (2013) and Bramwell (2011) are incompatible with this culture and are historically considered as threats. In the case study, we present accounts of people who have strong views about this, essentially because they cannot address these matters: the agency to do so is effectively kept away from them through an institutionalised form of externalisation (Van der Duim, 2012). As such, this study fills in the knowledge gap identified by Song et al. (2013) concerning the effects of governance and its context on the sustainability of tourism

value chains. The related lesson learned for the aid industry is that it should take great care when deciding on the goals, rationales and desired outcomes of development programmes in Myanmar – particularly those concerning private sector expansion – as it is unclear whether NGO-led stakeholder dialogues succeed in reaching beyond tokenism. Second, international investors in Myanmar should be aware of the track record of their Myanmar counterparts before making investment decisions. International hotel groups in particular should realise that crony businesses buy legitimacy by owning hotels that operate under international brands, and should demand full disclosure of local land ownership dynamics before putting their logo on the properties of their Myanmar business partners.

If we put these contributions in a broader academic and social context, it is evident that researchers and practitioners should pay more attention to the social component of sustainability. At present the phenomenal world of tourism and hospitality is predominantly portrayed as a *mechanical* business system that takes growth, productivity, efficiency, and shareholder dividends as measures of success (Tribe, 2006). The majority of business and management studies confine tourism and hospitality to *linear* business activities in an industry with global supply chains, and clear-cut market-based solutions. In this study, we show that it is time to break away from this taken-for-granted way of thinking. We concur with Higgins-Desbiolles (2006) and Pritchard, Morgan, and Ateljevic (2011) that scholars and practitioners should move away from the dominant market doctrine towards new ways of organising tourism that fulfill human needs and values. Like Saarinen (2006, 1131), we argue these approaches should be rooted in the community-based tradition of sustainability in tourism that concerns "the wider involvement and empowerment of various actors, especially host communities, in development by emphasising the elements of social capital in a local context". This social pillar of sustainability is essentially about awareness, equity, participation, and social cohesion (Murphy, 2012). All of these are value laden and contested concepts, and therefore less receptive to the positivist modes of inquiry that dominate business management studies and environmental sciences. This may explain why the social pillar has received relatively little attention in sustainability debates and is considered blurry (Vallance et al., 2011).

Putting these academic considerations aside, the dominant discourse of tourism development practitioners in the aid industry confines the scope of community involvement in tourism to a narrow set of possibilities. In their review of the history of tourism and poverty reduction, Spenceley and Meyer (2012) paint a picture of a grand, aid industry-driven LDC tourism project that can be successful if local communities, the private sector, the aid industry, and governments (finally) collaborate. While ideas about how to achieve this shifted over time and in accordance with donor fashion, two basic premises always remained. The first premise suggests that the bulk of local communities want to participate in tourism, *like* tourism, see benefits in tourism, and if they are indifferent this is because they lack awareness of tourism's untold opportunities. The second premise concerns the role this project has created for them: the role of hosts in the village, local guides of the ecotourism project, a receptionist of the upmarket resort, or handicraft producer in the value chains

that pro-poor tourism initiatives invented for them. Either idea suggests they participate at lower and mid-level sections of the tourism and hospitality industry's hierarchical pyramid, and neglects alternative options. In our view, social sustainability is about breaking that ceiling. Why should people first lose their land to speculators and then find a slave-to-the-wage job as taxi driver or receptionist? Why not instead organise in a cooperative that leases the land to the investor in exchange for a fair proportion of the shares, and maintain ownership of key resources? Development models like this exist, but are still too rare. This study makes clear that it is high time policy makers, practitioners, and academia reach beyond the obvious to advance this social imperative of sustainability. In reference to the quote at the top of this paper, we therefore wish to conclude this discussion with one final recommendation: do not sell your land to hotel developers, unless refusal puts your life in danger.

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