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2022: 4(1)

CONTENTS

JOURNAL OF EKONOMİ

Research Articles

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Video Articles: Journal of Ekonomi

Journal of Ekonomi 07 (2022) 01–05

Ekonomi

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Is price discrimination beneficial for Iranian pistachio exporters? evidence from Iran*

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ABSTRACT

The possibility of ending oil revenue and the idea of getting rid of oil economy has led policymakers in Iran to focus on increasing non-oil exports, especially agricultural products such as pistachio. Iran is one of the main producer of this product in the world. Also, price discrimination is one of the ways to increase the value and the amount of exporting products. On the other hand, the economy of the country faces with fluctuation in exchange rate? In recent years, exchange rate had experienced many instabilities in Iran and has remarkably increased. One of the most important effects of exchange rate fluctuations is; its effect on exporting price of different products. Exchange rate fluctuations can affect exporting price of different products to different destinations. So, the question in this study is that what the effect of exchange rate variations on exporting price of pistachio is? To do this, this paper examined this issue through the Pricing-to-Market approach among 32 importing countries over the period of 2001-2020. The method which is used is the Panel Data Regression and using fixed effects method for estimating the model. The results show that the hypothesis of the competition market for this product is rejected and exporters can use price discrimination behavior among different destinations. So, policy-makers can gain from the benefits of such a market for other product like pistachio.

I. Introduction

Economic competition is one of the main goals of every society for economic growth which is fundamental to economic development. The relationship between exports and economic growth has long been a subject of much interest in economic literature. Theoretical consensus on export emerged among neoclassical economists in the 1970s and 1980s after the successful story of newly industrialized countries. They suggest that exports expansion contributes to economic growth by increasing the rate of capital formation, enhancing the growth of factor productivity and then development of the country. In addition, competition in the world market also help producer to reduce inefficiencies (Jafari et al, 2014). Neoclassical economists emphasize on outward – looking policies and believe that export promotion is the proper policy to achieve economic development in developing countries (Asgharpour, 2017).

In the case of Iran's economy, the prospect of ending oil supplies and the idea of getting rid of oil economy has led policymakers to focus on increasing non-oil exports, especially agricultural products. In recent years, many studies have focused on the relationship between the exchange rate and the price of exported goods. The economic literature related to this topic is mainly developed around two completely similar and closely related topics. One of them is known as the ERPT, exchange rate pass through, which means the rate of response of the price of exported goods in terms of the currency of the destination country to exchange rate changes, or more simply, the percentage change in the price of exported goods in terms of foreign currency in relation to a unit increase in the exchange rate (Carbao, 2009). Another term called PTM, pricing to market, which was first introduced by Kregman (1986) and refers to the international concept of "price discrimination"[1] caused by currency fluctuations. He believes that exporters, by absorbing or neutralizing exchange rate fluctuations, may keep export prices low in terms of foreign currency.

As we know, the increase in the exchange rate and the devaluation of the national currency will reduce the price of export commodities in foreign currency and this will help increase the market share of the exporting country, but the exchange rate pass through can somewhat offset the effect of the exchange rate change on the export price in foreign currency (Mehrjerdi & Tohidi, 2013).

In Iran, the agricultural sector has always played a major role in non-oil exports and foreign exchange earnings, and pistachio is one of the major export products of the Iran's agricultural sector (Azam Zadeh Shouraki et al, 2011). Given that Iran holds more than 50% of the world market share of pistachio, it can play a major role in the price formation process of this product on the world market (Farajzadeh & Esmaeili, 2010).

Despite the importance of examining whether pistachio exporters in Iran have the ability to discriminate markets, this issue has not yet been investigated. Also, since the success of foreign exchange policies in adjusting trade balances largely depends on the rate of exchange rates on export commodities. To investigate this issue this paper is attempted to analyze the price discrimination in Iran's export pistachio market with PTM approach using a Panel Data Regression analyses over the period of 2001 to 2020 among 32 target markets.

2. Theoretical Foundations and Research Literature

Experimental research on the exchange rate pass through (ERPT) (shows many observations that the export price does not respond adequately to exchange rate changes (partial or imperfect ERPT). In fact, three cases can be imagined regarding the effect of the exchange rate on the price of exported goods in terms of foreign currency. If the percentage change in the price of exported goods in terms of foreign currency is proportional to the exchange rate change, the law of one price is established and the exchange rate is complete. If there is no change in the price of exported goods in terms of foreign currency due to the change in the exchange rate, the exporters will absorb all the changes in the exchange rate and the exchange rate transfer will be zero. In the third case, if the percentage change in the price of exported goods in terms of foreign price is less than the percentage change in the exchange rate, exporters will absorb some of the exchange rate changes and the exchange rate relationship will be incomplete. Incomplete exchange rate transfer can be due to shifting production costs and strategy of pricing to market, PTM (Mehrjerdi & Tohidi, 2013). Studies in the field of PTM also reveal that exporters often use their profit margins to absorb some of the effects of exchange rate changes (Gil-pareja, 2002).

The theoretical framework used in this study is based on the Knetter model (1993 and 1995) as a result of obtaining the first-class conditions of a monopoly

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of seller who sells his product for various export purposes. Under these conditions, the firm's optimal export price for each of the export destinations in each period depends on the "common marginal cost" and the "mark-up of price over marginal cost" (may be common or separate for each country). Bilateral exchange rate fluctuations can affect the firm's export price to destination markets in two ways:

i) Through the effect that exchange rates have on the marginal cost.

ii) Through the effect that exchange rates have on mark-up of price over marginal cost (Knetter 1993-1995).

New trade theories suggest that international trade is usually characterized by imperfect competition and imperfect market structure. Such conditions can make price discrimination an optimal decision for an exporter maximizing profits. Discrimination is the selling price of different production units at different prices. Economists typically consider three types of price discrimination: first-degree price discrimination, second-degree price discrimination, and third-degree price discrimination (Varian, 2010).

First-degree price discrimination: First-degree discrimination, or perfect price discrimination, occurs when a business charges the maximum possible price for each unit consumed. Because prices vary among units, the firm captures all available consumer surplus for itself, or the economic surplus. Many industries involving client services practice first-degree price discrimination, where a company charges a different price for every good or service sold. Second-degree price discrimination means that the monopolist sells different units of production at different prices, that is, different prices are charged for different quantities of goods. Third-degree price discrimination is that the monopolist sells production to different people at different prices, but each unit of production sold to a particular person is sold at the same price, which is the most common type of price discrimination, such as discounts for senior citizens (Varian, 2010).

Kregman (1986) introduced third-degree price discrimination, which he called pricing to market (PTM). PTM is price-based exchange rate discrimination and occurs when a change in the bilateral exchange rate between one exporter and several buyers changes the ratio of the price paid by the buyer. He argues that when the US dollar falls, export prices do not always rise in the same proportion, and as a result the relative international prices change. This is evidence of incomplete competition. If the exchange rate transition is not complete, prices will not always be equal to the marginal cost and as a result, the export price includes the mark-up (surplus) for each export destination is different. This means that exporters price their products according to the demand characteristics of different importing countries or simply price to market. Many empirical studies have been conducted on the concept of PTM for industrial as well as agricultural products. The results of these studies are almost heterogeneous and it is difficult to derive general conclusions about PTM behavior. The behavior of PTMs seems to be differ between source countries and export industries.

Knetter (1995) has introduced a framework for studying the adjustment of export prices to multiple markets. This framework can identify demand parameters without making limiting assumptions about the functional form of cost or demand, or without relying on cost data. This method is based on responses symmetrical export prices to marginal costs and changes in exchange rates have been established in this model, which is derived from a monopoly price discrimination model when export destinations are divisible. Profit maximization for the monopoly firm indicates that the monopolist selects a product level for export purposes for which the marginal income and marginal cost are equal. The price set for each destination changes periodically with a change in the marginal cost and a change in the markup on the marginal cost. The marginal cost is the same among export destinations, and for each destination, in theory, markup adjustments are symmetrical in response to changes in the exporter's marginal cost and exchange rate changes at a particular destination (Knetter, 1995).

In order to observe the relationship of exchange rate transmission to reveal information about the structure of a market or industry, it is necessary to separate the determinants of demand from supply, which is possible at least in two ways:

i) Assuming that the domestic price scale can be used as an alternative to the marginal cost.

ii) By estimating a cost function directly in a separate equation.

Analysis in this study is a partial equilibrium with the assumption that producers' actions have no effect on the exchange rate. There is also no assumption about the impact of exchange rate fluctuations on firm technology, input prices and the functional form of its cost, and the demand it faces in foreign markets. It is important to note that the marginal cost of production varies at the same rate for exports to each destination, not depending on how the marginal cost is affected by exchange or other factors. There is no need for a far-fetched rule that exchange rate fluctuations are a function of cost, or that the marginal cost varies by a fixed percentage among buyers (Knetter, 1995).

Consider a firm that produces goods for sale in the separate destination markets marked with i. The actual profit function of this firm is as follows:

$$\pi(p_1, \dots, p_n) = \sum_{i=1}^{n} p_i . q_t(e_i p_i) - C(\sum_{i=1}^{n} q_i(e_i p_i), w) \tag{1}$$

In the above equation, p is the real export price (which is the real price with the level of prices in the exporting country), q is the amount of commodity demand, which is a function of the relative price in terms of the buyer's currency, e is the exchange rate (currency of the destination country for one currency of the exporting country adjusted by the level of prices in the destination market), w is the actual price and c (q, w) is a function of the cost of the firm. The first-order condition (F.O.C) for profit maximization implies that the firm equates the marginal sales revenue in each market to the common marginal cost. In other words, the export price for each export destination is the result of the marginal joint cost and mark-up in each specific destination.

$$p_i = C_q \left(\frac{-\eta_i}{-\eta_i+1}\right), \forall i \tag{2}$$

In the above relation, η is the absolute value of the elasticity of demand in the foreign market in relation to price changes in the market. A change in the exchange rate against the currency of country i can affect a set price in two ways: by affecting the marginal cost (by changing the amount or price of inputs) or elasticity of import demand. The first effect overflows to other export destinations as well. But, the second effect is specific to each destination. Both determine the effect of ERPT, while PTM is only related to the second effect. These two effects will be more pronounced by taking the logarithm of Equation (2) and taking the full differential of the result relative to the export price, the input price, and the exchange rate.

$$\frac{dp_i}{p_i} = \frac{Cqq(\sum q_j'(p_j de_j + e_j dp_j)) + C_{qw} d_w}{C_q} + \frac{\eta_i' e_i p_i}{\eta_i(-\eta_i+1)}\left(\frac{dp_i}{p_i} + \frac{de_i}{e_i}\right), \forall i \tag{3}$$

Where p * = ep is the price in the currency of the buyer country and $\frac{dcq}{cq}$ is equal to one:

$$\beta_i = \left(\frac{\frac{\partial \ln \eta_i}{\partial \ln p_i^*}}{(-\eta_i+1) - \frac{\partial \ln \eta_i}{\partial \ln p^*_i}}\right) \tag{4}$$

The logarithm differential of the marginal cost equation of (3) is simplified as follows.

$$\frac{dp_i}{p_i} = (1+\beta_i)\frac{dC_q}{C_q} + \beta_i \frac{de_i}{e_i}, \forall i \tag{5}$$

From the price elasticity in Equation (4) it follows that the elasticity of the export price relative to the net exchange rate is less (more) than zero due to any effect of related changes in the marginal cost when the demand is less (more) than the convex constant tensile form. This arises from a review of the differential simplification of the whole Equation (3) and the relationship between convexity and the response of tensions to changes in price. For demand with less convexity than the fixed elasticity, the elasticity of demand relative to the price increases, which causes the denominator to be positive and the denominator to be negative (in explanation β). The simplification made in Equation (4) shows the relationship between the effect of marginal cost changes and exchange rate changes on export prices. Changes in the marginal cost and changes in the net exchange rate from their impact on the marginal cost have a similar effect on prices in the currency of the buyer country. Before specifying the reminder model, 2 conditions are necessary:

i) The monopoly model is certainly too simplistic compared to real markets.

ii) The empirical specification that follows should be applied to a wider range of models (Knetter, 1995).

Various empirical studies on price behavior for different groups and industries have been carried out by Pick & Park (1991), Anania et al. (1992), Petterson & Abbott (1994), Pick & Carter (1994), Falk & Falk (1998), Rakotoarisoa & Shapouri (2001), Crew & Florkowski (2003), Hosseini & Rafiei (2008), Haghighat & Hossein (2010), Farajzadeh & Ismaili (2010), Pall et al. (2012), Shurakiet al. (2011), Mehrjerdi & Tohidi (2012), Najafi et al. (2016) and

Jine & Miljkovic (2018). Most research on pricing and exchange rate behavior in response to exchange rate fluctuations, like, Dogru et al. (2019) and Ongan et al. (2017) have focused on the experiences of countries.

The concept of PTM has been used frequently in studies analyzing the wheat market, as several countries have state-owned trade activities for wheat. The results of the wheat export show that price discrimination has been applied between Canadian and American exporters for different purposes, although the price markup seems to be very small.

As mentioned earlier, in this paper, it is attempted to investigate the price discrimination in Iranian export pistachio market with PTM approach by using a Panel Data Regression analyses during the period of 2001 to 2020 among 32 different target countries. It is worth mentioning that this study carried out under stable economic condition and not under uncertainty situation, like Covid 19 pandemic, as stated in Işık et al. study relevant to uncertainty circumstances (2019).

3. Model Refinement, Methodology and Estimation

One of the effects of exchange rate fluctuations is; its effect on exporting price. In recent years, exchange rate had experienced many instability in Iran and has unusually increased. Exchange rate fluctuations can also affect exporting price. So, the question is that what the effect of exchange rate variations on exporting price of pistachio is? This is because, Iran is one of the main producer of this product in the world and the aim of this study is, whether exporters capable discriminate between different exporting destinations or not? The methodology to understand the above question can be described as such:

The theory described in the previous section shows a very concise theoretical framework. Consider the price adjustment equation based on Equation (4), where i and t represent the N destination (market), t represents the time period, and C_t represents the marginal cost. Export price elasticity relative to marginal cost (α + 1) and β export price elasticity relative to net exchange rate are due to changes in marginal cost. Given the data on the exchange rates of destinations and export prices and the common marginal cost, estimating the following equation will be simple.

$$\Delta lnp_{it} = \alpha_i \, \Delta lnc_t + \beta_i \, \Delta lne_{it} + u_{it} \qquad (6)$$

One of the features and advantages of cross-sectional studies is that the final cost level associated with the pricing decision for each exporter is the same for all export purposes. Consider the following nonlinear regression:

$$\Delta lnp_{it} = (1+\beta)\theta_t + \beta_i \, \Delta lne_{it} + u_{it} \qquad (7)$$

Where θ is the effect of time and u_{it} is the disruption. Cost variations between intentions imply that their effects on export prices can be applied to the virtual time variable, i.e. through θ acting with β + 1, indicating the export price elasticity to the marginal cost in the target market. Several model refinements are introduced and discussed in the original PMT model. This study uses the original model presented by Kneter (1995) as the most flexible model by Equation (8).

$$\forall i = 1,\dots,N \quad t = 1,\dots,T$$
$$\ln p_{it} = \beta_i \ln e_{it} + \lambda_i + \theta_t + u_{it} \qquad (8)$$

P_{it} the price of pistachio in imported country i in time t quoted by local money, e_{it} the exchange rate of target country quoted also by local money, B_i is the parameter of exchange rate, λ_i is the effect of the country, θ_t is the effect of time and u_{it} is the disturbance term.

The model is estimated using logarithmic method in which B_i is the elasticity of exported price to the local money. If $\lambda_i = 0$ and $\beta_i = 0$ indicate that the exported price for all the countries is the same. Also, if $\lambda_i \neq 0$ and $\beta_i \neq 0$ significantly, indicate that there is the evidence of imperfect competitive market and also the existence of price discrimination (Pall, 2013).

Two different scenarios of price discrimination can be distinguished:

The first assumes that there is a constant demand elasticity for price, relation to the local currency in each importing country, which results in the fixed mark-up on the marginal cost, i.e. $\beta_i = 0$. This markup can vary between destination countries, i.e. $\lambda_i \neq 0$. The second scenario is imperfect competition, which shows price discrimination. In this scenario, the elasticity of demand may be met by changes and rising in the importer's prices.

Table 1: Relationship between Model Parameters and Different Market Scenarios

Market Scenario	β_i	λ_i
Perfect competition, incomplete competition with common markup	No significant	No significant
Constant demand elasticity > Constant markup that can vary between countries	No significant	Significant
Demand elasticity > Markup of variables that can vary between countries	Significant	No significant / Significant
Strengthen the effects of exchange rates	Positive	
Local currency stability < PTM	Negative	

Source: Pall, 2013

If the elasticity of demand changes, the optimal mark-up on the marginal cost will also change, so export prices will depend on exchange rates. This is the behavior of PTM, because the optimal markup is changed by a price-discriminating between destinations, i.e., ($\lambda_i \neq 0$), and also by changes in exchange rates ($\beta_i \neq 0$). Knetter (1993) distinguishes between positive sign versus negative sign positions for β_i. A negative β_i indicates that exporters do not follow a fixed mark-up policy, but instead fix prices in the buyer's currency. Knetter (1993) called such behavior as local currency stabilization. In contrast, a positive β_i indicates that exporters amplify the effect of destination-specific exchange rate changes through changes in each destination-specific markup.

In this study, to investigate the existence of price discrimination behavior (PTM) in the Iranian export pistachio market, the period of 2001-2020 has been considered as mentioned above. Due to restrictions on access to data, importing countries of Iran's pistachio in this study are limited to 32 countries which are US, Australia, Jordan, Algeria, United Kingdom, UAE, Ukraine, Bahrain, Brazil, Bosnia and Herzegovina, Pakistan, Turkey, China, Russia, Japan, Syria, Sweden, Switzerland, Singapore, Saudi Arabia, Oman, Qatar, Kazakhstan, Canada, Kuwait, South Korea, Malaysia, Mexico, Nigeria, New Zealand, India and Hong Kong.

The nature of this study requires the use of a Panel Data Regression analysis. Data on exchange rates of different countries have been extracted from the World Bank and statistics on the export price of pistachio to destination countries collected from the Chamber of Commerce in Iran. The nature of the subject under study requires the use of a Panel Data regression. Unit root test indicates that the mentioned variables are the nature of this study requires the use of a Panel Data Regression analysis. Data on exchange rates of different countries have been extracted from the World Bank and statistics on the export price of pistachio to destination countries collected from the Chamber of Commerce in Iran. The nature of the subject under study requires the use of a Panel Data regression. Unit root test indicates that the mentioned variables are integrated order zero (I_0). The model is estimated using the Fixed Effects method[1] which represents of a particular intercept for each country. The model is estimated and results can be seen in the Table 2.

4. Results and Discussion:

The results imply that the effects of sections λ_i are significant for all countries except the United States, Oman and New Zealand. The exchange rate coefficient β_i is also meaningless for all countries studied except New Zealand. Thus, according to Table (1), which represents different market scenarios, it can be argued that the hypothesis of a competitive market is rejected and evidence of the existence of fixed markup PTM for most importing countries except the United States, New Zealand and Oman.

In the United States and Oman, there is no evidence of price discrimination. In South Korea we are witnessing price discrimination with the flexible mark-up. It also has a positive exchange rate coefficient for all importing countries except Australia, China, India, South Korea, Nigeria, New Zealand, Oman, Sweden and the US, meaning that the effects of exchange rate changes are amplified by exporters. However, in other countries with negative currency coefficients, pistachio exporters stabilize local currency prices in response to the exchange rate fluctuations in such a countries.

Table 2: Model Estimation, Numbers in Parenthesis Show Significance Level (Probability)

Country	λ_i	β_i	Country	λ_i	β_i
Oman	3.148	-0.744	UAE	12.138	0.180
	(0.655)	(0.284)		(0.016)	(0.776)
Ukraine	14.603	0.526	Australia	10.055	-0.089
	(0.011)	(0.495)		(0.000)	(0.725)
Pakistan	11.935	0.239	Bahrain	14.630	0.378
	(0.036)	(0.833)		(0.030)	(0.566)
Qatar	19.351	0.016	Bosnia & Herzegovina	12.443	0.199
	(0.000)	(0.880)		(0.000)	(0.547)
Russia	13.050	0.411	Brazil	11.155	0.039
	(0.000)	(0.481)		(0.000)	(0.883)
Saudi Arabia	10.910	0.015	Canada	10.825	0.007
	(0.030)	(0.980)		(0.000)	(0.815)
Singapore	13.187	0.302	Switzerland	13.432	0.297
	(0.000)	(0.378)		(0.000)	(0.383)
Sweden	9.185	-0.230	China	6.489	-0.543
	(0.005)	(0.610)		(0.014)	(0.138)
Syria	11.192	0.028	Algeria	12.854	0.451
	(0.009)	(0.964)		(0.000)	(0.438)
Turkey	15.793	0.574	UK	20.649	1.027
	(0.034)	(0.496)		(0.016)	(0.244)
US	6.882	-0.461	Hong Kong	15.082	0.628
	(0.239)	(0.466)		(0.000)	(0.317)
South Korea	9.043	-1.098	India	9.034	-0.331
	(0.000)	(0.221)		(0.043)	(0.690)
Kuwait	11.582	0.072	Jordan	12.090	0.138
	(0.034)	(0.889)		(0.047)	(0.828)
Mexico	11.582	0.072	Japan	13.234	0.462
	(0.034)	(0.889)		(0.000)	(0.126)
Malaysia	12.324	0.200	Kazakhstan	13.076	0.561
	(0.000)	(0.620)		(0.000)	(0.326)
New Zealand	1/331	1/031	Nigeria	9.730	-0.472
	0/585	(0.000)		(0.000)	(0.154)
R^2=0.91	Adjusted R^2=0.89		D.W=2.04		

These results are quite reasonable and acceptable given the fact that Iran is the largest producer of pistachios globally and holds a dominant stake in the world market with an equivalent share of 50% (Dashti et al., 2008), which means can get benefit of price discrimination in the world market. In fact, because pistachio importers have few alternatives for import, Iran has market power, yet price discrimination seems natural and demand for Iranian pistachio is inelastic. Therefore, it can be seen from the results that Iran's market power for pistachio products globally has allowed price discrimination among different importers and adjustments made by bilateral exchange rate changes on the mark-up depends on the demand elasticity.

5. Conclusion

This paper has presented an empirical study into the impact of non-oil exports in the agricultural sector which put forward a basic questions that was what the effect of exchange rate variations on exporting price of pistachio is? To answer such subject, the study examined Iran's pricing behavior in export pistachio market, among 32 importing countries during the period of 2001-2020. A Panel Data Regression method was used to estimate the model and results showed that Iranian exporters' uses price discrimination behavior among these importing countries. Table (1 and 2) show the hypothesis of a competitive market for this product is rejected and Iranian pistachio exporters act as a price discriminator which is quite predictable given Iran's competitive advantage in producing this product.

It is therefore recommended that the government, by supporting the producer of agricultural products, in particular, pistachio which has an advantage in its production, take advantage of such products in view of the discriminatory pricing strategy to break away from the oil-dependent economy.

Highlights

i) This study have attempted to examine the theoretical and empirical impact of price discrimination of exporting of pistachio in Iran's economy through a PTM approach.
ii) We recommend that price discrimination is a way to increase the value and extent of export. With price discrimination, exporters can get benefit of to make the sales identifies to different market segments with different price elasticity. Markets must be kept separate by time, physical distance, and nature of users.
iii) Price discrimination can be used as a strategy for the products which the country have a competitive advantages to produce them.

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Do indexes assess poverty? Is tourism truly pro-poor?*

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ABSTRACT

The basic premise of tourism economics that money, however used, can alleviate poverty is flawed, since monetary systems are not 100 per cent efficient, and the Law of Entropy explains declining efficiency, hence declining profits for all, but more so for the poor who have no investment capability. However, a yardstick for assessing tourism's economic benefits is still required. An index reflecting the state of the poor in developing as well as developed countries is suggested, that, used with measures of education of tourism practitioners and the poor, can help plan tourism. The index is not a 'universal tool', though it can be used for quick assessments of the poor in post-COVID social systems, to help stave off increase in poverty due to perishable rural goods that tourism can consume. The paper explains the frequent failure of tourism to alleviate poverty through descriptive explanation and simple econometrics of Marx's 'rule of falling rate of profit', which explanation has not been suitably addressed in modern economics.

I. Introduction

Almost all theories in mainstream economics, including tourism economics, revolve round the relative value of money as a necessary condition of growth, development (balanced growth of various sectors of the economy), and distribution of benefits to as many as possible, in order to justify 'the greatest good for the greatest number of people', or welfare economics. The study of tourism and economic growth, versus what is termed 'economic development' (that is growth, with a balance of economic and social-ecological costs versus benefits), has been marked by considerable disagreement among experts.

There seems to be no general consensus between economists and economic anthropologists, on the one hand, and economists and ecologists, on the other - including those who study both angles, like environmental economists - as to how much, and how exactly tourism and money benefit those who really need it more than others (Young 1973; Getz 1983; Greenwood 1989; Holden 2000; Becken 2013). So the beneficial effects of tourism, in general, and pro-poor tourism (PPT) are often questioned (e.g., Young, 1973; DeKadt, 1979; Nash 1989; Nash, 1996; Harrison, 2008; Dyson, 2012). The hidden losses not accounted for, in multiplier effects of tourism spending on economies, for instance, which are relevant in this context, were pointed out early (Archer, 1984).

This research seeks to throw light on the little-discussed basic fact: does money itself set the value of commodities, or is it *people in a system, which is lacking in equity*, hence favouring those who already have money, as compared to those outside the system? More directly, do we consider the fact that monetary systems, like other systems in this universe, lack full efficiency - hence, when the system is extended to include those not part of the system, or those who are like parts of less efficient sub-systems (cf. Becken, 2013), then, following the Law of Entropy, the system's efficiency will keep decreasing drastically, leading to losses – A direct result of the foregoing decreasing benefits of the monetary system, even with tourism? To put it even more clearly, while tourism does mean input into an economic system from outside, yet, given that *monetary systems in themselves are not hundred per cent efficient*, as they are assumed to be, and given leakages of income that are widely known by those who have studied tourism economics (e.g. Tribe, 1995; Sinclair & Stabler, 1997), how can application of the Law of Entropy be denied? If admitted, it means that profits will keep declining, hence the poorer sections of society, who have least investment, but depend on labour for income, will not benefit as widely as presumed? While efforts to ensure that the poor benefit from sustainable forms of tourism are laudable (e.g., Mitchell & Ashley, 2010), the criticism has to be met with a realistic outlook (e.g., Hall, 2007): what is required is a yardstick for measuring the benefits of PPT or mainstream tourism. Dwyer (2009) has pointed out that tools of analysis of tourism and economic development are often disregarded. This paper outlines an approach mindful of the pitfalls of eulogizing all tourism as beneficial for the poor, as well as aware of the many factors that are responsible for continuing poverty, which can both be the result of the culture of the poor (Lewis, 1959) that tourism is unmindful of (Dyson, 2012), or a result of 'culturalization of poverty' through tourism (Steinbrink, 2012). Tourism may not be itself an instrument for relieving poverty any more than money infused 'for the time being' can help the poor get rid of their circumstances and those conditions that exacerbate poverty, including the need for money itself. Harrison (2008) has pointed out that PPT is distinctive neither theoretically nor in its methods, and is too closely associated with community-based tourism. This researcher sought to address another issue: in the absence of a widely used method, to develop one that can be used easily and quickly; for, if we have to act to prevent poor people from death by starvation, or due to natural disasters and other events due to the effects of climate change and COVID on tourism, our foremost duty is to act globally and locally, mindful of the deterioration of the environment even more than apparent poverty. But from it arose an issue that questioned the researcher's efforts at developing such an index: can monetary measures to assess poverty be ultimately useful?

2. Literature Review

The complexities in the study of economics and tourism are well recorded. For example, balance of trade and exchange rates with respect to tourism have been studied (Dogru, Işık & Sirakaya-Turk, 2019), and the relationships between economic growth and tourism development have also been critically examined (Işık, Dogru, Sirakaya-Turk, 2017). Both cited studies show that the results, as to the precise effects of tourism on various economies, are not universally valid, hence the question of cause and effect cannot be presumed (beneficial). Indeed, the very question of causality between tourism expenditure, international trade, financial development and carbon dioxide emissions in Greece (Işık, Kasimati, & Ongan, 2017) shows that tourism increased CO_2 emissions and led to 'serious negative environmental impacts' on Greece in the long run. It is well understood that the poor are most impacted by negative environmental impacts, as they cannot isolate themselves from poor air quality and have to make do with poor drinking water, among other things, that impact their health, hence their deteriorating economic condition (e.g. Roma or "Gypsy" people" in UK & ordinary

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people in north Goa, India: Cemlyn et al., 2009; Centre for Tourism Goa, 2012).

This leads us to the question: Why should money be used as a measure for poverty in tribal and peasant societies where self-dependence and the ability of the environment to support that self-dependence was, and is, a more useful indicator of poverty or lack of poverty? A reading of Marx's explanation of his three-volume work (*Capital*) in his later published notebooks in one volume, *Grundrisse* (Marx, 1973), shows that money is not only basic to capitalism as a critiqued form of economy, but that even post-capitalistic societies that allow use of money and the commodity-money-commodity transformation, money may be a measure or yardstick of *the value of labour relative to capital* and industrial investment, not capitalism *per se*. As a consequence of the spread of capital, or after-effects of colonialism, the money-as-value system spread to those systems where the equivalence of money/price as value and the value of labour is not taken as absolute or indicative of true value. Marx said that the rule of 'the falling rate of profit' of the industrialist in the medium to long term was his 'greatest achievement' (Marx, 1973). This study will explain the poverty index developed and its theoretical ramifications, as well as establish this often-questioned 'rule' of the 'falling rate of profit' both logically and econometrically.

While tourism may not introduce capitalism, and thus may not, arguably, always be a force for neo-colonialism (cf. Nash, 1989; Kobasic, 1996), it cannot do away with the problem of measuring all economic value (labour value) through money, since all modern tourism is based on money. Money cannot do away with the problem that it itself begets; or, at least, where only money is what Marx calls a measure of 'use value', and the environment itself is seen from the viewpoint of only 'use value', no degree of introduction of money that generates tourism, with its lopsided preference for those already with money and external to the local system, can improve indigenous systems if they appear 'poor'. In other words, no poverty index can theoretically, allow insights for improvement of the conditions of existence of those who are introduced to this 'new value system' at the 'periphery' and where alternative systems to monetary capitalism may still exist, making (monetary) 'poverty' a biased and biasing system. Poverty cannot be eliminated by merely giving money to or artificially increasing the income (which includes the benefits of replacing non-monetary transactions with monetary ones) of those who are considered poor. That is why the Sustainable Development Goals of the United Nations set targets to reduce poverty and provide basic amenities and education to the poor, especially in developing countries. The nature of poverty lies also in failure of the system to sustain equity – political, social, economic and educational – which is a more deep-rooted problem.

Scheyvens (2007, 2009) has emphasized that while one need not be in opposition to the concept of PPT as such, one must note the apparent lack of proper approach and the realities of tourism with respect to generating and sustaining equity. In other researches, Meyers (2009, 2010) points out that the difference between the work of academicians and practitioners on this aspect is significant, while Harrison (2009) says that though the debate is two-sided, rhetoric alone is not responsible for a critique of PPT (Harrison 2008). But the overarching question is: just as the generalized negative impacts of tourism do not apply to all cases of tourism development, so the positive impacts are varied with respect to situations found across the globe. So, given that the negative and positive impacts of tourism are not triggered by the same causes, the same type of tourism, and given that there is a lot of inequity in the world – with or without tourism – what is the solution? In other words, do we know how to assess and measure poverty and hence understand *where* and *when* tourism is more likely to be a tool for poverty alleviation? This is assuming, of course, that PPT, once utilized, continues to generate benefits for the poor, which has both administrational and political implications and ramifications (Tolkach, Pearlman & King, 2012; see also Greenwood, 1976). The evidence from anthropological study of tourism, such as Greenwood (1976) on a Spanish Basque case and Adams (1992) on a group of Sherpas in Nepal shows that initial responses may be 'positive' but if the community does not resort to culturally-bound responses (as among Sherpas) or when tourism develops with little monitoring, it easily introduces changes in political and economic structures that are detrimental (Greenwood, 1976, 1989).

Yet, this obviously cannot be done, and tourism made truly sustainable, unless we have a measure to indicate in which projects tourism is really pro-poor or where applicable, and what kind of planning is required (Tolkach et al., 2012). So, is poverty alleviation a tool that can be devised by only looking at money as a measure of all economic values in the world? To put it differently, how can tourism help where 'poverty' is being increased otherwise by capitalist ventures – like logging and felling of trees, mining, commercial fishing, dumping trash, and industries like oil that extract from the natural environment or deplete those features on which locals have traditionally depended for sustenance, and on which their tribal or peasant economy is based and culturally adapted to ? A literature survey reveals that no index of poverty was developed till now that can allow assessment of how much is sustainable tourism 'pro-poor'; or 'how pro-poor is tourism generally'? Meanwhile, substantial leakages in income from tourism, high unemployment or under-employment of both unskilled and skilled labour, high rates of import of costly food, beverages and other items, commoditization of culture, seasonal employment, and exacerbation of class differences have been reported widely for long (e.g. Young, 1973; Finney & Watson, 1977; DeKadt, 1979; Smith, 1989; Sinclair, 1997; Sinclair & Stabler 1997).

A critical review of 122 research papers on PPT from 1999 to 2013 found that most research focused on African countries (Truong, 2014); though, since then, quite some work on Asia, especially China, has been published. The basic findings of the paper that '*much less research has been done in developed countries* where a large number of PPT scholars are based' (emphasis added) and that '[t]heories and models underpinning PPT studies are not only diverse in origin but also in usage, resulting in difficulties in identifying common theories and models' (Truong 2014), remain true. To counter this, an index was developed by this researcher that had universal value, though only when knowledge of tourism's economic benefits-generating value is understood. Relevantly, Trau (2012) has also emphasized the importance of an 'approach to PPT which [underlines] grassroots perspectives [and] promotes local cultural reconfigurations of tourism through a process of glocalization.' Trau (2012) admits that 'without the implementation of broader support structures, mechanisms and networks, these globalized business models will *struggle to compete* in the global market economy and to meet local community expectations.'

The paper first offers a solution that is independent of the Human Poverty Index and the Oxford University-developed Multidimensional Poverty Index that are used for measuring poverty and related conditions for whole countries, such as relative poverty, or the percentage of the poor below what is often called 'the poverty line' (that is, income 50% below the median income of the country), and absolute poverty, where a person cannot maintain the basic levels of food, shelter and housing/clothing for even a defined minimum period. It should be noted that there are poor people even in the USA, UK and other developed countries in Europe, many of whom, though they get some money as 'social security', may not be able to live with the lack of psychological or health security that relative poverty brings, for long. For many millions in developing countries, there is not only no 'social security', but it is still worse for them as they have no home, are deprived of their right to cultivate land, or get fruit from trees, or grow plants for vegetables because they 'have no backyards' (Farrell, 1977; Finney & Watson, 1977; Greenwood, 1989), water is getting scarce even for drinking and they have no 'neighborhood kitchens', as sometimes exist for the poor in some cities of the developed world. Moreover, wars have made access to food and shelter very difficult. How can formulas to assess poverty be able to overcome such biases?

Also, discrimination cannot be eliminated by just using a formula to calculate 'true poverty'. However, it can suggest on which front more emphasis is needed, such as, in poor families, the tendency to maintain family ties/familial bonding, friendship with other poor people, sharing whatever gains one might make from 'chance gains', which is part of the nature of poverty in both developed and developing countries (Goodwin & Bah, 2012). It is necessary to emphasize that for PPT to be sustainable, simply satisfying people's basic needs is not adequate to ensure that those people can rise above and stay above absolute poverty (Beckwith 2000). Sustainable livelihood security of a household depends on three fundamental attributes (see also Montesquiou et al., 2014):

(i) Possession of human capabilities (e.g., education, skills, health, psychological orientation);
(ii) Access to other tangible and intangible assets (social, natural, and economic capital); and
(iii) The existence of economic activities (like tourism that pays more to the poor; alternative activities supplementing agriculture).

However, the last partly presupposes that economic activities are only those that generate money-measured 'utility' of goods and services. Consequently, the formula that is proposed is more effective for the 'monetarily poor', rather than those who voluntarily choose to stay away from such poverty as capitalistic systems build and exacerbate. It may be argued that the formula will *not* be effective for those afflicted with 'the culture of poverty' (Lewis, 1959), a concept forwarded by Oscar Lewis: 'The subculture [of the poor] develops mechanisms that tend to perpetuate it, especially because of what happens to the worldview, aspirations, and character of the children who grow up in it' (Moynihan, 1969, 199). Some scholars contend that the poor do not have different values. The term 'subculture of poverty' (later shortened to 'culture of poverty') first appeared in *Five families: Mexican case studies* (Lewis, 1959/1975). Lewis struggled to classify 'the poor' as subjects whose lives were transformed by poverty. He argued that although the burdens of poverty were systemic and so imposed upon these members of society that they led to the formation of an autonomous subculture, it was so because children were socialized into behaviours and attitudes that perpetuated 'their inability to escape the class of the downtrodden'. The logical points against the existence of a 'culture of poverty' are two-fold. First, peasant societies (and tribal-peasant ones) choose not to participate in 'money economies' precisely because they know that the attempt to succeed in such systems will lead to economic and cultural deterioration: they are 'included' in the system only with a disadvantage that will soon show up in differences in status based on money. Like a game of chess between a novice and a grandmaster, the first two moves appear equal, and then the novice loses: it is not a case of 'culture of poverty', but choice to be free from further oppression.

Second, these parts of larger societies (peasantries) or tribes have been 'marginal' for hundreds of years, and are not recent, because they have tried and tested the 'monetary system' and found it to be not in conjunction with their values, which do not place an emphasis on general purpose money. The case of tourism in a Spanish Basque community discussed by Greenwood (1976) emphasizes this point.

So if we examine the Nuer tribe of Sudan of yore (limited natural resources were primarily the cause for poverty) (Evans-Pritchard, 1940), they *did not use* money, though they *did* have some 'cultural-economic commodities' (like spears) and non-monetary 'commodities', like cattle, used as 'bride wealth'. How would tourism, introduced in such a society, lead to 'all-round development', except through the use of money-produced or money-producing commodities? In other words, a formula for poverty measurement and its 'utility for tourism' cannot be done in a generalized manner, in the sense that both fully capitalistic or partly-capitalistic societies can be assessed; but only where money is symbolic of economic value (or actually, labour value is 'measured' by exchange of commodities through use of money, which is the 'only', universal, representative of exchange). It can also be noted that attempts to formulate the effects of tourism on poverty have been well documented (e.g., Goodwin, 2007a, 2007b; Harris,, 2009; Lo et al., 2019; Roe et al., 2004; Torres, Skillicorn & Nelson, 2011; Trau, 2012; Truong, 2014), but the precise relationships between poverty and PPT have yet to find a yardstick other than money. The first section explains the index, and the next section develops the theoretical basis of not considering any poverty index as a universal panacea for solving the problem, delving on Marxian economics and the 'falling rate of profit'; with the caveat that an index can be used, *provided* the benefits of tourism are properly assessed and appropriate sustainable development projects/strategies developed. As suggested by Harris (2009), pro-poor community-based tourism has to be integrated into community development as a whole, yet families that are more affected should be identified.

3. Methodology

The ability of the poor to participate gainfully in PPT projects is an important but understudied factor in determining poverty alleviation impact; it has been found that participation in tourism projects significantly increases the income of poor families; research by Lo et al. (2019) found that participating households had significantly higher material, financial, political, social and human capital. This basic fact – that communities do not always respond or benefit as whole from tourism – formed the basis of this research. Research orientation was developed by analysis of texts presented in the anthropology of tourism (Graburn 1983; Smith 1989; Smith and Brent 2001) and economics of tourism (e.g. Tribe 1995; Sinclair and Stabler 1997; Lanza, Markandya and Pigliaru 2005) and gender, work and tourism (e.g. Kinnaird & Hall 1994; Sinclair 1997). The formula was first conceived after study of poor tribal people in the hill area of a mountainous state who have been exposed to very little tourism, and have not opted for it until the past decade. It was noticed that the people were poor and due to lack of resources, with a joint family structure and traditional ways of living, money was channelized into culturally-dictated areas of spending and the people seemed to 'choose' to remain poor in the 'material sense'. This has changed in recent years, but lack of education and employment of family members seemed not to bother them in previous years. Observation and interviews of the poor over the years, such as cycle-rickshaw pullers and betel/tobacco sellers, most of whom live in cities where tourism is significant, and interact with visitors and tourists, but originate from rural areas, further allowed development of a theory of the reasons for poverty, and its relevance for pro-poor tourism.

Secondary research was done on PPT, which allowed formulation of the relative poverty index (RPI) as a quick means of assessing poverty. Study of the anthropology of tourism and Marx's theory of capitalism was also done over the years and results are discussed in the follow up sections. A claim made early in the literature of poverty reduction through tourism, that the 'policy context matters a lot, the type of tourism matters little' (Mitchell & Ashley, 2010, p. 134) is analysed for veracity through the RPI. The index was developed and honed keeping in mind the important research by Torres, Skillicorn & Nelson (2011) that showed that community-based rural enterprises can have an option to low wage labour (that is often offered through tourism to villagers), such as shown by their research in Yucatan, Mexico, through community corporate joint ventures. Yet, as not pointed out in their research, a widely applicable, quick measure of (relative) poverty is needed today in the wake of tourism restarting from scratch in the post-COVID world, including Europe, where poverty has increased, and strategies such as used in rapid rural appraisal techniques (Towner & France, 1992) are the need of the hour.

3.1 The relative poverty index

In a destination country or destination communities, one comes across differences among people such as classes, ethnicity and culture, access to capital, educational levels, as well as income. Merely noting low incomes is not sufficient as a measure of poverty since some families may be quite independent in terms of food production from self-owned land, others not. Even land-owning families may have the same income, but be relatively poor in comparison to each other. This is obvious since the size of the family also matters and the more the members of a family, the greater the number of mouths to feed, bodies to clothe, and help required for health maintenance (unless alternative systems of medicine are used). Moreover, the sources of income may be less or more reliable, even though the total income remains the same for either of the compared households. To overcome some of these problems, a formula was developed that could potentially allow measurement of relative poverty sociologically, and also reveal the effect of conditions that perpetuate poverty. Among them are size of family where total income remains fixed, and underemployment, which may be the result of either exploitation of the poor or what are called 'economic structural problems' like unemployment or underemployment of skilled or non-skilled labour. This index, known simply as the Relative Poverty Index (RPI), is as follows.

$$\text{RPI} = \frac{\text{Total household income}}{\text{Size of the family}} \times \frac{\text{No. of working family members}}{\text{No. of non-working members}}$$

This formula can be explained with the help of some figures. Suppose the total household income is Indian (Rs) 500 (US$ 7) and the members of the family 10 (since very many families in India and other developing countries are joint families or extended families, and larger than the usual nuclear family of Europe and North America) (Srinivas 1962). Accordingly, this income divided by family size works out to be 50. Suppose, again, that the number of working members are only two and non-working (out of 10), 8. This means we multiply 50 by 2/8 and get the score of 12.5. Naturally, this index should signify *greater poverty by higher scores*. Supposing, now, the total income is the same and the number of family members is also the same, so the first part still calculates as 50. However, if there are a greater number of working members than non-working, say, the reverse of the previous: now we have 8 working members and 2 non-working members, or 8/2 (or 4). This results in 50 × 4, or 200. That is, if the total income remains the same despite the fact that there are more working members, in the second case they are poorer, since there are more working members but the net result is the same.

If the total income and size of the family remains the same but the number of working members are greater, it also implies that (i) there is under-employment; (ii) deriving from (i), there is exploitation of the poor; (iii) the families are poorer since working members (any sort of work, but especially manual labour) need more food as they spend more energy, but need more money to buy (or produce) extra food and do not have it; hence, either they are malnourished or compromise on clothing and health to buy more food; (iv) education relevant to better employment is missing or not affordable. In case this is a rural family, the likelihood of intervention for poverty alleviation through tourism may prove beneficial, assuming that they have arable land and do cultivate crops and vegetables for consumption by their own family, and for some extra money (and sell extra produce in the local market, provided there are no problems in cultivation), which could be sold to be consumed by rural/village tourists.

Even in case the family has no land of its own, but resorts to rural labour to earn money or get their supply of crops without the use of money (such as former Indian *jajmani* system) (Epstein, 1967), the labourer family is likely to earn more money through tourism, since they would then get employment in the non-agricultural season in rural areas. In developing countries, this would have another spin-off: retention of paid labourers in relatively-less-rich rural areas, instead of their seasonal migration to find employment in richer agricultural areas.

3.2 Refining the formula

At the level outlined, some important factors regarding poverty can be assessed using RPI. However, it may be pointed out that lack of education and vocational training is important as much in tourism (and hospitality) as a tool for alleviating poverty as in other spheres. It can also be pointed out that most better-paying jobs in tourism are taken up by outsiders rather than local people not just in Asia but also Europe (e.g. Holden, 1984; Greenwood, 1976, 1989), since the former are skilled with respect to services utilized in the industry (like hotel managers, waiters, bell boys, room service and housekeeping in general, as well as in food and beverages in hospitality; ticketing, guiding and other aspects of tour operations in tourism). Of course, taking care of the poorer or poorest is important, and PPT is not likely to eliminate inequities and inadequacies in the system altogether.

If we exclude lack of education and vocation skills among the poor, it may be argued that we are quite obviously considering those who *do not* have modern education and modern vocational skills (that are relevant to tourism) and are therefore poor, but *do have* 'traditional education' – or the kind of education that is culturally relevant – and culturally important skills, such as using the plough, harrow, hoe, spade in agricultural labour; know-how of planting seeds and watering crops and vegetables (which will help in producing crops and vegetables that can be sold to local tourism establishments and help make profit); making traditional artistic things (sold as souvenirs), or dresses and headgear (sold to tourists), etc.

Yet, it must be pointed out that two aspects are missing. The first is the education and attitude of owners, managers and workers in the tourism and hotel industry in areas that can be identified for utilizing the concept of PPT. For example, it is seen that slum tourism in India (Dyson, 2012) and elsewhere (Steinbrink, 2012) can result in people, both tourists and tourism managers, unable to totally change the negative image of slum dwellers and the poor and the circumstances of poverty, termed the 'culturalization of poverty' (Steinbrink, 2012), which is not dissimilar from Lewis' (1959) 'sub-culture of poverty'. Unless managers and administrators seek to do away with poverty through tourism, the problem will remain.

The second is the education of the poor concerned, which involves intervention by tourism researchers and practitioners – including managers, social workers and administrators – who have to involve the poor through sustained communication about *how* they benefit from PPT and *how must they act* in order to benefit. Obviously, if there is little or no education of managers and practitioners, there will be no education of the poor, and if that happens, the poor will not see tourism as a viable option to the other alternatives: selling their produce in distant markets and migrating seasonally or permanently to distant places to earn wage labour. Should, then, planning for PPT be top-down? Feasibility studies will first have to be conducted in identified areas and this will require the services of social workers, as well as administrators involved in tourism development, and the solution can be worked out through both development of infrastructure for tourism and identification of attractions/cultural uniqueness of rural areas and education of rural people: the index may suggest using either (or both) bottom-up and top-down approaches.

So, how does one include education in this formula? If we reduce the formula to just RPI, and where the applicability of sustainable pro-poor tourism is termed SPPT, and managers and administrators' education as a mathematical function, e(MA), while the education of the poor as a function, e(P), we can state it simply as:

$$\text{SPPT} = e(\text{MA}), e(\text{P})$$

Where the value of RPI is dependent on the function of the education of tourism managers and administrators (on the x-axis) and the function of education of the poor regarding tourism (on the y-axis). Therefore, the graph is 'weighted' by RPI, without mathematically doing so. In other words, both the 'education' of practitioners and the poor concerned will ideally be taken into account. As long as the values remain equal, they can be mapped as a straight line that shows a continuous upward trend, at 45 degrees (where both x and y have the same value, the graph is a straight line at 45 degrees to the horizontal). The higher the RPI, the greater the poverty and the lesser educated, for example, we can assume a group to be, the more the need for intervention by various agencies.

The two variables are weighted by the 'education' of the two groups (or knowledge of 'how to benefit' from tourism), which is why we have to refer to RPI. By this means, one can ascertain whether the weight of an on-going tourism project for a group of families is sustainably pro-poor by consulting a graph.

Using symbolic whole numbers for summation of both education of managers (e (MA)) and education of the poor (e(P)), a higher angle would reflect when lower education of managers (lower value of x in relation to y) suggests a bottom-up approach to planning and projects (as the 'knowledge' of the poor is higher) and when, in the opposite case (higher value of x in relation to y), a top-down approach is favoured; or both. In any case, both sides have to be consulted in any monitored tourism project that aims to help the poor.

4. Discussion

The RPI can prove useful for assessment of the economic situation in poor areas, especially rural areas, where a majority of the population resides in developing countries like India, Nepal, Bangladesh, Pakistan, Afghanistan, and in so many countries in South-East Asia, Africa, and Pacific Islands; but is also useful in areas of Europe or USA that are poor. In Africa, a lot has been done through use of mobile money like M-Pesa. However, poverty remains, which is why it appears we need an index such as this. It also helps us to understand where – in which areas and in which families – low level of education or lack of opportunities despite education leads to unemployment or under-employment. That vocational education is necessary for tourism is an assumption that needs to be examined, as can be done by using the RPI; we can also better understand practical aspects such as how important is primary and secondary education and whether, consequently, there can be more stability in the otherwise seasonal employment often found in the tourism industry.

The implications are that RPI can help assess the need for numerate young adults in getting stable jobs in roadside restaurants in urban areas in India, or co-managing tourists in European rural areas that households could host, since they would, then, deal more efficiently with customers and would be able to, say, help in revenue management or at least cash flow. Moreover, NGOs could administer the index and not only inform the poor when tourism projects are being undertaken to uplift the poor, but also make the latter more aware and mindful of 'leakages' that afflict all tourism. This would make PPT more sustainable and check for suitability of 'appropriate projects' in the medium term.

By collecting the above information and putting it to use, a lot of inferences can be made and by preliminary analysis of the ground situation in host communities we can be more certain – if not fully certain – whether PPT initiatives are going to substantially help the section that is more poor.

This technique, of course, has some limitations. (1) People often do not disclose their income or lie about it, in case they feel they can get some benefits from government schemes. Naturally, though, the researchers who employ this technique would be social workers or NGOs concerned about development through tourism, and since the benefits and costs of tourism would be communicated to the host community, and the social workers would be those on whom local people rely on and have faith, then this problem could possibly be overcome. (2) Care is needed that overall values of education of the poor in a community are not merged with the values of the community as a whole, since it would submerge the important differences: the index helps only by calculating relative poverty of families, and its implementation needs care. (3) The index allows use of only one value for a group of individuals or family, or of a group of poor families (depending on how the formula is used), rather than using different values for different families.

The RPI should always be referred to when assessing the value of education vis-à-vis tourism, and is a measure of a *family's poverty*, not that of a community. It also only infers differences that will have to be noted in each case: however, as most rural and/or urban communities that live in the same area behave *as a group* towards community (tourism or other) projects, rather than as families, average RPI for a section of a community will reflect group behaviour. However, this is still a limitation in the sense that 'working out an average response' of families to a development project/tourism shall allow a certain view of 'how the poor respond to' or 'benefit' from tourism, rather than how each and every family fares.

The formula, moreover, does not work overtly for the 'relatively poor' in above-average income countries. For example, if a middle-aged man and his wife run a bed-and-breakfast (B&B) establishment in Spain, and are poor by Spanish median income standards, but if they are not supported by their son(s)/daughter(s), who are adults and work elsewhere, or jobless but live elsewhere, the formula cannot be used, for two reasons: (1) a man and his wife do not constitute a family; unless the progeny are associated, it cannot be considered a family and hence cannot utilize the index; but even if we do consider the couple a family, the RPI, taking the children as non-working 'members', it would not help or make sense mathematically. Taking family members as four, with an annual income of € 5,000, or monthly income of € 417 (US$ 458), the RPI would be

$$\text{RPI} = \frac{417}{4} \times \frac{2}{2} = 104$$

This is too high a figure for RPI (double that of the poor Indian family in its second calculation, half that of its final case), and the European family's 'poverty' seems to assume a significance that would not be found in developing countries. However, this says a lot about the fact that poverty *in terms of money*, in relation to the size of the family, can be even *more important* in *monetized* (developed) economies. Relative poverty can cover millions of people who suffer, but are usually not taken into account, or, at best, assessed by their overall income, rather than means of sustaining that limited income in an increasingly commoditized, consumer culture which mere figures for inflation do not reflect.

(2) Second, even if we do not take the children into account, Bed & Breakfast establishments may utilize the services of the wife, but it may be registered as run by the husband, where the services of the wife are *not* directly remunerated (Sinclair, 1997). The number of working 'family' members would be 1 and the number of non-working members would also be 1, hence it would report no difference if RPI is utilized; rather, the total income would only be halved (total family members being 2), and report a very high RPI, which is not suggestive of the actual poverty of the family; but if, as in UK, there is a new law that taxes even old people whose old age pension has, in net effect, decreased, and who let out an extra room to make ends meet, then *there is poverty in a real sense*. The formula, however, works best for those economies that are usually not 'modern' in the typical sense, though developed countries are accounted for.

Lastly, why does the RPI in the above-mentioned cases, magnify what seem to be, if not trivial, economic realities that appear not so significant? This tells us some important things about not only relative poverty, but also absolute poverty. (1) It speaks of the relation between people (families) as important in economics, not individuals who earn money. (2) It reminds us that we live and earn often as families, and this was the traditional way of life, and still is in many, both developing and developed countries. (3) Even couples, traditionally, earned and lived by dividing their labour (not *irrespective* of the lack of remuneration of work done by women at home, but *despite* it) between employer and home, and managed; now they and their children all earn to meet the 'standards of living'.

(4) More people in a family are separately earning 'income' (either wage labour or business), but the consumer culture of which they are, willingly or not, a part of, demands that they earn more and yet more, and spend still more, but remain not any more happy: a greater part of their lives is spent on earning to buy new consumer technology (plasma televisions, smart televisions, new mobile phones every 2-3 years, new laptops, new software for their computers that must be upgraded every 3-4 years, 'better' broadband, digital dishwashers, etc.), apart from money spent on shopping malls, 'convenient' radio-taxis, vacations, dining out more frequently (with software and advertisements 'suggesting' that there is no need to cook at home).

In short, people are earning more, but spending far more, often 'beyond their means' by credit cards and rented condominiums/rented rooms in 'vacation houses', and are still not 'satisfied', while some people are unable to get basic necessities. More money for the self is being generated by all grades of working classes, more money is in circulation, yet the differences between the well-off and the poor are increasing.

Even if we explain the 'cause' of this as marketing and advertising, they are triggering causes, and do not explain why this happens to 'modern' societies. As Marx explained long ago, the commodity-money-commodity relationship ensures that more and more of our lives are devoted to 'giving away' that portion of our labour which we formerly devoted to 'ourselves' (our private and social lives) to employers, not just our own, but those of others who produce the 'new goods' that we find ourselves buying yet more. It is this tendency of money to take more and more of our labour without seeming to (surplus), that creates a ripple of money, then a tornado and a whirlpool into which people are sucked. Like quicksand, once you set foot in it, the more you struggle, the deeper you sink. Once you become part of monetary systems, you get more stretched out: either you go up, or you go down. If you start with a disadvantage (lack of money), you are likely to get 'some money, for some time', and then, the more dependent you become on it (*irrespective of ideology*), the more you either sink or swim.

As is natural in a whirlpool or quicksand, swimming or floating requires increasing energy, or what is, in monetary systems, either labour time or money. Without the money to get education, people become divided into economic and social classes, where more money favours those who have more, or at least access to honing their intellect in a way that they can earn more than others. The greater competition between people and *means of acquiring opportunity*, not just 'plain opportunity', ensures that all do not remain equal: that is, poverty, relative or absolute, is ensured.

The foregoing seems a confirmation of Marx, but may seem to some as his theory's repudiation. As some would have it, it is *capitalists* who profit, *but not labour*, and that the increasing prosperity of some 'high-wage labourers' who are actually working less hours a day (7.5 or 8 hours, in place of 12 hours in Marx's economic period), for less days a week (5 – or even 4 days a week, in a few countries – in place of 7 or 6 days, in former times), means that at least 'some' labourers are benefiting more. Marx had said that the essential thing for capital to remain in its advantageous position is circulation. But he also said that commodities represent capital in the same way as money represents a 'measure' of labour: hence the 'selling a commodity to get money, and giving money to buy a commodity' relationship *as circulation of capital* is not apparent to an ordinary worker who produces the same commodity again and again. Of course, s/he buys other commodities as well. The point that needed emphasis is that all the commodities represent all the 'extra labour taken by employers from labourers' that translates as 'profit' for the capitalist. We need, therefore, to examine the statement that 'the type of tourism does not matter for tourism to be pro-poor' (Mitchell & Ashley 2010, p. 134).

Logically, the more money one invests, the more the percentage of profit that one takes from the resultant good or service. Following from this, the less money invested by the poor in tourism infrastructure, basic necessities required for tourism (i.e. machinery, like refrigerators, air-conditioners, food processing or cooking equipment, beverages that have to be imported) mean a lesser percentage of profit. Theoretically, such capitalist ventures will be funded from the outside, so the poor could profit more even if only all they give is 'labour'.

But there is no straight relation between 'labour time' and 'surplus labour' that produces profit. First, Marx says, that labour exists not as a 'thing' as most economists, including political economists, make of it, 'but as the capacity of a living being' (Marx, 1939, p. 323, quoted by Nicolaus in Marx, 1973, pp. 45-46). '*Labour* is the *activity* of the worker. It *creates* all value and is itself invaluable; its only measure is time. The commodity the worker sells the capitalist is his power to labour, or, yet, more accurately, the 'right of disposition' over his (or her) labour power' (Marx, 1939, pp. 284, 293), that is, the right to determine how this power will be used. The sale of disposition of labour power is therefore not a 'purely economic' but also 'a political act' (quoted by Nicolaus in Marx, 1973, p. 46). 'Labour time' is divided into 'necessary labour' or that amount of labour and time that goes into 'self-service and self-maintenance' (or that needed for maintenance of the labour, for society as a whole to function), and 'surplus labour'. 'Surplus labour time' is the *extra time* that the employer takes (over and above that required to generate minimum necessary profit) which allows or generates 'surplus labour value' which converts into greater profit, say, 2 hours out of 12 hours a day [without an increase in real wages (that is, the actual wages may go up and be 'fair' outwardly, but do not represent the share of the profit from sale of commodities that ought to accrue, in economists' 'real' sense)].

This is because capital has both to circulate (through continuous sale of commodities; not only the old, but also new ones) and 'accumulate'. While money seems a fair system of 'exchange', it hides this tendency: that while more money that is 'still' does not translate into profit, its inter-changeability with commodities, given in the process of 'production of a commodity for money, which money goes into buying another commodity that we need' (Commodity-Money-Commodity), the circulation of capital produces more capital through capturing or objectification of more and more 'surplus labour value'. 'The repetition of the process from either of the points, money or commodity, is not posited within the conditions of exchange itself. The act can be repeated only until it is completed… It cannot ignite itself anew through its own resources. *Circulation therefore does not carry within itself the principle of self-renewal*… Commodities constantly have to be thrown into it anew from the outside, like fuel into a fire. … It is commodities (whether in their particular form, or in the general form of money) which form the presupposition of circulation; they are the realization of a definite labour time' (Marx, 1973, emphasis in original). Capital, therefore, accumulates by labour being converted into fixed capital, such as machinery for production of goods on a large scale, or of 'instruments' that may result in smaller production, but which increasingly represents, or is the result of the accumulation of, 'extra' labour or 'surplus' that goes into producing any sort of commodity, whether capital goods, luxury goods, or so-called wage - labourer goods. In other words, as more and more labour -saving devices and machinery are produced, they embody accumulation of surplus labour. As these produce still more goods and services, while require 'labour' to work for shorter hours, the surplus value 'objectified' increases, while need for 'surplus labour time' decreases: less total labour time, including that essential for 'labour maintenance' (that labour necessary to maintain a minimum standard to life, to exist in a minimally healthy way) decreases, the 'surplus time' remains equal to before; their *ratio*, therefore, does not decrease (if *total capital* increases as profits increase, with fixed capital just as before, production requires only 5 hours where it needed 6 hours before, but total hours worked that are decreased by the employer only, say, half an hour): in other words the *surplus now* is equal to the 'surplus value' that extra labour time invested did before. What we see as capital, is, therefore, an embodiment of past labour and labourers as well, when they (or you) had to work extra time, which some may not need to, now.

Marx (1973, pp. 51-52) clearly explains that machinery and automation do not decrease 'the value of surplus labour' but increase it for the investor. Yet machines do not mean that human labour is less required. 'It does not mean that industrial work, or the class that represents it, will disappear, replaced by a class of technicians and engineers.' Nicolaus (in Marx, 1973, pp. 51-52) points out Marx's 'unambiguous statements' that this does not happen, but rather on the contrary, 'there are counter-tendencies that prevent mechanization and automation from advancing beyond a certain point under capitalism'. Such a counter-tendency 'is the decline in the rate of profits which results from increased investment in machinery relative to living labour' (Marx, 1973, p. 52) and 'the most developed machinery thus forces the worker to work longer than the savage does, or than he himself did with the simplest … tools' (quoting Marx, 1939, pp. 708-9). While Marx seems to contradict himself, admitting, using an example, that when 'total capital' (machinery + raw material + variable capital or labour) increases, not only does 'invariable capital increase' and 'surplus labour value', that is part of it, larger, 'the number of working hours would have to become smaller' (Marx, 1973, p. 380). This is due to the strange fact, though not strange to physicists (refer to the Second Law of Thermodynamics or the Entropy Law), that as the percentage of 'extra' or 'surplus labour' that *becomes part of the commodity* through 'objectification' of labour, increases, it may require less effort of labour, *but requires increasing efficiency even if less labour*. According to the Law of Entropy, *the efficiency in a system will decrease over time, if no 'extra' input in made from outside*.

The relative amount of total labour required, therefore, correspondingly increases in a society (new commodities are being made with new capital and new labour, that are at the periphery); also many of the labourers' share decreases, as it is now in the form of more and more capital (machinery and production processes that generate a good without increasing labour input) and increasing number of commodities, which, however, do not contribute to the labourer's profits as much as they do for the employer of capital. Moreover, capital is seen in the total amount of capital in society, rather than in a particular employer's hands. Those who point out the less hours of work managed by a certain class of workers in a society, do not consider the extra labour involved (not apparent at the surface) when the 'extra money' earned goes into buying 'extra commodities', not only by an individual, but the society *as a whole*.

Since a machine, by itself, cannot increase its value, it is labour that creates value, through production and transferring that 'something extra' (surplus labour time or surplus value). Yet, as more and more machines become autonomous, as is becoming evident today, they must lose value due to less 'circulation', which is the cornerstone of the labour-creating-capital-creating-commodity chain, and when capital starts becoming standalone to a greater extent, while profits increase at first, it becomes limited by its very nature, as capital (commodities) reaches a plateau and hence profits *must fall*. This is due to the nature of increasing investment in labour that is required for profits to keep on increasing exponentially, net: something that the capitalist does not do, as the net profit does not increase in the same ratio (as the extra money invested in extra labour requires) (Marx, 1973, pp. 375-382, 771-72). Also, while labour as a percentage of total capital may decrease, even while fixed capital remains the same and raw material invested increases (as production increases), the ratio of the 'surplus labour' to 'maintenance labour' may remain the same or decrease, but labour remains a true indicator of rise in production and production efficiency. [Thus, as in Marx, 1973, pages indicated above, the argument in mathematical terms seems flawed, but is not; the ratio of fixed capital remains the same (same machinery, etc.), while the ratio of raw materials/instrument to variable capital (labour) changes. But even if the instrument (raw material and production method, as opposed to machinery) becomes more 'productive' and efficient, the relationship between raw material/instrument to increase in production is fixed and proportionate in a limited way, and the increase in production of commodities and profit is *not exponential*; this may be so even if, say, better raw material is used and production method (instrumental efficiency) is better: for example, if denser logs of wood are used to produce tables, resulting in increase in production and profit. The ratio of labour to instrument may be lesser or more, but if lesser labour is used, relatively, then production and profits 'fall' more drastically; yet, even if greater labour is used, the rise is greater than comparable increases that are the result of raw material/instrument increase, yet rise slowly and not exponentially.

Only a substantial increase in labour time results in much higher profits. Since labour efficiency does not remain the same over time, being lesser, say, in later hours of the day if long hours are put in; and since efficiency of labour decreases with the age of the labourer, and the older people get, the less efficient they usually are; and, since, moreover, unlike in peasant societies, efficiency with machinery (as against with agricultural tools) cannot be easily 'transferred' from father to son, or mother to daughter, but has to be 'learned', the replication ('reproduction of labour' in Marxian terms) of labour efficiency is not ensured, resulting in the capitalist not investing in successive increase in investment in labour (as is natural): resulting in a definite 'fall in profits' in the medium to long term.]

Also, since the cornerstone of the industrial profit-making principle is 'objectification' of labour in fixed capital as well as use of 'surplus labour' value to create profit, the capitalist will: (1) gradually increase fixed capital, but wear and tear (and decreasing efficiency), and depreciation will result in lesser profits in the longer run; (2) increasing use lesser skilled labour at lesser wages to compensate for higher wages given to highly skilled labour, from the 'reserve army of labour' of the masses [while wages increase for unskilled labour, they do not do so in the same ratio as they do for skilled labour]. As labour is given more wages (in only a simple sense, not 'real' terms) and total number of hours decline, but given that fixed capital 'uses up' more and more of the 'surplus value', *yet cannot generate that value in the same way as humans* do by labour, profits for the capitalist fall.

This can be explained with econometrics. In a model that conceives of the economy in dynamic equilibrium, moving from stable to unstable and back to stable, inflation can be taken as a 'given'. Systems seek homoeostasis, and unstable equilibriums generated by inflation are 'regulated' by hoarding and relatively less supply of money, resulting in stable equilibriums where values of money and commodities match. So, if 500 commodities are being produced at €1 each, and inflation results in lack of sale/circulation of 50 commodities, then the loss of € 50 will be distributed (50/450 = 0.111) (due to rise in prices, as goods are scarce and demand constant, but the less well-off cannot buy at higher prices), let us say, theoretically, equally, so that each of the 450 goods now cost € 1.11. Since most currencies are divisible by 100 instead of 1000, this new price results in a loss of € 0.5 of the total (450× 1.11 = 499.5). This is, in modern economists' sense, a loss to the producer, as this much money cannot be realized by the seller. But in Marxian economics, this is a loss both to the labourer/buyer and the producer/seller. The 'law' of 'falling rate of profit' explains that losses to the industrialist are inevitable, and so this results in less profits shared with 'labour'.

Let us think in terms of the 'gold standard of economic value' (see, e.g., Johnson and Nobay 1974), which still exists (though not insurable) in that governments issuing modern currencies 'promise to pay the bearer' a sum equivalent to its value in gold. Gold was stored or hoarded, as its value increased over time, many times over, irrespective of what or how many commodities were being sold in the market. In that sense, it was an independent, 'true' value of an economy. If we think in today's popular terms, think of all the people who can access all the music videos on YouTube, versus those who 'subscribe' to singers and music bands on it. Once you press 'subscribe', sooner or later you have to 'run a trial subscription' and then 'pay for the subscribed channels' and/or individuals. Some YouTube channels are free, and are 'paid for by advertising companies / individuals'. Either way, there is one 'true value' of, say, a music band on YouTube based on how many people actually like, see and 'value' it across the world (without necessarily paying for it), and one 'value based on subscriptions'. Money is similarly, according to Marx, not a direct reflection of commodities' true value, but what is ascribed to it by the economic system, which does not know how to value the varieties and skills of various types of labour: it is, instead, based on those who 'subscribe and can pay', to use the YouTube analogy.

So, in an economy where 'total, ideal or true value' of all commodities is 'v', where 'x' is the amount of all the money and 'y' all the commodities circulating:

(1) ideally, $x = y$, but, more realistically, $x/v = y$

After inflation, with stopping of circulation of some commodities 'z' (unstable equilibrium):

$$(2)\ x^0 = y - z = y', \text{(or, } x^0 = y' + z)$$

After inflation leads to hoarding, which is a natural process found throughout history (the strange copper hoards problem' in ancient Indian history, which was a case of hoarding wealth when copper was the medium of circulation (and little gold was in existence), supported by religious belief; see Basham, 2004; Sharma 2005), and commodities are first hoarded and then wealth in the form of money is 'stored away to account for future need'; the amount of money 'hoarded' or 'saved for future use' (not invested in the economy) represents an extra, proportionate decrease in value equivalent to 'z', in order for stable equilibrium to be regained from an unstable one due to inflation and hoarding:

(2) $x^0 = x'$, but since 'z' is equivalent of 'y'; commodities are 'stored values' of 'x', and the reduced value of 'y' by 'z' number of commodities has to be balanced money-wise,

$$(3)\ x' = x'/v = (y - z) - z$$

So that what remains of commodities and money after hoarding, is the total value reduced commensurately with the decreased value of now-circulating commodities (measured through multiplication with 'actual value' or 'v'), plus an additional less amount of commodity value 'lost' due to reduction in money (measured by multiplication by the 'actual value' of 'lost' commodities that is not captured by monetarily-accounted economy). That is, the 'accumulation' of wealth due to loss of money circulating is 'subtracted' from the 'commodities value equation':

$$(4)\ x^r = v(y - z) – v(z)$$

But when 'z' commodities are back in circulation due to 'extra hours worked' (previous number of hours worked, would, given the state of the inflationary economy, produce only (y - z), and so, when the value of money is restored to its value as in (1)):

$$(5)\ x^n = v(y' + z)$$

As $x^n > x^r$, the difference between 'x' (in (1)) and the new state of economy x^n, and based on the example of difference due to conversion problems (€500 > €499.5) and because commodities may now be produced in a greater amount, to allow economies of scale, but yet not all be able to sell due to inflationary conditions:

$$(6)\ x > x^n > x^r$$

This explains that *even with additional input of labour* as in (5), to the extent that effects of inflation and hoarding of commodities/money are recovered, *the loss of circulation of goods, once it comes about, results in loss of wealth* which affects both producer and labour; but as investment in capital for production of commodities are the province of the industrialist-producer, and given that inflation is 'natural' to all economies, it results in the 'falling rate of profit'.

5. Conclusion

From the viewpoint of tourism, the above discussion shows how money and capitalism become synonymous and the basis of unequal profits. It has been explained that profits, as analysed by Marx, fall for the capitalist. Clearly, then, they cannot rise for the labourer or small-time entrepreneur, either, who invests hardly any capital, if at all. Leisure time is generated, and tourism is a result of that, but only in so far as it means consumption of more and more commodities, including tourism itself as a commodity. This is like saying that tourists generate 'leisure time' from their own work and others' (of their own society). While a tourist is certainly not a capitalist, s/he is part of the same system that generates inequality. The basis for inequality is money's inability to reflect the true values of various types and extent of labour, and not that every capitalist is lacking in moral value(s).

In plain words, how much inequity is built into monetary systems can be seen in the fact that world-famous people have laboured and become world celebrities only *after death*, like the painter-genius Vincent Van Gogh, who lived in poverty because his paintings did not fetch a good price while he was alive—and now his paintings sell for a million dollars! It is a clear case of inability of people, not money itself, to value his 'commodity' (paintings). *It is hence clear that money, in fact, cannot value commodities, as it has no intelligence of its own, but it is people who value commodities, who 'create markets' that favour some over others, sustaining inequity*. To make negative impacts of tourism less painful in the post-COVID scenario, it is highly necessary today to act and plan tourism in such a way that those most in need of economic assistance are clearly identified, to understand and use the RPI, which clearly shows which families in rural communities, for example, are most in need of help, as money is scarcer and basic perishable commodities, like food grains and vegetables, lie unsold. Use of the RPI can benefit planned rural tourism, guided by tourism knowledge of practitioners as well as the poor, but it reminds us constantly that economic structural inequalities need to be addressed with immediacy in our race to save the planet from economic catastrophe.

To clarify the nature of industrial inefficiency based on money, an analogy can be made with the making of the Egyptian pyramids, which required a lot of physical labour, skill, craftsmanship and intellect, and material. A pyramid can be taken as the structure of an industrial system based on money. Making the bottom slabs is easier than the ones on top, successively, until it becomes very difficult to place a slab on the topmost part, since the labour it requires is too much. The analogy, of course, to the 'pyramid' of economic classes and individuals, with more – or less – money, is imperfect. But it explains modern society's need to constantly create and 'upgrade' commodities.

The same is true for the 'value' of tourism when seen as a viable means of generating money-moderated exchange of economic value. When tourism dies out, whatever be the reasons, it leaves behind gaping housing structures (and ghost towns), trash (some 3,000 kg garbage was retrieved from Mt Everest in 2019) (The Tribune, 2019), and other structures and energy-use methods that have no value to residents: clearly indicating that, for some of the very poor, tourism may create as many (or more) economic and social problems than those it can alleviate. No index can explain this better than the use of RPI, and this, paradoxically, makes use of the index, or any similar index, of doubtful value. *But* the index is of great value in showing the poverty that exists even in developed societies, which can be alleviated by tourism if the 'poorer' sections or families are identified, and if the right approach to economic development through tourism is taken up in developing countries, depending on key knowledge of both local people, and administrators and managers, especially about the 'economic value-generating' capacity of appropriate forms of tourism.

The real 'value' of tourism, though, lies in the understanding it can create of cultures that were or are at the periphery, and how they can promote understanding of the world (cf. Owsianowska & Banaszkiewicz 2018), so that wars and suppression do not happen or less frequent or lesser in scope, at the very least. It will also result in greater economic cooperation supported by cultural exchange and cross-cultural understanding that allows realization of economic value of alternative economic core competencies/mutually supportive economies that can come about through tourism.

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Empowering small businesses in a pandemic: Governance of cross-sector responses

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ABSTRACT

Governance of cross-sector partnerships involving the public and private sector actors has been explored in literature. However, little is known about a complicated governance arrangement involving multiple actors including informal sector players and market women in response to a pandemic to achieve an unprecedented outcome. The study focused on the implications of standards and regulations imposed by government and its agencies on small and female-owned enterprises producing PPEs in a partnership arrangement to address the Covid-19 pandemic in Ghana. Following the analysis of data collected qualitatively from 38 participants to explore the phenomenon, the findings suggest that business associations can play a vital role to support and empower small businesses in complicated governance arrangements in a time of crisis. The study recommends that government agencies should be creative in the enforcement of standards and regulations to empower small businesses taking initiatives to respond to a pandemic while sustaining their livelihoods.

I. Introduction

The complicated and dynamic nature of global challenges make it very difficult for one single institution to address them effectively (Borgatti & Halgin, 2011). Subsequently, in the era of the Covid-19 pandemic, characterized by health risks and economic uncertainties, partnerships become imminent (Nohrstedt et al., 2018; Beronne et al. 2016). Compared to other global health crises, Covid-19 is more complex having created immense social and economic problems at all levels including unemployment, supply chain disruption and other challenges (Alves et al., 2020). Moreover, given the unprecedented nature of the Covid-19 pandemic, health systems across the globe have been overburdened (WHO, 2020) and most governments including those in the developed countries such as the UK, USA, Italy, Spain, to mention a few, are struggling to provide the much-needed logistics, particularly, personal protective equipment (PPEs) to protect their citizens from the devastating effects of the pandemic. In Ghana, a unique form of cross-sector partnership is emerging among government and its agencies, private sector businesses including small businesses, mostly female-owned, market women and business associations to produce the much-needed PPEs such as face masks and sanitizers to protect the citizenry, despite the fundamental differences associated with cross-sector partnerships.

Governance of cross-sector partnerships and other forms of collaborations involving the public and private sectors as well as non-governmental organisations has been explored in literature (Dentoni et al., 2018; Stadtler, 2016; Hodge & Greve, 2017; Zaato & Hudon, 2015). However, little is known about a governance arrangement in a partnership that also involves informal sector players to achieve a development outcome. This study therefore unpacks how informal sector players, notably female-owned businesses, can survive in such an unprecedented and sophisticated relationship with the government and large businesses and their associations, to address a crucial societal issue such as producing PPEs to combat the Covid-19 pandemic. The study is aimed at addressing a governance issue regarding the implications of standards and regulations imposed by government and its agencies on small and female-owned enterprises producing PPEs in Ghana and guided by three key objectives: to explore characteristics of cross-sector partners producing PPEs in response to the Covid-19 pandemic in Ghana; to examine the implications of priorities of government agencies on small and female-owned businesses producing PPEs in response to the Covid-19 pandemic in Ghana; to investigate how to align the priorities of the cross-sector partners to improve governance arrangements for PPE production and the livelihood of small and female-owned businesses responding to the Covid-19 pandemic in Ghana. Even though the Covid-19 pandemic is unprecedented and the literature on governing emergent partnership responses are scant, the study contributes to existing and emerging literature on the behavioural, psychological and socio-economic effects of the Covid-19 pandemic in particular and pandemics and crisis management in general.

The research paper begins with an introduction which presents the background of the study. This is followed by the literature review encompassing both theoretical and empirical literature on the phenomenon to identify the gaps in previous literature. The methodology section provides an insight into the philosophical assumptions, empirical context, data collection and analysis as well as various steps involved in the knowledge development process to determine the findings. Finally, the findings are discussed, and conclusions derived on implications and future research and recommendations proposed.

2. Literature Review

2.1. Socio-economic responses to pandemics

The world has experienced serious outbreaks of communicable diseases in the past such as Ebola, HIV-AIDS, Bird Flu, to mention a few, which led to loss of lives and humanitarian crisis (Papia et al., 2016). Literature on responses to these serious disease outbreaks and pandemics for that matter has mostly focused on social dimensions in terms of how to address the health implications, psychological and behavioural effects, and other humanitarian challenges (Ahmad et al., 2021; Ochi et al., 2021). Without doubt, compared to previous disease outbreaks, the impact of the Covid-19 pandemic is overwhelming and unprecedented, given the global alarming mortality rates not to mention the multi-dimensional challenges including lockdowns, wearing of face masks, social distancing etc.

Given that the impact of the Covid-19 was mostly health related and life threatening, the World Health Organization (WHO) as the global institution leading interventions in health-related issues including pandemics, focused more on how to reduce the spread of the virus and to address the overwhelming morbidity and mortality rates occasioned by Covid-19 (WHO Report, 2020). The WHO therefore provided a plethora of literature, notably Guidelines, on appropriate measures to be adopted to address the pandemic. On the other hand, other global institutions, particularly the International Labour Organization (ILO), has to a large extent, provided insights into the economic implications of the pandemic on small businesses in the informal sector and livelihoods and how to address them. According to the ILO (2020) report, the long-term consequences

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of the Covid-19 pandemic are not yet foreseeable and therefore, small and medium-sized business may suffer disproportionately in periods of prolonged economic crisis (ILO, 2020; Mandl et al., 2016) even when the uncertainty is caused by a crisis like Covid-19 pandemic.

Nevertheless, the unprecedented nature of the COVID-19 pandemic has also generated much research interest amongst scholars who have explored and measured appropriate strategies to address the psychological and behavioural impacts on human lives (Ahmad et al., 2021; Ochi et al., 2021). Subsequently, given the growing interest in knowledge contribution on Covid-19 related issues, the International Journal of Environmental Research and Public Health has put together 35 research articles written by scholars representing various countries across the globe including China, Turkey and Japan on the pandemic in one Book titled "Covid-19 Outbreak and Beyond, Psychological and Behavioural Responses and Future Perspectives" (Roma et al., 2021). In particular, perhaps in view of the dire health implications presented by the pandemic, most of the studies explored and also measured the social impacts of the pandemic and recommended adequate approaches to be adopted. On the other hand, there have also been studies on government responses to the Covid-19 pandemic. For example, studies on the Chinese government response Duan et al. (2021) found that protection action recommendations (PAR), significantly reduced China's infection rate. However, much as these studies on the Covid-19 pandemic was extensive in scope and scale and deemed appropriate to save lives (WHO Report, 2020) and to sustain livelihoods (ILO Report, 2020), there was little consideration for innovative and collaborative approaches such as cross-sector partnerships to scale up and sustain the preliminary successes achieved. This gap in literature on the Covid-19 pandemic therefore, makes this study relevant given that it explores the significance of these collaborative approaches and how to sustain them by addressing the governance dilemma associated with cross-sector partnerships, particularly in a pandemic.

2.2. Cross-sector partnerships in a time of a pandemic

Partnerships occur in various forms including public-private partnerships and cross-sector partnerships (Clarke & Crane, 2018; Ryan, 2016; Djoble-D'Almeida, 2020) and involve actors from a range of organisations such as businesses, government and non-profit organisations.

In a time of crisis, the cross-sector partnership approach is considered as an essential response (Vopni, 2020). According to Al-Tabbaa et al. (2019) and Clarke and Crane (2018), partnerships are essential to address grand societal challenges and also create value for a range of stakeholders. Collaboration therefore enables partners to maximize their collective strengths by harnessing their shared pool of resources (Ritvala et al., 2014) necessary for delivering the appropriate solutions to societal problems. Moreover, a common understanding is that partnerships can solve complex problems that the parties cannot solve on their own (Dentoni et al., 2018; Donahue & Zeckhauser, 2011).

Meanwhile, in other literature, it has been argued that the fundamental ideological differences in partnerships present a governance issue (Zaato & Hudon, 2015) and that the conflicting interests (Omobowale, 2010) of the actors including business environment factors such as standards and regulations that affect businesses across the globe and crowd out motivations and innovations (Pellerano et al., 2017; Siematyki, 2012). Interestingly, other scholars argue that the challenges in partnerships can be resolved through the alignment of their divergent interests (Stadtler, 2015; Cuevas-Rodriguez et al., 2012). However, Clarke and Crane (2018) and Austin (2020) maintain that aligning different backgrounds, ideas and values can be very challenging.

In terms of governing partnerships for the production of the much-needed PPE in response to the pandemic, there is scant literature on this phenomenon given the unprecedented nature of the pandemic. This can also be attributed to the multi-stakeholder relationships involved in the novel partnership, particularly with government agencies and small informal businesses involved in the production and supply of the PPEs in a time of crisis. However, Torres-Rahman and Nelson (2020) suggest that government leadership is crucial in a pandemic (Tahir, 2018), but businesses and civil society organizations also have a vital role to play in working together to respond to the immediate crisis and develop plans for longer term recovery and resilience (Zutshi et al., 2021). Notwithstanding the gaps in literature in terms of governing a complicated partnership in a pandemic, this study can draw inspiration from existing studies on governing partnerships (Zaato & Hudon, 2015; Hodge & Greve, 2017; & Dentoni et al. 2018), motivation crowding and crisis management (Ahmad et al., 2020). The study also draws from some pioneer researchers on issues relating to the Covid-19 pandemic (Zu et al., 2020; Lone & Ahmad, 2020; Ahmad et al., 2021; Ochi et al., 2021) and other scholars.

2.3. Enforcing standards and regulation in a time of a pandemic

Government regulation is a key element in economic development (Li, 2021). Since the beginning of the past century, an increasing amount of effort has been placed on regulations in various sectors of the economy including the environment, health safety and agriculture (Viscusi et al., 2018). For instance, Anand and Giraud-Carrier (2020) found the relationship between a well-chosen regulation on CO_2 pollution and firms' profits. Regarding regulatory procedures in a time of a pandemic, OECD (2020) report highlights how governments have been under extraordinary time pressure to swiftly develop policy responses to the Covid-19 pandemic. The report further discusses the various approaches adopted by governments to shorten procedures to urgently pass a range of crisis-related regulations (OECD, 2020) during the pandemic. Meanwhile, according to Li (2021), the impact of regulations still lacks comprehensive characterization in academia. This paper therefore seeks to address this gap by exploring the implications of government regulations on small and female-owned businesses in an unprecedented partnership arrangement for producing PPEs.

2.4. Theoretical framework

The relationship between government regulatory agencies and players in the private sector with different interests in the provision of the much-needed PPEs in the face of the crisis created by the Covid-19 pandemic can be explained by a governance theory. In particular, the principal-agent theory focuses on a relationship between two or more parties to undertake a given venture such as the novel cross-sector relationship created for the production of PPEs to address the COVID-19 pandemic. Irfan (2011) however suggests that there is a natural conflict of interest in public-private partnerships. Meanwhile, Cuevas-Rodriguez et al. (2012) were of the view that the divergent interests could be aligned to ensure the attainment of common objectives (Stadtler, 2015; Djoble-D'Almeida, 2020). Given that government is the principal body coordinating the partnership with its agencies regulating the production of the PPEs, the phenomenon can also be explained by the motivation crowding theory (Pellerano et al. 2017) given the view that regulation crowds out efforts. In affirming this view, Vollan (2008) also suggests that imposing external penalties through outside regulations tends to worsen the situation. The study also draws from crisis management theory given that crisis involves a period of discontinuity, a situation where the core values of the organizations and systems are under threat, and this requires critical decision-making (Zamoun & Gorpe, 2018). Situating the study in these theories is appropriate because the Covid-19 pandemic is a global crisis that requires an emergency response bringing together multiple agencies and teams working in concert to mitigate effects of an unexpected situation with government playing a principal role through regulation (Norhstedt, Bynander, Parker & Hart, 2018). Much as partnerships are viewed as essential approaches in a time of a pandemic (Clarke & Crane, 2018), there is little scholarly discussion on the challenges that can arise in a rare multi-stakeholder partnership bringing together big players such as government and its regulatory agencies, large corporate institutions, small and medium enterprises and market women to collaborate to produce PPEs to address the Covid-19 pandemic. Nevertheless, it is worth mentioning that scholars, including Dentoni et al. (2018), have provided insights into "wicked problems" in cross-sector collaborations which have partly motivated this study. The study therefore explores in depth, the implications of standards and regulations imposed by government agencies in the partnership on the informal sector players in the partnership arrangement and suggests approaches to guide future research.

3. Methodology

Given the uncertainties associated with the Covid-19 pandemic and the diverse nature of the participants, a qualitative methodology is deemed appropriate for exploring the phenomenon in depth. Data were collected from 38 participants from diverse backgrounds in four regions in Ghana for analysis.

3.1. The Covid-19 situation in Ghana

Since Ghana recorded its first case on 8th March, 2020, 160,000 cases have been recorded and 1,442 people have lost their lives (Worldometer, 2022). Ghana has recorded one of the highest cases in Africa, but the effect of the pandemic has been relatively moderate compared to developed countries like the USA, Italy, France and the UK.

In Ghana, the President led the fight against the pandemic such that the wearing of face mask was made mandatory even though this personal protection equipment (PPE) was in short supply and the minimal stock available was sold at high prices due to the increasing demand. The global shortage of PPEs however, created opportunities for small businesses including dressmakers and market women in Ghana who have lost their businesses and livelihoods due to the lock-downs, to produce face masks as an alternative livelihood. Research on Ghana's economy suggest that small businesses play a significant role in economic growth and contribute about 70% of Ghana's gross domestic product (Akugri, Bagah & Wulifan, 2015). Scholars including Williams et al. (2017) therefore argue that small businesses are more creative than large firms and this creativity might help to ensure that those businesses remain viable in the face of crisis. On the other hand, Martinelli et al. (2018) were of the view that many entrepreneurs are able to spur change and create opportunities with the resources available. Furthermore, Zutshi et al. (2021) and Boin (2010) suggest that the quality of a business response to a crisis is usually associated with resilience and based on the capacity to improvise, coordinate, adopt flexibility and endurance.

3.2. Sampling technique

The research participants were drawn from both public, private and non-governmental sectors such as the government and its implementing agencies, large, medium and small enterprises including female-owned businesses in the informal sector, market women and businesses associations. A non-probability sampling technique in terms of purposive sampling was adopted to select the appropriate participants for the interviews. This is because the production of PPEs is a new business opportunity identified by existing as well as new businesses including the informal sector in response to the pandemic. Due to the pandemic and subsequent lockdowns, most businesses have either closed or scaled down their operations. In particular, most businesses worked from home, making it difficult to identify the appropriate businesses for the interviews. To facilitate access to the research participants, the researcher worked with two non-governmental organizations, CUTS and African Aurora Business Network (AABN) for the list of the appropriate government agencies and private sector actors respectively for the data collection process. Public officials at the Ministry of Trade and Industry (MOTI), the Ghana Standards Authority as well as the Food and Drugs Authority and the National Board for Small Scale Industries as the implementing agencies for Government's policy regarding the Covid-19 pandemic were identified. Contact details of the large, medium and small businesses who have diversified into the production of PPEs were obtained from the Association of Ghana Industries and the Africa Aurora Business Network (AABN). In addition, the research identified other private sector players, predominantly female entrepreneurs including market women who do not belong to any business association. The total number of participants is 38. The key informants identified for the research comprised 4 government institutions, 4 business associations and 20 private sector businesses producing PPEs. The businesses were drawn from four regions in Ghana, namely Greater Accra, Eastern, Western, Central and Ashanti regions. In addition, two focus group discussions comprising 10 participants were organized bringing together Government institutions, Business Associations and small businesses at two different platforms to gather relevant data.

3.3. Data collection methods

The data collection process took the form of meetings, telephone calls and two focus group discussions to ensure social distancing in the face of the Covid-19 pandemic protocols. Data collection commenced with a face-to-face meeting with AABN, a business association and CUTS, a non-governmental agency working on policy advocacy issues which has close connections with the government, Ministry of Trade and Industry (MOTI) as well as Ghana Standards Authority and Food and Drugs Authority as implementing agencies enforcing government standards and regulations on production of PPEs such as face masks and sanitizers. AABN provided useful information on the local landscape for producing PPEs in Ghana and the specific players involved which set the tone for interviews with Government and its implementing agencies. The meeting with the Ghana Standards Authority (GSA) and Food and Drugs Authority (FDA) revealed their mandate which they maintained cannot be compromised, in terms of enforcement of standards. The two regulatory institutions provided insights into the various standards and regulations they have put in place for producing face masks and hand sanitizers. The meeting with the Strategic Anchor Team, involving five officials at the Ministry of Trade and Industry (MOTI), provided insights into government's policy framework in relation to alleviating hardships on citizens occasioned by Covid-19, and a stimulus package for the informal sector. They also argued the need to enforce standards and regulations and also discussed the key objectives and strategies the government has developed in response to the Covid-19 pandemic. MOTI also provided the list of large businesses (contractors and sub-contractors) they are working with to emphasize their value chain approach to address the supply of PPEs in a holistic manner. Data from the Head of the Greater Accra Regional Business Advisory Centre of NBSSI (a government agency) provided insights into government strategies on positioning small businesses to meet the regulatory requirement on production of PPEs and government's stimulus package to alleviate the negative effects of Covid-19 on small businesses.

The meeting with the private sector players commenced with a dressmaker in a community market who has diversified from dressmaking to sew face masks for market women and the general public to sustain her livelihood and to avert the shortage of PPEs. Other small businesses interviewed were in the face mask and sanitizer businesses. Five large and medium businesses in the face mask business were also interviewed to ascertain the value chain approach adopted by MOTI to include small businesses in the mass production of face masks for a government institution locally. Two focus group discussions were organized involving 10 participants from public sector players, business associations and representative of small businesses to tease out their views on the phenomenon being explored. Apart from primary data collected, secondary data in terms of publications on the Covid-19 pandemic were reviewed to ensure unambiguous findings and thick descriptions (Geertz, 1976; Devanga, 2014). Silverman (2013) argues that texts and documents are very useful sources of data for qualitative and quantitative research.

Table 1. Government and non-government institutions

Government Institutions	Number of participants
Ministry of Trade and Industry	5
Ghana Standards Authority	2
Food and Drugs Authority	2
National Board for Small Scale industries	1
Total	10
Non-Government Institutions	
Association of Ghana Industries	1
African Aurora Business Network	2
SPINNET	2
CUTS West Africa	2
Total	7

Total Participants (Government + Non-Governmental): 17

Table 2. Small, large and medium enterprises

Region	Number of large enterprises	Number of medium enterprises	Number of small and female-owned enterprises	Total per region
Greater Accra	2	1	5	8
Eastern Region		1	1	2
Western Region	-	-	6	6
Ashanti Region	-	-	5	5

Total Participants in the 4 Regions: 21, Overall Total No. of Participants: 38

4. Data Analysis

Qualitative data analysis seeks to pay attention to the "spoken word", context, consistency and contradictions of views, and the frequency, intensity, and specificity of comments, as well as emerging themes and trends. The thematic analysis model by (Braun & Clarke, 2012) was used to analyse the data. This process enabled the researcher to reduce and make sense of vast amounts of data, collect descriptive information, and provide an explanation or interpretation. The analysis process consisted of seven steps: transcription, familiarization with the interview, coding, developing a working analytical framework, applying the analytical framework, charting data into a framework matrix and interpreting the data (Miles, Huberman & Saldana, 2013).

5. Findings and Discussion

Following a detailed data analysis process, the 5 main themes derived are

are presented as follows:

- Government Action to address the Covid-19 pandemic
- Implications of Standards and Regulations on small and female-owned businesses in PPE production
- Resilience of businesses in a time of a pandemic
- Business Associations as key actors in the cross-sector partnership
- Governance challenges in cross-sector partnership for producing PPEs

5.1. Government action to address the Covid-19 pandemic

From the perspective of the government, three of its implementing agencies i.e. Ghana Standards Authority, Food and Drugs Authority and National Board for Small Scale Industries and large and medium size businesses were mobilized to produce best PPEs at the best price. The focus was mainly on the large businesses which were expected to integrate small businesses in their government contracts in the framework of a value chain for producing the face masks.

Verbatim codes from the perspectives of the government ministry:

"As government, we aim to adopt a holistic value chain approach to address this pandemic, bringing together standards agencies, large businesses and with focus on producing best face masks at the best price. We don't want to use our limited foreign exchange for importing PPEs!"

In addition, government provided a stimulus package to alleviate hardship occasioned by the pandemic on small businesses in particular. This was administered through the National Board for Small-Scale Industries (NBSSI). However, this initiative was marred by challenges given that the small businesses were required to belong to business associations to benefit from the package in spite of the long procedures involved. This situation is a typical reflection of challenges associated with cross-sector partnerships in general in terms of conflicting interests that cannot be easily aligned (Clarke and Crane, 2018). It would have been expected that as members of a multi-stakeholder partnership, the government should have put in place collaborative mechanisms to make things easier for the informal sector players (Dentoni et al., 2018).

5.2. Implications of standards and regulations on small and female-owned businesses in PPE production

Given the unprecedented nature of the pandemic, there were no standards in place for the production of PPEs at the initial stages of the pandemic. From the perspectives of government's standards and regulation agencies, appropriate standards and guidelines were developed to guide PPE production in Ghana. However, apart from the large businesses, most of the small businesses were unable to meet the certification requirements. Besides, other informal sector players were required to undergo one-year training organized by NBSSI to be compliant in PPE production, but most of them dropped out of the training programme and produced face masks without certification, since the duration of the training was too long. The small players were sanctioned for unlawful behavior and most of them lost their livelihoods as a result during the pandemic. This situation is contrary to OECD (2020) guidelines for regulatory procedures in a time of crisis. Specifically, the Report highlights how most governments had to develop swift policy responses to the Covid-19 pandemic. The report further discusses the various approaches adopted by governments to shorten procedures to urgently pass a range of crisis related regulations (OECD, 2020) during the pandemic. However, this was not the case according to the findings of this study.

Verbatim codes from the perspectives of standards and regulatory agencies:

"We focus on production of quality PPEs to combat the pandemic. We will be working with the already established companies including garment and alcoholic beverage manufacturing companies who can produce face masks and hand sanitizers urgently according to standards to address the shortage of PPEs."

5.3. Resilience of businesses in a time of a pandemic

From the perspectives of small-large businesses, at the initial stages of the pandemic when PPEs were scarce, small players, particularly female-owned enterprises, were producing PPEs for free for their families and friends before producing on commercial basis. This attribute of small businesses affirms the views of William et al. (2017) that small businesses are more creative than large firms. This creativity might also help to ensure that those businesses remain viable in the face of crisis. Evidently, the informal sector players, mostly female-owned enterprises complemented government effort during the pandemic. However, most of informal sector players who do not belong to business associations were subjected to stringent regulations imposed by government agencies. Unfortunately, majority of them did not benefit from government contracts awarded through large businesses and business associations due to their informal status and non-compliance to standards and regulations. Other small players however, remained resilient and engaged in retailing group certified PPEs produced by their counterparts and imported face masks from China.

Verbatim codes from the perspectives of small and female-owned businesses:

"Sewing face mask is very easy, we watch it on You-tube and television. We have to help our families get mask because there is none on the market. We also sell to the public because our dressmaking business is gone due to lockdown. People don't go out to attend events anymore ……. But FDA is worrying us. They now say we have to look at standard… what standard? Before we started sewing there was no standard and we were helping everybody including those government people who are now worrying us. How can we feed our families? This is now our source of income".

5.4. Business associations as key actors in the cross-sector partnership

It is to be noted that business associations, motivated by small businesses' initiatives in PPE production have influenced the formation of the cross-sector partnership to produce face masks in Ghana. As illustrated in Figure 1, these business associations facilitated strategic linkages in the cross-sector partnership; connecting small businesses with government agencies and large businesses in the production of PPEs. The business associations also facilitated group certification for their members producing PPEs in the face of stringent regulations imposed by government agencies. In addition, the business associations served as a conduit for government's stimulus package for the informal sector (see Figure 1). It can therefore be argued that the inclusion of business associations in the multi-stakeholder partnership for producing PPEs in Ghana was relevant.

According to Clarke and Crane (2018), cross-sector partnerships involving businesses, government, and non-profit organizations such as business associations are essential to address grand societal problems, in particular during a pandemic (Al-Tabbaa et al., 2019). However, despite the significant role played by the business associations in the partnership to produce PPEs, they excluded small businesses and female-owned businesses who are not part of their membership. This action on the part of business associations conflicts with views that civil society organizations also have a vital role in working together to respond to the immediate crisis and develop plans for longer term recovery and resilience (Zutshi et al., 2021).

Verbatim codes from the perspectives of business associations:

"We have seen that our members are producing PPEs including face masks to address the shortage of face masks but they cannot meet the high market demand and prices of the PPEs are very very high. Government should come out with arrangement to streamline the production of the PPEs to save the situation. They can bring together all the actors involved in PPE production to ensure quality and affordable PPEs.

Our members complain about harassments for non-compliance so we have made arrangements for group certification with the GSA and FDA. Our members are now happy and sell face masks to the public without any problems."

5.5. Governance challenges in cross-sector partnership for producing PPEs

The study discovered that poor supervision on the part of government had negative implications for innovative responses by small and female-owned businesses in the production of PPEs. Government's original plan to promote pro-poor and inclusive measures in the award of contracts for PPE production did not work. Presumably, an effective governance arrangement could have enabled the small businesses including female-owned entrepreneurs to be well-integrated into the cross-sector partnership for producing PPEs to enable them to sustain their livelihood during the pandemic. This omission on the part of government is contrary to views that governments have responsibility to play a leadership role and to provide an enabling environment for businesses and non-governmental sectors to thrive (Tahir, 2018) particularly in a partnership arrangement during a pandemic.

Verbatim codes from the perspectives of government:

"Large garment factories can work with small informal players in the process. Our main focus is to ensure provision of adequate face masks for front line workers, schools and government institutions. The NBSSI can take care of distribution of stimulus package for small businesses who have lost their businesses. They are in charge of the small businesses and can manage. The pandemic is not hard on Ghana and government will leave the production in the hands of the private sector players…."

5.6. Study limitations

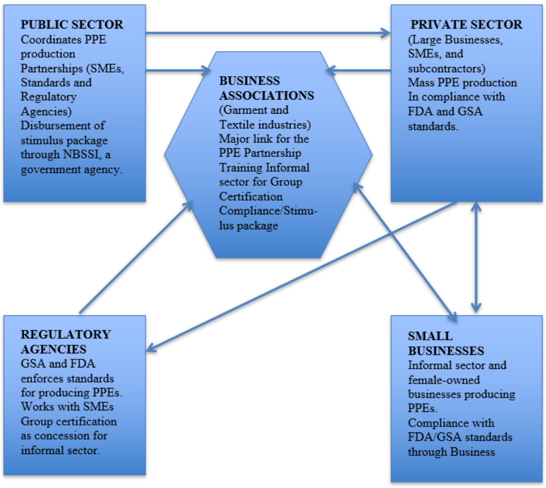
The main limitations associated with this research is based on the unprecedented nature of the pandemic which affected the data collection process. Most of the private sector businesses were not fully operational at the time of the research and most of the key informant interviews and focus group discussions took place in restaurants over lunch. These extra costs were however covered by the research bursary.

6. Conclusions, Implications and Recommendations

Based on the findings, the study concludes that in a time of crisis such as the Covid-19 pandemic, small businesses including female-owned enterprises provide indispensable support to complement government effort despite their informal status. The study also found that during a pandemic, creative measures are necessary in the enforcement of standards and regulations in order not to worsen the economic situations of small players who have identified an opportunity to contribute to resolving a social problem while at the same time sustaining their livelihood after losing their businesses due to the pandemic.

The study also identified lapses in government intervention to play a more effective leadership role and to put in place the appropriate governance mechanism that should bring together government agencies, industry players and the informal sector in a form of cross-sector partnership to scale up production of the much-needed PPEs. Weak governance arrangements and ineffective monitoring of the activities of the players created challenges for the small players who could be described as the underprivileged in this sophisticated arrangement. In spite of the complications it was expected that, as presented in Figure 1, government as the initiator of the partnership should have encouraged business associations to support more small businesses and female-owned businesses to meet government certification requirements in the face of the crisis which required urgent attention and some level of creativity and flexibility. However, these associations maintained their existing membership and helped their members to overcome the certification challenges while their counterparts in the informal sector were ignored. In spite of the challenges faced by the small businesses, the study is of the view that both formal and informal businesses who belong to membership associations are capable of overcoming systemic challenges in a time of crisis. Belonging to a business association therefore becomes a key success factor in governing a complicated partnership arrangement in a time of crisis such as the Covid-19 pandemic.

Figure 1. Multi-stakeholder governance model for the production of PPEs in a time of covid-19 pandemic.



Source: Author's Construct, 2021

6.1. Implications for research

- Even though literature on the phenomenon is scant in view of the unprecedented nature of the Covid-19 pandemic, the study contributes to existing literature on governing partnerships, crisis management and resilience of small businesses in a time of crisis. Furthermore, new knowledge is created in terms of the significant role of business associations as initiators of cross-sector partnerships in a time of crisis.
- It is recommended that future studies should focus on how to strengthen the linkage between small businesses and female-owned entrepreneurs with business associations and networks to do effective advocacy to influence government policy-making in times of crisis.

6.2. Implications for policy

- This study provides a wealth of lessons learned that should guide policymaking to pilot interventions for future pandemics.
- It is recommended that the findings should enable government to put in place mechanisms that should provide its agencies with the ability to adapt rapidly to changes and proactively formulate policies on standards and regulations that should be inclusive rather than worsen the condition of the vulnerable such as small businesses and informal sector players in a time of a pandemic.

6.3. Implications for practice

- The ad-hoc nature of the cross-sector partnership created governance problems which had negative implications on small and female-owned businesses as key players in the production of PPEs.
- It is therefore recommended that government should play a leadership role in the event of the need of ad-hoc structures to address emergency situations such as the Covid-19 pandemic. The government should put in place the appropriate governance structures to monitor such partnerships to avoid unforeseen consequences that almost marred the good social protection mechanisms put in place for the poor in a time of a pandemic such as the stimulus package and the value chain approach for producing the PPEs.
- It is also recommended that laudable initiatives such as the stimulus package put together by the government in a time of an unprecedented pandemic should have presidential oversight instead of being operated from an agency level. This will facilitate regular feedback to the Office of the President which have so far played a significant leadership role from the onset of the pandemic.
- It is recommended that the governance structure with oversight by the Office of the President should enable the alignment of the conflicting interests in the novel cross-sector partnership to ensure accountability and transparency in implementing key government policies in a time of a pandemic.
- It is also recommended that government should adopt a holistic approach for addressing the pandemic by adopting a multi-sectoral approach to monitor the activities of agencies responsible for standards and regulation to ensure that they respond to changes such as pandemics in a reasonable and creative manner to avert unintended consequences.
- From the perspectives of the private sector, it is recommended that business associations should be proactive and sensitive towards the need of all players in the informal sector in a time of a pandemic. Eligibility requirements should be flexible in a time of uncertainties such as presented by Covid-19. In particular, the requirement of one-year training to become compliant prior to benefitting from a stimulus package from the government deprived most of the informal sector players from benefitting from the package since they did not belong to any business association. Unfortunately, some unscrupulous consultants met the requirements by putting together fake 'groups' to benefit from the package at the expense of the legitimate informal sector players.
- It is also recommended that business associations should proactively engage informal sector players as an inclusive approach to address crisis situations more effectively. They should work more closely with the small businesses and influence policy change on their behalf through advocacy and lobbying. They should encourage small businesses to become formalized to position themselves for government support at all times and not depend on temporary social protection benefits which are not sustainable.
- It is further recommended that the multi-stakeholder governance model suggested should guide future governance arrangements to support small

businesses to respond more effectively to crisis situations.

Ethical considerations

Good research strives to ensure that data collection strategies adhere to existing norms that consider the safety of all the participants (Cacciolloto, 2015). These norms focus on ethics associated with the relationship between researchers and the research participants who provide the data. Ethical considerations were therefore prioritized in this research and encompassed the entire data collection process. In particular, the participants were assured of high-level confidentiality on any information they have provided. The research also ensured the originality of the data collected. The research process was therefore devoid of any conflicts of interest and plagiarism**.**

Adherence to Covid-19 protocols

The study considered the protocols in place to ensure the safety of the researcher as well as participants. In this regard, all the face-to-face meetings ensured that all the participants wore a face mask which was considered as the most effective PPE. For the focus group discussions, given that the hotels were still closed, two open air business lunch meeting comprising 5 participants at each session were organized in one of the few restaurants operating in Accra at the time.

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Managing citizen engagement: Public-private partnership governance in selected metropolitan, municipal and district assemblies in Ghana

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ABSTRACT

The study contributes to the existing literature by viewing the phenomenon of managing citizen engagement in PPPs through a governance lens instead of the generic stakeholder theory in the face of the ideological differences inherent in PPPs. A qualitative methodology facilitated data collection from fifty-six participants in four administrative regions in Ghana to explore in-depth, factors underlying the divergent interests of PPP actors in managing citizen engagement, their implications, and how to address the governance dilemma. The key findings revealed that the conflicting rationales for using PPP from the perspective of both public and private actors, constituted a major latent governance issue that influenced management of citizen engagement either positively or negatively. The study therefore suggests the alignment of the divergent interests to improve governance frameworks for managing citizen engagement to enhance PPP outcomes.

I. Introduction

The ideological differences inherent in PPPs have been argued to present a governance issue and concerns have been raised that this key assumption should guide the implementation of all PPP activities (Hodge & Skeltcher, 2010; Zaato & Hudon, 2015) including managing citizen engagement. However, even though addressing complex citizen oppositions requires management decision making processes involving collaboration mechanisms (Forrer, Kee, Newcomer & Eric, 2010; Donahue & Zeckhauser, 2011) and consensus building among the actors, most PPP literature addressing this phenomenon have focused mostly on approaches that deepen stakeholder relationships (Osei Kyei & Chan, 2017; Damoah & Akwei, 2017; Luoma-aho, 2015; El-Gohary, Osman & El-Diraby. 2006; Amadi, Carrillo & Tuuli, 2014) despite the governance dilemma. Even though some of these approaches, notably the faith-holder, hateholder and fakeholder model (Luoma-aho, 2015) are innovative, challenges in managing citizen engagement in PPPs still remain, to the extent that proponents of the stakeholder theory themselves have identified the need for second-order stakeholder theories to manage complex citizen and stakeholder issues in PPPs (Steurer, 2006; De Schepper, Dooms & Haezendonck**,** 2014).

Specifically, De Schepper et al. (2014) recommended the identification of governance models for managing citizen engagement for future research. Motivated by this recommendation, this study contributes to existing literature by viewing management of citizen oppositions from a governance perspective instead of the existing stakeholder frameworks to improve citizen engagement frameworks and subsequent enhancement of PPP outcomes in the ten selected MMDAs in Ghana. The implications of conflicting interests in managing citizen engagement in PPPs have received little attention in literature. So far a few scholars, including Kusnanto (2011) and Irfan (2015) in particular, have cautioned that the relationship between the PPP actors is threatened by a natural conflict of interest which may have implications for social dimensions of public service delivery. In most cases, the literature on conflicting interests in PPPs bring to the fore the fundamental values of the parties. While the private sector is associated with profit maximization (Hall, 2015; Loxley & Loxley, 2010), their public sector counterpart is mandated to uphold the public interest which emphasizes citizen participation in service delivery (Denhardt & Denhardt, 2011; Fombad, 2013; Fung, 2015). However in other literature, in spite of the profit motives associated with the private sector, their commitment to issues related to citizen and stakeholder engagement activities is also flagged (Hong & Kim, 2018). Interestingly, the conflicting commitments attributed to the private sector actors in managing citizen engagement in PPPs is also associated with the public officials who, in spite of their mandate pertaining to citizen participation in service delivery (Ahwoi, 2010) are also perceived to consider public accountability mechanisms a nuisance in some cases (Bovaird, 2004; Skeltcher, 2010; Perri, Leat, Selzner & Stoker (2002).

Subsequently, the complicated and inconsistent commitments and interests of the PPP actors argued in literature raise concerns about which of the parties is intrinsically positioned to manage citizen oppositions effectively to enhance PPP outcomes in the selected MMDAs in Ghana. This study therefore seeks to contribute to the literature by exploring factors that motivate or inhibit the interests of the PPP actors in managing citizen engagement in PPP in ten selected MMDAs in Ghana, examine the implications of these factors and investigate how to align the divergent interests to improve governance frameworks for managing citizen engagement in PPPs. The paper begins with an introduction which presents the background of the study. This is followed by literature review encompassing both theoretical and empirical literature on the phenomenon to identify the gaps in previous literature. The methodology section provides insight into the philosophical assumptions, empirical context, data collection and analysis as well as various steps involved in the knowledge development process to determine the findings. Finally, the findings are discussed and conclusions derived on implications and future research.

2. Literature Review

The literature review section provided the missing pieces in literature that motivated this study. The chapter reviewed the various approaches and paradigms that initiated the PPP concept to explain the ideological differences and interests inherent in the partnership and their implications for governing management of citizen oppositions by the PPP actors.

2.1. Public-private partnerships

PPP has been defined in many ways with some proponents describing it as a form of cross-sector partnership (Stadtler, 2015; Dentoni, Bitzer & Schouten, 2018). Meanwhile, according to the Organization for Economic Development and

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Cooperation (OECD, 2012), PPP has no clear definition. Notwithstanding the variety of definitions, a common understanding is that when governments and businesses work together, the synergy that occurs supersedes the individual outputs delivered by each party (Siematycki, 2012; Robinson, 2010). Dentoni et al. (2018) and Donahue and Zeckhauser (2011) therefore argue that partnerships can solve complex problems that individual organisations cannot solve on their own in monolithic arrangements. For instance, in the face of the uncertainty risk (Isik et al. 2019) occasioned by the Covid-19 pandemic, governments alone cannot provide all the necessary solutions. In such unprecedented and uncertain situations, it becomes necessary to adopt multiple strategies and methodologies (Isik et al. 2019) including partnership arrangements with the private sector to ensure better outcomes. In particular, partnership arrangements may become necessary to avoid disruptions in government action in peculiar cases when citizens lose trust in government and also when government action is perceived as profit-oriented (Ahmad et al. (2021).

Public service delivery has traditionally been assumed to be the ultimate responsibility of government (Forrer et al., 2010). However, the new public management (NPM) (Osborne, 2015) and the new governance reforms (Bryson, Crosby & Bloomberg, 2016; Bingham, Nabatchi & O'Leary, 2006; Salamon, 2002; Kettl, 2002) prescribed the adoption of public-private partnerships to achieve efficiency (Titorias & Mohandas, 2019; Aucoin, 2000; Denhardt, 2003; Politt & Boucaert, 2011), thus making the private sector the provider of public services in PPPs. The prime objective of PPP therefore is to improve the quality and efficiency of a given service to the citizenry (Titorias & Mohandas, 2019; Jomo et al., 2016; Siematycki, 2012). The popular types of PPPs are build-own-operate-transfer (BOOT); build-operate-transfer (BOT); design-build-operate-transfer (DBOT) and design-build-finance-manage-operate (DBFMO) (Siematycki, 2012, Osei Kyei et al., 2017). Despite the numerous successes of some PPP projects, others have experienced challenges including ineffective management of citizen engagement (South et al., 2015; Kivleniece & Quelin, 2012) and subsequent failure of some PPPs. Managing divergent interests has been identified as a key governance issue in PPPs (Omobowale, 2010; Irfan, 2015) given the ideological differences inherent in the partnership. Since partnerships between public and private parties will invariably raise issues of divergent interests, it is appropriate to identify and manage these issues to enhance PPP outcomes (Kusnanto, 2011; Irfan, 2015).

2.2 Governing citizen engagement in PPPs

Citizen engagement is considered a key function in public administration (Ahwoi, 2010). However, in partnerships, Lowndes and Sullivan (2004) argued that this function is a challenging task which should be designed-in instead of assumed-in. To understand citizen engagement in partnerships, it is therefore important to examine the interests and roles of the parties to determine how they can govern citizen engagement effectively (Frederickson et al. 2012). In laying the foundation for the study of governance, Lynn et al. (2000), define governance as the system of laws that constrain or prescribe government activity in the delivery of public goods and services (Frederickson et al., 2012). However in PPPs, concerns have been raised about the implications of the partnership for public service delivery to end-users as citizens, (Hall, 2015; Loxford & Loxford, 2010) given the assumption that the ideological differences between the public and the private sector players present a governance issue (Hodge & Greve, 2017; Zaato & Hudon, 2015; Skeltcher, 2010). Furthermore, citizens as end-users demand transparency and accountability from the public sector as the traditional public service provider and consider private sector participation as illegitimate (Buabeng, 2015; Ahwoi, 2010). Incidentally, Donahue and Zeckhauser (2006) consider PPP as a collaborative governance arrangement that comprises end-users as well apart from the two main actors. Subsequently, the study argues that the main concepts relating to this study in terms of PPP and governance are not mutually exclusive (Zaato & Hudon, 2015; Hodge & Greve, 2017), to the extent that Nederhand and Klijn (2018), Hodge and Greve (2010), and Skeltcher (2010) argued that successful governance of PPP is predicated on managing citizens and stakeholders effectively given that poor management of citizen engagement is a recipe for failure of most PPPs (Chinyio & Olomolaiye, 2010; OECD, 2015). and other development programmes. The complex nature of citizens & subsequent citizen oppositions is also imminent in monolithic arrangements. For example, Ahmad et al. (2021) attribute failures in implementing government's Covid-19 Guidelines in some countries to civil disobedience.

In complementing the various assumptions on the significance of governance in PPPs, Hodge and Greve (2017) argue that governance defines guidelines on which of the parties is best positioned to make, implement and also be accountable for implementing PPPs. So far this definition in particular explains the phenomenon the study seeks to explore in terms of which of the public and private sector actors is fully committed to managing citizen engagement in PPPs in the face of their ideological differences and interests. Given the governance dilemma argued in the PPP arrangement and subsequent implications for managing citizen engagement, the study will draw on two key governance theories in terms of the principal-agent theory and the network theory to explore factors underlying the divergent interests of the PPP actors in managing citizen engagement and investigate how to align these interests to improve governance frameworks for managing citizen engagement.

Principal-Agent theory: The body of literature on principal-agent theory identifies a key issue that it attempts to address, particularly the dilemma of cooperating parties not necessarily having the same interests (Eisenhardt, 1989). While the private sector emphasizes value for money, the public sector focuses on social values and the divergent goals and interests of the public and private actors have been discussed broadly in literature (Hall, 2015; Siematycki, 2012; Siematycki, 2010; Loxley & Loxley, 2010; Stiglitz, 2000). Kusnanto (2011) therefore identified a natural dissimilarity in the interests of the principal and the agent. However, Cuevas-Rodriguez et al. (2012) suggest that so long as the interests of the two parties align, there is the likelihood that the agent would meet the expectations of the principal. This assumption could be applied to the conflicting relationship in PPPs as well, to explore how the divergent goals and interests could be aligned to address the complicated and inconsistent commitments in managing citizen engagement in PPPs.

Network Theory: The characteristics of the new governance paradigm is similar to the network theory in terms of focus on the citizenry which is at the center of public service delivery (Bryson et al. (2016), Rhodes (2015) and Ofling (2007). This view is reflected in the assertion by Bingham et al. (2005) and South et al. (2015) that the successful governance of PPPs is predicated on managing a network of stakeholders having diverse motives (Nederhand & Klijn, 2018). The characteristics of the principal-agent theory as well as the network governance theory revealed two key issues. The principal-agent theory is criticized for focusing on the vertical relationship and not explaining the horizontal relationship between networks in terms of the involvement of citizens in public-private partnerships. Even though the network governance theory addresses this issue, it is not clear on vertical roles of the PPP actors in managing or governing citizen and stakeholder engagement. The two theories however are appropriate for explaining the phenomenon and guide the preparation of a conceptual model to facilitate the research process.

2.3 Existing frameworks for managing citizen engagement in PPPs

The OECD (2015) argue that most PPPs fail due to poor management of citizen engagement processes. In their contribution to the literature on participation processes in partnerships, Lowndes and Sullivan (2004) presented in detail, the challenges in securing citizen involvement in a particular context. For instance, as argued by (Ahmad et al., 2021). citizen oppositions can occur when the public lose trust in government due to lack of political will. Bryson, Quick, Slotterback and Crosby (2012) therefore suggest that effective public participation processes should involve intensive analysis taking into account the context to be able to identify the relevance of the participation effort to meticulously design and redesign the processes effectively.

In other literature, concerns have been expressed concerning the need to consider conflicting interests (Omobowale, 2010) inherent in PPPs particularly when it comes to managing citizen engagement. Notwithstanding these promptings, most frameworks on how to address citizen oppositions in PPPs do not focus on collaborative arrangements between the public and the private sector actors for addressing these issues. The concentration is rather on how to deepen relationship with the end-users as citizens and stakeholders in line with the stakeholder theory (Freeman, 1984; Donaldsen & Preston, 2005). It is not surprising that in spite of the numerous citizen and stakeholder engagement frameworks the issue of citizen oppositions still exist (Omobowale, 2010; Hovy,

2015) threatening the survival of most PPPs. For instance**,** the semantic and taxonomy stakeholder engagement model proposed by El-Gohary et al. (2006***)*** aims at mitigating the effects of citizen and stakeholder oppositions. However, the model lacked the governance dimension (Hodge & Skeltcher, 2017) that should clarify arrangements put in place in terms of the role of the PPP actors in the implementation phase to make it more effective. Similarly, the multi-stakeholders management model by Henjewele et al. (2013) sought to address the issue of stakeholder oppositions in a holistic manner. The five different processes in this model comprise mapping of end-users and stakeholders, prioritization of stakeholders, relationship building with stakeholders, identification and management of challenges and conflicts as well as effective communication. In spite of the strong focus on stakeholder mapping, (Hong & Kim, 2018; Freeman, 2010), this model lacked the horizontal focus suggested by De Schepper et al. (2014) in terms of collaborative arrangement between the PPP actors. Other models such as the Public-Private-People Partnership Process Framework suggested by Ng et al.(2013) is also modeled along the stakeholder approach which focuses on relationship with the citizen and stakeholders. The framework does not take into account the assumption that PPP is primarily a governance strategy (Boardman et al., 2016) which require a collaborative effort of the PPP actors in decision making processes regarding which of the parties should engage citizens and stakeholders more effectively given their divergent interests.

Arguably, most of the existing models are quite innovative and could be effective in monolithic public or private arrangements instead of partnerships (Hodge & Greve, 2017). The All-Inclusive Stakeholder Management Framework *(*Amadi et al. 2014*)* for instance focuses on the mapping as well as engagement of all citizens and stakeholders involved in PPPs thus taking into account democratic accountability in service delivery (Skeltcher & Mathur, 2005; Denhardt & Denhardt, 2011). However, in as much as this framework adopted a holistic approach the governance perspective was missing and it appears the public sector will be exercising control even though the private sector delivers the public services in PPPs. Most of these frameworks and models overlook the collaborative nature of PPPs (Yamamoto, 2015; Donahue & Zeckhauser, 2011) even though each party may have a role to play in managing this all-inclusive framework to make it work, drawing from the principal-agent theory.

The faith-holder, hateholder and fakeholder model (Luoma-aho, 2015) is another innovative model for managing stakeholder engagement. The model was developed by Luoma-aho (2010) on how to identify "faith-holders", "fakeholders" and "hateholders" to complement Freeman's (1984, 2010) stakeholder theory to elicit the nascent interests of stakeholders that are not easy to identify at the initial stages of engagement. The logic behind the faith-holder, hateholder and fakeholder model is that organizations can only thrive in the long term if the number of faith-holders exceeds the number of hateholders (Luoma-aho, 2015). In spite of the innovative nature of this model, it has limitations given that identifying the categories of stakeholders stated requires inputs from both actors in the PPP arrangement to be able to design the appropriate processes (Bryson et al., 2012) taking into account governance perspectives (Zaato & Hudon, 2015). So far, out of the various stakeholder engagement models reviewed, the dynamic dual stakeholder management tool (De Schepper et al. 2014) discussed in their article "Stakeholder Dynamics and Responsibilities in PPPs: A mixed experience" provided a certain level of collaboration (Dentoni et al., 2018) in decision making regarding citizen and stakeholder engagement. However, notwithstanding the advantages of the dual dynamic approach, De Schepper et al. (2014) recommended for future research, the identification of governance structures that allow the sharing and division of responsibilities between the PPP actors. The recommendation for identifying governance structures for a collaborative arrangement for managing citizen and stakeholder issues is consistent with the guidelines proposed by Van Slyke (2017) for governing citizen and stakeholder engagement in PPPs. This study therefore seeks to contribute to existing literature by exploring among other factors, the implications of factors underlying the interests of the PPP actors in managing citizen engagement and investigate how to align these divergent interests towards a governance framework for managing citizen engagement.

3. Methodology

The study adopted a qualitative methodology to investigate issues relating to the divergent interests of the PPP actors in managing citizen engagement in the selected district assemblies in Ghana and how to address the research problem. This is because the interests and commitments of the PPP actors in managing citizen engagement vary and cannot be measured or generalized (Jomo et al., 2016; Kusnanto, 2011; Eisenhardt, 1989). Specifically, the study explores factors underlying the divergent interests of the PPP actors in managing citizen engagement, examines the implications of these factors and finally investigates how the divergent interests can be aligned to improve citizen engagement frameworks in the selected MMDAs in Ghana.

3.1 Empirical context

In Ghana, the PPP concept has become an indispensable approach for deploying private sector finance in the delivery of public infrastructure (National PPP Policy, 2011) to improve local economic development. According to the World Bank's estimation (World Bank, 2011), Ghana would require around USD 1.5 billion every year to bridge the gap for funding infrastructure making the PPP concept a relevant innovative approach for deploying private sector finance in the delivery of public infrastructure (National PPP Policy, 2011) to improve local economic development. PPP is therefore district-led in Ghana and the Ghana Shared Growth and Development Agenda (GSGDA, 2013) as well as the Ghana Decentralization Policy (GDP, 2010) stipulate clearly the critical role of Metropolitan, Municipal and District Assemblies (MMDAs) in the national development process. The contributions of the private sector in terms of delivery of efficient and effective services in the MMDAs have also been acknowledged (Ghana Decentralization Policy Framework, 2010). This is because most of the MMDAs are underfunded and they also grapple with the challenge of governance, finance and capacity building (Ahwoi, 2010). This factor justifies the need for partnership with private investors in the 10 selected MMDAs to secure alternative sources of funding for public service delivery in Ghana (National PPP Policy 2011). In Ghana, PPPs are either solicited by the MMDAs to fill a financing gap for infrastructure development or unsolicited in cases where the private sector proactively identifies an investment opportunity to enable the provision of public services in a particular MMDA. The MMDAs therefore constitute the main repertoire of knowledge on private investors participating in PPPs.

Since the launching of a National PPP Policy (2011) to guide PPP activities in Ghana, successive governments have prioritized PPPs as a viable local economic development tool (Buabeng, 2015; Osei Kyei et al., 2017). However, a cursory analysis of the policy document revealed minimal consideration of issues relating to how citizens and stakeholders should be managed in PPPs, in spite of the ideological differences of the public and private actors which may present governance issues in terms of their commitment to managing citizen engagement given the shift in the mode of public service delivery. Given that PPPs attract citizen oppositions which threaten the survival of most PPPs (El-Gohary et al., 2006; Chinyio & Olomolaiye, 2010), there is the need to explore how to address management of citizen oppositions effectively. In addressing the research problem therefore, it was appropriate to conceptualize the issue of divergent interests in managing citizen engagement from the perspective of the public and private actors at the MMDAs in Ghana to determine the appropriate sample size necessary for the qualitative study.

3.2 Scope of the study

Table 1. The study covers ten selected MMDAs in four Regions in Ghana presented as follows:

Greater Accra	Four (Two Metropolitan and Two Municipal Assemblies) Accra Metropolitan, Tema Metropolitan, Ashaiman Municipal and Kpong Akatamanso Municipal Assemblies respectively.
Central Region	Two (One Metropolitan and One Municipal Assembly). Cape Coast Metropolitan and Awutu-Senya East Municipal Assemblies respectively.
Eastern Region	Two (Two Municipal Assemblies). Kwahu West Municipal and New Juaben Municipal Assemblies respectively.
Ashanti Region	Two (One Metropolitan and One Municipal Assembly). Kumasi Metropolitan and Ejisu Juaben Municipal Assemblies respectively.

3.3 Sampling size

Identifying the appropriate participants for answering the research questions was appropriate to facilitate gathering of rich data for thick descriptions (Geertz, 1976; Osamloo, 2014) and to ensure unambiguous findings (Yin, 2009). A non-probability sampling technique in terms of purposive sampling therefore became appropriate (Schutt, 2012; Creswell, 2007) to ensure an in-depth inquiry. Even though PPP is meant to be district-led, information on PPP actors at both regional and MMDA levels is unstructured unlike PPPs in the developed countries (Skeltcher & Mathurs, 2006; Boardman et al., 2016). Notwithstanding these challenges, four regions were sampled out of the 16 regions in Ghana. These are Greater Accra, Ashanti, Eastern and Central Regions respectively to enable an in-depth inquiry (Creswell, 2017). The purposive sampling technique became necessary because these areas particularly, the Greater Accra and Ashanti regions attracted private sector investment due to favorable demographic factors that enable quick returns on investment in relation to construction of markets and public utilities in sub-urban areas that needed local economic development. In most cases, private sector investors are attracted to areas where they can identify viable business opportunities. The Central and Eastern regions respectively also attract appreciable levels of private investments in light infrastructure due to their proximity to the Greater Accra and Ashanti regions respectively to address development needs. In particular, there is a gradual expansion of Accra, the capital, towards the Central region (Kasoa - Awutu Senya) and parts of the Eastern region (Koforidua, New Juaben). Even though there are PPP activities in the other regions, these activities did not meet the criteria set for this study in terms of a minimum of three years of implementation to be able to explore in-depth, the phenomenon of divergent interests of the PPP actors in managing citizen engagement and related consequences. The types of PPPs implemented at the MMDA levels were also considered an important factor in addressing the research problem given that not all types of PPPs require intensive citizen engagement to determine which of the public and private actors is committed to it or not.

For the 4 regions and their respective 10 MMDAs, the sample size comprised 20 relevant top public officials encompassing municipal chief executives, municipal coordinating directors, economic planning officers and public relations officers. These public officers were selected because they were conversant with the divergent interests inherent in the relationship between the public and private sector actors and it was assumed that they would be able to provide perspectives on the implications of the divergent interests on service delivery with particular focus on managing citizen engagement in PPPs and how to resolve them effectively to enhance PPP outcomes in the selected MMDAs. The breakdown of public officials sampled for the study is presented in Table 3.5 (see Annex).

In addition to the 20 public officials sampled, 5 other key informants were selected from the Public Investments Unit (PIU) of the Ministry of Finance and the Local Government Service Secretariat (LGSS) respectively as presented in Figure 3.6 (see Annex). These public officials were selected based on the assumption that they would be able to provide the policy dimension of the phenomenon to be explored. Specifically, the PIU of the Ministry of Finance constitutes the National Secretariat of PPPs in Ghana and it was expedient to explore from their perspectives how PPPs have evolved so far, and to also identify lessons learned in relation to managing citizen engagement, a social function in PPPs in the face of the conflicting ideologies. The LGSS as the implementation wing of the MRDLG works closely with the MMDAs and is conversant with most of the PPP projects under implementation. The total number of key informants at the public sector level was 25.

In relation to the private sector actors in PPP, eleven private investors were selected out of 30 private businesses and contractors participating in the different types of PPPs at the MMDA level as depicted in Table 3.7 (see Annex). Given the absence of an official database on private sector participation in PPPs, identification of these actors was made possible through the snowballing technique where the MMDAs were the only source of information on private sector actors working with them on PPP projects. However, in conformity with the research purpose and design, the sampling strategy ensured that the participants selected were appropriate for answering the three major research questions. For the three focus group discussions (FGDs), 20 participants in total were sampled as depicted in Table 3.9 (see Annex). The focus groups were sampled purposively to represent perspectives of both public and private sector actors as well as end-users of PPPs. Overall, 56 participants were sampled for the in-depth interviews.

3.4 Data collection

The study commenced with three meetings with a senior director and two assistant directors at the LGSS, and a senior manager at the Ministry of Finance (Public Investments Unit) to gather first-hand perspectives on the policy framework on PPPs. The interviewing process began with twenty selected public officials at the MMDAs partly due to the fact that prior to the NPM approach (Pollitt & Boucaert, 2013) which gave birth to the PPP concept, they were traditionally mandated to provide public services and to prioritize citizen participation (Denhardt & Denhardt, 2011). The public officials comprised metropolitan and municipal chief executives (MCEs), metropolitan coordinating directors (MCDs), economic planning officers, procurement officers, finance officers, budget officers and public relation officers. Some of the public officials linked the PPP initiative to some of the existing acts in the Constitution of Ghana that promote partnership between the public sector and the private sector in the provision of public services to ensure accelerated local economic development in the MMDAs (PPP Policy Document, 2011). Twenty open-ended questions were administered to the 20 selected public officials in the MMDAs to understand their views on the phenomenon the study seeks to explore. On average, two participants were interviewed in each MMDA. The highest rate of participation was recorded at the Kwahu West District Assembly where the researcher met in one meeting, five high level participants including the Municipal Chief Executive.

With regard to the private sector, eleven participants were interviewed. They comprise private investors and contractors working in partnership with the MMDAs in PPPs ranging from market construction, waste management, bus terminals, revenue collection, on-street parking and revenue collection were also interviewed on the key theme of the research in relation to the divergent interests in managing citizen engagement in PPPs. Even though the selected MMDAs were engaged in not less than four PPP projects individually, selection of which private partner to work with was at the sole discretion of the public officials. On average, one private investor was interviewed in each MMDA. To make up for this shortfall, it became necessary to identify other private investors involved in the provision of public services in the framework of privatization of state-owned enterprises, to determine how citizens are engaged. This activity was necessary to enhance rigor of the data (Yin, 2013). This category of key informants included Vodafone, a fully privatized state-owned organization and State Housing Company, a quasi-state-owned organization. The open-ended questions administered to the private investors varied slightly based on the nature of their operations and different ideologies. Interviews with the private investors lasted between 45 to 150 minutes due to the high-level interest generated by the issues discussed.

Data were also collected purposively from twenty representatives from three different focus groups (Nyumba & Wilson, 2018) as presented in Table 3.9 (see Annex) to tease out their multiple views on conflicting interests of the PPP actors to ascertain which of them was best positioned to carry out citizen engagement effectively and efficiently. The groups comprised the citizens themselves as end-users of PPP projects being explored. The study also gathered secondary data from desk reviews. Silverman (2013) argues that texts and documents are very useful sources of data for qualitative and quantitative research. From a public sector perspective, documents reviewed included regulatory frameworks in terms of provisions in the Constitution of Ghana for instance Act 426 and PNDC Law 327 mandating MMDAs to engage in partnerships with the private sector and also Act 936 sections 10 and 12 mandating MMDAs to ensure citizen participation in service delivery. The Public Procurement Act was also reviewed given that PPP is considered as a form of procurement. Other documents reviewed were the National PPP Policy, Draft PPP Bill, the PPP Programme document, Ghana Decentralization Policy, and the Ghana Shared Growth Development Agenda. These documents spelt out policy framework on identification of PPPs as a district-led mechanism with the private sector driving local economic development at the district levels. Documents on Governance in Local Government highlighted the importance of citizen participation and the role of MMDAs in service delivery. Franchise Agreements and contracts governing PPPs were also reviewed to ascertain provisions for managing citizen engagement and how this activity is measured to emphasize the governance dimension. Documents relating to PPPs were obtained from the Local Government Service Secretariat. Specific information on the selected MMDAs however were not made available by the public officials but were accessed online by the researcher on the respective websites of the MMDAs. In relation to the private sector, corporate strategic business plans were reviewed to ascertain their core values and intrinsic interests in engaging citizens and stakeholders as part of their corporate strategies. The stakeholder theory (Hong & Kim, 2018; Freeman, 1984) explains that firms consider stakeholders as an integral part of their operations given that the complex nature of citizens and stakeholders can impact negatively on their operations. Reports from NGOs and other sources on civic actors also provided useful insights into trends in managing citizen engagement. In addition, existing frameworks for governing PPPs, general guidelines for managing citizen engagement in Ghana and global best practices in governing and managing citizen and stakeholder engagement such as the Global Compact and OECD Guidelines on citizen engagement in PPPs were analyzed. These reviews provided an understanding of global best practices in managing citizen engagement in PPPs, institutional arrangements implemented, roles and responsibilities of the partners and factors motivating the PPP actors. It is expected that the combined approaches adopted for primary and secondary data collection should ensure rigor to make the study findings credible, dependable, and confirmable.

3.5 Data analysis

The qualitative nature of the interviews permitted flexibility for numerous follow-up questions which led to collection of rich data, identification of codes and themes to facilitate thick descriptions and analysis (Yin, 2009; Creswell, 2012). The researcher focused on codes that articulate the action of the participants as well as inferences (Miles, Huberman & Saldana, 2013) from relevant documents to reflect the objectives of the study and facilitate answers to the research questions. 103 descriptive codes were generated from the raw data transcribed. These descriptive codes comprised summarized data related to the three research questions. (See Tables 4.1 and Table 4.2 in Annex). The descriptive codes were reduced to 15 categories or sub-themes which were further synthesized to five main themes which gave a concise perspective on the phenomena being explored at the various levels in terms of the issues bordering on divergent interests of the 36 key informants comprising public sector players at the 10 selected MMDAs and their private sector counterparts. Data from the three focus group discussions were also analyzed. After a rigorous data analysis process five major themes were extracted from the 103 coded data. These are rationale for using PPPs, Regulatory Framework, Governance Arrangements, Efficiency in PPPs, and Collaboration for Managing Citizen Engagement.

Table 4. 1: The five themes emerging from the 103 descriptive codes

RATIONALE FOR USING PPPS	REGULATORY FRAMEWORK	PPP GOVERNANCE ARRANGEMENT	EFFICIENCY IN PPPS	COLLABORATION FOR CITIZEN ENGAGEMENT
DESCRIPTIVE CODES	DESCRIPTIVE CODES	DESCRIPTIVE CODES	DESCRIPTIVE CODES	DESCRIPTIVE CODES
Private sector recognized as financiers only	Absence of PPP Law	PPP Steering Committees	Citizen engagement is a means to achieving efficiency in PPPs	Private sector seeks collaboration from public sector to engage citizens
Public Ownership of PPP projects	ACT 436 allows partnerships with private sector	PPP Unit at Assemblies	Protect investment and sustain project	Citizen engagement is the only opportunity for collaboration in PPPs
Exclusion of private investor in activities other than financing projects	ACT 936 Sections 10 and 12) on citizen participation in service delivery	Franchise Agreements between Assemblies and Private Providers	Maximise value of the project	Public sector to provide enabling environment
Enactment of regulatory framework to justify rationale	Procurement Law ACT 663 now 914 as amended	National level Agreement for waste management and sanitation by Zoomlion Ghana.	Enhances the attainment of results	Enforcement of Bye-laws on sanitation
Public sector mandate to engage citizens whether PPP or not	Weak provisions in National PPP Policy for citizen engagement	Solicited and unsolicited PPPs	Reduces maintenance cost	Public services require engagement from public officials
Public sector responsibility for public services such as citizen engagement	Input for PPP Governance framework	Build-Operate-Transfer	Feedback from citizens enhances PPP outcomes	Public sector has core competences in citizen engagement.
Citizens do not know the voice of private sector	Bye-laws in service delivery	Build-Operate-Share	Citizen engagement is a learning opportunity	PPPs are public goods and require public engagement
Private sector specialize in economic activities and value for money	Standard engagement processes	Land as Governments share in PPPs	Feedback from citizens saves dangerous situations	Citizens know the voice of the public sector
Private sector do not seek the public interest	Act 936 ensures democratic accountability and transparency in service delivery.	No Budget-line for Citizen Engagement in PPP budgets	Citizen engagement is a means to achieving profitability	Private sector cannot prosecute defaulters
Citizens cannot be left at the mercy of private sector	Regulatory framework enables revenue mobilization from citizens	No clear guidelines for citizen engagement in Agreements.	Avoids unexpected rise in cost	Private sector is not accountable to citizens
Private sector profit-minded	Enforcement of bye-laws	Illegitimacy of Private sector engaging citizens in public service	Citizen engagement maximizes value of projects	Lack of public sector leadership has dire consequences.
Financing projects is different from managing citizen engagement	Private sector has no right to engage citizens		Citizen engagement as a learning opportunity to improve service delivery. Public officials obstruct creativity	Monitoring of performance of private sector
Private sector lacks knowledge of social issues	Enables feedback on service delivery for decision making		Private sector investment should not be diluted with social issues	Public sector as government
Public sector lacks the resources and logistics to engage citizens	Poor citizen engagement may lead to project failure		Private sector creativity for effective citizen engagement	Public sector communicates government policies.
Private sector engages citizens to protect investment	Act 936 protects the interests of citizens		Assemblies should take charge of social issues as contribution in PPPs.	Citizens damage projects in case of misunderstanding of issues
Private sector rationale for investing in PPPs is linked to managing citizen engagement	Early engagement limits citizen oppositions			Citizens are major stakeholders in the development process
Private sector managing citizen engagement reduces management costs	Engagement enhances ownership of projects by citizens.			Poor visibility of Public sector in PPPs
Private sector rationale for PPPs enhances efficiency in PPPs.	No PPP specific framework for managing citizen engagement			Private sector closer to citizens
Private sector rationale and profit motive is linked to interest in engaging citizens				Private sector lack mandate to engage citizens
Private sector investment and citizen engagement is related				Citizens do not recognize private sector voice
Return on investment can be affected by poor management of citizens				Private sector cannot prosecute defaulters on sanitation issues
Private sector engages citizens to avoid high maintenance costs				Public sector to educate citizens on private sector role
Private sector engages citizens as part of CSR.				Citizen engagement key to local economic development
				Private sector conscious of its social responsibility in public service delivery
				Public sector to support private sector to fulfill citizen engagement mandate
				Private sector interest in engaging citizens driven by project sustainability
				Public and private sector involvement yields positive results
				Shared responsibilities through alignment of core competencies in engaging citizens.

4.Findings

The findings are related to the three research objectives and revealed various factors underlying the divergent interests of the PPP actors in managing citizen engagement implications of these factors, and how to align the divergent interests of the PPP actors to improve citizen engagement frameworks in PPPs.

4.1 Rationale for using PPPs

This theme concerning the rationale of the PPP actors is linked to research objective one and research objective two in connection with factors underlying the divergent interests of PPP actors and implications of the factors on managing citizen engagement in PPPs. For example, in answering questions on factors that motivate or inhibit their interests in governing or managing citizen engagement and related implications, 18 out of the 20 public servants were of the view that any activity in the PPP arrangement including managing citizen engagement is premised on their rationale for using PPPs. This is in relation to the source of financing their numerous development projects using the PPP mechanism. They emphasized that private sector actors are merely financiers of PPP projects who should not engage in managing citizen engagement processes in PPPs. The following excerpts highlight this perspective.

"To be honest, the discussion on managing citizen engagement should focus primarily on why we at the Assemblies use the private sector in the first place…… we are only looking for cost-effective way to provide service to the citizen. If we get money from common fund we don't need the private sector for anything… they are profit-minded… We can also go for bank loans if we want to… it is all about funds." The perception of the public officials in terms of their rationale for instituting PPPs seems to be consistent with the view of some proponents of PPP that governments have various justifications for undertaking various types of PPPs particularly in the area of infrastructure development (Osei-Kyei et al., 2014; Cheung et al., 2009). In the case of Ghana, PPPs are perceived to reduce fiscal deficits that limit financing of most infrastructure projects and services. In relation to how citizen engagement is managed in the PPP arrangement, the public officials referred to Act 936 Sections 10 and 12 as their guideline for ensuring democratic accountability. An excerpt from participants from two Municipal Assemblies:

"*We engage citizens whether PPP or not. Private sector comes in for funding…*"
"*PPPs are public goods provided by private people, but we own the public goods you know. How can we leave our citizens at the mercy of private people?*"

In another instance, when asked how they can manage this role in isolation while the private sector delivers the core public services and interact with citizens, the public officials maintain that the citizens do not know the voice of the private sector. They also indicated that based on the perceived role of the private investors, the PPP contracts were designed based on the assumption that managing citizen engagement in PPPs was the mandate of the Assemblies who are committed by law to be accountable to citizens in service delivery by ensuring citizen participation (Act 936 Sections 10 and 12) making the role of private sector in managing citizen engagement illegitimate. The public officials however admitted that despite their obligation to citizens, there are several factors that limit their mandate such as time, inadequate staff, poor skills in communicating in local dialects, to mention a few.

"*We are in charge of managing citizen engagement, but we are thinking about how to improve on it because we don't have the capacity…*"

The exclusion of the private investors from functions other than financing is inconsistent with traditional governance principles. Van Slyke (2017) argue that the relationship between the PPP actors transcends financial mechanisms.

From the perspective of the private investors, when asked about factors motivating their interest or otherwise and the related implications in governing citizen engagement, 9 out of the 11 private investors linked their interests in managing citizen engagement to their financial investment in the PPPs. The private sector actors perceive the rationale for their participation in the PPPs as a viable investment opportunity as seen in a statement by some interviewees below:

"*We want to help the government to develop the communities and PPP is one of the ways we can do that.*
…. we want to protect our investment through positive interaction with users of our services."

In relation to their reaction to perceptions about their profit motives which negate their interest in social issues such as managing citizen engagement, the private investors asserted that the profit motive is the main factor driving their interest in engaging citizens given that close interaction with end-users reduces the risk of high maintenance cost which is a key issue in attaining their goal of efficiency in the profit-making process. They also added that the PPP arrangement in terms of build-operate-transfer with a duration of 30 years payment streams locks up capital and this requires that as risk-takers in the partnership, they must work closely with the end-users of PPP projects to protect their investment to avoid losses or total project failure in the long run.

4.2 Regulatory framework

Drawing from the theme on rationale for using PPPs, the type of regulatory framework adopted by the public actors had implications for divergent interests in managing citizen engagement. From the perspectives of the public sector actors, even though their mandate in governing and managing citizen engagement is based on Act 936 Sections 10 and 12, and subsequent bye-laws, the same legal framework prevents the private investors from managing citizen engagement. This view is inconsistent with the governance objectives for PPPs suggested by Van Slyke (2017) in terms of a mutual understanding between the parties as well as fair negotiations taking into account the different interests inherent in the partnership.

"*No, no, no… The private sector has no right to engage! They don't have the legitimacy to enforce bye-laws… The citizens don't know their voice… they are too profit-minded… nothing can change them…*"

In spite of their statutory mandate to manage citizen engagement, the public sector actors claim they lack the necessary resources to carry out the task of managing citizen engagement in PPPs, revealing their inconsistent commitments. On the other hand, in spite of the limitations posed by the inadequate regulatory framework, the private sector investors claim they are committed to managing citizen engagement to protect their investment contrary to perceptions about their commitment in this regard: "*Our relationship with the Assembly is based on Franchise Agreement in which the roles and responsibilities of each partner is specified… We can educate citizens so that our services will be effective. … And to protect our investment. We don't depend on the Assembly to tell us what to do. We are creative and innovative. We want to change attitudes in sanitation…… we can't wait for agreements for this… we call this CSR.*"

The existing legal framework guiding PPP practice in Ghana appears to be inadequate. Osei Kyei and Chan (2017) therefore expressed concern about this shortfall when they argued that so far, the National PPP policy which should guide PPP practice does not provide ample details on the implementation process. In particular, the national policy is not clear on the necessary procedures for managing citizen engagement. According to Van Slyke (2017), apart from the contract which serves as the main governing tool in PPPs, factors like clear, transparent, and enforceable regulatory frameworks convenient to both parties are also appropriate and important.

4.3 Governance arrangements:

This theme builds on the theme on regulatory frameworks which is also linked to the theme on the rationale for using PPPs. The existing governance arrangement in terms of contracts and franchise agreements are premised on the regulatory framework i.e. Act 436 as legal backing for private sector participation in public service delivery.

In relation to governance or management of citizen engagement, the public officials were of the view that the existing contracts and franchise agreement guide the PPP relationship in terms of roles and responsibilities of each actor. In Assemblies such as KMA, Awutu Senya East, AMA and TMA, there are steering committees and specialized PPP Units in place to guide implementation of projects and services. However, there are no provisions in the contracts on management of citizen engagement. The following excerpts highlight the views of the public actors.

"*We have the agreement alright… But the private actors are not fit to be managing our citizens. It is illegitimate. We are mandated to protect the public interest, not the private sector. They are to provide the money and that is all. We can choose to get the money from elsewhere anyway…*"

The above extracts summarize the views of the public officials on existing governance arrangements in PPPs in force at the MMDAs and their implications for managing citizen engagement. With regard to the levels of engagement and the party responsible for each stage, the public actors were of the view that they were in charge of the social aspect of the relationship while the private sector handles the economic aspect.

"*The citizens know our voice, we are government, the PPP projects are owned by us so we have to be close to the people…The private investors like money too much and cannot be trusted.*"

4.4 Efficiency in public-private partnerships

The theme on Efficiency in PPPs was derived from the perspectives of the private investors who perceive their motivation to manage citizen engagement as driven by their desire to achieve efficiency. This theme was derived from the rationale for using PPPs based on the views of the private sector investors. They perceive their motivation for participating in PPPs as being driven by investing in local economic development. Subsequently, they are eager to protect this investment by adopting efficiency measures including managing citizen engagement to minimize maintenance costs in order to maximize profit.

The private sector investors were of the view that the build-operate-transfer type of PPPs with related payment streams spread over thirty years after which the PPP projects become the property of the MMDAs require a high level of efficiency to enable them achieve value for money. Meanwhile, the public sector actors also claim that by using the private sector as the most cost-effective source of financing service delivery instead of bank loans, they are also conscious of efficiency. The quest for efficiency in service delivery is the main reason underlying the NPM paradigm instituting the PPP concept (Osborne, 2015; Andrew & Entswistle, 2015; Jomo et al., 2016). For example, in a PPP arrangement for construction and management of public bathrooms and toilet facilities, end-users need continuous education on the effective use of the facilities to limit cost of repairs and in some cases the sustainability of the project in question.

Given that most of the private investors in the PPP arrangement are in areas that require intensive human interaction to ensure efficiency and effectiveness in areas such as waste management, biogas, construction and management of public washrooms and public toilet, they are very particular about high maintenance costs which come as a result of the heavy use of the facility and the tendency for end-users to damage the facility before the end of the project. Huge maintenance costs resulting from frequent repairs constitute a heavy toll on the payment streams as returns on their investment which in most cases are delayed

"When we take the risk to engage, it is because we want to protect our investment… to ensure sustainability… Because if we leave the people to use the facility anyhow, in 30 years when the contract expires, we will lose our investment…"

Taking proactive steps to engage citizens in spite of stiff oppositions enables the private sector to operate in the most efficient and profitable manner to enhance shareholder value. Meanwhile, the perspective of some of the private sector contractors of a project with less human interaction is highlighted below:

"The Assembly owns the property we have invested in after the contract… Why should we bother to engage citizens? It is not our work… we provided the money that is enough responsibility… They should look after the citizens as their contribution."

4.5 Collaboration for citizen engagement

This theme also emerged mostly from data analyzed from the perspectives of the private sector actors. The private sector investors cited the rationales of the public sector actors for using PPPs as a major disincentive for the effective management of citizen engagement in PPPs. The underlying factor is that the public officials perceive the private sector as a financing mechanism only when other sources of financing such as common fund or loans fail. According to the public sector actors, apart from being a source of funding, the private sector investors have no other business in the PPP relationship including the management of citizens which is a key issue in service delivery.

"*The private investors are too profit-oriented… They like money too much… But we need their money because they control the economy you know… The common fund is no longer 'common' and bank loans attract high interest rates.*"

This view is contrary to assumptions of early proponents of the PPP concept like Rhodes (1997) and contemporary authors like Marx (2019) who argued that the private sector participation in public service delivery is likened to "governance without government" where the government is expected to exercise a hands-off approach in service delivery based on the NPM paradigm. Meanwhile, despite insisting on their traditional roles in the PPP arrangement which excluded the private sector actors from managing citizen engagement, the public officials also admitted that they lack the necessary resources such as time and adequate staff strength to assume that role. The following excerpts highlight their views:

"*Citizens are complex, and we don't have all the resources to engage them. There are a whole lot of implications… For me I think managing citizen engagement should be a shared responsibility…. We can't do it all…*"

The private investors on the other hand, view PPPs as an investment opportunity and in striving to achieve returns on their investment, citizen engagement becomes means to achieving that end. Their rationale for using PPPs

PPPs enables them to prioritize citizen engagement. However, this view is inconsistent with claims that the private sector is motivated by profit (Loxley & Loxley, 2010; Donaldson & Preston, 1995) and does not prioritize social values (Hall, 2015; Stiglitz, 2000). The perception of the private investors however is closely linked to views by Luoma-aho (2015) and Hong and Kim (2018) that private investors consider citizens and stakeholders as an integral part of corporate governance and adopt strategies to map complex citizens that are likely to threaten their survival. The private investors perceive that close interaction with end-users of PPP projects and services particularly those that involve intensive human interaction like waste management and public washrooms and toilet facilities, reduces maintenance costs which can improve profit margins. In spite of the gaps in the existing governance arrangements for citizen engagement frameworks, the private investors maintain that their interest in managing citizen engagement is premised on their corporate social responsibility

"*We are aware that participating in this PPP is like doing government's job for them and this makes us exercise our social responsibility by working closely with the end-users. We belong to a vibrant association which reminds us constantly that we are offering social services and must do the right thing.*"

"*We have to teach them how to flush the toilet properly… Some of them have not used water-closets before and we have to teach them… We have to replace the things every time and this is not in our budget!*"

Notwithstanding their willingness to manage citizen engagement as a means of achieving the efficiency required in PPPs, the private investors were of the view that the end-users do not recognize their citizen engagement activities as legitimate. In most instances, they are met with opposition from complex end-users who insist the PPP projects are government property funded through their levies and taxes and that the private sector has no right to tell them how they should use the facility.

From the perspective of the private sector, without the involvement of the public sector, it will be very difficult for them to undertake any meaningful citizen engagement even though they are fully committed to this task as their social responsibility.

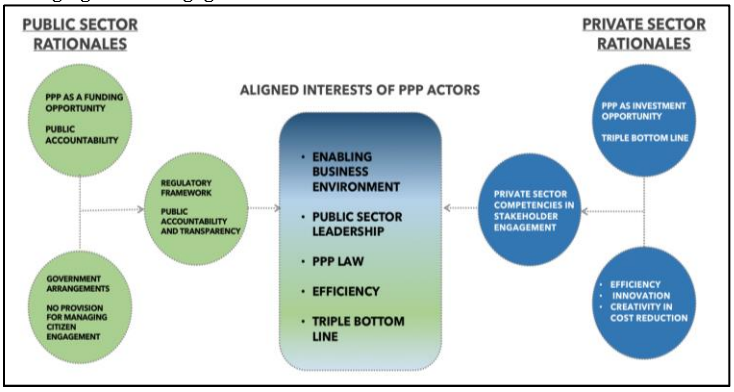
"*We can engage the citizens but on what basis can we do that? We don't have the mandate to enforce bye-laws…*"

The views of the private sector investors are consistent with the OECD Guidelines on public governance in PPPs (OECD, 2012) which commit the public actors to provide an enabling environment as initiators of PPP projects to serve as an incentive for private sector participation. The private investors were of the view that the leadership role of the Assembly in supporting them to engage citizens in service delivery is indispensable because the citizens consider their actions as illegal. This view is consistent with the argument of Tahir (2017) that to overcome the hindrances and constraints in PPP implementation, the public sector actors must initiate teamwork given that the government has the utmost authority and accountability to strengthen the partnership. The private investors acknowledged that they are not accountable to the citizens like the Assemblies who take taxes and tolls from them and are therefore expected to address their needs by law. They are also conscious of the fact that there is no legal binding terms in the existing regulatory frameworks and the PPP agreements on their role in relation to managing citizen engagement. The private investors were however conscious of their key strengths in managing citizen engagement in terms of corporate social responsibility and creativity and specialized skills in designing models for managing complex end-users characteristic of PPP projects. When these competencies are matched with the core competencies and legal mandates of their public sector counterparts, a meaningful collaboration for managing complex citizens will be the positive outcome blending their inconsistent commitments into an effective framework for governing the management of citizen engagement in PPPs.

The concept map of findings highlighted the rationale for using PPPs as the major theme in terms of the major factor underlying the divergent interests of the PPP actors in managing citizen engagement in PPPs. Analysis of the implications of the factors underlying the divergent interests provided insights for aligning the divergent interests towards an improvement of frameworks for managing citizen engagement in PPPs in the selected MMDAs in Ghana.

5. Discussion

Figure 4. 0: concept map of findings – operational model aligning interests for managing citizen engagement in PPPs



Discussion of the findings of this study has enabled an interpretation that the interests and inconsistent commitments exercised by the public sector actors were mostly driven by their rationale for using PPPs. This factor invariably had negative implications for managing citizen engagement in PPPs in the selected MMDAs in Ghana.

According to Osei Kyei and Chan (2017) every country has its own rationale for using PPPs. The rationale of public sector actors in using PPPs in Ghana is premised on the assumption that PPP is merely a funding mechanism with no implications for managing citizen engagement. Driven by these factors, the public sector actors adopted inappropriate regulatory frameworks and governance arrangements that constituted governance bottlenecks that limited their private sector counterpart implementing PPP projects from engaging with citizens as end-users. The limitations that excluded the private sector actors from managing citizen engagement contradict claims by Nederhand and Klijn (2018) and Bingham et al. (2006) that to govern PPPs successfully is to manage a complex network of citizens whose negative actions can cause failure of PPPs. With the citizenry at the center of service delivery, managing citizen engagement becomes an indispensable function (Denhardt & Denhardt, 2011) that should be managed by the private sector actors as well in PPPs.

The study revealed that contrary to views of the public sector actors on the illegitimacy of the private sector role in managing citizens engagement, they prioritize citizen engagement in stand-alone arrangements, having developed innovative frameworks (Luoma-aho, 2015; De Schepper, 2014) in line with Freeman's (1984; 2010) view that businesses are sensitive to external stakeholders whose actions may have dire implications for their operations. The private sector actors proactively maintain a broad view on issues relating to citizen engagement to the extent that animals such as frogs are also considered as stakeholders in project implementation (Tryggestad, Justesen & Mouritsen, 2013). In this study however, the public sector players excluded the private sector actors in spite of their impressive background in handling this function. The private sector actors on the other hand view PPP as an investment opportunity and acknowledged that citizens and stakeholders are an integral part of service delivery and the means to achieving efficiency and profit. The private sector interests therefore in managing citizen engagement is premised on their rationale for using PPPs which is focused on efficiency and collaboration for managing citizen engagement in line with the ideals of the new public management approach (Osborne, 2015). Most of the private sector actors believe that achieving efficiency in public service delivery under PPPs required taking proactive measures such as managing citizen engagement to reduce maintenance costs. Ironically, even though public officials are ultimately responsible for public service delivery (Forrer et al. 2010) including citizen participation (Denhardt & Denhardt, 2011), in PPPs however, factors underlying their interests such as inadequate regulatory framework and governance arrangements serve as a disincentive for managing citizen engagement and a recipe for failure of most PPPs. Even though the public sectors actors assumed that generic approaches such as town hall meetings and public hearings were also appropriate for citizen engagement in PPPs, this notion contradicts PPP literature given that that the complex nature of end-users of public services under PPP arrangements (South et al. 2015) require specialized skills (Rhodes, (2015) to be able to identify difficult citizens and stakeholders whose engagement should go far beyond generic approaches to avoid failure of PPPs. Meanwhile, most of the public sector actors have challenges in managing citizens under PPP arrangements. Rhodes (2015), Jooste (2011) and Salamon (2002) have in their various capacities argued enabling skills for public sector actors to position them for coordinating PPP activities effectively. Furthermore, in addressing the complexities involved in managing citizen participation in partnerships, Lowndes and Sullivan (2004) argued that in partnerships, citizen participation processes should be redesigned when necessary instead of assuming that the existing participation frameworks could be appropriate in all circumstances. In contributing to the literature on enabling capabilities on the part of the public sector actors, Stadtler and Probst (2012) suggested the involvement of broker organizations with the expertise to support management of peculiar functions including management of citizen engagement when necessary.

The discussions provided a deeper meaning of the findings to the extent that contrary to perceptions that the private sector actors do not prioritize citizen engagement due to their profit motive, they perceive PPPs as an investment opportunity, and take proactive steps to maximize returns on their investment. It can therefore be assumed that the very reasons for which the private sector actors are being criticized in terms of profit motive is the very factor that underlie or motivate their interests in managing citizen engagement. This enables them to minimize maintenance costs, realize efficiency required in PPPs and ultimately improve their profit margins. Interestingly, a study conducted by Ahmad et al. (2019) revealed that government also focus on profit-making in public service delivery sometimes and this action can lead to lack of trust in political will.

Even though the private sector actors have been criticized for their profit motives and inability to prioritize social issues (Hall, 2015; Stiglitz, 2000), the private sector actually engages citizens outside PPP arrangements effectively as part of their business activities and also in other 'stand-alone' arrangements such as privatization where the private sector is involved in the provision of public service (Adams, 2011). The proactive stance adopted by the private investors is consistent with arguments by Hong and Kim (2018) and Freeman (1984) that the private sector considers citizen and stakeholder engagement as a key issue in corporate governance.

In the face of the challenges emanating from the public sector interests in terms of their rationale for using PPPs, the private sector actors perceive that managing citizen engagement could ideally become a shared responsibility when their respective interests are aligned. The alignment should involve merging public sector interests such as an enabling environment, public sector leadership (Tahir, 2017), enforcement of bye-laws and adequate governance mechanism with private sector interests in terms of efficiency characterized by innovative citizen and stakeholder engagement models frameworks (Luoma-aho, 2015; De Schepper et al., 2014) and collaboration to address the issue of inconsistent commitments of the PPP actors to improve governance frameworks for managing citizen engagement towards improving PPP outcomes in the selected MMDAs in Ghana.

6. Conclusions

This study focused on addressing a governance issue in terms of divergent interests in managing citizen engagement in PPPs in 10 selected MMDAs in Ghana and was guided by gaps in literature reviewed, theoretical frameworks and research objectives. Given that governing PPPs successfully is predicated on managing a complex network of citizens whose actions can have negative implications for PPP outcomes, the study viewed the issue of managing citizen engagement through a governance lens, drawing from the principal-agent theory and the network theory. From a governance perspective, the factors underlying the divergent interests in managing citizen engagement are premised principally on the perceptions of the PPP actors in relation to their respective rationales for using PPPs. These factors, particularly the rationale for using PPPs, inadequate regulatory framework, and weak governance arrangements from the perspectives of the public sector actors had negative implications for managing citizen engagement. This is because these elements excluded the private investors from managing citizen engagement even though performing this function enables them to achieve the efficiency required in public service delivery under the PPP arrangement. Subsequently, given the complex nature of citizens, the study suggests that in PPPs arrangements, the private- sector actors are in a better position to manage citizen engagement than their public sector counterparts given their ability to design innovative and creative models for managing complex citizens whose actions could lead to failure of PPPs.

Based on the key findings, the study also suggests that both parties in the PPP arrangement are driven by the efficiency principle which is closely linked to their respective rationales for using PPPs. The ultimate outcome of the rationale of the private sector actors was to consider managing citizen engagement as a means of achieving efficiency and to leverage their profit margins. The rationale of the public sector actors for using PPPs however, was to consider PPPs as a funding mechanism with the private sector actors as the cheapest means of financing public infrastructure and services compared to other options. This rationale therefore had negative implications for social issues such as managing citizen engagement as unpacked in the findings. The study therefore concludes that in PPP arrangements, both the public and private actors strive to achieve efficiency in line with prescriptions of the NPM. However, the private sector actors creatively and unconsciously consider social issues such as managing citizen engagement as a means of achieving efficiency to improve their profit margins. The public sector actors on the other hand, in striving to achieve efficiency, unconsciously compromised an important governance issue namely citizen participation. The actions of the public sector actors are closely linked to a phenomenon described as unintended consequences. This is because their principal intention was to improve efficiency in service delivery but they unconsciously compromised their core mandate of citizen engagement in the process.

On the other hand, the private sector actors also achieved positive outcomes unconsciously by pursuing their core value of profit-making which was not perceived as part of social values. The study further concludes that apart from the generic governance issues such as regulatory frameworks, governance mechanisms, institutional arrangements and collaboration to mention a few, the rationale for using PPPs constitutes a latent underlying governance issue that may have serious implications for managing citizen engagement in PPPs if not addressed. This is because the findings revealed that this single underlying factor had serious implications for all the remaining factors which influenced the interests of the public and private actors either positively or negatively in managing citizen engagement. Alignment of these divergent interests was revealed as a remedy towards the design of an appropriate governance framework for effective management of citizen engagement. Alignment of public sector interests in terms of providing an enabling environment, leadership to enforce bye-laws with private sector proactive nature to manage citizen engagement as a means to achieve efficiency and profitability should to improve PPP outcomes and subsequent local economic development in the selected MMDAs in Ghana.

This study contributes to extant literature on frameworks for managing citizen engagement which are mostly based on deepening stakeholder relationships instead of exploring the government dimensions to explore factors that motivate or limit the PPP actors from managing citizen engagement given their ideological differences. Given the negative implications of the divergent interests of the PPP actors in managing citizen engagement, the study recommends that future studies should explore the costs and benefits of involving broker organizations and other third party actors in addressing governance dilemma in PPPs that limit the ability of PPP actors to address citizen opposition that threaten the success of most PPP projects.In addition, the study provides recommendations focusing on both public and private actors, to improve PPP arrangements.

The National PPP Secretariat should work closely with the local government authorities to rectify the perception held by the public sector actors that PPP is basically a financing mechanism instead of a collaborative arrangement blending the expertise and interests of both parties to achieve development outcomes. Furthermore, the public sector actors should provide the appropriate enabling environment and leadership to improve coordination and governance mechanisms to make PPPs work. Both public and private sector actors should focus more on a symbiotic relationship that aligns the interests of the two parties to improve citizen engagement frameworks given that citizens are the end-users of PPP outcomes.

The involvement of the private sector in citizen engagement is becoming more relevant in an era of a pandemic such as the Covid-19. This is because governments alone cannot provide all the solutions, given the unprecedented nature of the pandemic, not to mention the uncertain risks. The study therefore recommends that more PPPs in the health sector should be considered given that uncertainty risks require innovation, multiple strategies and collaboration especially when it comes to educating the public/citizens on preventive measures without physical contact, due to the highly infectious nature of the pandemic. The private sector is risk-averse and creative and these unique characteristics position them well to align their interests with that of public sector leadership and coordination to ensure an effective collaboration to address the pandemic in a holistic manner including crafting initiatives for an effective post-pandemic economic recovery.

Given the strategic roles that the private sector plays in partnerships and subsequent contribution to economic development, it is also recommended that Business Associations in Ghana such as the Association of Ghana Industries and the Ghana Chamber of Commerce should support their members in PPPs and come up with a code of conduct to cushion them against uncertainty risks in their relationship with the public sector. It is expected that with such a strong backing from Business Associations, the interests of the private sector actors in PPPs will be protected. In addition, this backing should enhance the profile of the private sector as legitimate providers of public service delivery in a partnership arrangement with the public sector to enable them to contribute more effectively towards the attainment of the goal of PPP as a viable tool for local economic development in Ghana.

7. Limitations

The limitations of this study were basically the absence of a comprehensive database for PPP activities at the MMDA levels to ascertain the appropriateness of the sample size used for gathering data for qualitative analysis given the large number of MMDAs. However, given that the PPP concept is new with just a few districts implementing PPP projects, the sample size was deemed appropriate for gathering the relevant in-depth data for analysis and interpretation to elucidate meaning. The LGSS is in the process of developing a comprehensive database of PPPs in the MMDAs which should enhance the rigor of future research.

Ethical considerations

Ethical considerations were prioritised in the entire data collection and reporting processes. Given that knowing factors underlying the divergent or conflicting interests of the PPP actors and their implications was a sensitive issue, the participants were assured of confidentiality of any information they have so willingly provided.

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Dr. Anita Djoble-D'Almeida (ORCID ID: **0000-0002-4412-3745**) is a highly motivated and results-oriented international development practitioner and researcher with cross-sector competencies and experience focused on private sector development, public administration, public-private partnerships, socio-economic development, public policy, governance and leadership. Dr. Anita has over the past fifteen years designed and managed programmes in over 20 countries for development partners and international organizations including Consumers International-UK, Danida, African Development Bank, World Bank, Africa Capacity Building Foundation (ACBF) and USAID. She was awarded the Danish Ministry of Foreign Affairs Prize for outstanding performance.

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ANNEX

Table 3. 1: Distribution of the 10 MMDAs

Selected Regions in Ghana	No. of MMDAs selected
Greater Accra region	Accra Metropolitan Assembly Tema Metropolitan Assembly Ashaiman Municipal Assembly Kpong Akatamanso Municipal Assembly
Ashanti region	Kumasi Metropolitan Assembly Ejisu Juaben Municipal Assembly
Central Region	Cape Coast Metropolitan Assembly Awutu Senya East Municipal Assembly
Eastern Region	Kwahu West Municipal Assembly New Juaben Municipal Assembly

Source: Field Data 2018

Table 3. 2: Public Officials Interviewed at the MMDAs

MMDAS	KEY INFORMANTS
Accra Metropolitan Assembly	Asst. Economic Planning Officer Public Relations Officer
Tema Metropolitian Assembly	Economic Planning Officer
Kumasi Metropolitan Assembly	Municipal Procurement Officer
Cape Coast Metropolitan Assembly	Municipal Coordinating Director
Awutu Senya East Assembly	Economic Planning Officer
Kpong Akatamanso Municipal Assembly	Economic Planning Officer Public Relations Officer
Ashaiman Municipal Assembly	Economic Planning Officer Environmental Health Officer
Kwahu West Municipal Assembly	Municipal Chief Executive Municipal Coordinating Director Economic Planning Officer Finance Officer Budget Officer Head of Business Advisory Centre
Ejisu Juabeng Municipal Assembly:	Municipal Procurement Officer Head of Business Advisory Centre
New Juabeng Municipal	Economic Planning Officer Assistant Economic Planning Officer
TOTAL NO. ON MMDA INFORMANTS	20

Source: Field Data 2018

Table 3. 3: Other Relevant Public Institutions

PUBLIC INSTITUTION	NO. OF KEY INFORMANTS
Ministry of Finance-PIU	Finance Coordinator
Local Government Service Secretariat	Ag. Chief Director Asst. Director Asst. Director Asst. Director
TOTAL	5

Source: Field Data 2018

Table 3. 4: Private sector investors at the MMDAs

PRIVATE INVESTOR	MMDA	TYPE OF PPPS	SCOPE OF CITIZEN ENGAGEMENT
Jekora Ventures Ltd.	Accra Metropolitan	Waste Management and Sanitation	Very High
Solid Home Appliances	Cape Coast Metropolitan	One District One Factory	Average
Agyekum Ventures (BIOGAS)	Awutu Senya East Municipal	Public Toilet and Bathrooms	Very High
IKBOA Ventures	Kwahu West Municipal	Market Construction	High
Zoomlion	Kpong Akatamanso Municipal	Waste Management and Sanitation	Very High
Zoomlion	Ashaiman Municipal	Waste Management and Sanitation	Very High
Parking Services Ghana Ltd. Zoomlion	Tema Metropolitan Tema Metropolitan	On Street Parking Waste Management and Sanitation	Average HIgh
Agnes Acheampong Training Services	Ejisu Juaben Municipal	Training Consultancy	Average
Kofi Amparbeng Training Consultant	New Juabeng Municipal	Training Consultancy	Average

Zoomlion	Kumasi Metropolitan	Waste Management and Sanitation	Very High

Source: Field Data, 2018

Table 3. 5: Focus groups

MMDA/ Organization	PPP Focus Area	Gender of Participant	Category of Group Members	No. of Participants
Accra Metropolitan Assembly	Waste Management and Sanitation	Male: 7 Female: 5	Traders, Artisans Fishermen	12
Kwahu West Municipal Assembly	Market Constructions	Male: 2 Female: 3	Shop Owners	5
Environmental Service Providers Association	Association of Waste Management Service Providers	Male: 2 Female:1	Waste Management Service Providers	3

Source: Field Data: 2018

Table 4. 1: The descriptive codes with the verbatim texts from the participants

Descriptive coding for Theme 1: Rationale for using Public-Private Partnership

Speaker/Location	Quotation	Relevance to Research Questions
PO/TMA.GA/Nov./18	*"To be honest, the discussion on managing citizen engagement should focus on why we at the Assemblies use the private sector in the first place…… we as Assembly are looking for cost-effective way to provide service to the citizen. If we get money from common fund we don't need the private sector for anything… they are profit-minded… I hope you understand what I mean..*	*Research Question One*
MCEMCDPO/KWMA.ER/Dec/10	*"We are public and government. PPPs are public goods provided by private people but we own the public goods you know…. Markets, public sanitations facilities are all public goods do you know that ? How can we leave our citizens at the mercy of private people ?... even we the big people here cannot handle them … can you imagine what they will do to the citizens ? Tell me… you know it… they will find a way to increase the tolls ….."*	*Research Question One and Two*
MCDCMA.CR/Nov./18	*" We engage citizens whether PPP or not. Private sector comes in for funding…"*	*Research Question One*
PLOPRO/AMA.GA/Nov./18	*" we have so many projects in the pipeline for PPPs and identified private investors to help us develop Accra……. the private sector is profit oriented you know….As for citizen engagement they don't have the right to engage citizens. In fact the citizens don't know their voice…. We are close to our citizens…."*	*Research Question One*
ASE.CR/Nov/18	*"partnering with private sector is now becoming a necessity for us to develop the municipality…… one thing we are careful about is that the private sector is too profit-minded… nothing can change them. If they engage citizens it means they have seen some profit in it….we manage our own citizens. You know citizens are complex….. they always clash with the private sector"*	*Research Question One* *Research Question Two*
PLO/EJM.ER/DEC/18	*"the Assembly needs the private sector money… you know the Common Fund from government is no longer "common". Our only hope is PPP with private sector money.. … by the way they are very crafty and we don't have capacity to match them. I don't know how they can engage citizens…"*	*Research Question One*

Descriptive coding for Theme 2: Regulatory Framework for PPPs

Speakers/Location	Quotations	Relevance to Research Questions
PRO/PLO/AMA/Nov.18 ASST.PL/AMA/Nov.18	*"we are mandated by Law (Act 936, 10 and 12) which enjoins us to ensure participation of citizens in service delivery to ensure accountability and transparency in service delivery" we have so many Bye-Laws…..Sometimes the private sector can also engage if we don't have the resources like time and staff but we are ultimately responsible!"* *"No, no, no…. the private sector has no right to engage! They don't have the legitimacy to enforce Bye-Laws…. The citizens don't know their voice… they are too profit-minded… nothing can change them…"*	*Research Question One*
KAMA/PS/GA/Nov.18	*"We are closer to the people and can engage them if the Assembly create a platform for us….. we can't enforce the Bye-laws… we are limited in so many ways because we are private …."*	*Research Question Three*
PCO/KMA/ASH/Dec.18	*" We use the Public Procurement Law as the legal framework for PPPs in the absence of a PPP Law…..Citizens are complex and we don't have all the resources to engage them. There are a whole lot of implications… for me I think managing citizen engagement should be a shared responsibility…. We can't do it all…"*	*Research Question Three*

Descriptive coding for Theme 3: PPP Governance Framework

Speaker/Location	Quotations	Relevance to Research Questions
PCO/KMA/ASH/Dec.18	*"We have put in place a steering committee comprising public, private, civil society to govern PPPs over here because we want a holistic approach. We want to attract big international investors….* *We are in charge of managing citizen engagement but we are thinking about how to improve on it because we don't have the capacity….."*	*Research Question Three* *Research Question Three*
PLO/TMA/GA/Nov.18	*"We have a PPP Unit but we don't need the private sector to manage citizen engagement….."*	*Research Question Two*
PLO/ASE/CR/Dec.18	*"Our five-member PPP Committee includes two private sector representatives but they are difficult! They are profit-minded…. Nothing can change them! The*	*Research Question Two*

	citizens don't know their voice so we don't allow them to get close to them,,,"	
MCE/KWMA/ER/Dec.18	*"We don't involve the private sector in anything apart from the money they give us…"*	*Research Question One*
PLO/ASHMA/GA/Nov.18	*We have the agreement alright…. But the private actors are not fit to be managing our citizens. We are mandated to protect the public interest not the private sector. They are to provide the money and that is all. We can choose to get the money from elsewhere anyway……* *" The private partners work with us on project basis at departmental levels. They are useful to us but unfortunately we cannot explain the arrangement we have with them….."*	*Research Question One*
JEK/AMA/GA/Jan.19	*"our relationship with the Assembly is based on Franchise Agreement….roles and responsibilities of each partner is specified…. We educate citizens so that our services will be effective. …. And to protect our investment. We don't depend on the Assembly to tell us what to do. We are creative and innovative. We want to change attitudes in sanitation…… we cant wait for agreements for this… we call this CSR.*	*Research Question One*
OSP/TMA/GA/Jan.19	*We have the agreement alright…. But the Assembly is not there to do anything to advise the end-users….. Now we pay the Assembly to hire people to manage issues concerning the drivers… Managing citizens is the only incentive we expect from the Assembly but they won't do it… they don't pay us too…. The whole arrangement is basaaa!!!*	*Research Question One* *Research Question Two* *Research Question Three*
BG/ASE/CR/Dec.18	*" We are part of the PPP Committee but there is nothing in it for us…… nothing is working… no direction for citizen engagement….."*	*Research Question One*
KAM/GA/Dec.18	*"Zoomlion has national level Agreement for waste management and sanitation. Engaging citizens is solely based on our commitment to CSR. This cost is not in the Agreement….. its purely driven by passion "*	*Research Question One* *Research Question Two*

Descriptive coding for Theme 4: Efficiency in PPPs

Speakers/Location	Quotations (Private Investors)	Relevance to Research Questions
BG-ASE/CR/Jan.	*We are interested in engagement but sometimes it is difficult. The assembly people are only interested in our money for investment. The people who use the public washrooms just use the place anyhow….if we don't educate them we will lose, the facility will deteriorate very fast….. but we suffer to gain and to operate efficiently…..*	*Research Question One* *Research Question Two*
OSP-TMA/GA/Jan.	*We want the work to go on.. but the car owners who park in our place don't think we have to tell them what to do…. What can we do to be in business to make money? We are interested in managing engagement and wish the government could take this burden from us…. It is the only incentive for this partnership but they don't do it… so what we do is pay the Assembly to get people to manage the citizens as if they are assembly staff…..At least, it works and we are still in business because the citizens don't harass us to stop our business.*	*Research Question One* *Research Question Two*
IKBOAT-KWM/ER/Jan.	*We are interested in citizen engagement… If we don't engage, we will lose…… the assembly didn't put in any money. If the citizens have problem they come to us because the assembly doesn't help them…We have to try to meet them to listen to their needs so they can continue their business and pay the rent to us otherwise we will lose.*	*Research Question One* *Research Question Two*
JK/AMA-GA/	*We have made citizen engagement part of our business because we are in contact with them all the time. If we are not interested in this activity then our business will not prosper. We have invested heavily because this is what will bring the money. If people maintain good sanitation our work will be easy and reduce costs of cleaning…. Heavy equipment to remove choked drains is expensive you know….. but simple engagement on TV and radio does the trick. … but face to face engagement is difficult because the unit committee in the assemblies should help us because the citizens are difficult sometimes. It is not easy ooo… hmmm.*	*Research Question One* *Research Question Two*
ZL/KAM-GA/Jan.	*" ….we want to protect our investment through positive interaction with users of our services. The Assembly can open the door for us to do this. We are interested in engagement because we know waste management is a social service so we have to talk to the citizens all the time. The assembly doesn't pay us for this activity even though we know it is their duty. We do it as CSR so that our business will go on smoothly and we can see good results.*	*Research Question One* *Research Question Two*

Descriptive coding for Theme 5: Collaboration for Managing Citizen Engagement

Speaker/Location	Quotations	Relevance to Research Questions
FGD1-PS/GAR/Jan.19	*"we are conscious of social values in delivering public goods under PPPs. For us, we are interested in citizen engagement because it is our corporate social responsibility which we do in our normal operations. The Assembly has the mandate to talk to the people….we can work together.*	*Research Question Three*
1D1F/CMA-CR/Jan.19	*"The Assembly engages citizens and we also do it. The cooperation is there and we will continue to manage citizen engagement together because it is working. People ask questions and we answer together on the new solar bulbs"*	*Research Question Three*
ZL/ASHMA-GA/Jan. 19	*"we meet opposition every time we talk to the people despite our good intentions. We don't have the official voice they know at town hall meetings etc. If the Assembly can make us talk at the Town Hall meetings it will be a good idea so we can work together to correct what the people are doing to spoil the projects "*	*Research Question Two* *Research Question Three*
JEK/GAR/Jan.19	*"We learn a lot when we interact with end-users of our services…. it helps to sustain our projects….. Of course we like profit and this is part of the profit making*	*Research Question Two*

	process…. If we get the Assembly's support we can do it together. Engaging people in PPP should be a different game altogether…..it goes beyond normal town-hall meetings….. it should be completely different because it concerns two different people working together… the users of our services should know our collective voices otherwise it won't work !!!!	*Research Question Three*
BG/ASEMA/CR/Jan.	*"when we talk to the people they don't mind us…….. they think we are using taxpayers money for the projects. The Assembly must tell them what we are doing so they will listen to us…. Otherwise when they destroy the project we will lose… we provided the money…"* *The only incentive for the private provider in this PPP is government providing the enabling environment, especially take up the responsibility of citizen engagement.*	*Research Question Two* *Research Question Three*
ZL/KAM-GAR/Jan.19	*" ….we are interested in managing citizen engagement because it helps our business. The Assembly can open the door for us to do this. At least they can join us meet the people together so the people will know that we are one with them and accept what we tell them. We can't enforce the Bye-Laws when things go wrong but the Assembly can do this to prevent people from doing the wrong thing and think we don't have power to stop them… I think it will be good if we work together on the citizen issues…"*	*Research Question Three*
SP/TMA-GAR/Jan.19	*We have invested so much money to support Assembly… but we don't own the PPP project in the long run. Assembly should engage the citizens. We are only helping because they have no money. Engaging the people is none of our business ….. They have our money… is that not enough ? What are they doing … ? we can't do everything, they have to help.*	*Research Question One* *Research Question Three*
ZL/KAM/GAR/Jan.19	*"we don't have legitimacy to enforce Bye-Laws…. we need the Assembly to lead so that we can have a platform to interact with the people effectively because we are on the ground… but we have no power …"*	*Research Question Three*

Table 4. 1: The descriptive codes with the verbatim texts from the participants
Descriptive coding for Theme 1: Rationale for using Public-Private Partnership

Speaker/Location	Quotation	Relevance to Research Questions
PO/TMA.GA/Nov./18	*"To be honest, the discussion on managing citizen engagement should focus on why we at the Assemblies use the private sector in the first place…… we as Assembly are looking for cost-effective way to provide service to the citizen. If we get money from common fund we don't need the private sector for anything… they are profit-minded… I hope you understand what I mean..*	*Research Question One*
MCEMCDPO/KWMA.ER/Dec/10	*"We are public and government. PPPs are public goods provided by private people but we own the public goods you know…. Markets, public sanitations facilities are all public goods do you know that ? How can we leave our citizens at the mercy of private people ?... even we the big people here cannot handle them … can you imagine what they will do to the citizens ? Tell me… you know it… they will find a way to increase the tolls ….."*	*Research Question One and Two*
MCDCMA.CR/Nov./18	*" We engage citizens whether PPP or not. Private sector comes in for funding…"*	*Research Question One*
PLOPRO/AMA.GA/Nov./18	*" we have so many projects in the pipeline for PPPs and identified private investors to help us develop Accra……. the private sector is profit oriented you know….As for citizen engagement they don't have the right to engage citizens. In fact the citizens don't know their voice…. We are close to our citizens…."*	*Research Question One*
ASE.CR/Nov/18	*"partnering with private sector is now becoming a necessity for us to develop the municipality…… one thing we are careful about is that the private sector is too profit-minded… nothing can change them. If they engage citizens it means they have seen some profit in it….we manage our own citizens. You know citizens are complex….. they always clash with the private sector"*	*Research Question One* *Research Question Two*
PLO/EJM.ER/DEC/18	*"the Assembly needs the private sector money… you know the Common Fund from government is no longer "common". Our only hope is PPP with private sector money.. … by the way they are very crafty and we don't have capacity to match them. I don't know how they can engage citizens…"*	*Research Question One*

Descriptive coding for Theme 2: Regulatory Framework for PPPs

Speakers/Location	Quotations	Relevance to Research Questions
PRO/PLO/AMA/Nov.18 ASST.PL/AMA/Nov.18	*"we are mandated by Law (Act 936, 10 and 12) which enjoins us to ensure participation of citizens in service delivery to ensure accountability and transparency in service delivery" we have so many Bye-Laws…..Sometimes the private sector can also engage if we don't have the resources like time and staff but we are ultimately responsible!"* *"No, no, no…. the private sector has no right to engage! They don't have the legitimacy to enforce Bye-Laws…. The citizens don't know their voice… they are too profit-minded… nothing can change them…"*	*Research Question One*
KAMA/PS/GA/Nov.18	*"We are closer to the people and can engage them if the Assembly create a platform for us….. we can't enforce the Bye-laws… we are limited in so many ways because we are private …."*	*Research Question Three*
PCO/KMA/ASH/Dec.18	*" We use the Public Procurement Law as the legal framework for PPPs in the absence of a PPP Law…..Citizens are complex and we don't have all the resources to engage them. There are a whole lot of implications… for me I think managing citizen engagement should be a shared responsibility…. We can't do it all…"*	*Research Question Three*

Descriptive coding for Theme 3: PPP Governance Framework

Speaker/Location	Quotations	Relevance to Research Questions
PCO/KMA/ASH/Dec.18	*"We have put in place a steering committee comprising public, private, civil society to govern PPPs over here because we want a holistic approach. We want to attract big international investors….* *We are in charge of managing citizen engagement but we are thinking about how to improve on it because we don't have the capacity….."*	*Research Question Three* *Research Question Three*
PLO/TMA/GA/Nov.18	*"We have a PPP Unit but we don't need the private sector to manage citizen engagement….."*	*Research Question Two*
PLO/ASE/CR/Dec.18	*"Our five-member PPP Committee includes two private sector representatives but they are difficult! They are profit-minded…. Nothing can change them! The citizens don't know their voice so we don't allow them to get close to them,,,"*	*Research Question Two*
MCE/KWMA/ER/Dec.18	*"We don't involve the private sector in anything apart from the money they give us…"*	*Research Question One*
PLO/ASHMA/GA/Nov.18	*We have the agreement alright…. But the private actors are not fit to be managing our citizens. We are mandated to protect the public interest not the private sector. They are to provide the money and that is all. We can choose to get the money from elsewhere anyway……* *" The private partners work with us on project basis at departmental levels. They are useful to us but unfortunately we cannot explain the arrangement we have with them….."*	*Research Question One*
JEK/AMA/GA/Jan.19	*"our relationship with the Assembly is based on Franchise Agreement….roles and responsibilities of each partner is specified…. We educate citizens so that our services will be effective. …. And to protect our investment. We don't depend on the Assembly to tell us what to do. We are creative and innovative. We want to change attitudes in sanitation…… we cant wait for agreements for this… we call this CSR.*	*Research Question One*
OSP/TMA/GA/Jan.19	*We have the agreement alright…. But the Assembly is not there to do anything to advise the end-users….. Now we pay the Assembly to hire people to manage issues concerning the drivers… Managing citizens is the only incentive we expect from the Assembly but they won't do it… they don't pay us too…. The whole arrangement is basaaa!!!*	*Research Question One* *Research Question Two* *Research Question Three*
BG/ASE/CR/Dec.18	*" We are part of the PPP Committee but there is nothing in it for us…… nothing is working… no direction for citizen engagement….."*	*Research Question One*
KAM/GA/Dec.18	*"Zoomlion has national level Agreement for waste management and sanitation. Engaging citizens is solely based on our commitment to CSR. This cost is not in the Agreement….. its purely driven by passion "*	*Research Question One* *Research Question Two*

Descriptive coding for Theme 4: Efficiency in PPPs

Speakers/Location	Quotations (Private Investors)	Relevance to Research Questions
BG-ASE/CR/Jan.	*We are interested in engagement but sometimes it is difficult. The assembly people are only interested in our money for investment. The people who use the public washrooms just use the place anyhow….if we don't educate them we will lose, the facility will deteriorate very fast….. but we suffer to gain and to operate efficiently…..*	*Research Question One* *Research Question Two*
OSP-TMA/GA/Jan.	*We want the work to go on.. but the car owners who park in our place don't think we have to tell them what to do…. What can we do to be in business to make money? We are interested in managing engagement and wish the government could take this burden from us…. It is the only incentive for this partnership but they don't do it… so what we do is pay the Assembly to get people to manage the citizens as if they are assembly staff…..At least, it works and we are still in business because the citizens don't harass us to stop our business.*	*Research Question One* *Research Question Two*
IKBOAT-KWM/ER/Jan.	*We are interested in citizen engagement… If we don't engage, we will lose…… the assembly didn't put in any money. If the citizens have problem they come to us because the assembly doesn't help them…We have to try to meet them to listen to their needs so they can continue their business and pay the rent to us otherwise we will lose.*	*Research Question One* *Research Question Two*
JK/AMA-GA/	*We have made citizen engagement part of our business because we are in contact with them all the time. If we are not interested in this activity then our business will not prosper. We have invested heavily because this is what will bring the money. If people maintain good sanitation our work will be easy and reduce costs of cleaning…. Heavy equipment to remove choked drains is expensive you know….. but simple engagement on TV and radio does the trick. … but face to face engagement is difficult because the unit committee in the assemblies should help us because the citizens are difficult sometimes. It is not easy ooo… hmmm.*	*Research Question One* *Research Question Two*
ZL/KAM-GA/Jan.	*" ….we want to protect our investment through positive interaction with users of our services. The Assembly can open the door for us to do this. We are interested in engagement because we know waste management is a social service so we have to talk to the citizens all the time. The assembly doesn't pay us for this activity even though we know it is their duty. We do it as CSR so that our business will go on smoothly and we can see good results.*	*Research Question One* *Research Question Two*

Descriptive coding for Theme 5: Collaboration for Managing Citizen Engagement

Speaker/Location	Quotations	Relevance to Research Questions
FGD1-PS/GAR/Jan.19	*"we are conscious of social values in delivering public goods under PPPs. For us, we are interested in citizen engagement because it is our corporate social responsibility which we do in our normal operations. The Assembly has the mandate to talk to the people….we can work together.*	*Research Question Three*
1D1F/CMA-CR/Jan.19	*"The Assembly engages citizens and we also do it. The cooperation is there and we will continue to manage citizen engagement together because it is working. People ask questions and we answer together on the new solar bulbs"*	*Research Question Three*
ZL/ASHMA-GA/Jan. 19	*"we meet opposition every time we talk to the people despite our good intentions. We don't have the official voice they know at town hall meetings etc. If the Assembly can make us talk at the Town Hall meetings it will be a good idea so we can work together to correct what the people are doing to spoil the projects "*	*Research Question Two* *Research Question Three*
JEK/GAR/Jan.19	*"We learn a lot when we interact with end-users of our services…. it helps to sustain our projects….. Of course we like profit and this is part of the profit making process…. If we get the Assembly's support we can do it together. Engaging people in PPP should be a different game altogether…..it goes beyond normal town-hall meetings….. it should be completely different because it concerns two different people working together… the users of our services should know our collective voices otherwise it won't work !!!!*	*Research Question Two* *Research Question Three*
BG/ASEMA/CR/Jan.	*"when we talk to the people they don't mind us…….. they think we are using taxpayers money for the projects. The Assembly must tell them what we are doing so they will listen to us…. Otherwise when they destroy the project we will lose… we provided the money…"* *The only incentive for the private provider in this PPP is government providing the enabling environment, especially take up the responsibility of citizen engagement.*	*Research Question Two* *Research Question Three*
ZL/KAM-GAR/Jan.19	*" ….we are interested in managing citizen engagement because it helps our business. The Assembly can open the door for us to do this. At least they can join us meet the people together so the people will know that we are one with them and accept what we tell them. We can't enforce the Bye-Laws when things go wrong but the Assembly can do this to prevent people from doing the wrong thing and think we don't have power to stop them… I think it will be good if we work together on the citizen issues…"*	*Research Question Three*
SP/TMA-GAR/Jan.19	*We have invested so much money to support Assembly… but we don't own the PPP project in the long run. Assembly should engage the citizens. We are only helping because they have no money. Engaging the people is none of our business ….. They have our money… is that not enough ? What are they doing … ? we can't do everything, they have to help.*	*Research Question One* *Research Question Three*
ZL/KAM/GAR/Jan.19	*"we don't have legitimacy to enforce Bye-Laws…. we need the Assembly to lead so that we can have a platform to interact with the people effectively because we are on the ground… but we have no power …"*	*Research Question Three*

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Tourism, money supply and progressive inflation

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ABSTRACT

Context and background: The relation between money supply and inflation is not always clear in tourism economic systems, due to non-economic factors, and incomplete explanation such as by the Tourism Area Life Cycle, which gives no idea of how cycles are affected by or affect price. Motivation: This study is motivated by an idea that in real life prices do not rise or fall as per Marginal Utility Theory, but rise is lump-sums, hence to present a more realistic theory of money, inflation, and tourism. The hypothesis is that inflation is often due to weakness of currency but also monetary policy, in terms of reduced supply of smaller currency, cumulative effect of price rise of some commodities, rise in wages, and inelastic demand. The method used is to demonstrate the failed Product Life Cycle concept and present the modified quantum or denomination theory of money. The results, after analysing data from UK and world figures, show that inflation is progressive. A strategy based on the theory can help less well-off people in rural areas manage better, affordable tourism.

I. Introduction

This research paper develops a view that is both that of economic anthropology and traditional economics; a combination of a viewpoint that is both of modern economics and Marxian (as different from 'Marxist', which implies political ideology): the paper deals entirely with economics, but as a result of the cross-disciplinary perspective, the literature review has a long discussion.

The central problem of tourism, from the standard viewpoint of economics, has been how to manage it in such a way that the benefits outweigh the costs. Around the 1950s and 1960s, the economics of tourism was often thought of in terms of 'foreign trade' (DeKadt, 1979). Thus, gains from tourism on a national level are assessed through 'satellite accounts', which 'allows for the harmonization and reconciliation of tourism statistics from an economic (National Accounts) perspective. This enables the generation of tourism economic data (such as Tourism Direct GDP) that is comparable with other economic statistics of nations', as well as input-output analysis (Sinclair & Stabler, 1997; OECD 2008). Yet analysts quite early on realized that tourism was not exactly like foreign trade, since it involves the incursion of people, hence social impacts that could not be ignored because they had further economic repercussions: wastage of resources, heavy reliance on imports, tying up of capital or investment that may benefit tourists but not local people, and negative ecological impacts that affect the economy in the medium to long term (Archer, 1984; DeKadt, 1979; Farrell, 1977; Holden, 2000; Young, 1973).

From the viewpoint of statics in economics, however, tourism seemed promising for increasing money supply and consequently an increase in income, as also favourably affecting investment in a sector that would increase employment/income in other sectors (Sinclair & Stabler, 1997). It was presumed that increase in tourism or even a stable volume of tourism would, following the Keynesian concept of multipliers (income and employment), have a ripple effect, benefiting the economy. Today, when, due to the two and half years of the COVID pandemic, the world is in an economic crisis, both practitioners and academics are trying hard to understand how to 'restart tourism' so that, once again, higher employment rates and higher income, can replenish impoverished systems. While the situation may not be as bad as the Great Depression of 1929, it is natural to remember Marshall and Keynes, who were highly instrumental in influencing changes that improved economic systems world over after the Depression. But it is also necessary to remember Marx, called the 'last of the classical economists' (McLellan, 1975).

While some have tried to establish that what Marx called his 'greatest achievement', the theory or 'rule of the falling rate of profit' is not entirely provable (Meek, 1976), a fresh look at it has shown how Marx was essentially trying to show that economic systems are affected by the Law of Entropy (cf. Rifkin & Howard, 1981), including not just capitalistic systems, but *all systems based on money*, which are not 100% efficient, leading to natural decline in efficiency over time, hence a decline in profits (Singh, 2022). This is established both from the Marxian economics view, and with econometrics, whereby the total value of the economy is not thought of as 'accumulated in the total money circulating or invested in various ways' but also some resources that are needed and have value (but cannot be thought of in terms of the Theory of Utility) by the economy to function, such as ecological systems, including clean air and water (Singh, 2022). In fact, Marx's commentator and critic, McLellan (1975) clearly states: 'Marx was distinctive in … criticizing, from his early writings onwards, the current conception of economics which dealt only with the market (appearance) without considering the social foundation (essence) on which the market is based.'

2. Literature Review

While talking at length about the methods of analysis that economists utilize, Berliner (1962) wrote that the subject deals with statics, comparative statics, and dynamic states of equilibriums. Clearly, tourism is thought of frequently in terms of comparative statics, when it is said that tourism benefits economic systems that have it, and the ones without it are poorer off (because, all other things are, theoretically, equal): hence, infusion of money through tourism benefits the system through income and employment, *ceteris paribus*. Yet, Berliner did not emphasize sufficiently that all three modes or methods of conceiving equilibriums are largely 'constructs', since, in reality, economic systems fluctuate from stable to unstable to stable again, hence dynamic in an uncertain way. It is due to this uncertainty that the illogical certainty of the Tourism Area Life Cycle (TALC), which is a variation of the Product Life Cycle (PLC), hence a way of depicting business cycles indirectly, is always shown by followers of the concept as an S-curve (see Butler 1980, 2006a, 2006b), irrespective of location (accessibility, which affects seasonality and volume of visitation), type of destination (hence type of product), climate change, and types and mixes of marketing strategies (since marketing certainly changes the dynamics of visitation, otherwise it is surely a waste of time and money), and has been critiqued by Singh (2021) as 'purely hypothetical, not borne out by facts'.

The TALC model is actually supposed to be a model of dynamic equilibriums of various destinations, but presents it in a completely static way. Hence, as seen in a modified version of the TALC (Figure 1), the average rise and fall is predicted, so that, irrespective of (1) what the tourism product is, (2) what length of time is

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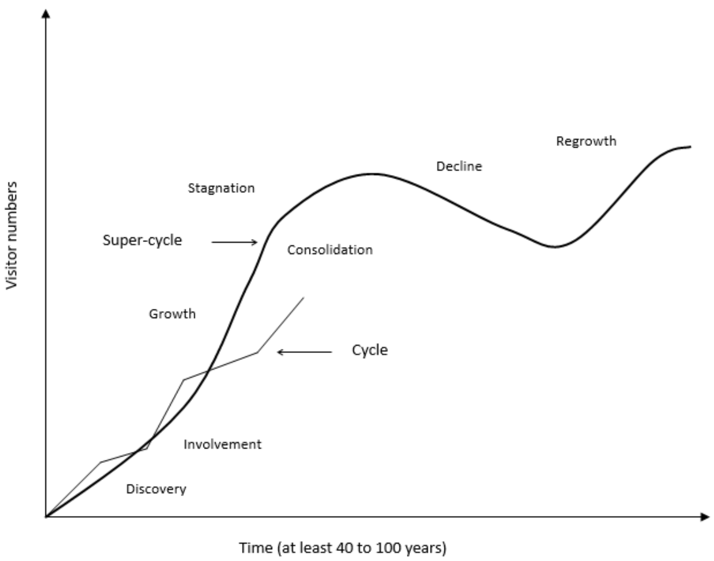
taken up, (3) what marketing forces are at work, (4) what is the state of the infrastructure and facilities in the economy that the destination is located in, (5) whatever be its geographical location and climate, (6) whatever be the culture of the host society/community, (7) whatever be the culture of the tourists, (8) whatever be the transport restrictions as a result of above factors, (9) whatever be the state of the economies of the tourists who are visiting the destination, (10) whatever be the political situation—the tourist 'volume' always works out to be an S-curve, against 'time'. The absurdity of this notion, since it cannot be called a concept, while widely accepted without disagreement, should be obvious.

Figure 1. Tourism Area Evolution



Source: Singh (2021)

If that is not enough, the 'prediction' of the end of the TALC process, is given by four or five 'variations' (obvious and logical), hence the model is mainly absolutely rigid and then totally flexible, and thus has no predictive power. But the power of 'academic authority' is such that researchers continue to accept it. So while discussing Chaos Theory with reference to TALC (Russell 2006), the author says at the outset: 'At the macroscale the development of many tourist destinations does appear to progress through the S-curve *or a mutation of it*, quite predictably [?] as suggested by Butler. But *when zooming in on the evolution of a destination it is evident that the process is not as straightforward* as it appears in the macro view' (Russell, 2006). So even in the first case, 'a mutation' is allowed (predictably?), while in the other case 'it is evident that the process is not as straightforward'. The author further says that the last stage of TALC, *the 'stagnation stage' may present a point of 'tenuous equilibrium'* at 'the edge of a dramatic transformation which could have distinctly different outcomes … However, it might be that destinations are at the *edge of chaos at all stages of their evolution*' (Russell, 2006). It becomes very obvious from the foregoing that the author is confused, and wishes not to 'step out of the line' and say that the model is of really no conceptual value.

The TALC model has been discussed here to emphasize that models of reality may be so out of tune (see, for example, Choy, 1992; Chapman & Light, 2016) that they cease to be useful heuristically or from the viewpoint of tourism 'epistemology' (they contribute nothing to tourism as a field of 'theory of knowledge') or tourism economics' 'hermeneutics' (validity of knowledge for understanding the nature of existence) (Bullock, Stallybrass & Trombley, 1988).

The PLC, especially as seen in the TALC, seems, to begin with, to contradict the Marginal Utility Theory, which states that, as demand increases for a product and sales increase, economies of scale are reached and the price of the good keeps going down. While it must be kept in mind that economies of scale are not *ad hoc*, but have to do with time of production, period of production, type of technology used, types of products being made, etc. (Silberston 1973), the basic idea is that, given economies of scale, the price of products will be optimised, while Marginal Utility Theory (MUT) says that, generally, as production increases, given economies of scale, it will bring prices down marginally per extra unit (Stonier & Hague, 1980). The TALC, or PLC, seems to offer the 'concept' that *all products have full elasticity of demand*, but in a fixed way, so that volume of tourists (in TALC) will just keep rising in a pattern, despite all the 10 complexities mentioned above, and that increase or decrease in prices would have no effect, except in the long run, on volume of tourism: but even in the end, Butler's (1980) TALC model leaves the cycle open-ended and uncertain. The only point that can be said in favour of TALC is that, in offering a 'tentative decline in volume', it seems to be repeating what Marx had said 100 years before the TALC model was proffered: the rule of the falling rate of profit. The big differences, of course, are that Marx's rule is definitive and about profits, while the TALC model uncertain about the end and says nothing about profits directly. In other words, while TALC, as a special case of PLC, is a 'concept' in business economics or about business cycles, it has no insight to offer on the central idea of economics: that products and services are exchanged for profit maximization along with satisfactions of needs.

The PLC and TALC tell us nothing about how money supply affects inflation, though they should, since they explain microeconomics: they ought to explain how prices of products bring about inflation and, conversely, how inflation affects product prices. To come back to statics, comparative statics and dynamics: suppose there are two economies E1 and E2, with sectors A1, B1, C1 and T1, where T stands for 'tourism'; and A2, B2, C2 and T2. Statics would involve, as Berliner (1962) says, comparison of sectors A1, B1, C1 and how they interact with T1, and then separately analyse A2, B2, C2 and how they interact with T2, to see, generally, how tourism sectors, with income, employment, products, labour mesh with their respective sectors in E1 and E2. Comparative statics is comparison of how T1 and T2 interact with A1, B1, C1 and A2, B2, C2, comparing their interactive ability across the two economies. Dynamics, on the other hand, is very complex, when comparison is made of equilibriums. In tourism economics, models of dynamic equilibrium of economies conceived of leakages of income, seasonality of jobs through tourism, high underemployment in unorganized sector of tourism systems, and other structural instabilities. But comparison of inflation rates, taking any one standard as defining others, is all too complex, and when seen from the viewpoint on currency exchange rates and money supply, a task that has been, to the best of knowledge, not taken up.

This is because tourists are not comparable. The TALC and destination competitiveness indexes do not explain, for instance, how a mixture of Chinese tourists and Japanese ones at a destination are comparable, or the consistency or strength of their demand and spending, comparable to another destination with British and Russian tourists. To explain, comparative statics would explain in an economy, how demand works while capital and labour work to their full capacity. Hence, Moggridge (1976), explains Marshall, 'while recognizing that deficient aggregate demand could exist in exceptional periods, following episodes of widespread speculation culminating in financial crisis, generally assumed that capital and labour were fully employed.' Similarly, for the credit cycle, Marshall assumed 'changes in real variables—harvests, wars or threats of war, inventions. Such changes led to changes in businessmen's expectations, errors of optimism or pessimism as he called them, which the banking system magnified. Thus an event that led to a favourable shift in expectations led businessmen, financed by the credit system which took a more favourable view of paper to pay, for increase in demand for inputs of goods and labour. This pushed up wages, prices and profits. Many speculators, experiencing the rise in prices and thinking it would continue, bought goods with the expectation of selling them at a profit, thus giving a further twist to the upward movement. The expansion continued … until lenders began to read the signs of the times, and began to contract their loans, thus affecting both speculators and businessmen undertaking longer-term capital projects. Speculators sold some of their goods to pay off their debts and by so doing brought a check to the prices. At this point, distrust replaced confidence … There followed a dull heavy calm … In his explanation, Marshall laid some emphasis on the effect of rigidities in the system, particularly wages, salaries and other business charges.' (Moggridge, 1976).

The passage explains how statics works, as capital and labour are assumed to be fully employed, hence the changes, despite 'rigidities', led to 'rise in wages, prices and profits'. As they all rise at the same time, so growth, not inflation and unemployment, are results. In terms of tourism, economic factors cannot be as easily assumed to be in a 'perfect' condition. First, tourism systems, as part of larger economic systems, are inherently in a state of flux. Either naturally, or due to marketing and government promotion of investment in this sector, as happens in many developing economies, tourists increase, and nations and regions are connected by the flow of tourists as well as money that they spend. This calls for understanding dynamic equilibriums, which is more difficult as cultural factors have to be accounted for and cannot be accurately thought in monetary terms. Non-tourism related factors like overfishing in a seaside tourism resort, led to its decline and death, and attempts are being made to revive it for tourism (BBC 2018).

While planning for tourism, tourism carrying capacity has to be taken into account, both from the economic and social viewpoint (Getz, 1983), as well as the security angle of tourists and local people. For example, the visitor/tourist carrying capacity of a museum like the Louvre in Paris, housing the famous painting MonaLisa, can be fixed. To control decay of this painting due to excessive carbon dioxide that leads to formation of carbonic acid in the ambient air of the museum, the capacity, perforce, has to be limited. When there is constant, heavy demand to see the Louvre, admission charges can be raised, say, from €15 to €25, but the demand can be so high that a pricing mechanism alone is bound to fail. So, a fixed number of tickets sold per day may solve the problem. But, in contrast, a destination as a whole usually has very limited means of fixing strict admission. In Venice, the city centre, which is isolated by canals, used to have a breach of absolute carrying capacity for a fixed number of days, and this continued for years. However, the number of tourists in the rest of Venice, calculated by fuzzy logic and maximum economic carrying capacity, could not be implemented properly, though calculated by van Der Borg (1992) and this discrepancy led to over-tourism (Singh, 2015a). It was only when local people came out on to the streets in waves of protests against tourists that the seriousness of adverse impacts of tourism was realized (Singh, 2021).

In fact, this has little directly to do with money supply and inflation, but if such protests had continued (the COVID pandemic came as a 'relief'), the number and quality of tourists would decline, as local people's rage can lead to serious violence sometimes, marring the future prospects of such a well-known tourist city as Venice. In a similar case, north Goa, which has been run over by foreign as well as domestic tourists, has seen rising crimes and dirty beaches: a deterioration of the destination leads to permanent loss of high-paying tourists, or even steady tourism, or paradoxically, raises room rates in choice, safe areas, while leading to deserted areas in other places; or even proliferation of second homes and loss to criminal elements who populate such 'lost tourist areas' like some parts of Goa (Singh, 2015a; 2015b). To conclude, the effect of increase or decrease in tourists itself does not promote sustainable tourism, hence the influence of volume increase may increase tourism-led inflation, as is well-known for many tourist areas, even as it increases money supply (Tribe, 1995). On the other hand, decrease in tourism supply, hence loss of money, may not lead to disappearance of inflation, as happens in off-seasons in some tourists areas like Manali, Himachal Pradesh, India, where souvenirs and room rates remain overpriced (fieldwork experience of author). The logical conclusion is that, just as a destination cannot precisely control the types and numbers of tourists, the relationships between volume of demand, types of demand, marketing, money supply and inflation, and even demarketing (in case of over-tourism), cannot be accurately measured by concepts like the Granger co-efficient, since cultural and social factors are not accounted for by it.

The general relationship between supply of money and inflation is not necessarily to increase money supply to control inflation: the opposite may also be true, and different economies may behave differently (Pearce, 1974). While a general overview of money and business cycles is provided by Friedman & Schwartz (1965) and George et al. (1999), Posner (1961) has examined international trade from the viewpoint of technical change. A brief look at the range of theories related to money supply and inflation in tourism, as well as economic growth, finds little mention of it in early works like Sinclair & Stabler (1997). However, Crouch (1992) has examined the relationship between income and price on international tourism. Tribe (1995) mentions tourism-led inflation, but offers no in-depth analysis of what this results in, in terms of tourism demand. In a later work, Tribe (2010) does not mention any strategy for tourism optimization through control of money supply or inflation. Turner et al. (1997) and Cho (2001) use very complex, technical concepts, on the other hand, to study tourism forecasting. Later works, such as Işik, Kasimati and Ongan (2017) clearly mention causality between growth of CO_2 emissions and negative environmental impacts, along with economic growth and tourism in Greece in the long term, but not in other cases studied; while Ridderstaat, Croes & Nijkamp (2013), in another long-term study, conclude that tourism spurs economic growth, and economic growth, too, increased tourism in Aruba. This reciprocal relationship is not always in keeping with very positive effects of tourism, as anthropologists Greenwood (1989) and Nash (1989) have classified this sort of economic situation as creation of 'dependencies'.

Goodwin (2007) has examined the effect of money supply through tourism on the economically disadvantaged, with the obvious corollary that tourism and inflation hurt the poor more. Guizzardi & Mazzocchi (2010) have investigated the role of tourism demand on business cycles in Italy; while Brakke (2004) has delved into the relationship between tourism demand and GDP. Analysing linear and non-linear relationships between tourism development and economic growth, Işık, Dogru & Sirakaya Turk (2017) 'show that tourism development and economic growth are interdependent in Germany'; and 'whereas tourism development induces economic growth in China and Turkey, the reverse is true in Spain'. A more recent study of money supply and tourism demand by Ridderstaat & Croes (2017) shows that 'money supply cycles can impact the cyclical movements of tourism demand, and that the impacts are asymmetric, depending on the stage of development of the cycles. These findings [show] the *need for adequate policies to counter expected tourism performances below their trend*'. While Dogru, Işık & Sirakaya Turk (2019) have investigated the relationship between balance of trade, exchange rates and tourism, a sophisticated study by Turna & Özcan (2021) of the relationship between foreign exchange rate, interest rate and inflation in Turkey, and another, on the relationship between exchange rate and inflation (Altunöz 2020) show that exchange rates have a definite link to inflation.

However, the theory outlined here is a much simpler explanation of how to maximize optimization in sub-systems, similar to developing economic resilience in sub-systems or the unorganized sector, such as discussed by Becken (2013) and Cochrane (2010), especially resilience for recovery from economic shocks due to natural disaster (Biggs, Hall & Stoeckl, 2012). In a concept of partially controlling inflation in the short term, a strategy is suggested in the following that echoes its need, voiced by Ridderstaat and Croes (2017). As Adger (2000) has pointed out, social (and as a consequence, economic) resilience are not the same as ecological resilience, but they are related, especially for the vulnerable poor; hence, the resilience of sub-systems in economies can be enhanced by monetary policy to continue, or promote, small currency to offset inflationary tendencies, especially for the poorer, rural people involved in tourism.

While inflation is not a new phenomenon, and has been around for over a century, it exists all over the world, even in developed countries; to counter a disadvantage in tourism demand in the short term, inflation can be partially controlled by liquidity in small currency. The study, therefore, advances a new theory of inflation that states that, due to incremental, lump-sum changes in prices of essential and daily commodities, and consequent raising of wages by employers, with an inability by manufacturers to raise prices of many products with greater frequency, compounded by price inelasticity of some products, disuse of (though officially existent) small currency—owing to devaluation by the people in an economy—causes progressive inflation. The paper thus makes a case for another reason for support of Marx's 'rule of falling rate of profit', in addition to an explanation offered by Singh (2022), and suggests that monetary policy that actively enhances use of small denomination currency, can lead to stability of price of some commodities in the short term, staving off inflation and enhancing the gains from tourism in the short term.

Small denomination currency circulation can prevent rise in prices of products by the fact that ordinary tourism products, like food and beverage prices usually rise gradually, but room rates rise in larger 'quanta' or 'packets' or 'lump-sums', not small units. That is, small price rises in food offered at hotels and restaurants can be adjusted to rise in raw materials, but wages are usually not raised as frequently. Even if real wages do not rise in tune with inflation, increasing wages and cumulative rise in prices of essential commodities force the entrepreneur to increase price of food items and room rates. Even room rates, however, cannot be adjusted for inflation on a very regular basis, as this affects attractiveness of hotels and other accommodation. Yet, it is common knowledge that room rates do rise, and when they do they are in hundreds of units, not units, and it is only then that investors can adjust for losses due to increase in wages and food materials. Sudden price rises in costly raw materials are adjusted in similar way by raising prices in lump-sums. Overall, however, some essential items like food keep rising in the medium to long term, suggesting that circulation of small currency can partially offset inflationary pressures of prices of all commodities, including tourism products, making a destination more attractive from the price point of view.

For the hotelier investor to continue to profit, raises in what economists call real wages are done only occasionally. While prices of daily-use commodities may remain, comparably, stable, small quantum increases add up to fuel inflation. When prices are increased by tourism enterprises, especially rented room rates, they do so only when no other way out can be seen. Hence, room rates may rise from $100/day to $110, but not, usually, from $100 to $101 or $102. This is a peculiar case of how control over prices allows tourist-receiving enterprises to stave off quick and/or steep increases in price of accommodation, thus making a destination competitive for tourists, since lesser inflation in host country or region, and currency prices relative to tourist-generating country or region may generate, or help generate, tourism. However, necessary to this is wide circulation of smaller denomination currency, allowing marginal increases in prices of tourist-consumption products (except room rates), instead of in 'quanta'. This theory is buttressed with the example of waiting-for-Brexit UK, whose currency had fallen in buying power, and inflation surged in the two years before Brexit, but had seen sharp growth in tourism, despite inflation above 2% (as against 1.2% in 2016) in 2017 and 2018 (Statista.com, 2017a). However, inflation in UK in 2018 did lead to a decline in tourism as per expectations. The theory forwarded here is a supplementary explanation.

3. Discussion

In a short period of time (from the viewpoint of economic history) (cf. Polanyi, Arensberg & Pearson, 1957; Johnson & Nobay, 1974), inflation rates may rise, but the use of small currency allows small changes in prices of food and transport costs, but not, usually, of accommodation: in order to prevent 'subjective inflation' (the consumer feeling of 'all prices going up at the same time'). This phenomenon has not been remarked upon in consumer psychology and tourism economics (cf. Tribe 1995; Sinclair & Stabler, 1997; Pizam & Mansfeld, 1999; Mazanec, Crouch, Brent Ritchie & Woodside, 2001; Crouch, Perdue, Timmermans & Uysal 2004; Morgan, Lugosi & Brent Ritchie 2010).

Nor has the fact that markets usually behave in terms of quantum theory of prices and that prices almost always go up, rather than down as suggested by marginal price decrease (based on Marginal Utility Theory), been properly understood in economics (e.g. Johnson & Nobay, 1974; Lamberton 1971) or in tourism marketing (e.g., Middleton, 1988; Middleton & Hawkins, 1998), tourism strategy (e.g. Tribe 2010) or even the competitive destination (e.g., Brent Ritchie & Crouch, 2003).

The foregoing shows, among other things, that while it is often assumed that factors responsible for increase of in-bound tourism can be sorted out as either economic or non-economic, the two are not mutually exclusive. Peculiar economic factors such as the amount of small currency in circulation can offset inflation as an inducing factor for decline in tourism demand; though this may not be due to calculation, at least on the part of the tourist; and this may be an additional factor to cultural attractiveness, which is non-economic in nature. Indeed, relative inflation may increase income from tourists, but that is itself dependent on monetary policies of the host and tourist-generating region, rather than merely difference in buying power of the currency. To further this point, reference can be made to the most widely used means of assessing inflation, the consumer price index (CPI) and the cost of living index. These are important from the viewpoint of the consumer-tourist.

One way of calculating relative inflation for tourism is to compare the difference in inflation rates of say, country A (tourist-generating) and B (tourist-receiving); a second could be to calculate the *rate of change* of changing inflation between these two countries. A third is to see how countries maintain circulation of small currency, besides containing their inflation rates; which latter, in any case, is marked from a particular year (base year) onwards, which national governments keep changing as per convenience (sometimes after 5 years, sometimes only 3 years) and it is not always illuminating to just refer to the 'rate of inflation', which can be deceptively used by governments to show 'relative decline in inflation' to influence decisions to vote political parties to power, and used as propaganda statistics, as if it were referring to 'good economic conditions' over 'a long time period'.

However, tourists themselves almost never take up such monumental tasks as the second (that is, calculate the rate of change of changing inflation between two countries), although they do take into consideration the third, or circulation of small currency and exchange rate; and even researchers view destination competitiveness, consumer behaviour and forecasting from various angles without delving on inflation (e.g. Pizam & Mansfeld, 1999; Brent Ritchie & Crouch, 2003; Dixit 2017). Whereas inflation *due* to tourism has been remarked upon (Tribe, 1995), most consider competitiveness from the viewpoint of marketing (e.g., Thimm, 2014). Certainly, some texts on tourism do not much consider the relation of inflation and tourism with respect to understanding destination attractiveness (e.g. Tribe, 1995; Sinclair & Stabler, 1997; Lanza, Markandya & Pigliaru, 2005; Tribe, 2010).

Moreover, there are no standard points to establish the effectiveness of comparison of, say, CPI of two countries, and 'benchmarking' has not been done (if it can be) in the context of CPI, tourism and inflation (e.g., Kozak, 2004). One frequently used measure to compare relative inflation and destination attractiveness is Granger Cointegration Coefficient, which, however, is *not of use to actual tourists in taking decisions:* so, from a practical view, as a tourist himself or herself never uses such concepts, it is not discussed.

Another way could be to calculate the relative costs between two countries as measured by the exchange rate of the currencies: something that most tourists, in fact, do. Yet, comparison of multiple countries to explain how inflation affects tourism is formidable. Observing tourism with respect to inflation vis-à-vis the quantum theory of money for forecasting is illuminating in a new way. This paper makes, therefore, no attempt to analyse traditional methods of forecasting tourism demand, but offers quantum theory of money as a tool to help understand tourism attractiveness.

5. Application of the Quantum Theory

The price of the British Pound relative to the Indian Rupee was roughly Rs 82 for a pound in 2003, and increased to Rs 98 in 2015 and then declined to Rs 87 in 2017. The difference in the US dollar in the same period rose from Rs 45 for one dollar to Rs 66 in 2015 and remained in the range of Rs 66-67 in 2017. However, this does not mean, as statistics also show, that the number of US tourists to India increased significantly, as compared to tourists from UK. Even as of 2015, British tourists were one of the most significant portions of foreign tourists in India at 11.4%, falling behind those from USA, with an increase of US tourists by only 2% between 2013 and 2015, at 17.6% (Travelbizmonitor, 2014; Ministry of Tourism India, 2015). While the value of the Indian rupee relative to the British Pound ranged around Rs 85-87 in 2017, it rose to Rs 85.6 and then to Rs 98.5 in 2018 (PoundSterlingLive.com, 2019a), but British tourists to India fell from 561,573 in 2017 to 510,651 in 2018 (VisitBritain, 2019).

Even the cost of living index is no indication of the relative competitiveness of a destination, all other things being equal, and is less helpful in forecasting demand. From the viewpoint of cost of living, some countries in Africa and South Asia are very competitive, but do not receive so many tourists, commensurately. Therefore, some other reason, such as costs of basics used by tourists or *cost of living for tourism* index must be considered as a more reliable guide. For instance, the cost of living index shows that India, Nepal and Pakistan are among the lowest in the world in terms of rent, transport, and food (Numbeo.com, 2015). The website www.HolidayIQ.com mentioned Bengaluru, the Indian hub of information technology firms, and one of the most populous cities in India, with a population of 12.3 million, as among the top 20 cities *to be avoided* for 'reliable and cheap' public transport, but comment threads on it in Facebook defended it as 'one of the most friendly' (for Indians). This shows that opinions can be divided, and the tourist decision about visiting a destination, once dependent on hear-say and travel agents, has been given a boost by the Internet and help websites such as Tripadvisor.

However, tourists use such information usually to buttress their decisions (already taken) about a place, or what aspects to look out for while at the place, and about honing their decision at the micro-level, rather than giving them sole importance. So, in 2013, researching Goa, which was a Portuguese colony and still has Portuguese culture as an attraction, the author followed comment threads on Tripadvisor.in and it was found that many people supported cheap stay and food with drinks at south Goa, rather than the over-developed north Goa. Yet, with a majority of beaches and events (like the Carnival, Christmas festivities, and the music event, Sunburn Goa) taking place in the north, it remains popular.

A major factor that influences how popular a tourist destination appears, is policy: (a) to promote the destination at travel marts (like ITB Berlin; where, for example, despite the running controversies about dirty beaches, drug running, increasing crime against tourists, and manipulation of beach-space by mafia, Goa won the Asia Pacific Travel Writers' Award for best beaches in 2013) (IANS, 2013; TNN 2013; Indiainfoline, 2013); (b) mutual exchange of promotion exercises, such as the promotion of British tour operators' ('upmarket') products in Goa by VisitBritain (BreakingTravelNews, 2013), and (c) monetary policy. It is with respect to the last that this paper clarifies how inflation rate, along with availability of lowest denomination currency, can make a destination cheap, or costly, and correspondingly popular or less popular, and help understand tourism attractiveness.

The rate of use of money, or the increase in prices, called inflation, is affected by the supply of the lowest denomination of a currency in circulation. In other words, the more the lowest denomination of a currency that circulates in the market, the less likely that monetary policy will fuel inflation: which can be called the 'influence of currency denomination' or 'quantum theory of money'. As an example from India, toffees averagely used to cost 5 paisa (1 rupee equals 100 paisa) and 10 paisa in 1972. As the 5 paisa disappeared from circulation, the same toffees started costing 10 paisa and 20 paisa.

Later, as these coins also stopped circulating, toffees used to cost in multiples of the 25 paisa that was still in circulation. By 2013, with 25 paisa and 50 paisa both out of circulation, their prices jumped to Rupee 1. Similarly, the price of half-litre packs of milk till 2013 in north India increased every four-to-six months by 50 paisa; but with 50 paisa going out of circulation, they started increasing by at least one rupee each time per half litre. *This is one major reason for inflation: as lower denomination currency disappears, the possibility for increasing prices in units is affected, so that they increase in quanta or 'packets', not lowest units; as the majority of the developing world people use cash, not credit and debit cards, this keeps fuelling inflation*.

This has marked implications for (1) the theory of marginal decrease in prices based on Marginal Utility Theory; (2) the theory of money and inflation. It means that marginal increases in *costs* are *not offset* by marginal increase in *prices*, but manufacturers have to wait till they can *increase the prices in quanta,* which then *fuels inflation in prices across the economy, in a way explained by the well-known domino effect*. Hence, also, while profits by 'investors' are measured in units (each unit counts), wages have to increase in hundreds of units in order for wage earners to make ends meet (the cumulative price increase of various commodities bought by wage earners amounting to hundreds), and the 'industrialist', in order continue to profit, has to increase prices by hundreds. Yet, neither prices nor wages can be increased frequently, otherwise volumes of sales/profits go down. So, room rates, unlike the price of some daily commodities like milk, may remain stable over a greater period, but when they increase, they increase in quanta, largely due to the facts that small currency does not exist anymore and the total cost increases have added up: that is, the *loss of small currency has an exponential effect on price rise*. This is a very noticeable cause of inflation, especially the sort of inflation caused by tourism *and causes* the sort of inflation that generates further inflation in tourism product prices, affecting tourism demand/attractiveness.

The second, even more important, aspect of how loss, or discontinuation of small denomination currency affects prices and *hence causes widespread inflation* is the fact that when prices of essential commodities increase in small quanta, it affects *both* the wage earners and the commodity producers. If 50 paisa is out of circulation, an Indian milk producer would have to raise a one litre-pack by Rs 2 (or Re 1 per half litre, since a 50-paisa increase per half litre pack, as packed milk is usually sold in India, would entail tremendous amounts of accounting of 'credit' [since, while commodities like milk are 'bought' daily, as against weekly in Europe and elsewhere, third world retailers quite often get cash from many consumers, but who take it on 'credit', paying much later, such as after a month or two] such as is given to consumers by retailers in countries like India that depend on cash, rather than bank credit or debit cards). [The same would hold true for those who pay 'the milkman' who delivers the milk every morning, in small towns in UK and elsewhere in Europe, and is paid monthly amounts.] Hence, an increase by Re 1 (per litre) would be disadvantageous to the both producer and the retailer as losses due to accounting problems and 'unpaid bills'. So the fact that 50 paisa coin in India, by 2017, while officially valid, was both 'no more accepted by the public' (being of too nominal value in their view, considering the size of the coin) or almost out of circulation as a matter of monetary policy (no more new coins being produced), forced producers to raise prices in quanta of Re 1. [In July 2019, therefore, price of a litre of milk was raised by Rs 2 by a majority of milk suppliers in India, and again by Rs 2 per litre in February 2020. After another price rise in 2021, in April 2022, price per half litre of packaged milk by major milk producers again increased by Re 1, or Rs 2 per litre.]

A small increase in price of milk would also be accompanied (due to increase in costs of transportation, packaging, etc., common to most commodities) by an increase in price of, say, tea leaves. 'Tea', as consumed by a resident or a tourist, would hence become much costlier. For an ordinary consumer, if s/he buys only one litre of milk, and a one-litre pack of milk costs Rs 2 more per day, it amounts to an increase of Rs 60 per month. At the same time, an increase in price of a 250-gm pack of tea leaves may entail a hike of only Rs 20 per pack: yet, taking a minimum monthly consumption of only 0.5 kg of tea per four-member family, this would amount to a monthly increase of Rs 40. So, the higher costs of *just two items of daily use* would lead to an increase in consumer spending by Rs 100. In India, the employed consumer, however, may get a wage hike of only Rs 500 per month, which may not offset the total amount of money spent on sundry commodities as a result of higher prices—or what is called 'inflation'.

In such a situation, the hotelier who employs 50 people, by increasing wages Rs 500 per month per employee, would then have to pay an excess of Rs 25,000 per month (500 × 50), besides having to account for the increased price of items that the tourist consumes, as a result of higher price of commodities that are part of consumption (as meals, tea and other beverages, etc.); and would then also have to hike room rates by, say, at least Rs 700 per room or at least $ 10 (so that a room available for Rs 2,000 per day is rented at Rs 2,700; that is, say, up from $ 100 to $ 110, at an average exchange rate of over Rs 70 per dollar: the actual range of the dollar is over Rs 75 for $ 1 after 2020). So, such inflation influences tourism in both ways. A country with a lower inflation rate and a lower *tourist cost of living index* (an extension of tourism inflation, as discussed by Tribe (1995), room rates and consumables are frequently differently priced for the tourist, as compared to the local) would make it more attractive to tourists, besides its rating in cultural attractiveness, all other things being equal. However, if the generally known inflation rate is high, it would affect the tourist's spending power, despite a favourable currency exchange rate, *unless small currency is in circulation*.

The truth of the above statements about tourism, inflation, denomination or quantum theory of money and cultural attractiveness rang truer in waiting for Brexit UK (pre-COVID), for instance. UK tourists, despite a heavy fall in price of the pound vis-à-vis the rupee and the dollar in 2017, continued to travel to India and other countries, although their visits were marked by misery as a result of decline of the pound (The Guardian, 2017). The reverse situation possible (more Indian and other foreign tourists visiting UK) was also true, and Britain attracted more than 8.3 million visits in the first quarter of 2017 (BBC, 2017), with a record tourist spending of £4.4 billion. Indeed, UK showed a record tourist growth in 2017 of 30.1 million between January and September, rising to a total of 39.2 million by year-end, with a spending of £25.1 billion (The Independent, 2017; Statista.com, 2017a). This was so while inflation rose to 2.7% in May 2017, touching 2.8% in September-November, and remaining on average above 2% throughout 2017 (Statista.com, 2017b).

In a later record, inflation in 2017 was pegged at 3.58% but was down to 2.48% in 2018 (in2013dollars.com, 2019). In 2018, when 2.2% inflation was forecast, tourist arrivals in UK, which went up to 6th spot in the world in 2016 (UNWTO 2017), were expected to rise to 41.7 million with a record spending of £26.9 billion (VisitBritain, 2018). It was later assessed, however, that they *declined* from 39.2 million in 2017 to 37.9 million in 2018 (Statista.com, 2019; VisitBritain 2019). This may be inferred to be a result of inflation: however, the loss in tourism cannot be attributed to inflation rate alone (which, as can be seen, actually *declined* from 3.58% in 2017 to 2.48% in 2018), but *the loss in small currency available* and what can be called the *inflation rate relevant for tourism* that can be calculated in ways that are realistic—that is, ways tourists can be expected to think.

In 2017 and 2018, the value of the British Pound vis-à-vis the Indian Rupee varied from roughly Rs 85–Rs 89, but tourism to UK showed sharp growth, which can only be explained (at least in part) by the denomination or quantum theory of money. Had the currency been not fluid down to 20 pence, or even the old pound coins circulating in the economy, the rate of inflation would have been higher. With two pence and 20 pence being largely out of circulation by 2019, and even the lesser circulation of the one Pound Sterling coin by 2018 and 2019 in UK (Shuja Hoda, personal communication 2020; The Telegraph 2019), despite use of credit cards, inflation was more marked. The price of a certain brand of a 20s pack of cigarettes (given that many tourists smoke) would not, at present rates, rise, as it did in 2003-2004 (noted by researcher, who was then in UK, and a consumer of cigarettes), from, say, £5.72 to £5.75 in three months, but the actual steep hike in the price of the same brand of cigarettes to £8 by 2008-2009, and £9 in 2015, and averagely £13 in 2019 (Birchall 2019), shows how, as loss of circulation of small currency becomes more marked, prices rise in bigger lump-sums or quanta. The Metro newspaper of UK reported that, according to the Office of National Statistics, average price of a 20s pack of cigarettes rose from £ 4 in 2000 to £ 5.90 in October 2010, and ten years after that, by October 2021, doubled to £ 13.60 (Metro UK, 2021). Of course, a lot of this has to do with tax, but the fact remains that prices rise in quanta in real life, not small units.

Similarly, it is notable that inflation in the US was marked up, with US$ 100 in 2009 being the same worth as US$ 114.10 in 2017, while inflation in UK was even more marked, £100 in 2009 being equal to £130.28 in 2018 (in2013dollars.com 2018), even though the British Pound remained strong against the US Dollar in 2018 (PoundSterlingLive.com, 2019b). So, although the US dollar remained cheaper relative to the British Pound over the same period, the exit of some banks from UK, hoarding by manufacturers, loss of business due to inflation *accompanied by loss of small currency*, led to decline in tourism that affected Britain's economy while waiting-for-Brexit, pre-COVID. This confirms the denominational theory of money as a reasonable explanation of relative inflation being offset by, but also caused by, loss of small denomination currency, despite the cultural attractiveness of UK for tourists. While this would not be acceptable as a complete explanation by some, it adds to the explanation of destination attractiveness on a realistic, tourist-oriented basis, rather than academic-oriented views.

The data presented here in light of the quantum theory can be established by logic of the 'rule of the falling rate of profit', which was said by Marx to be his 'greatest achievement' (Marx 1973; Meek 1976). In simple terms, as prices of commodities increase, the industrialist has to increase wages, and pay more for raw material, given that inflation is natural to all economies. Higher wages, even if not so much an increase in real wages, and given regular inflation, and higher price of essential commodities, lead to losses for the investor. While wages cannot be increased in equal proportion as profits, as the ultimate purpose of business is maximization of profits, and hikes in prices cannot be made on a daily basis—else 'subjective inflation', or the consumer feeling of being exploited by producers of goods, will reduce demand—prices have to be raised at intervals of a few months or years, especially since the rise in prices of essential or daily commodities is affected by lack of small currency, which ensures that all prices rise in lump-sums, leading to progressive inflation.

Hence, most economists today realise that Hicks' (1958-9) argument about a a world-wide inflation 62 years ago, is a reality today. Table 1 compares the rise in Cost of Living between 1953 and 1957 (base year, 1937) of leading economies, as provided by Hicks (1959, p. 125). Given the Law of Entropy and its application to world economies, as costs of extraction of basic raw materials that also go into the functioning of the tourism industry—like iron ore (for steel in making vehicles), aluminium (for making aeroplanes), coal (for thermal power plants to supply electricity for cooling and warming accommodation for tourists, and to produce steel, as well as rubber: the latter is used to make tyres of automobiles)—go up due to decreasing efficiency, raw material costs perforce go up, leading to inflation. Hence, prices of essential commodities keep on rising, and wages have to keep rising, leading to net loss for the producer-investor or industrialist, leading to increase in prices of tourist accommodation and transport in lump-sums, despite stable marketing and demand.

Table 1: Cost of Living Across the World (in US dollars, 1937=100)

Country Group A	1953	1957	Country Group B	1953	1957
Germany	95	101	South Africa	115	126
Switzerland	167	179	Norway	125	140
USA	185	193	Ireland	130	146
Canada	188	198	UK	128	147
France	196	204	Denmark	137	158
Belgium	233	245	Australia	147	166
Japan	244	264	Sweden	154	173

Source: Hicks (1959, p. 125)

When demand goes down, as has happened during the COVID pandemic, prices may temporarily go down, but then go up again. In the medium to long term, prices have to go up, or else businesses have to close down after massive losses, as frequently happens in the tourism industry. In such a situation, a monetary policy that ensures circulation of small currency, given that prices of accommodation or transport will have to be increased in the medium term, offers a practical way to keep destinations competitive, apart from promotion of credit and debit cards, or mobile money (Singh, 2017).

6. Conclusion and Suggestions

A lot of methods are used to forecast rise or fall in tourism demand and understand destination attractiveness as well as economic growth. However, though inflation is considered an important factor, there are no clear-cut rules by which demand may be forecast by reference to inflation or economic factors alone, just as it also cannot be predicted by decline or rise in cultural attractiveness of a destination alone. For example, in China, many domestic tourists were willing to pay very high prices for short-distance culturally attractive destinations during the height of the COVID epidemic (Global Times China, 2021). An economic factor, such as loss of circulation of small denomination currency, which can be shown to both offset short-term decline in tourism (due to stability of accommodation rates, caused by reluctance of hoteliers to increase prices in 'lump sums' too often) but which may still cause further economy-wide inflation due to quantum rises in prices of small commodities, may be taken as evidence of the importance of the effect of price quanta on relative inflation, and hence, decline or stability of tourism demand, and destination attractiveness. But this 'quantum theory of money' also has wide implications for economic theory. It shows that the Marginal Utility Theory that states prices decrease as volume of production rises, is essentially flawed if taken as an absolute rule. Despite economies of scale, increase in volume of production of commodities will necessarily cause rise in prices of that commodity, as well as other commodities, termed 'inflation'. One major reason is that mass production always leads to deterioration of quality if price simply decreases (as efficiency of machinery decreases, both with over-production, and over time): hence, in order to retain quality, prices will have to increase, as the theory of marketing explains (Kotler, Bowen, Makens & Baloglu, 2018). Inflation is a very real, empirically-observable phenomenon in all economies seen over economic history periods (Polanyi, Arensberg & Pearson, 1957; Hicks, 1959). That these price rises, as inferred theoretically from the quantum theory of money, fuel further inflation is also a real phenomenon. Though price rises can be partially offset by controlling small denomination currency that is in circulation (monetary policy), it accounts for what Marx called his 'greatest achievement' (Marx, 1973; Meek, 1976) of establishing 'the rule of the falling rate of profit' of the industrialist. Since industrialists cannot keep on raising the prices of commodities in an *ad hoc* way (given, and despite the fact that prices rise in lump sums) nor raise prices *adinfinitum*—a plain toffee will not be bought for $3, even if profit margins are only $0.01—leading producers, who sometimes invest millions of dollars in advertising and marketing, seek new pastures and offset the losses. With no certainty of profits in new ventures, even, and given high costs of setting up new ventures, rising inflation and the rising investment in labour through wages (despite the fact that 'real wages', as economists call it, do not usually offset 'real inflation')—lead to falling rates of profits in the medium to long term. So, to offset inflationary pressures in the short term, supplying small currency is essential for containing inflation and increase tourism destination price attractiveness.

Good supply of small currency, therefore, can also be a good way of ensuring maximum profits in remoter rural regions where tourism can be promoted, so that perishable items like food grains and vegetables that the poor cannot transport and market to urban regions (in impoverished post-COVID times), and goods like handicrafts that they produce, can be consumed by rural tourists and ecotourists, provided smaller currency makes the rural tourism product seem more affordable, and offsets inflation, for the time being. Combined with the attraction of rural environments, free of the suffocating urban feeling during these times when COVID is partly in abeyance, yet hovers threateningly on the mind of the urban-origin tourist, this would be a good way of reviving affordable tourism that helps the less well-off sections of societies. Small currency will help maintain liquidity and optimize monetary sub-systems; and, since neither credit cards nor debit cards are used widely in rural areas of developing countries, which are most in need of economic support from a new tourism, and given that mobile money, though flexible, cannot always be supported in rural areas due to technical difficulties, and lack of financial and digital literacy among the poor (cf. Singh 2017), this would be a good strategy for restarting pro-poor tourism.

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