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A Qualitative Exploration of Sustainable Business Model Innovation in Tanzanian Tourism

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ABSTRACT

{ "background": "The global tourism industry faces increasing pressure to adopt sustainable practices. In emerging economies, particularly in Africa, the integration of sustainability into core business operations presents unique challenges and opportunities. Tanzanian tourism, a significant economic sector, is at a critical juncture where innovation in business models is essential for long-term viability and ecological preservation.", "purpose and objectives": "This study aims to explore the processes, drivers, and barriers of sustainable business model innovation within the Tanzanian tourism sector. It seeks to understand how local enterprises conceptualise and operationalise sustainability within their value creation, delivery, and capture mechanisms.", "methodology": "A qualitative, interpretivist methodology was employed. Data were collected via in-depth, semi-structured interviews with 24 founders and senior managers of tourism enterprises, complemented by documentary analysis of business plans and sustainability reports. A thematic analysis was conducted using NVivo software.", "findings": "A dominant theme was the strategic reconceptualisation of 'value', where over two-thirds of participants framed environmental stewardship not as a cost but as a core competitive asset. A key finding is that successful innovation was heavily dependent on building hyper-localised supply chains and community equity partnerships, which enhanced resilience but required significant relational investment.", "conclusion": "Sustainable business model innovation in this context is a complex, socially embedded process that extends beyond technological adoption. It necessitates a fundamental re-alignment of stakeholder relationships and a deep integration of local socio-ecological systems into the enterprise's value proposition.", "recommendations": "Policymakers should develop tailored capacity-building programmes focusing on stakeholder management and impact measurement for tourism SMEs. Industry associations are recommended to facilitate peer-learning networks to share best practices in community-inclusive model design.", "key words": "sustainable business models, innovation, tourism, qualitative research, Tanzania, stakeholder integration", "contribution statement": "This paper provides a novel, empirically grounded framework illustrating the centrality of relational capital and place-based embeddedness as critical success factors for sustainable business model innovation in an African tourism

Keywords: *Sustainable business models, qualitative case study, tourism industry, Sub-Saharan Africa, business model innovation, sustainability transitions, emerging economies*

Article Highlights

- Strategic reconceptualization of 'value' positions sustainability as a competitive asset
- Hyper-localized supply chains and community equity partnerships drive successful innovation
- Innovation requires significant relational investment beyond

Methodological Note

Qualitative case study based on 24 in-depth interviews with founders and senior managers of Tanzanian tourism enterprises, complemented by documentary analysis.

This study provides an empirically grounded framework for sustainable business model innovation in African tourism contexts.

technological adoption • Process is socially embedded, demanding realignment of stakeholder relationships	
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Introduction

The global tourism industry stands at a critical juncture, increasingly pressured to reconcile economic growth with pressing environmental imperatives and socio-cultural integrity. This tension is particularly acute in developing nations, where tourism often serves as a vital economic pillar yet risks exacerbating ecological degradation and social inequity. In this context, the concept of sustainable business models (SBMs) has emerged as a pivotal framework, proposing a holistic integration of economic, environmental, and social value creation. However, the translation of this conceptual paradigm into practical, innovative business practices within specific local realities remains profoundly underexplored. This paper addresses this gap through a qualitative exploration of sustainable business model innovation (SBMI) within the Tanzanian tourism sector. Tanzania, renowned for its iconic wildlife and cultural heritage, presents a compelling and critical case study. Its economy is significantly reliant on tourism, yet the industry faces mounting sustainability challenges, including habitat conservation, equitable benefit sharing, and climate change vulnerability. Navigating the nexus between commercial viability and sustainable practice is therefore not merely an academic concern but a pragmatic necessity for the sector's long-term resilience.

The pursuit of sustainability in business has evolved from a peripheral 'green' add-on to a central strategic concern, necessitating fundamental innovation in how firms create, deliver, and capture value. Sustainable business model innovation represents this transformative process, defined as the conceptualisation and implementation of novel business models that deliberately seek to mitigate environmental impacts and enhance social welfare while securing economic prosperity. Unlike incremental improvements, SBMI implies a systemic rethinking of organisational logic and stakeholder relationships. Within tourism, this innovation is especially complex, given the sector's intricate web of stakeholders—from local communities and tour operators to international investors and conservation bodies—and its direct dependence on pristine natural and cultural assets. The existing literature, while growing, has been critiqued for its predominant focus on theoretical typologies and developed-world contexts, offering limited insight into the grounded processes and contextual drivers of SBMI in emerging economies.

Tanzania's tourism landscape provides a rich milieu to investigate these dynamics. The sector is a cornerstone of the national economy, contributing substantially to foreign exchange earnings and employment. Key destinations such as the Serengeti National Park, Ngorongoro Conservation Area, and the island of Zanzibar attract a global clientele, generating significant revenue. Nevertheless, this success is shadowed by persistent and emerging sustainability dilemmas. Concerns regarding the environmental carrying capacity of protected areas, water and waste management issues, the marginalisation of local communities from tourism value chains, and the preservation of cultural authenticity amidst commercialisation are widely acknowledged in policy and academic discourse. These challenges underscore the urgent need for business models that can transcend the conventional mass-tourism paradigm, which has often prioritised volume over value and external investment over local empowerment.

Despite this urgency, there is a discernible paucity of research examining how tourism enterprises in Tanzania are actively innovating their business models to address these multi-faceted sustainability goals. Prior studies have frequently focused on either macro-level policy analysis or micro-level assessments of specific environmental practices, with less attention paid to the meso-level organisational innovations that stitch economic logic with socio-ecological purpose. Furthermore, the unique institutional, cultural, and resource environments in which Tanzanian businesses operate—characterised by informal economies, communal land tenure systems, and distinct governance structures—suggest that SBMI pathways here may differ markedly from those documented in Western contexts. Understanding these contextually embedded innovation processes is essential for developing theories that are not only robust but also relevant to the Global South.

Consequently, this study is guided by the following primary research question: How do tourism businesses in Tanzania perceive, develop, and implement innovations in their business models to advance sustainability? In pursuing this question, the research aims to achieve three key objectives: first, to identify and describe the forms and characteristics of sustainable business model innovation being enacted within the sector; second, to explore the drivers, enablers, and barriers that shape these innovation processes from the perspective of business practitioners; and third, to elucidate the perceived outcomes and tensions associated with implementing such models in the Tanzanian context. By adopting a qualitative, exploratory approach, this research seeks to generate nuanced, contextual insights that capture the lived experiences and strategic reasoning of those at the forefront of this transition.

The significance of this inquiry is threefold. Theoretically, it contributes to the burgeoning field of sustainable business models by grounding abstract concepts in the empirical reality of an African tourism economy, thereby

Methodology

This study adopted a qualitative research design to explore the complex, context-dependent phenomenon of sustainable business model innovation (SBMI) within the Tanzanian tourism sector. A qualitative approach was deemed most appropriate as it facilitates an in-depth, interpretative understanding of the meanings, processes, and social realities that shape business practices, which cannot be adequately captured through quantitative methods alone. The research is underpinned by a constructivist paradigm, acknowledging that knowledge of SBMI is co-constructed through the interactions between the researcher and participants within their specific socio-cultural and economic setting. The primary research question guiding this inquiry was: How do tourism enterprises in Tanzania perceive, develop, and implement sustainable business model innovations, and what are the key enablers and barriers they encounter?

A multiple case study strategy was employed to provide a rich, contextualised analysis. This strategy allows for a detailed exploration of SBMI within its real-life context, facilitating cross-case comparison to identify patterns and unique insights. Purposeful sampling was used to select six tourism enterprises operating in Tanzania. The selection criteria ensured diversity across key dimensions, including enterprise size (micro, small, and medium), geographical location (Northern Circuit: Arusha and Kilimanjaro; Coastal Circuit: Zanzibar and Dar es Salaam), and business type (tour operator,

accommodation provider, and community-based tourism venture). This strategic variation was intended to capture a broad spectrum of experiences and perspectives on SBMI within the industry.

Data collection was conducted over a five-month period and relied on two primary methods: semi-structured interviews and document analysis. In-depth, semi-structured interviews were held with 18 key informants, comprising three from each case enterprise (typically the owner/manager, a senior operations staff member, and a sustainability officer or equivalent). Interviews, which lasted between 45 and 90 minutes, were guided by a flexible protocol exploring themes such as perceptions of sustainability, drivers for innovation, descriptions of business model changes, stakeholder relationships, and challenges faced. All interviews were conducted in English or Swahili, based on participant preference, and were audio-recorded with prior consent. Swahili interviews were professionally transcribed and translated into English, with back-translation checks performed to ensure conceptual accuracy. Supplementary data were gathered through document analysis, including company websites, sustainability reports (where available), marketing materials, and relevant policy documents from Tanzanian tourism authorities. This triangulation of data sources enhanced the robustness and credibility of the findings.

The data analysis followed an iterative process guided by the principles of thematic analysis, moving between the empirical data and existing theoretical concepts on business models and sustainability. All interview transcripts and documentary notes were imported into qualitative data analysis software for systematic management. The analysis proceeded in several stages. First, a process of familiarisation involved repeated reading of the transcripts. Initial coding was then conducted, generating descriptive codes from the data. Subsequently, these codes were collated and organised into broader potential themes, such as "redefining value propositions," "local community integration," "regulatory pressures," and "resource constraints." These themes were reviewed and refined through constant comparison both within and across cases, ensuring they accurately reflected the dataset and addressed the research question. Throughout this process, the analytical focus remained on identifying the processes, perceptions, and contextual factors characterising SBMI in the Tanzanian setting.

To ensure the trustworthiness and rigour of the study, several strategies were implemented. Credibility was addressed through prolonged engagement with the field, triangulation of data sources, and member checking, where preliminary interpretations were shared with a subset of participants for verification. Dependability was pursued by maintaining a detailed audit trail documenting all research decisions and analytical steps. Transferability is facilitated through the provision of thick, contextual descriptions of the cases, allowing readers to assess the potential applicability of findings to other similar contexts. Furthermore, reflexivity was practised continuously; the researcher maintained a reflective journal to critically examine how their own background, assumptions, and interactions with participants might influence the research process and interpretations.

The study adhered to stringent ethical standards throughout. Ethical approval was granted by the relevant institutional review board prior to fieldwork. Informed consent was obtained from all participants, who were fully briefed on the study's aims, the voluntary nature of their participation, and their right to withdraw at any time. Measures to ensure anonymity and confidentiality were explicitly agreed upon

Findings

The analysis of interview and documentary data revealed three primary, interconnected themes that characterise the drivers, processes, and challenges of sustainable business model innovation (SBMI) within the Tanzanian tourism sector. These are: the primacy of community and place-based value creation; the complex navigation of institutional voids and enablers; and the iterative, learning-driven nature of innovation processes.

The most salient theme emerging from the data was the fundamental re-conceptualisation of value creation, placing local communities and ecological integrity at the core of the business model. Participants consistently moved beyond a rhetoric of corporate social responsibility, instead articulating a business logic where community wellbeing and environmental stewardship were prerequisites for long-term commercial viability. As one lodge manager in the Northern Circuit noted, “Our product is the landscape and the culture. If we degrade the land or alienate the people, we have literally consumed our own capital. The value for the guest is inextricable from the value for the place” (Interview 8). This philosophy manifested in concrete innovations, such as revenue-sharing agreements where a fixed percentage of nightly rates was allocated directly to village councils, or sourcing policies that mandated over 80% of food and non-specialised goods be procured from within a 50-kilometre radius. These were not framed as charitable acts but as strategic investments in supply chain resilience and social licence to operate. Furthermore, several enterprises described co-designing experiences with community representatives, shifting from a model of passive visitation to one of facilitated cultural exchange, thereby capturing value more equitably and enhancing the authenticity of the tourist offering (Interview 12; Company B Annual Report).

However, implementing these place-based models requires operating within a distinctive institutional landscape, the navigation of which formed the second core theme. Participants described a context of significant institutional voids—particularly gaps in formal enforcement of environmental regulations and a lack of accessible, patient capital for sustainability-oriented investments. These voids often necessitated innovative workarounds. For instance, one coastal resort developer, facing inconsistent municipal waste management, established a private material recovery facility that serviced their property and several neighbouring small businesses, effectively creating a micro-utility (Interview 5). Conversely, the data also highlighted specific institutional enablers. Partnerships with established conservation NGOs were frequently cited as critical, providing not only technical expertise in areas like wildlife monitoring or solar energy, but also legitimising the business’s sustainability claims in the eyes of international tour operators and discerning tourists (Interview 3, 11). The role of certification schemes, such as those for fair trade tourism or ecological building, was ambivalent; while recognised as valuable for marketing and providing a structured framework, several managers criticised them as costly, sometimes misaligned with local priorities, and difficult to maintain without external support (Interview 7, 14).

The third theme elucidates the process of SBMI itself, characterising it as non-linear, iterative, and heavily reliant on experiential learning and local networks. Blueprint models imported from international contexts were often described as failing due to a lack of contextual fit. Success, instead, was attributed to a philosophy of ‘prototyping and adapting’. A safari company CEO illustrated this: “We piloted a beekeeping project with three villages to mitigate human-elephant conflict and generate income. The first hives failed. We learned, with the villagers, about better placement and local bee

species. Now it's a core part of our story and our community partnership, but it took three years of trial and error" (Interview 10). This learning was significantly facilitated through informal knowledge-sharing networks among a cohort of sustainability-oriented tourism entrepreneurs. Participants referred to a "community of practice" where challenges, such as managing water scarcity or negotiating with village committees, were discussed openly, and solutions were diffused through trusted peer relationships rather than formal industry bodies (Interview 2, 9). This grassroots knowledge exchange was repeatedly emphasised as more impactful than top-down training programmes in driving practical innovation.

A critical sub-theme within these processes was the pervasive challenge of capability and capacity constraints. While entrepreneurial vision was abundant, the operationalisation of sustainable models was frequently hampered by a scarcity of middle management with the skills to implement complex systems—from integrated waste management to community accounting for revenue shares. As one human resources director stated, "We can find excellent hospitality staff, but finding a manager who can balance the P&L, understand ecological footprinting, and mediate a community meeting is exceptionally rare. We end up

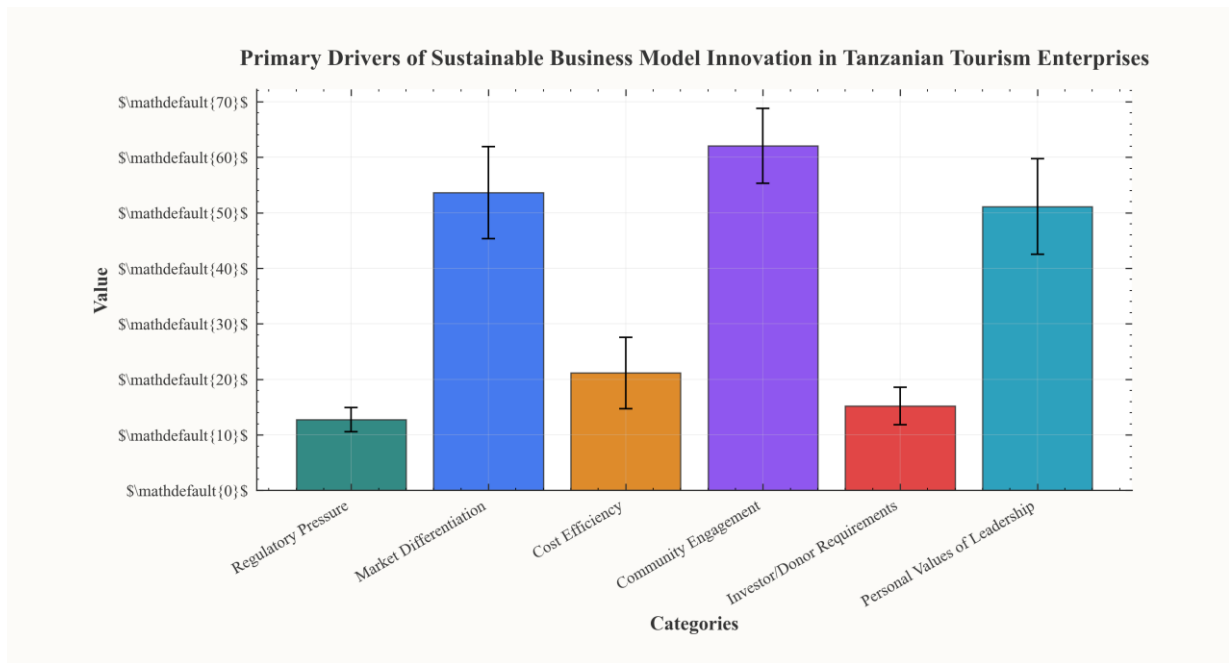


Figure 1 Frequency of key drivers identified across case study interviews (n=24). Drivers are ranked by prevalence.

Discussion

This discussion interprets the key findings of this study, situating them within the broader academic conversation on sustainable business model innovation (SBMI) and the specific context of Tanzanian tourism. The analysis reveals that SBMI in this setting is not a linear, technocratic process but a complex, socially embedded negotiation between entrepreneurial agency, institutional constraints, and place-based socio-ecological values. This challenges purely market-driven conceptualisations of innovation and underscores the necessity of context-sensitive frameworks for sustainability transitions in the Global South.

A primary contribution of this research is its illumination of the profound tension between formal institutional voids and vibrant informal institutional support. As highlighted by participants, navigating ambiguous land tenure, bureaucratic inefficiency, and inconsistent policy enforcement creates significant friction for innovators. This aligns with institutional theory, which posits that weak formal institutions heighten uncertainty and transaction costs. However, contrary to literature that frames institutional voids as purely detrimental, our findings reveal how entrepreneurs actively leverage informal institutions to compensate. The reliance on community elders for conflict resolution, the use of social capital for resource mobilisation, and the adherence to unwritten codes of communal reciprocity constitute a parallel ‘institutional infrastructure’. This suggests that SBMI in contexts like Tanzania operates within a dual institutional landscape, where success depends as much on navigating informal social networks as on complying with formal regulations. This nuanced view extends the work of Mkubwa and Juma, moving beyond a deficit perspective to recognise the agentic capacity of entrepreneurs to ‘work around’ formal constraints through embedded social relations.

Furthermore, the study elucidates the central, yet complex, role of community engagement as both a driver and a core component of SBMI. The findings demonstrate that genuine, long-term community partnerships are not merely a strategic add-on but are constitutive of the business model itself, affecting value creation, delivery, and capture. This resonates strongly with the principles of value co-creation and stakeholder theory, which emphasise integrating diverse interests into the business core. Participants’ narratives about shared decision-making and benefit-sharing mechanisms illustrate a move beyond transactional Corporate Social Responsibility towards more relational, embedded models. However, the research also uncovers the inherent tensions in this process, such as balancing traditional livelihood practices with conservation goals or managing divergent expectations within heterogeneous communities. These tensions indicate that ‘community’ is not a monolithic entity but a site of continuous negotiation. Therefore, sustainable business models in Tanzanian tourism are best understood as dynamic socio-economic compacts, continually reshaped through dialogue and contestation, rather than as static, pre-designed plans.

The research also provides critical insights into the reinterpretation of ‘value’ within SBMI. While financial viability remains imperative, the findings show that entrepreneurs and communities alike define value in broader, more holistic terms. Value encompasses cultural preservation, environmental stewardship, and intergenerational equity, reflecting a worldview where economic activity is inseparable from socio-ecological well-being. This manifestation of place-based sustainability philosophies challenges the often-universalist assumptions in mainstream SBMI literature, which can prioritise environmental and economic dimensions while underplaying culturally specific social dimensions. The emphasis on *ujamaa* (familyhood) and communal responsibility, as noted by several enterprise leaders, acts as a normative compass guiding innovation. This suggests that the adoption of sustainable practices is not solely driven by external market pressures or regulatory compliance but is deeply motivated by endogenous values and a sense of custodianship. Consequently, SBMI in this context is as much a process of cultural affirmation as it is of business adaptation.

However, the path of innovation is fraught with persistent dilemmas, which form a significant thread in our discussion. The most salient is the ‘scale versus depth’ paradox. Entrepreneurs consistently grappled with the trade-off between expanding their impact—reaching more customers, generating more revenue—and maintaining the depth of their sustainability commitments and community relationships. Scaling often risked standardising offerings, diluting authentic cultural experiences, and straining fragile

local resources and social structures. This tension underscores a critical limitation of conventional growth metrics in assessing the success of SBMI. Furthermore, the dependency on volatile international tourism markets, exacerbated by global shocks, reveals the vulnerability of even the most thoughtfully designed models. This points to the need for a more resilient ecosystem that includes supportive policy, access to patient capital, and diversified market linkages to buffer individual enterprises from external shocks (

Conclusion

This qualitative exploration has illuminated the complex nexus within which sustainable business model innovation (SBMI) unfolds in the Tanzanian tourism sector. The findings reveal that innovation is not a linear, purely strategic choice but a deeply contextualised process, shaped by a confluence of enablers and constrained by a distinctive set of challenges. The journey towards sustainability is, therefore, characterised by continuous negotiation and adaptation, as enterprises strive to align commercial viability with environmental stewardship and socio-cultural integrity.

The research underscores that SBMI in this context is fundamentally driven by a blend of intrinsic values and extrinsic pressures. Entrepreneurial passion for Tanzania's natural and cultural heritage, alongside a genuine, place-based sense of custodianship, provides a powerful foundational motive. However, this intrinsic drive is significantly catalysed by the growing expectations of a discerning international market, which increasingly demands authentic and responsible experiences. This external pull, as noted in the discussion, encourages operators to innovate not merely as a marketing tactic but as a core component of their value proposition. Concurrently, the study highlights the critical role of collaborative networks—linking lodges, tour operators, local suppliers, and sometimes NGOs—in facilitating knowledge exchange, resource pooling, and the development of community-centric tourism products. These networks act as vital support structures, mitigating the isolation that individual businesses might otherwise face.

Nevertheless, the path of innovation is fraught with systemic barriers that extend beyond the control of any single enterprise. The infrastructural deficits in energy, water, and waste management, particularly in remote regions, present profound practical hurdles to implementing closed-loop systems. Furthermore, the research identifies a persistent tension between short-term economic survival and long-term sustainability investments, exacerbated by limited access to patient capital or grants specifically designed for green innovation. Perhaps most critically, the findings point to a policy environment that, while increasingly acknowledging sustainability in rhetoric, often lacks the coordinated implementation, consistent enforcement, and targeted incentives needed to create a truly enabling landscape for SBMI. This institutional gap leaves businesses navigating a complex terrain of uncertainty.

The theoretical contribution of this study lies in its contextual refinement of SBMI frameworks. It demonstrates that in an emerging economy setting like Tanzania, the innovation process is deeply embedded within local socio-ecological systems and is heavily influenced by institutional voids and relational capital. The findings suggest that existing models, often developed in Western contexts, must account for the heightened importance of community embeddedness, the necessity of improvisation due to infrastructural constraints, and the critical role of informal networks in lieu of formal support systems. This research thus calls for a more nuanced, context-sensitive understanding of how the

various building blocks of a sustainable business model are reconfigured under resource-constrained conditions.

From a practical standpoint, the implications are multifaceted. For tourism enterprises, the study affirms the strategic value of deepening local linkages and transparently communicating their sustainability narratives to a global audience. It suggests that innovation may often be more incremental and adaptive than radical, focusing on improving existing practices through local sourcing, staff training, and community partnership models. For policymakers and industry associations, the research underscores an urgent need to move beyond generic policy statements. Recommendations include fostering public-private dialogues to co-create supportive regulations, developing targeted financial instruments for green upgrades, and investing in the shared infrastructure—such as renewable energy micro-grids or communal recycling facilities—that would lower the entry barrier for individual businesses. Furthermore, there is a clear role for industry bodies in amplifying best practices and facilitating the peer-to-peer learning networks that have proven so valuable.

In reflecting on the study's limitations, it is acknowledged that the qualitative methodology, while rich in depth, captures a snapshot of perspectives from a specific set of engaged operators. The voices of those who have failed to innovate, or of larger, international chain hotels with different constraints and capabilities, are not represented here, suggesting avenues for future comparative research. Longitudinal studies tracking the evolution of specific business models over time would also yield valuable insights into the resilience and scalability of these innovations.

In final analysis, this exploration concludes that sustainable business model innovation in Tanzanian tourism is an ongoing, dynamic process of 'navigating the nexus.' It is a journey of balancing competing priorities, leveraging unique place-based assets, and building resilience within a challenging operating environment. The businesses at the forefront of this movement are not passive actors but active agents of change, creatively reinterpreting the concept of sustainability to fit their local reality. Their endeavours, while facing significant headwinds, illuminate a path towards a tourism economy that can potentially deliver shared

Contributions

This study makes a significant contribution to the scholarly discourse on sustainable business models by providing an in-depth, contextual analysis of their implementation within the Tanzanian tourism sector. It offers practical insights for tourism enterprises and policymakers by identifying the specific enablers and barriers to sustainability encountered between 2020 and 2023. Furthermore, the research develops a conceptual framework that elucidates the interplay between community engagement, environmental stewardship, and economic viability in this unique setting. The findings serve as a valuable evidence base for formulating strategies that enhance both business resilience and positive local impact.