

THE FORMATION MECHANISM AND TRENDS OF RURAL GREEN TOURISM ECONOMY DRIVEN BY COMMUNITY ENDOGENOUS POWER: A CASE STUDY OF AZHEKE VILLAGE, YUNNAN, CHINA

Huan Yixiu^{1,2}

¹ PhD Student, "Silk Road" International University of Tourism and Cultural Heritage in Samarkand

² Lecturer, Beijing Institute of Economics and Management

E-mail: 596109574@qq.com

DOI: 10.61587/mmit.tiue.uz.v1i1.272

Abstract. The imbalance between ecological protection and economic development is a prominent challenge for the green transformation of rural areas in ecologically fragile zones and cultural heritage sites. Existing research on green economy primarily focuses on macro-level policies, with insufficient exploration of micro-level community practices and endogenous development logic. Taking Azheke Village in Yunnan as a case study, this paper employs an in-depth single-case research approach to explore the formation mechanism and evolutionary trends of rural green tourism economies driven by community endogenous forces. The study finds that Azheke Village has leveraged a collaborative model involving government, enterprises, and academic institutions, innovatively establishing a linked system combining "tiered profit-sharing" and "rigid constraints" based on tourism attraction rights, thereby closely integrating ecological conservation, cultural heritage preservation, and villagers' income growth. This model exhibits three major transformational trends: development drivers shifting from external financial subsidies to endogenous incentives; development actors shifting from external capital domination to community endogenous leadership; and operational models shifting from short-term project-based operations to long-term institutionalized management. This study provides a practical paradigm and theoretical reference for green tourism development in heritage sites and ecologically fragile rural areas.

Keywords: *Green economy; endogenous development; rural tourism; realization of ecological product value; Azheke Village*

Introduction

The deep integration of ecological sustainability and economic benefits lies at the core of green economy development. However, in ecologically fragile rural areas, there is a prevalent practical dilemma of "unsustainable ecological protection and insufficient momentum for industrial development," which has long hindered the transformation pathway between ecological value and economic value, making sustainable and coordinated development difficult to achieve. Azheke Village has innovatively constructed an "endogenous collective enterprise" development model, deeply integrating terraced field ecological protection, Hani cultural heritage preservation, and rural tourism profit-sharing mechanism. This approach effectively resolves the long-standing tension between ecological protection and economic development, offering a typical example for implementing green rural economies.

Based on this, this paper takes Azheke Village as a case study, focusing on two core research questions: first, how do community-level micro-institutional mechanisms operationalize the integrated logic of green economy—combining ecological conservation with income growth—to achieve synergistic coexistence among ecology, culture, and economy; second, what underlying trends in green economic development at the community scale does the success of the Azheke model reveal? This study aims to provide theoretical support and practical reference for the green transformation and endogenous revitalization of villages in ecologically fragile areas and cultural heritage sites.

Literature Review and Methodology

Literature Review

The green economy enhances human well-being and social equity, while significantly reducing environmental risks and ecological scarcity. Essentially, it is a low-carbon, resource-efficient and inclusive economy [1]. A substantial body of definitions indicates that the green economy is a multidimensional concept that highlights trade-offs and synergies between the economy and the environment, while also partially incorporating social dimensions [2].

However, there has long been a structural deviation in existing green economy research between "macro policy preferences" and "the absence of micro mechanisms". A large amount of research has focused on national-level green industrial policies, green financial tools and carbon market institutional design, but has relatively neglected how communities can become the key field connecting macro policies and grassroots practices. Specifically, the mechanism analysis of the key transformation link of "how environmental protection is internalized into economic incentives" in existing research is still insufficient. Scholars have recognized that the realization of the value of ecological products requires mechanisms such as ecological compensation to internalize external benefits as economic transfers, and have proposed theoretical frameworks such as "Environmental Service Payment" (PES) [3]. The "dual-engine" path of ecological industrialization and industrial ecologicalization is also seen as key to opening the conversion channel between "lucid waters and lush mountains" and "gold and silver mountains". However, most of these discussions remain at the level of government-led ecological compensation and market-based transactions, lacking a systematic micro-analysis of the endogenous transformation mechanism at the community level - especially the process by which communities independently realize the manifestation of ecological capital value through institutional innovation. As the theory of neo-endogenous development reveals, the key to rural development lies not in the one-way input of external resources, but in activating the community's self-development capacity [4]. This provides an important theoretical starting point for this paper to examine the formation logic of the green economy from the community scale.

In the field of rural tourism research, there has long been a clear academic trajectory, evolving theoretically from community empowerment to community participation, and then to endogenous development [5].

Community empowerment first entered academic discourse as a response to the growing awareness that local residents were being pushed to the periphery in tourism development. A number of studies have since pointed out that when external capital takes the lead, tourism projects frequently generate disempowerment at the community level. In such settings, villagers contribute their scenery, land, and cultural assets, yet they routinely end up receiving only a meager slice of the income stream [6]. Building on this foundation, Chinese scholars introduced the concept of tourism attraction property rights, arguing that the tourism attraction value of land and its attachments should be transformed into the right of villagers to enjoy differential land rent from tourism, thus providing important theoretical support for the institutional design of rural tourism [7]. The introduction of this concept is groundbreaking, as it converts the intangible and difficult-to-quantify value of ecological environments and cultural landscapes into economic rights with clear property rights boundaries, thereby offering a theoretical basis for community-led benefit distribution.

Research on community participation further addresses the practical challenges of who participates and how participation is carried out. A recurring theme in the literature is how tourism revenues are shared—this issue consistently emerges as a major bottleneck to the sound growth of rural tourism. Getting the benefit-allocation mechanism right, in terms of both fairness and transparency, is widely seen as a make-or-break factor. Yet when we turn to actual

participatory arrangements on the ground, structural shortcomings are hard to overlook: villagers tend to be brought in only at a superficial level, and their voice in substantive decisions is often effectively sidelined. Against this backdrop, endogenous development theory provides a more systematic analytical framework to overcome these limitations. Endogenous development emphasizes that rural areas should rely on local resources, exercise subjective agency, and pursue revitalization pathways driven from within.

Methodology

This paper adopts a qualitative single-case in-depth study methodology. The case study method is suitable for addressing exploratory research questions of "how" and "why" something is achieved, as it allows for the deconstruction of the internal operating mechanisms of complex social phenomena in real-world contexts. This aligns well with the research need of this paper to investigate the formation mechanism of the green economy at the community scale.

We chose Azheke Village in Yunnan as our case study, and the decision is hardly arbitrary. Two features make it particularly telling. For one, the setting itself is striking: the village lies right at the heart of the Honghe Hani Rice Terraces, a UNESCO World Heritage site, where ecological vulnerability and cultural distinctiveness go hand in hand. It represents a typical rural setting where tensions between ecological protection and tourism development are pronounced. Second, in terms of practical typicality, since the implementation of the "Azheke Plan" in 2018, the village has transformed from a poverty-stricken settlement into a "Best Tourism Village" recognized by the United Nations World Tourism Organization (UNWTO). After more than seven years of continuous practice, it has developed a mature and replicable endogenous green tourism development model, accumulating rich longitudinal empirical data. This enables a complete presentation of the entire process of the green economy—from its construction and operation to its maturation—thus offering the depth and comprehensiveness required for single-case research.

Discussion

Overview of Azheke Village

Azheke Village is located in the core area of the Honghe Hani Rice Terraces World Cultural Heritage Site, Yuanyang County, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province. In 2018, Professor Bao Jigang, Director of the Center for Tourism Development and Planning Research at Sun Yat-sen University, proposed the "Azheke Plan," which transformed the village. Under this plan, villagers contributed the entirety of their settlement, terraced fields, and way of life as a tourism attraction asset to form a village collective tourism company, aiming to alleviate poverty, and protect cultural heritage through tourism development. In 2024, Azheke Village was recognized as a UNWTO Best Tourism Village. As a typical traditional Hani village, its integrated cultural and ecological tourism development serves as a classic case of synergizing cultural heritage protection, community participation, and endogenous motivation.

Azheke Village's core development foundation stems from its unique composite heritage value of nature and culture. On the one hand, as an integral part of the Honghe Hani Rice Terraces World Cultural Heritage Site, the village preserves a complete "forest-village-terrace-water system" quadruple-structure ecosystem, as well as a cluster of traditional vernacular dwellings represented by "mushroom houses" (over 100 extant buildings), embodying the living Hani agri-culture and customs. On the other hand, the village has long remained relatively isolated, which has enabled the preservation of its authentic cultural forms, giving it a potential advantage for converting cultural capital into economic capital.

Azheke Village's model of "cultural-ecological protection – community participation – endogenous motivation activation" breaks away from the path dependency of "external capital dominance – cultural symbol consumption – community marginalization" typical of traditional tourism development. The pathway it has carved out rests on several interlocking pillars: endogenous forces at the core, living cultural and natural ecological preservation as the bedrock, community engagement as the primary driver, benefit-sharing arrangements as the underpinning, and product differentiation as a defining hallmark. Such a configuration not only offers a tangible reference point for green tourism initiatives elsewhere, but also opens up fresh theoretical avenues.

Institutional Design of the "Azheke Plan"

At the heart of the Azheke model is a tiered dividend scheme that ties benefit payouts directly to villagers' performance on conservation duties, effectively aligning individual incentives with collective obligations. By converting public goods—ecological upkeep and heritage maintenance, in this case—into private, pocketable returns, the system generates a self-reinforcing impetus for long-term stewardship.

The Tiered "4321" Dividend Rule

The "4321" rule, as it is known, is designed to head off the kind of intra-community frictions that often arise from uneven sharing of tourism proceeds. Underpinning the entire distribution framework is a single guiding principle: safeguarding the very traditional ecological and cultural scenery that draws visitors to Azheke in the first place.

Profit is split on a 30:70 basis. The government puts in RMB 3 million for a 30% stake, which goes toward establishing the village-level collective tourism firm, and any dividends it earns are plowed back into future development. Sun Yat-sen University, for its part, chips in with intellectual resources and technical backstopping rather than capital. The villagers, meanwhile, pool their physical and intangible assets—traditional dwellings, terraced fields, residency rights, and even household registration status—as their in-kind contribution, securing the remaining 70% equity. From that share, dividends are then parceled out under the "4321" formula.

1. Traditional dwelling dividend (40%)—designed to encourage villagers to preserve the traditional mushroom houses, which serve as the visual and cultural anchor of Azheke's tourism appeal.
2. Terraced field dividend (30%): Designed to encourage villagers to continue farming the terraced fields and protect the terrace landscape.
3. Residency dividend (20%): Designed to encourage villagers to continue living in the village, preserving the core human environment of the indigenous Azheke population.
4. Household registration dividend (10%): Designed to encourage villagers to retain their village registration and contribute effort and resources to collective village affairs.

The scheme has visibly boosted local willingness to preserve traditional resources and take part in tourism operations. Since the Azheke Plan went into effect, a total of ten rounds of dividends had been distributed by the end of 2024. The tenth payout, conducted in July of that year, amounted to 560,000 RMB in total, translating into an average of 8,615.38 RMB per household.

Rigid Constraint Mechanism for Dividend Eligibility

To forestall the kind of profit-driven neglect that often undermines conservation efforts in tourism development, the village has put in place a binding system where benefits are conditional on responsible stewardship—those who protect are rewarded, while violators forfeit

their share. Under the Azheke Village Protection Management Regulations, villagers are required to comply with a set of clear rules: traditional mushroom houses may not be demolished or altered without authorization; any renovation must follow a unified approval process and adhere to traditional craftsmanship and materials; terraced fields must be cultivated in line with the seasonal cycle and cannot be left abandoned; forests, watercourses, and other ecological resources are off-limits for damage or private transactions; and residents must take proactive care of the village's living environment.

When violations occur, the village team verifies the facts and then decides to deduct either part or all of the annual dividend, depending on the seriousness of the offense. Through this design, the system institutionally aligns rights, duties, and benefits in the realm of ecological and cultural conservation. What might otherwise be externally imposed obligations are transformed into self-driven, voluntary actions on the part of villagers. This not only secures a steady rise in household income, but also guarantees the long-term authenticity of the heritage site's ecology and culture, effectively sidestepping the pitfalls of over-construction and homogenized makeovers that are all too common in tourist destinations.

Development of a Differentiated Tourism Product System Integrating Ecology and Culture

In response to the well-documented problems of market saturation and superficial sightseeing that plague much of rural tourism, Azheke has turned to its genuine ecological assets and vibrant living culture as key advantages. Abandoning low-end, quick-turnover models, the village has built a multi-layered product portfolio that combines life-immersion experiences, cultural performances, and ecological study tours. The resulting business profile—characterized by "immersive experience and science education"—achieves a deep fusion of ecological, cultural, and tourism values.

Immersive Experience of Authentic Living Scenarios

At the center of this effort are the century-old mushroom houses and the indigenous farming system, which together serve as the stage for living, contextualized in-depth experiences. In terms of accommodation, the village has renovated and upgraded select homestays such as "Yuanshe·Azheke," preserving traditional features like rammed-earth walls and mushroom-shaped roofs while adapting interiors to meet modern comfort standards—thus striking a balance between heritage conservation and functional upgrading. On the farming front, tourists are invited to take part in traditional agricultural activities, including rice transplanting, weeding, terrace fishing, and ditch maintenance, alongside culinary experiences like preparing the red rice banquet and making handmade tofu by age-old methods. In addition, villagers regularly host communal events such as long-street banquets and ethnic song-and-dance carnivals, offering visitors a chance to step into the everyday life of the Hani people. This arrangement enables living transmission of culture while fostering two-way interaction between hosts and guests.

Regular Performance Experiences of Intangible Cultural Heritage

A further strand involves drawing on the area's rich intangible cultural heritage. The village has turned once-niche ICH items—Hani ancient ballads, polyphonic folk songs, and palm-fan dances—into accessible, participatory tourism offerings. It regularly sponsors traditional festivities such as the Kuzhazha Festival and the Sacrifice to the Village Forest Festival, and has set up an ICH performance troupe that delivers both scheduled on-site shows and touring performances. Among these offerings, Hani ancient songs alone have been staged 165 times, breathing new life into otherwise dormant ICH traditions.. At the same time, leveraging seasonal festivals and rituals such as the "Rice Transplanting Gate Festival," "June

Year," and "New Rice Festival," the village has created nighttime cultural theaters and themed festival events, guiding tourists to learn ethnic songs and dances from ICH inheritors and participate in folk rituals, breaking the symbolic limitations of cultural display and achieving immersive cultural perception.

Terrace Ecology Themed Study Tour Products

Drawing on the intellectual resources of partner universities, the village has teamed up with Sun Yat-sen University, Kunming University of Science and Technology, and local primary and secondary schools to roll out a study tour curriculum built around three thematic pillars: the four-tier ecosystem, traditional farming know-how, and heritage conservation practices. The curriculum includes hands-on modules on terrace ecology, the wood-carved water diversion technique, the time-honored "ditch keeper" water management system, and field-based heritage protection exercises. These classroom-style sessions are paired with outdoor activities—forest trekking, medicinal plant identification, and terrace farming—that put the "learning through travel" idea into practice. Participants come away with a direct, visceral grasp of how the ecological cycle works and why traditional wisdom endures. In 2023 alone, the village hosted 43 public study tours, nature education programs, summer camps, and similar events, drawing 1,069 participants and cementing study-tour tourism as a mature and thriving segment of the local cultural economy.

Underlying Trends in the Formation of Community-Scale Green Tourism Economy

The endogenous development practice of Azheke Village breaks away from the path dependence of traditional rural green development, clearly presenting three core underlying trends in the formation and maturation of a community-scale green tourism economy.

Driving Force Shift: From Fiscal Transfers to Endogenous Incentives

For years, rural ecological conservation efforts have relied almost exclusively on government transfers and targeted ecological subsidies—a model that tends to be narrow in funding sources, limited in long-term viability, and weak when it comes to motivating behavioral change. In short, it has been an externally sustained transfusion approach. The Azheke model, by contrast, completely reworks that incentive logic. By directly coupling conservation and heritage stewardship with tangible economic returns, the system ensures that those who protect also share in the development proceeds. This gives rise to a self-reinforcing cycle in which protection generates income, and continued protection generates continued income growth—effectively shifting the green economy from a support-dependent posture to a self-sustaining, internally driven one.

Actor Shift: From External Capital Dominance to Community Endogenous Leadership

Externally capital-dominated rural tourism development easily leads to the formation of "tourism enclaves," where a large portion of tourism revenues leak out, local communities benefit little, and problems such as ecological damage, cultural alienation, and villager marginalization frequently arise. The Azheke model establishes the absolute dominant position of the community: villagers collectively hold 70% equity in the village tourism company, exercise decision-making power on major matters through the villagers' assembly, ensuring that tourism revenues are retained to the greatest extent within the community and benefit the villagers. Beyond that, over 80% of local jobs in the tourism sector are now held by villagers themselves—meaning that resources, revenue, and employment all stay within the community. This arrangement effectively sidesteps the kind of uneven development that tends to arise when outside capital calls the shots.

Operational Shift: From Time-Limited Projects to Lasting Institutional Frameworks

Many rural ecotourism initiatives across the country are built on short-term demonstration projects, charitable funding, or policy experiments. They often lack stable governance structures and clearly defined operational rules. Once the external support dries up, momentum quickly fades, and long-term viability remains elusive. Azheke has taken a different path. By formally registering a collective enterprise, refining its corporate charter, codifying dividend distribution rules, and spelling out conservation regulations, the village has transformed what might otherwise be a patchwork of fragmented practices—ecological safeguards, tourism management, and heritage preservation—into a coherent, institutionalized system. Roles are clear, procedures standardized, and the framework is built to evolve over time. This institutional foundation provides the organizational stability and rule-based continuity essential for sustaining a green tourism economy well into the future.

Conclusion

Through an in-depth case study of Azheke Village, this paper finds that the community-led endogenous ecotourism development model is an effective pathway for realizing a green economy at the rural scale. At the heart of this approach is a form of institutional innovation that originates at the grassroots level—one that creates a direct and measurable connection between ecological values on the broader scale and household wellbeing on the ground. The outcome is a threefold alignment, wherein environmental safeguards, cultural conservation, and income generation move forward in concert.

The core innovations and success factors of the Azheke model can be summarized into four points. First, making the property rights attached to tourism attractions explicit, so that the value of ecological and cultural assets becomes measurable in concrete terms. Second, a village-led governance framework has taken shape, one that places the community firmly in the driver's seat when it comes to development decisions. Third, creating an incentive and constraint mechanism that directly links protective behaviors with economic returns, generating endogenous development momentum. Fourth, leveraging the intellectual empowerment of universities to achieve a positive synergy between grassroots practice and professional planning.

From the perspective of development trends, the community-scale rural green economy is progressively undergoing three core transformations: in terms of development drivers, shifting from external government subsidies to community endogenous incentives; in terms of development actors, shifting from external capital control to community self-led leadership; and in terms of development models, shifting from short-term project pilots to long-term institutionalized operations.

In summary, the Azheke model provides a replicable and adaptable micro-level mechanism and practical paradigm for villages in ecologically fragile areas and cultural heritage sites to resolve the "protection versus development" dilemma and build a sustainable green economy system.

References

Journal Article

1. D'Amato, D., Droste, N., Allen, B., Kettunen, M., Lähtinen, K., Korhonen, J., Leskinen, P., Matthies, B., & Toppinen, A. (2017). Green, circular, bio economy: A comparative analysis of sustainability avenues. *Journal of Cleaner Production*, 168, 716-734.
<https://doi.org/10.1016/j.jclepro.2017.09.053>

2. Merino-Saum, A., Clement, J., Wyss, R., & Baldi, M. (2019). Unpacking the Green Economy concept: A quantitative analysis of 140 definitions. *Journal of Cleaner Production*, 242, 118339. <https://doi.org/10.1016/j.jclepro.2019.118339>
3. Sommerville, M. M., Jones, J. P. G., & Milner-Gulland, E. J. (2009). A revised conceptual framework for payments for environmental services. *Ecology and Society*, 14(2), 34. <https://doi.org/10.5751/ES-03064-140234>
4. Li, Q., Liu, X., Guan, J., Wang, Y., & Xiang, G. (2025). How Multiple Subjects Promote the High-quality Development of Rural Tourism from the Perspective of New Endogenous Development Theory: An Empirical Study Based on Samples from 16 Villages in 8 Cities in Zhejiang Province. *Tourism and Hospitality Prospects*, 9(2), 1-34. <https://doi.org/10.12054/lydk.bisu.290>
5. Zuo, B., & Bao, J. (2012). Institutional empowerment: Community participation and changes of land property rights in tourism development. *Tourism Tribune*, 27(2), 23-32. <https://doi.org/10.3969/j.issn.1002-5006.2012.02.008>
6. Sun, J. (2008). Empowerment theory and the construction of community capability in the development of tourism. *Tourism Tribune*, 23(9), 22-27. <https://doi.org/10.3969/j.issn.1002-5006.2008.09.010>
7. Zuo, B., & Bao, J. (2016). Revisiting tourist attractions rights. *Tourism Tribune*, 31(7), 13-23. <https://doi.org/10.3969/j.issn.1002-5006.2016.07.007>