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Research paper

Sustainability Tourism Industry Development: A Strategic Stakeholder Approach Analysis

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Abstract

The tourism industry development sustainability is represented in how the all resources managed in such a manner to fulfill the requirement of economics, social and environmental towards integrated social cultural systems. Stakeholder approach is one way to achieve the sustainability industry development. It is an approach that emphasizing role and involvement of stakeholder in the context of opportunity access in managing the industry of tourism, with nobleness of political culmination, democratic, fair profit sharing for the local communities in tourism activities

Keywords: *Sustainability; Tourism; Stakeholder.*

1. Introduction

In case of tourism industry development various approaches are often used to formulate its management also. One of them with references to market demand, defines traveler is whoever he/she and where ever he/she comes from, and their behavior as a starting point. This context in strategic marketing is known as market orientation or in a broader and deeper concept is *market-based views* of the *firm*. A common used approach also defines tourism on the supply side, i.e. a system that produce services and tourist attractions that are generated from creations by tourism agents through combining resources possess of individual or organizations competence, this concept in strategic management is known as *resources-based views of the firm*.

Another approach is the socio-cultural approach. It comes from an understanding of the growing number of attentions to the tourism industry which also requires more socio-cultural approach. This approach is very important because it is directly related to humans and environment as the objects of tourism itself. Some of these approaches actually refer to what has mentioned that related to the application of planning principles there are two approaches [1]. The first approach emphasis the potential benefits of ecotourism with formal planning systems. Market demand and supply approach are included in this type.

The second approach with participatory planning terms tends more concerned with more balanced provisions and arrangements between building and controlled planning. This approach the sensitivity to natural environment as the impact of ecotourism development emphasized more. Stakeholder approaches fall into this category. Therefore, this study tries to explain the stakeholder approach in the development of tourism industry based on social contract theory [2].

In the development of tourism the lack of coordination between local government institutions and stakeholders in the tourism sector makes it difficult for tourism industry to be part of sustainable economic development.

2. Methodology

Content or Literature analysis is a technique of research by interpreting and coding textual material used to determine the presence of certain words or concepts within text and making replicability and validity inferences. By systematically evaluating texts (e.g., documents, oral communication, and graphics), qualitative data can be converted into quantitative data. Content analysis has been widely employed in analyzing social and environmental disclosure and called 'a formal system for doing something that we do informally rather frequently, drawing conclusions from content observations [3-5].

3. Results and Discussion

3.1. Stakeholder Approach: Conceptual Framework

The term 'stakeholders' is called groups or individuals whose support is necessary for the welfare and survival of the organization. Stakeholders are individuals, organizations or groups with an interest in a particular natural resource [6]. Stakeholders are individuals, groups of people, communities or society either wholly or partially have relationships and interests in the enterprise. Individuals, groups, communities and society can be regarded as stakeholders if they have characteristics, parties that have the power, legitimacy, and interests of the company [7]. Based on that definitions, it can be concluded that stakeholders are all parties related to issues and problems that become the focus of study or concern. In this case is related to tourism issues.

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Stakeholder theory states that all stakeholders should be considered in the decision-making process. According to this theory, the stakeholder management, or the social responsibilities of a company's operational does not end in it-self but is merely seen as a way to improve economic performance. This reflects that various stakeholders in the decision-making process which can be described as follows [8].

Table 1: Stakeholder Rolled in the Decision-Making

Stakeholder	Associated With (%)	Very Concerned With (%)
Customer	89	57
Employees	89	51
Shareholders	100	78
Supplier	70	3
The environment	62	5
Society	73	3

In general, stakeholders can be divided into two types. First, the primary stakeholders or 'key stakeholders' are those who are ultimately affected either positively or negatively by the actions of organization. Second, the secondary stakeholders are 'intermediaries' which are persons or organizations that are indirectly affected by the actions of organization. Similarly, it was revealed by Clarkson (1922-1998) who divided the stakeholders in two. Primary stakeholders are parties where without its participation, the organization cannot survive for examples such are shareholders, investors, workers, customers, and suppliers. Meanwhile, secondary stakeholders are defined as 'parties that influencing or been influenced by the company but did not involve in transactions with the company and does not so important in term of the continuity of the company'. For instance, such as mass media and certain interest groups. Companies do not rely on such group to be survived, but they can affect the company's performance in the future [9].

From here, depending on the process used and the stakeholders included has systemized the outcomes of stakeholder involvement that can be applied in tourism industrial development include [10-11]:

- information about the topics and issues of industry
- The decision-making process must incorporate public values and opinions
- Improved quality and legitimacy of the decisions
- etc.

The idea of stakeholder approach to tourism industry development, suggests that all related managerial and planners must design and implement processes which ultimately satisfy not only shareholders (characteristic for "classical" corporate approach) but also other various groups related to the tourism industries. In this process, the central task is how to manage and integrate the relationships and interests of all of the identified stakeholders in a way that it ensures the long-term success of tourism industry.

Therefore, in order to ensure long-term stability of the tourism industry and its outputs, the industry team has to identify and manage all stakeholders related to the tourism industry. It defines two generally accepted categories of stakeholders [12]:

- Primary stakeholders; those persons and groups that have a legal contractual relationship to the project.
- Secondary stakeholders; those who not regularly influence or affect or are influenced or affected by the project and engaged in transactions with the projects and may not be essential for projects survival (media, special interest groups, private citizens, various institutions).

3.2. Stakeholder Approach to Tourism Industry Development: An Analysis

Since the tourism industry is a culture-based industry, there will be many stakeholders involved in a tourism industry, directly or indirectly. Direct means directly involved in the process of interactions/tourism transactions such as tourism agency, tourist destinations, tour guides, businesses accommodation (hotels, motels, restaurants, shops and others), entertainment business, transportation, financial institutions and government as recipient of income from foreign exchange, levies and taxes. Indirectly means the parties who share with the increasing number of tourist attraction and the diversity of tour packages in particular destination which will cultivate various economic sectors such as craft industries, food industry, shopping malls and financial institutions as well as other various service businesses. In this case has explained that to formulate the strategy it is necessary to coordinate between the parties (organization) such as transportation business, accommodation, travel agents, tour agencies, government which directly or indirectly related, for example: with shopping centers (traditional and modern) and souvenir shops [13]. Thus, the relationship between organizations in the tourism industry is in line with the concept of inter-business relational exchanges, which in marketing science is conceptualized as relational relationship marketing [14].

The tourism industry has a wide range of broadly interconnected stakeholder groups. These stakeholders are grouped into three categories: (a) internal stakeholders, individuals or groups within the business organization structure that have an influence on industrial development objectives; (b) external stakeholders, individuals or groups outside the tourism business organization structure which have direct or indirect impacts on tourism business policies and processes; And (c) the liaison stakeholders, individuals or groups who have a role of liaising or links with internal and external stakeholders. The contribution of stakeholder in tourism development project is important as in their book, A Guide to the Project Management Body of Knowledge they argue that proactive stakeholder management is far better than adopting a reactive 'wait and see' approach [15]. They set out 4 ways to proactively manage stakeholders. These are: (i) Sustain their position (ii) change their attitude. (iii) Activate their help potential (iv) Reduce their harm potential [16].

Basically, stakeholder analysis is a technique how to gathering and analyzing systematically a quantitative and qualitative information to determine whose interests should be taken into accounts throughout the project. The interests, expectations, and influence of the stakeholders and relationships along with need to be influenced differently at different stages identified to the purpose of the project. The steps in general described as below:

- Identify all potential project stakeholders and relevant information such as their roles, departments, interests, knowledge, expectations, and influence levels. Key stakeholders are usually easy to identify.
- The potential impact or support of each stakeholder analyzed to define an approach strategy. In large stakeholder it is important to prioritize the stakeholders, to ensure the efficient of effort to communicate and manage their expectations.
- In order to influence them to enhance their support and mitigate potential negative impacts, the key stakeholders are likely has to react or respond in various situations, [16].

Based on the framework, then the influence of stakeholders can be known based on three things namely (i) interests, means that the organization/person having an interest in the existence and activities of the company; (ii) power, which is owned by an organization/person that may affect the company; (iii) legitimacy which means the organization/person who has the recognition of the supporting parties. In relation to the tourism industry the mapping of roles and contributions can be seen as follows:

Table 2: Role, Involvement of Various Stakeholder And Its Benefits in Tourism Industry Development [11]

Stakeholder Category	Involvement and Contribution	Benefits
Local governments and tourist boards	Provider of spot infrastructure and transport regulation dealing with local logistics. Local tourist boards promote events actively.	Affirmation and presentation of their activities to the public and visitors
Additional local organizers	For Each event.	Affirmation and presentation of their activities to the public and visitors
Local civil society organizations	Providing additional offer and value to the events: for example, Sports climbing Club assisted during any tourism event and presented their activities.	Opportunity to sell their products and/or custom-made souvenirs related to the events (for example ancient jewelry replicas)
Hotels, tourist agencies, private accommodation renters	Selling tickets and promoting for the events among their guests	Commission for sold tickets and opportunity to get a unique cultural experience
Local inhabitants, family agricultural businesses	Local family agricultural business offer their traditional products during the events, creating a more intense experience of the destination	Chance to promote local products and sell indigenous home-made products
University / Education Institutions	Students of the interdisciplinary study programed "Culture and Tourism"	Hands-on organization, the management observation and dynamics implementation of a cultural tourism project of this type.
Sponsors/Tourism Agency	Products donation and financial contribution to the event organizations	Promotion among (especially foreign) tourists as potential consumers

From every contribution and involvement in decision making, each stakeholder has its own criteria to determine how well the performance of a company, tourism enterprise in this regard. The criteria of activities undertaken by tourism enterprise are usually related to the direct or indirect impacts on the interests of stakeholders. These built criteria indicate that top management needs to "keep the achieved value" from its stakeholders as shown in the table below, top management should establish one or more simple measures for each category of stakeholders [17].

Table 3: Performance Measurement of Stakeholder

Stakeholder Categorize	Possible Short-Term Measurement	Possible Long-Term Measurement
Customer	Sales ($ and volume) New Customer Number of new customers whose needs are met	Growth in sales Customer cycle Ability to control the price of tourist attraction
Supplier/Agency	Cost Delivery time Stock Availability of tourist facilities	Growth rate: Material cost Time Inventory of tourist facilities New ideas from tourism agencies
Community	EPS Price of tourist object Number of lists "who buy shares" ROE	The ability to convince Wall Street about the strategy Growth of ROE
Employee	Number of suggestions from employees Productivity Number of developing Issues.	Number of internal promotions Resigned employee
House of Representatives	The number of regulations affecting the tourism industry Access to important people and representatives of the people	The number of new regulations affecting the tourism industry The ratio meetings with people's representatives which produce "cooperation" or "becomes a competitor
Consumer representative institutions	Number of meetings with consumer representative institutions Number of "hostile" meetings The amount of cooperation generated Number of lawsuits against company	The number of changes in the policy towards the tourism services representative agencies The amount of assistance provided to the consumer representative agency
Environmentalist	Number of meetings of environmentalists Number of "hostile" meetings The amount of cooperation generated Number of complaints received from EPA Number of lawsuits against the tourism agency	The number of changes in policy towards environmentalists The amount of aid given to environmentalists

As reminder, the stakeholder involvement must possess five characteristics: fairness, efficiency, knowledge, wisdom, and stability [18]. By that, it conveys elements of successful participatory tourism planning with a stakeholder approach: 1) requires effective leadership (credibility as a person who understands, empathy and cares with the opinions of other stakeholders, require expertise credibility which is needed in the tourism area, independent, ability to identify the real and unreal problems, to organize participants, willing to develop groups, able to direct the involvement of the top down to the bottom up, 2) empower local community in the area of tourism, 3) Linking economic benefits with the conservation and protection of tourism objects, 4) involve local stakeholders in each stage of the tourism service project, 5) local participation in monitoring and evaluation of tourism projects [1].

4. Conclusion

The management, development, and financing of tourist areas require the carrying capacity of many stakes holder (public, private, and society), so that the process can run smoothly. It is important that the direct inclusion of various stakeholders in project activities is implemented. As indicator of implementation of cultural project tourism industry at regional level, the initiative of public institutions sometimes can be a "break-through" for a new

tourism offer as well as a generator on a micro level for positive changes of various stakeholders [19]. In order to activate various stakeholders' involvement in the implementation of project activities, it is important to:

- establish collaboration mechanism efficiently on trust and informal communication
- foster creative potentials of stakeholders within the project, the stakeholders must get a certain level of autonomy and visibility.
- provide non-financial benefits from their participating in the activities

However, stakeholder theory (in its two flavors) may have the capacity to broaden the understanding of the presumably increasing importance in Tourism industry development.

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