A PROPOSED MODEL ON STAKEHOLDERS IMPACTING ON DESTINATION MANAGEMENT AS MEDIATOR TO ACHIEVE SUSTAINABLE TOURISM DEVELOPMENT

Vu Minh Hieu¹, Ida Rašovská²

¹ Vu Minh Hieu, Mendel university in Brno, hieuvu2000@gmail.com
² doc. Ing. Ida Rašovská, Ph.D., Mendel university in Brno, Faculty of Business and Economics, Department of Management, ida.rasovska@mendelu.cz

Abstract: This paper aims to propose a conceptual model of impacts of stakeholders to destination management of which destination management is seen as a mediator for sustainable tourism development. Various databases including Google Scholar, Scopus, Science Direct, etc. for peer reviewed journals, books, and other relevant publications are searched and collected on the subject. As the result, the conceptual model is built up with the purpose to provide directions for researchers examining relationships of variables of internal stakeholders, external stakeholders, and destination management leading to sustainable tourism development. Besides, testing of this model provides deep understanding of the factors, their impacting levels and their importance. The study is done with an empirical case of Vietnam of which can use to demonstrate some concept for business behavior in other areas. Therefore, proposed model of further research or analysis is perfect opportunity to discuss paper in connection of business/company/public sector impact on destination/sustainable tourism and useful to literature of sustainable tourism development and stakeholder theory.

Keywords: Stakeholders, sustainable tourism development, destination management, conceptual model

JEL Classification: M10, Z32, Q01

INTRODUCTION
Tourism is growing on global level and becoming one of the largest and fastest growing economic sectors in the world (WTO, 2012) and it is considered a valuable economic development opportunity for many countries (Choi & Sirakaya, 2006; Berrittella et al., 2007) and a lifebuoy for developing, maintaining or improving the economy, especially in poor, less developed countries (WTO, 2012). Vietnam is considered as peaceful and favourite destination in South East Asia and in the World and Vietnam tourism has revealed inadequacies in the development process, sustainable development shortage, etc. Phu Quoc – an island district of Kien Giang Province of Vietnam is out of that trend although it owns much potential to the tourism development such as long coastline, beautiful beaches, numerous islands, coral reefs, tropical forests, diverse ecosystem, historical relics and, cultural heritages, etc. Besides, Phu Quoc is also decided by Vietnam government to be the Special Economic Administrative Region and to have a master plan for tourism development to be a key pearl island in Vietnam. However, Phu Quoc is facing not only several hidden drawbacks, which are generated by a (too) fast growth but also tourism development challenges such as transportation, infrastructure, human resources, environmental protection, etc. One path to mitigate weaknesses and to strengthen the positive impacts of tourism, it is to develop tourism in a more sustainable manner and to become an ideal destination. To achieve the sustainable tourism development, it is required to have a collaboration of many stakeholders and the approach on how to manage a destination in sustainable manner. Therefore, this study is done with Phu Quoc analysis as an empirical case to form a conceptual
model on stakeholders impacting on destination management which is seen as a mediator to achieve sustainable tourism development aiming to provide directions for researchers examining empirically relationships of variables of internal and external stakeholders’ destination management leading to sustainable tourism development.

1. LITERATURE REVIEW

1.1 A review on stakeholders in tourism industry

There are many definitions of stakeholders to date and most of them are derived from Freeman’s original definition (Hallahan, 2000; Miguez González, 2007). Freeman (1984) defines a stakeholder as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. This definition is really broad and inclusive. Freeman (1984) expresses relationships with several groups and individuals such as employees, customers, suppliers, stockholders, banks, environmentalists, government, members of the communities, governments, etc. are existing in the organisation and stakeholder is any group or individual who relates to a corporation’s operations and purpose. (Freeman, 1984). This definition is accepted by many scholars as Sheehan & Ritchie (2005), Currie et al. (2009), Waligo et al. (2013), Gyrd-Jones & Kornum (2013).

Donaldson & Preston (1995) identifies as a stakeholder the group or individual obtained the legitimate interest in the organization or activity. Stakeholders are risk-bearers (Savage et al., 1991). They own financial or human capital at risk pursuant to the organization’s behaviour and stakeholders are described to “have an interest in the actions of an organization and the ability to influence it” (Savage et al., 1991). In addition, Carroll (1993) defines stakeholders as “those groups or individuals with whom the organization interacts or has interdependencies” and “any individual or group who can affect or is affected by the actions, decisions, policies, practices or goals of the organization”.

There are researches on stakeholders, stakeholder identification and involvement in business management and operation concentrating in the management and power of stakeholders (Freeman, 1984; Clarkson, 1995; Donaldson & Preston, 1995). In tourism literature, based on the audit including of stakeholder identification, interests’ determination, power estimation of each stakeholder group, and stakeholder relation improvement strategy (Hall, 2000), their categorization, management, and prioritization have been done (Clarkson, 1995; Yuksel et al., 1999; Hall, 2000; Ryan, 2002; Sheehan & Ritchie, 2005; Timur & Getz, 2008).

Pursuant to circumstances and diversity, the stakeholder study is done upon to the right to be involved irrespective of their level of power (Curry, 2001; Steelman, 2001; Carmin et al, 2003) and also with their interests’ salience (Gunn, 1994; Yuksel et al., 1999; Andereck & Vogt, 2000; De Lopez, 2001; Gursoy et al., 2002; Davis & Morais, 2004).

Concerning to the role in tourism development, four stakeholder categories has been categorized as tourists, residents, entrepreneurs and local government officials (Goeldner & Ritchie, 2003). Stakeholders (Weaver & Lawton, 2002) are expanded to origin governments, tertiary educational institutions, and non-government organizations (NGOs) by their important role-plays in the tourism development. In the tourism context, to gain the tourism development, all parties are required to be related and reach the opportunity to influence its management (Sautter & Leisen, 1999; UNEP & WTO, 2005), especially for sustainable tourism development, it must have the stakeholders’ support and involvement of stakeholders into the planning process (Byrd et al., 2009; Currie et al., 2009; Jamal & Stronza, 2009; Waligo et al., 2013).

Mitchell et al. (1997), stakeholders are considered as players (internally or externally) by their direct or indirect relationships to an organisation’s management/ operation. They are classified upon to the three basic attributes: power, legitimacy and urgency in which power as “the extent to which a party has or can gain access to coercive, utilitarian, or normative means, to impose its will in the relationship”, legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate
within some socially constructed system of norms, values, beliefs, and definitions” and urgency “as the degree to which stakeholder claims call for immediate attention” (Mitchell et al., 1997).

With Clarkson (1995), stakeholder groups are differentiated into primary and secondary. The primary stakeholders is for its survival of the organisation including investors, employees, customers, and suppliers, while secondary groups are not essential for organisation survival but influence or are influenced by (Clarkson, 1995). Savage et al. (1991) also identify primary and secondary stakeholders if the issue is salient to them. Primary stakeholders are groups in connection with formal, official or contractual relationships and have direct economic impact or without which the organisation cannot survive (Freeman, 1984; Savage et al., 1991; Clarkson, 1995). With this group, some scholars show they are owners, managers, investors, employees, clients and suppliers (Savage et al., 1991; Hill & Jones, 1992). In addition, the importance of the primary stakeholders is also recognised in organisation mission achievement, etc. All other groups are not including in primary stakeholders and they make up part of the secondary stakeholder group and they do not engage in the economic activities but have influence (Savage et al., 1991; Carrol, 1993). Also, they have variable power that is legitimacy based (Mitchell et al., 1997). They include non-governmental organizations (NGOs), activists, communities, the media and public administrations, among others (Garriga and Mele, 2004).

The stakeholder theory has been extensively employed to identify the primary stakeholders who are important for a tourism destination and discover their interests. Research shows diverse stakeholders in tourism systems are residents, entrepreneurs, government officials, and tourists (Murphy, 1983; Byrd, 2007; Nyaupane & Poudel, 2011). The relationship among these stakeholders is complex and dynamic as the roles of stakeholders are site-specific, varying in type and extent with time, resources, and leadership (Sautter & Leisen, 1999; Byrd, 2007). Trade-offs are existed among the stakeholders regarding the nature of tourism development (Murphy, 1983; Hawkins & Cunningham, 1996; Sautter & Leisen, 1999; Byrd et al., 2009).

The concept of stakeholders assumes that a destination takes central place within the relationship network of other interest and influential groups, to ensure the long-term existence of the destination, where the stakeholder is each person or group that can influence or can be influenced by meeting the goals of destination (Sheehan & Ritchie, 2005; Currie et al., 2009; Waligo et al., 2013; Gyrd-Jones & Kornum, 2013).

1.2 Concepts of destination management

Hu et al. (2003) and Presenza et al. (2005) defined tourist destination as ‘a package of tourism facilities and services which like any other consumer product is composed of a number of multidimensional attributes’ and Buhalis (2000) point out the destinations are combinations of tourist products offering an integrated experience to consumers. World Tourism Organisation - WTO (1999, 2007), a tourist destination is “an important place visited by tourists which represents the basic unit of analysis in tourism”, and destination management is “the co-ordinated management of all the elements that make up a destination (attractions, amenities, access, marketing and pricing)”. Besides, with destination management, it requires to have a strategic approach to link-up all or some separate entities to gain the better management of the destination (WTO, 2007). Franch & Martini (2002) define destination management as “the strategic, organizational and operative decisions taken to manage the process of definition, promotion and commercialisation of the tourism product to generate manageable flows of incoming tourists that are balanced, sustainable and sufficient to meet the economic needs of the local actors involved in the destination”.

Geić (2010) states destination management as the process of creation, guide and adjustment of all the factors to produce a unique tourist product of a destination in which individuals work together and effectively realize established socio-economic goals. In practice, for managing a tourist destination, that is a long-term process which ensure the destination competitiveness and to achieve a higher quality of life standard for local inhabitants and the cultural identity preservation of the whole tourist destination (Blazević, 2007). As this aspect, some scholars such as Magaš, (2003), Krešić (2007), Sheldon and Park cited in Bartoluci (2013) also
comment. The first thing in the destination management is for its competitiveness and sustainability. This is to create long-term insurance of the destination competitiveness and essential goal achievement of the tourist organization management (Sheldon & Park cited in Bartoluci, 2013). Concerning to the destination competitive advantage, its definition is the ability on the tourist consumption increase, tourist attraction on the major scale with an unforgettable experience, and they are all making profitable to future generations (Petrić, 2011; Sheldon & Park cited in Bartoluci, 2013). In addition, to manage a destination, it is also required the linkage of all tourist community such as hotel and accommodation providers, restaurants, agencies, other service providers and etc. (Bartoluci, 2013).

In the management of tourist destination, the principles, courses and requirements as any other system management gaining profitable profit must be complied. As Magaš (2008), the management of tourist organization and destination can be defined as the process of shape, management and development of a tourist system, public offer and public interest in a destination. Karmen (2009) defines tourist destination management is the science of organization and implementation of tourist destination and efficient usage of human, financial and material resources. Tasks in tourist destination management organizations (DMO) should have according with the objective of the organization. Besides, WTO (2004) defines DMO as the organization responsible for the management and marketing of destinations. Morrison et al. (1998) propose five main functions of a DMO and Heath and Wall (1992) argue that DMOs recognise the importance of non-marketing activities in the development, enhancement and maintenance of the destination competitiveness and DMO tasks such as strategy formulation, stakeholders’ interest representative, destination marketing and co-ordination of some activities. Sheehan & Ritchie (2005) define 32 tourism stakeholders (the most important) such as hotels, government (at different levels), attractions, board of directors, convention centres, DMO’s members, residents, restaurants, universities and colleges, local chambers of commerce and sponsors and the importance of the stakeholders in DMO objectives achievement.

1.3 Related literature on sustainable tourism development
The sustainable development was firstly mentioned in the report of the World Commission on Environment and Development (Our Common Future, 1987) and it is defined as “that development meets the needs of the present without compromising the ability of future generations to meet their own needs” (Our Common Future, 1987). Researches on sustainable tourism development have attracted and increased recognition within academic literature for years and to date, governments, NGOs and scholars have expanded that definition varying with needs of the various sectors of the economy, including the tourism. WTO (2001) defines “sustainable tourism development meets the needs of present tourists and host regions while protecting and enhancing opportunities for the future. It is envisaged as leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems”. According to WTO (1992), the foundation for sustainable development in tourism are sustainable preservation of ecological, socio-cultural and economic components, with the presence of human activities and processes as a key factor (Swarbrooke, 2000; Vukonić & Čavlek, 2001; Dukić, 2001; Črnjar & Črnjar, 2009). Through the years, sustainable tourism management researches has concentrated into the integration of social and environmental concerns into tourism business strategy. To achieve to sustainable tourism development, the most important is gaining the sustainability of the tourism management which includes sustainable tourism destinations. This term “sustainable tourism destinations” emerged from the need to develop tourism destinations in a sustainable manner (Lee, 2001). In fact, the tourism industry’s competitiveness is closely related with its sustainability because the quality of tourist destinations is strongly influenced by their natural and cultural environment and their integration into a local community. In addition, the tourism sustainability covers a number of aspects as the responsible usage of natural resources, over-consumption and waste.
reduction, the use of ‘clean’ energy, heritage protection and natural and cultural preservation of destinations, training staff, local economic supports or customer care, etc. (United Nations Sustainable Development, 1992). Additionally, sustainable tourism is one of the approaches to the development of the tourism sector assisting tourism decision-makers to best balance its positive and negative effects on current and future population (United Nations, 2001).

In the sustainable tourism management literature, many scholars have paid their attention to the significance of stakeholder theory (Sautter & Leisen, 1999; Byrd, 2007; Waligo et al., 2013). The majority of these studies follow Freeman’s view of stakeholders (1984). Understanding the role of tourist destination in the development of certain regions is strongly related to the concept of sustainable development.

1.4 Relations of stakeholders, destination management and sustainable tourism development

Freeman’s stakeholder theory (1984) provides a framework for management and organizational contexts for tourism application. In the sustainable tourism management literature, many scholars have paid their attention to the significance of stakeholder theory (Sautter & Leisen, 1999; Byrd, 2007; Waligo et al., 2013). Each stakeholder has a different perspective of the development and different goals. Basic function of this concept is connection and coordination of stakeholders’ different interests within a destination to create a quality product and recognizable destination image, to achieve the excellence and long-term competitiveness on the market and also the destination sustainable development. Pursuant to Jamieson (2006), the future of a destination can be affected by the variety of stakeholders. As stated above, destination management required to have “a strategic approach to link-up all or some separate entities” (WTO, 2007) and in addition, UNEP (2005) recognises stakeholder participation in tourism development requires harmonized development of three factors of ecological, social and economical. However, in a fast changing tourism sector, to achieve this, fragmentation of stakeholder interests, many regulations, different levels of authority, and competition is difficult (Sheenan and Ritchie, 2005). The tourism sector at the destination is dynamic and creates business opportunities, jobs, income and a wide range of tourism services comprising of residents, local government, local business organizations, local institutions and associations with the onus on the public sector to manage constant change (WTO, 1993).

The local community is a participant in development of tourism decision-making. The community consist of residents, local government, local business organizations, and local institutions and associations (WTO, 1993). Industry and government of all levels are as most important stakeholders in relation with tourism projects (Madrigal, 1995; Timur & Getz, 2008). Gunn (1994) states that stakeholders must be involved throughout the entire planning and management process, not just the initial stages. According to Sheehan and Ritchie (2005), tourism strategies may be failed because of the poor communication and stakeholders’ exclusion from decision-making or demand support to only a few stakeholders. Effective stakeholder participation is aimed to gain difference balance among stakeholders toward goal-sharing and trust establishment on a wider acceptance of plans, policies for community development (Ryan et al., 2002; McKercher, 2003; Jamal, 2004; Andriotis, 2005; Belle and Bramwell, 2005; Timur & Getz, 2008, D’Angela & Go, 2009; Reed et al., 2009; Reed, 2009; McDonald, 2009). Yuksel et al. (1999) emphasize the need for stakeholder feedback as central to facilitating tourism development, as there has been limited research on individual stakeholder perceptions (Hardy, 2005). Internationally, concern on how to gain the sustainable management of tourism destinations is growing. Sustainable management of destinations are beyond the individual performance of a business, company, local authority and other organisations. Sustainable management looks toward a holistic and integrated participation of all individual performance contributing to the greater goal of the destination as a whole. Studies also point that management of sustainable development in tourism in relation with different stakeholders is very complicated and often have problems because of misunderstanding of the sustainable development
concept or the impossibility of its implementation (Hardy & Beeton, 2001; Ko, 2005; Choi & Sirakaya, 2006; Koutsouris, 2009).

Given that, the sustainable development implementation in tourism relies on involvement and interest of all stakeholders within a tourism system or a destination, the concept of stakeholders which aims to represents a possible presumption for its implementation. Stakeholders impacts on destination planning and management (WTO, 2005; Pjerotić et al., 2016) and each stakeholder acts differently their own benefits and interests. Also, their actions or decisions actions can be short-term or long-term aims, responsibility or irresponsibility, which lead to a range of effects on the environment, economical scales and socio-cultural issues (WTO, 2005 & 2007; Pjerotić et al., 2016). Furthermore, DMO(s) which stands for Destination Marketing Organization plays a key role in the long-term development of a destination by formulating an effective strategy. DMO represents destinations and helps to develop long-term travel and tourism strategy (Morrison, 2013; Ritchie & Crouch, 2003) and thus, DMO(s) is seen as mediators and initiators in the destination network (WTO, 2005). In term of the DMO activity, DMOs’ activity is based on both public and private - financial and not financial – contributions, it is important to understand what advantages stakeholders may benefit from, as a result of the contributions they provide. The stakeholder concept in sustainable development is aimed to determinate potential interest and influential groups (also key groups or other interest group) in tourism, and enable their participation to provide socio-economic prosperity. For its smooth and perfect implementation, it requires to have a systematic, quality and effective management of tourism destination, normally addressed as destination management or destination management of organizations (Magaš, 2008; Blažević & Peršić, 2009). Most studies and models present stakeholder analysis from the perspective of CEOs and managers (Mitchell et al., 1997; Agle et al., 1999; Vos, 2003; Sheehan & Ritchie, 2005). The results of those studies emphasized the socially constructed nature of stakeholder identification and salience.

2 OBJECTIVES AND METHODOLOGY

This paper aims to propose a conceptual model on impacts of stakeholders on the destination management where is as mediator leading to sustainable tourism development in Phu Quoc island (destination) by the following reasons:

- To date, the studies of destination management and sustainable tourism development do not exist in Phu Quoc island.
- The question is made if the stakeholders really relate and impact to the process of destination management and if it leads to sustainable tourism development.
- In addition, according to the literature reviews and the current situation in Phu Quoc in term of sustainable tourism development, there is the difference between theory and practice. As in the stated literature, the stakeholders are related to destination management but as in case of Phu Quoc island, the question is if all of them (stakeholders) are practically involved and if the good or excellent destination management as its role of the mediator will make Phu Quoc become sustainable tourism development. Therefore, the model is required to build up with the purpose to provide directions for researchers examining empirically the relationships of each variable of internal and external stakeholders and destination management leading to sustainable tourism development. The empirical study is suggested to be done to confirm if relationships of variables exit or need to be changed to adapt with the current circumstance of the Phu Quoc island of Vietnam. Besides, testing of this model provides deep understanding of the factors, their impacting levels and their importance in Phu Quoc island context which a proper development strategies can be formulated in Phu Quoc destination management and lead to sustainable tourism development.

Therefore, this study is totally based on secondary data collected from different sources. Various databases including Google Scholar, Scopus, Science Direct for peer reviewed journals, books, and other relevant data sources were used.
publications are searched and collected on the subject. Later, a systematic review of collected literature and the content analysis were done to reduce bias through comprehensive literature searches. Based on this, 94 publications were found relevant and usable for this study.

3 RESULTS AND DISCUSSIONS

Weaver & Lawton (2002) states that a tourism sector includes accommodation, transportation, food and beverage, tour operations, travel agencies, commercial attractions and merchandizing of souvenirs, and the sum of industrial and commercial activities that produce goods and services mainly for tourist consumption. In addition, Pavlovich (2003) point out tourism destination comprises of different complementary and competing organizations, multiple sectors, infrastructure and an array of public/private linkages creating a diverse and fragmented supply structure. By this essence of these definitions, tourism sector/industry is considered as the organisation. Therefore, all related definitions are considered under this viewpoint. As stated above, a stakeholder implies any person or group with interests, rights, a claim or ownership in the organisation (Freemen, 1984; Savage et al., 1991; Carroll, 1993; Clarkson, 1995; Donaldson & Preston, 1995; Weiner, 1996; Jefkins, 1997; Sautter & Leisen, 1999; Weaver & Lawton, 2002; Goeldner & Ritchie, 2003; Sheehan & Ritchie, 2005; UNEP & WTO 2005; Byrd et al., 2009; Currie et al., 2009; Jamal & Stronza 2009; Gyrd-Jones & Kornum, 2013; Waligo et al. 2013). Under the management theory, there are 2 kinds of stakeholders. They are internal and external stakeholders. Besides, this classification is for entities within a business e.g., employees, managers, board of directors and outside a business itself but who care about or are affected by its performance e.g., consumers, regulators, investors, suppliers; etc.

- For the internal, they are employees, managers, owners
- For the external, they are suppliers, society, governments, creditors, shareholders and customers (tourists). In which,
  - Society: They are competitors (entrepreneurs), social agents, governments, tertiary educational institutions, non-government organizations (NGOs), environmentalists and the local community/residents
  - Financial institutions and creditors are those responsible for providing the finance necessary to develop an construct new infrastructure that will help to promote tourism in a specific destination.
P1: Employees directly and positively impact on destination management.
P2: Managers have direct and positive impacts on destination management.
P3: Owners have direct and positive impacts on destination management.
P4: Suppliers have direct and positive impacts on destination management.
P5: Society directly and positively impacts on destination management.
P6: Government has direct and positive effects on destination management.
P7: Creditors have direct and positive effects on destination management.
P8: Shareholders have direct and positive effects on destination management.
P9: Customers has direct and positive effects on destination management.
P10: Destination management has direct and positive effects on sustainable tourism development.

CONCLUSIONS

By reviewing stakeholder theory, the study provides a comprehensive conceptual review and as a consequence, a conceptual model and research propositions of the impacts of stakeholders on destination management leading to sustainable tourism development is proposed. The authors suggest an empirical study should be done to confirm if the model exits or changes to be adapted with the currents of the destination. This study makes some contributions and managerial implications. The new model is believed to be useful for the theory of stakeholder theory, destination management and sustainable tourism development. Furthermore, proposed model of further research or analysis is perfect opportunity to discuss paper in connection of business/company/public sector impact on destination/sustainable tourism although the study is done with an empirical case of Vietnam of which can use to demonstrate some concept for business behavior in other areas.
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