Structure of the tourism and hospitality industry and role of stakeholders:

(Burcu & Ozgur, 2008) The stakeholders' needs and demands are understood and responded to by organizations, based on the concept of stakeholder management. According to (Svendsen, 1998), the main role of stakeholder management is to protect the organization from the damaging impacts of the activities of the stakeholder. Some techniques like consultation, issue analysis, strategic communications, and formal contracts or agreements should be utilized by the organization.

(Huber, Scharioth, & Pallas, 2004), explained that organizations strive to gain the trust of the main stakeholders, who have a greater influence on them and with whom they have constructive interactions. For any organization, financial success is important and they will use any tools at the expense of the environment, members of staff, and/or local communities. This careless attitude will result in losses and damages in relationships with the stakeholders. The two significant variables for the decision on stakeholders by an organization are a) their possibility of threatening an organization and, b) their possibility of cooperating with an organization. The two relationship variables are cooperative potential and competitive threat. These two relationship variables reflect the capacity of stakeholders' for cooperation and threat in a specific matter facing the organization.

(Lim, Ahn, & Lee, 2005), stated that companies can adopt four possible categories for stakeholder management: a) reactive, b) defensive, c) accommodative, and d) proactive. Depending on the stakeholder's potential for threat and cooperation, companies decide their postures and strategies for stakeholder management such as a) leading, b) collaborating, c) involving, d) defending, e) educating, and f) monitoring. (Clarkson Centre for Business Ethics, 1999), developed a list of the essential principles of stakeholder management.

1. The first principle highlights the requirement of identifying stakeholders' legitimate interests, which will be used in decision making processes by an organization.
2. The second principle refers to the need for communication between the organization and its stakeholders. The engagement with the stakeholder is required to reduce conflicts.
3. The third principle reflects the idea that there could be differences with the involvement of stakeholders in the organization. While the organization may have official relationships with few of stakeholders, other stakeholders are approached in unofficial ways either through direct contact, press release or advertising.
4. The fourth principle underlines the significance of balancing risks and rewards among various stakeholders impartially and observes the need of distributing benefits to all parties.

5. The fifth principle highlights the need for cooperation with public and/or private entities with the sole objective to reduce risks related to corporate practices.
6. The sixth principle relates the aspect of respecting human rights which are threatened by the present and future activities in an organization.
7. The last principle brings the attention of managers to identify their own difference of interests to normalize stakeholder relationships in order to increase credibility of organization.

Strategic Stakeholder Management: Tourism's Perspective

One of the important generators of revenue is the Tourism sector which is also a job generating sector and serves as a medium of development. Tourism sector has gained great importance as it generates economic development and prosperity even in places which would not be used as an economic source. The industry's coordinated actions; highly fragmented and diverse structure makes it special and successful.

The tourism sector could be contemplated as a system. As (Mill & Alastair, 2002) mentioned, there are many reasons to view tourism as a system. Some of them are:

1. Interdependency in tourism i.e., all organizations in this sector are interrelated parts and work together to achieve common goals.
2. Dynamic and constantly changing characteristics i.e. it be affected by outer influences such as political uncertainty, war, international relations, terrorism, technological developments, epidemics, and changes in demographic conditions.
3. Complex sector with different types of activities and organizations.
4. Intense competitiveness of tourism i.e. all kinds of tourism organizations have to vie with each other globally.
5. Need for responsiveness. Tourism is a sector where many elements which are independent and any change in one element can cause changes in other parts. Therefore, it's important to maintain harmony of all parts. The stakeholder management practices should be utilized to create the harmony and forge strong relationships between the tourism organizations and their stakeholders.

Environmental trends in the global tourism industry:

(Dwyer, Deborah, Nina, Carolina, & Noel, 2008) Tourism is closely connected to the environment. The two main reasons for determining the viability and attractiveness of an area as a tourist destination is the natural environment and climate conditions (Dwyer & Kim, 2003). The developments for tourism are based on features such as gaining easy access for visitors to natural or manmade environments. The concerns of stakeholders of tourism which include researchers has always centered on the ways tourism development may offer opportunities for managing environmentally sensitive

areas and the conservation of unique environments. (United Nations Environment Programme ((UNEP), 2002), reported that the focus is on tourism where it can help in reducing environmental pollution and usage of resources.

The main environmental trends include change of climate, depletion of natural resources and loss of biodiversity:

- **Change of Climate:**

The increase in release of concentrations of greenhouse gases influences the change of climate and global warming. Climate change is a global occurrence and its major effects are felt at the local and regional scale. Effects of climate change and warming trends include: rise in sea-level, changes to ocean currents, melting of glacial and polar ice, losing of snow cover, high heat index and high diurnal temperatures, and changes to precipitation patterns (IPCC, 2007).

Climate changes are influential in determining the destinations preferred by tourists and also on the profitability of the industry through increase in costs of energy use.

Policies to lessen emission of greenhouse gas will invariably affect the operator costs and destination competitiveness particularly for longer destinations (Dwyer & Forsyth, 2008).

- **Depletion of natural resource:**

The increasing paucity of natural resources required to steer industrial development will give rise to a number of effects. The factors affecting the availability of natural resources like food production, water and energy, are increase in population and economic development. The result of 'peaking' in oil production, commonly known as 'Peak Oil', will increase the expenses of fossil fuel based energy sources.

'Peak Oil' refers to the maximum rate, i.e. 'peak' of production of world oil to a point beyond which it goes to permanent decline. The decline in production of oil along with increase in demand will result in increase of fuel costs. Consequently, the new 'carbon economy' is set to push the want for energy efficiency and investment in renewable forms of energy. In future, half of the world's population will face shortage of water due to scarcity of water resources. The arable land and native bush land will diminish extensive agriculture and broad-scale land clearing due to demands for higher food production.

- **Loss of bio diversity:** (United Nations Environment Programme (UNEP), 2003), reported that the main danger to loss of species biodiversity is habitat loss. Loss of biodiversity is expected to substantially affect those destinations that highlight nature based or eco tourism.

Analyzing Marketing Opportunities & Challenges: The Macro-environment

(Amy, Eliza, & Cynthia, 2009) The major macro-environmental forces recognize and discuss the affect the ability of hospitality industry to market its offerings. All organizations in the hospitality industry function in a constantly changing macro-environment, and thus giving prospect for marketers to conduct business or pose threats to the companies. The environmental changes have to be monitored closed before marketing strategies are considered by companies. The hospitality marketers must analyze and observe the six major forces (demographic, economic, political/legal, social/cultural, technological and natural/ecological), as shown below:
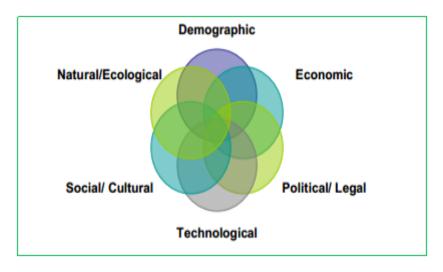

Figure 1: Macro-Environmental Forces

Environment	What it is?	Relevant indicators (Examples of what to study?)
Demographic	Characteristics of people that structure the geographic unit of analysis as country, state, region.	Population size, density, gender, age structure, occupation, geographic distribution, ethnic mix.
Economic	Issues affecting the nature and path of the economy in which an organization operates.	Disposable income, power of purchasing, interest rate, GDP growth, inflation, consumption pattern, unemployment rate.
Political/Legal	Issues related to electoral politics, legislative and regulations, including regulatory agencies and pressures from interest groups.	Government stability, Control of wage/ price, Implementation of legislation such as equal opportunities, health and safety, tax policy, lawsuits, patents/ copyrights.

Technological	Changes in product/service/process technologies.	Activities in Research and development, applications of knowledge, information management, development of new product / service, improvement in productivity.
Social/Cultural	Values people hold and broad trends in society	Research and development activities, new product/ service development, productivity improvement, applications of knowledge, information management.
Natural/Ecological	Issues pertaining to environmental sustainability.	Water and air quality, solid waste, energy management, conservation, recycling.

Table 1: Macro-environmental Forces

Market research

Importance of Psychographic Research

(Yvette & Felix, 2004) (Wells, 1975), defined Psychographic research as "quantitative research intended to place consumers on psychological dimensions." According to (Gladwell, 1990), this type of research "analyzes consumer's attitudes, perceptions, needs, interests, opinions, activities, and daily lifestyle." (Shih, 1986), recognized that "Psychographics is very meaningful and relevant" and (Abbey, 1979) stated that "it's very important means to provide additional information beyond the demographic characteristics." Abbey suggested that psychographic variables produce major differences between the groups of consumers, and these differences were bigger than the differences produced by the demographic profiles. (Mayo, 1975), stated that psychographics are useful than demographics in explaining consumers because they differentiate better between them (Ryel & Grasse, 1991).

The market segmentation has found a valuable means in Psychographics. (Gladwell, 1990), observed that psychographic characteristics of tourists have to be examined thoroughly by marketer if their destinations need to be marketed successfully to tourist. Psychographic variables are helpful in recognizing various types of tourists, distinguishing their segments and differentiating between the segments (Schewe & Calantone, 1978). Psychographic measures provide complete profiles of tourists and give the marketers a clear picture of the tourists they are attracting. Psychographics cannot be independent even though psychographics has a comparative advantage over demographics, (Schewe & Calantone, 1978). In order to understand a consumer market better, marketers should use psychographic data along with other criteria such

as demographic, geographic, or behaviorist. Psychographic data needs to be incorporated in its research studies of the tourism and hospitality industry to benefit from the knowledge of its customers.

The data was collected through a qualitative research method. Qualitative methods offer varied empirical processes intended to describe and interpret the experiences of participants in a context specific setting. Data was collected from 30 representatives via semi-structured, in-depth interviews. Local residents, governmental, non-governmental and academic stakeholders were considered in order to acquire the opinion locally, regionally and nationally regarding the implementing sustainable tourism development.

The concept of sustainable tourism development became important due to fact that local residents are involved in tourism planning and decision-making. (Jackson, 2000). A sampling strategy was arrived at to ensure residents participating were ambassadors of a cross-section of the community. The sampled residents included those who resided in the tourism/non-tourism zone and were directly/indirectly involved with and/or affected by tourism activities. Many of the interviewed residents and who were involved in the industry were engaged as local guides or owners of home stay lodging and resorts, or souvenir and food catering shops. In-depth interviews saw participation of 20 local residents. Convenience sampling constituted a technique of non probability that attempts to get a sample of convenient elements which is less expensive and less time-consuming when compared with other sampling techniques (Malhotra, 2004).

Governmental institutions had an essential part in sustainable tourism development initiatives. Therefore, they participated in the study and to aid in establishing a swell of other respondents. This was considered the most appropriate method, as the researcher was not well informed about the formal or informal 'network connections' locally (Jennings, 2001). The researcher chose a few respondents involved decision making for the destination i.e. Town Council, Sub-District Administration Organization. Other relevant stakeholders interviewed were the local tourist office, a non-governmental organization and academics. Totally 10 governmental respondents were interviewed. Interview questions related to the sustainable tourism development concept and stakeholders were developed. These questions were directed to five local residents in August 2012. The interviews led to alterations in: (1) interview time and how respondents were approached, and (2) the interview questions using simpler and non-technical terminology. Then, in-depth interviews were conducted in September 2012. In order to gain further insights and data, the questions were open ended. The interviews were recorded, transcribed and organized based on the interview questions.