BMTP6016
Strategic Tourism, Events &Leisure Management

Stakeholder theory
Stakeholders in the tourism, event and hospitality industry

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Where Are We Now?

Module:	Strategic Management
Week	**Lecture Topic**
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Today's Objectives

- Discuss the concept of stakeholder
- Explain stakeholder theory
- Identify and discuss the stakeholders in the tourism and hospitality industry

Defining Stakeholder

Discussion (10 minutes)

- How would you define stakeholders in your own words?

- Are stakeholders important?

  If NO, Why?

  If YES, Why?

Defining Stakeholder

In what ways are stakeholders connected to a business? (10 minutes)

Defining Stakeholder

- Businesses are established and managed to create value.

- Stakeholders are both recipients and (co-) creators of value in the business environment.

Stakeholder theory

- Commonly an organisation's activities are shaped through interactions with stakeholders, known as individuals or groups who can affect or are affected by the achievement of the organisation's objectives.

- In stakeholder theory a company is characterised as a set of relationships, crucial to its functioning, among individuals or groups who affect or are affected by its business operations (Freeman et al., 2010).

- Multiple stakeholders contribute essential resources, shape the business environment, and both derive benefits from and exert influence on a company's efficiency and overall impacts.

Stakeholder theory

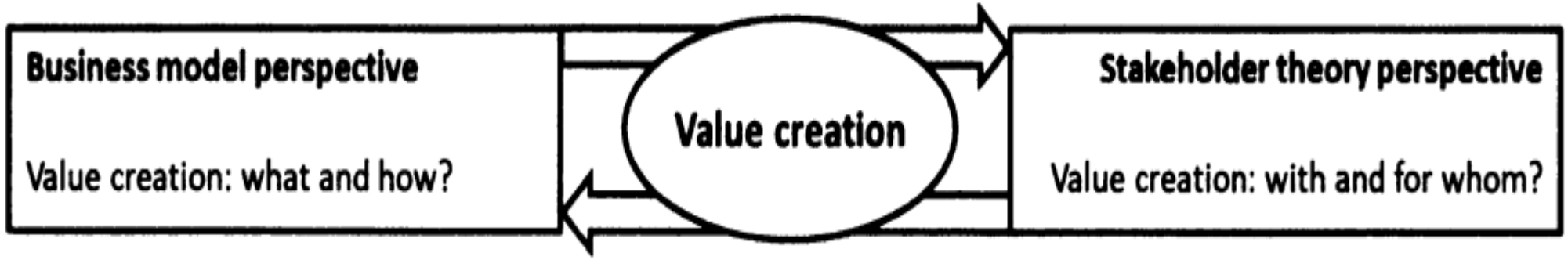
- Value creation is fundamentally rooted in the collective efforts of the stakeholder network, such that the withdrawal of support from any single stakeholder may jeopardise the organisation's viability.

- Stakeholder-oriented view enriches the discourse by recognising that relationships constitute the foundation of an effective value-creation system.

- Consequently, the operation of a sustainable business model is dependent upon maintaining sound and constructive relationships with both internal and external stakeholders (Freudenreich et al., 2020).

Stakeholders and Business value creation

Business model and stakeholder theory perspectives on value creation



(Freudenreich et al., 2020).

Case Study 1: Tourism - EcoCoast Resort (Tourism Destination / Hotel)

Refer to the word document to the word document

20 minutes

Case Study 2: Events - CitySound Music Festival (Events Organisation)

Refer to the word document for detail

20 minutes

Stakeholders in the hospitality industry

Activity: (25 minutes)

Research the stakeholders of the following restaurants and present your findings:

1. McDonald's
2. Welsh House Swansea
2. Costa coffee

Stakeholders in the hospitality industry

- Customers/users
- Suppliers
- Government and regulators
- Business partners
- Financial stakeholders (e.g., investors and shareholders)
- Board, management, staff etc.
- Society

Research each of these stakeholders and explain their roles, as well as the value they contribute to a tourism firm or event company. (45 minutes)

Coffee Break

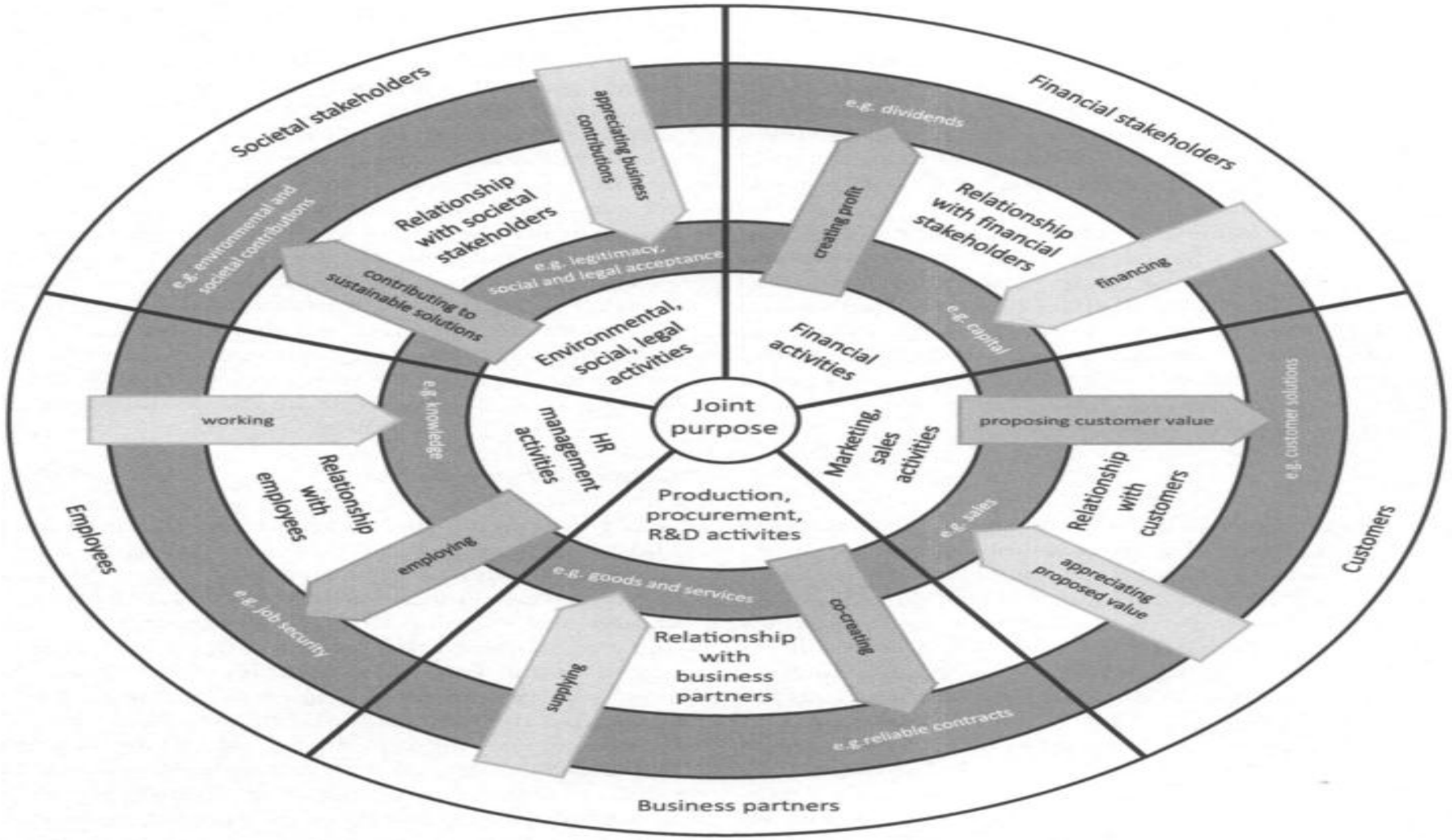
30 minutes

Stakeholders in Business

Lets discuss the stakeholder value creation framework for business model analysis proposed by Freudenreich et al. (2020).

Please see next slide

Stakeholders in Business



Stakeholders in the Tourism and Hospitality industry

Employees (managers and staff)

- Provide their knowledge and capabilities to the running of the business.

- Business model literature argue that employees may not be considered stakeholders. For example, in exchange, the business pays fair wages and salaries, training to help employees to improve their skills and expertise, as well as social benefits and holidays (Lambert, 2012).

Stakeholders in the Tourism and Hospitality industry

Customers

- Customers are regarded as a central stakeholder group and are variously conceptualised as customer segments, target markets, or end users.

Financial stakeholders

- Encompasses financial management activities such as investment, financing, and accounting.
- A reciprocal relationship between the company and its financial stakeholders, whereby stakeholders provide funding to sustain or expand operations in return for a share of the profits.

Stakeholders in the Tourism and Hospitality industry

Business partners

- Suppliers of goods and services are recognised as a central element of value creation within a business, encompassing activities such as research and development, input procurement, and production.

- Their contributions meet organisational production needs in exchange for financial compensation, as well as potential long-term contracts or other non-monetary benefits.

Stakeholders in the Tourism and Hospitality industry

Societal stakeholders

- Represents perceived needs in society and the natural environment.

- The relationship of members of this group to the focal business is not governed by contract. Societal stakeholders are also rarely discussed in the business model literature.

- Provision and maintenance of a stable operating environment for the business through regulations and social norms. For example, Government policy and regulations on hospitality and restaurant operations in the UK.

Stakeholders in the Tourism and Events

Group discussion and Presentation 25 minutes

Tourism students

Identify at least four leading travel and tour companies in the UK and USA, and two roles each they play in the tourism and hospitality industry? Also identify their stakeholders

Events students

Identify at least four leading event companies in the UK and USA, and two roles they play in the events sector? Also identify their stakeholders.

Recap

What did we discuss today?

Recap

What did we discuss today?

- ✓ Stakeholder
- ✓ Stakeholder theory
- ✓ How stakeholders influence business
- ✓ Stakeholder and value creation in business
- ✓ Stakeholders in the tourism and events setting and the rationale.

Any Questions?

References (Selected)

Bonnafous-Boucher, M. and Rendtorff, J.D., 2016. *Stakeholder theory: A model for strategic management*. Springer.

Freeman, R.E., 2023. Managing for stakeholders: Trade-offs or value creation. In *R. Edward Freeman's selected works on stakeholder theory and business ethics* (pp. 295-299). Cham: Springer International Publishing.

Freudenreich, B., Lüdeke-Freund, F. and Schaltegger, S., 2020. A stakeholder theory perspective on business models: Value creation for sustainability. *Journal of business ethics*, *166*(1), pp.3-18.

Next Week…

Internal Analysis of a business

Thank You For Joining

See you next week!

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