

**A MULTI-STAKEHOLDER MANAGEMENT
PERSPECTIVE FOR SUSTAINABLE
ECOTOURISM IN PENANG HILL**

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**A MULTI-STAKEHOLDER MANAGEMENT
PERSPECTIVE FOR SUSTAINABLE
ECOTOURISM IN PENANG HILL**

by

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TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATIONS	xi
LIST OF APPENDICES	xii
ABSTRAK	xiii
ABSTRACT	xv
CHAPTER 1 INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement	7
1.3 Research Objectives	12
1.4 Research Questions	12
1.5 Scope of the Study	13
1.6 Research Significance	13
1.7 Definitions of the Key Terms.....	15
1.8 Thesis Organisation	17
1.9 Summary	18
CHAPTER 2 LITERATURE REVIEW	20
2.1 Introduction.....	20
2.2 Tourism Development	20
2.3 Sustainable Development in Tourism.....	22
2.4 Emergence of Ecotourism.....	26
2.4.1 Economic Impacts of Ecotourism	30
2.4.2 Socio-Cultural Impact of Ecotourism	30

2.4.3	Environmental Impacts of Ecotourism	31
2.5	Biosphere Reserves	32
2.5.1	Objectives of Biosphere Reserve	33
2.5.2	Sustainability challenges in Biosphere Reserves (BRs)	36
2.5.3	Biosphere Reserves as Learning Platforms.....	39
2.5.4	Ecotourism as a Component for Biosphere Reserve Sustainability.....	41
2.6	Stakeholders Importance.....	44
2.6.1	Stakeholders Importance in Sustainable tourism.....	45
2.7	Stakeholder Theory as the Underlying Theory for this Study	46
2.7.1	Stakeholder Theory for Sustainable Ecotourism	50
2.8	Understanding Stakeholders Through Stakeholder Theory	53
2.8.1	Stakeholders Interest	54
2.8.2	Stakeholder Influences	58
2.8.3	Stakeholder Management.....	61
2.8.3(a)	Stakeholder Management Dimensions.....	63
2.8.3(a)(i)	Stakeholder Engagement	64
2.8.3(a)(ii)	Stakeholder Empowerment.....	65
2.8.3(a)(iii)	Stakeholder Monitoring	66
2.8.3(b)	Stakeholder Management relationship with Sustainable Ecotourism.....	66
2.9	Previous Frameworks for Sustainable Ecotourism	69
2.10	Research Gaps in Ecotourism Framework Development	78
2.11	Research Framework	82
2.11.1	Independent Variables (IVs)	83
2.11.2	Mediator	87
2.11.3	Dependent Variable.....	90
2.12	Study Area	93

2.13	Penang Hill & Sustainable Ecotourism.....	97
2.14	Summary	98
CHAPTER 3 RESEARCH METHODOLOGY		100
3.1	Chapter Overview	100
3.2	Research Philosophy of the Study	100
3.2.1	Positivism.....	101
3.2.2	Interpretivism	101
3.2.3	Critical Realism	102
3.2.4	Pragmatism	102
3.2.4(a)	Ontology.....	103
3.2.4(b)	Axiology.....	104
3.2.4(c)	Epistemology.....	104
3.3	Research Design.....	110
3.3.1	Rationales and Strength for Mixed Methods Design.....	111
3.3.2	Convergent/Concurrent Mixed Methods Design.....	112
3.4	Research Design for the Qualitative Stage	115
3.5	The Population for the Qualitative Stage.....	115
3.6	Participants Selection for the Qualitative Stage.....	116
3.7	Data Collection and Ethics for the Qualitative Stage	118
3.8	Qualitative Analysis Technique	118
3.9	Research Design for the Quantitative Stage	119
3.10	The Study Population for the Quantitative Stage	120
3.11	The Sampling Frame of the Quantitative Stage.....	120
3.12	The Sample Size of the Quantitative Stage.....	122
3.13	Sampling Technique for Quantitative Segment of the Study	123
3.14	Data Collection for the Quantitative Part.....	124
3.15	Response Rate	126

3.16	Measurement and Operationalisation of the Study Variables.....	127
3.17	Validity and Reliability of the Quantitative Research Instrument.....	130
3.18	Ethical Considerations	131
3.19	Data Preparation.....	132
3.20	Statistical Quantitative Data Techniques	132
	3.20.1 Justification for using PLS-SEM using Smart PLS	133
3.21	Summary	134
	CHAPTER 4 DATA ANALYSIS AND RESULT PRESENTATION.....	135
4.1	Chapter Overview	135
4.2	Data Analysis and Result Presentation of Qualitative Segment	135
	4.2.1 Penang Hill Management.....	136
	4.2.2 Key & Primary Stakeholders Perspectives Related to Stakeholder Management & Sustainable Ecotourism.....	139
	4.2.2(a) Stakeholder Engagement.....	141
	4.2.2(b) Stakeholder Empowerment	143
	4.2.3 Stakeholders Interests	146
	4.2.3(a) Materialistic Interests	146
	4.2.3(b) Environmental Interests	149
	4.2.3(c) Socio-Cultural Interests.....	151
	4.2.4 Stakeholders Influence.....	153
	4.2.4(a) Stakeholders Power	154
	4.2.4(b) Stakeholder Networking.....	155
4.3	Quantitative Analysis Section.....	157
	4.3.1 Descriptive Analysis	157
	4.3.1(a) Demographics	158
4.4	PLS-SEM versus CB-SEM	161
4.5	Assessment of Model using PLS-SEM.....	163
	4.5.1 Measurement Model Evaluation	163

4.5.1(a)	Factor Loadings.....	163
4.5.1(b)	Indicator Multicollinearity	165
4.5.1(c)	Reliability and Validity Analysis	166
4.5.1(d)	Fornell and Larcker Criterion.....	169
4.5.1(e)	Hetrotrait-Monotrait Ratio (HTMT)	169
4.5.1(f)	Cross Loadings.....	170
4.6	Validating Higher Order Constructs	172
4.7	Structural Model Assessment	173
4.8	Results of Quantitative Objectives.....	177
4.8.1	Stakeholders Interests and Influence Relationship with Stakeholder Management.....	178
4.8.2	Stakeholder Management Relationship with Sustainable Ecotourism	179
4.8.3	Mediation Analysis of Stakeholder Management.....	180
4.9	Results Summary	181
4.10	Summary	182
CHAPTER 5 DISCUSSION, CONCLUSION AND LIMITATIONS.....		184
5.1	Chapter Overview	184
5.2	Overview of the Study	184
5.3	Discussion on Main Findings.....	186
5.3.1	Objective 1: To explore the management of Penang Hill.....	187
5.3.2	Objective 2: To explore how Stakeholder perspectives related to stakeholder management and ecotourism sustainability.....	189
5.3.2(a)	Perspectives towards Sustainable Ecotourism	190
5.3.2(b)	Key Stakeholder & primary stakeholders Perspectives towards Stakeholder Management	194
5.3.2(b)(i)	Stakeholder Engagement	194
5.3.2(b)(ii)	Stakeholder Empowerment.....	196

5.3.3	Objective 3: To identify the relationship between Stakeholders interests and Influences on Stakeholders Management	198
5.3.3(a)	Relationship Between Stakeholders Interests and Stakeholders Management	198
5.3.3(a)(i)	Environmental Interests	200
5.3.3(a)(ii)	Cultural Interests	201
5.3.3(a)(iii)	Economic Interests	202
5.3.3(b)	Relationship between Stakeholder Influence and Stakeholder Management.....	204
5.3.4	Objective 4: To assess the relationship between Stakeholder Management and Ecotourism Development	207
5.3.5	Objective 5: To analyse the mediating role of Stakeholder Management towards Sustainable Ecotourism	211
5.4	Summary of Key Research Findings	215
5.5	Contribution of the Research	220
5.5.1	Theoretical Contributions of the Study	220
5.5.2	Practical contributions of the Study	223
5.6	Limitations of the Study.....	225
5.7	Areas for Further Research	226
5.8	Summary	227
	REFERENCES.....	229

APPENDICES

LIST OF PUBLICATIONS

LIST OF TABLES

		Page
Table 2.1	The Comparison of Sustainable Ecotourism Development.....	77
Table 2.2	Sustainable ecotourism development factors	83
Table 3.1	Research Philosophy of the Current Study	106
Table 3.2	Past Literature on Stakeholder Management & Sustainable Ecotourism Development	108
Table 3.3	Study's Sampling Frame	121
Table 3.4	Questionnaires Distribution and Response Rate	126
Table 3.5	Sources of the Study Variables and Measurement Items Adapted for Questionnaire.....	129
Table 4.1	List of respondents for the interviews	136
Table 4.2	Frequency of respondents from the three groups of respondents	158
Table 4.3	Demographics	159
Table 4.4	Factor Loading of the Constructs	164
Table 4.5	Multicollinearity	166
Table 4.6	CR, AVE, Cronbach's Alpha	168
Table 4.7	Fornell-Larcker Criterion	169
Table 4.8	Hetrotrait-Monotrait Ratio (HTMT).....	170
Table 4.9	Cross loadings.....	171
Table 4.10	Higher order construct Reliability and Convergent Validity.....	172
Table 4.11	Fornell and Larker (1981).....	172
Table 4.12	HTMT Higher Order Discriminant Validity	173
Table 4.13	Lateral collinearity assessment.....	174
Table 4.14	Hypothesis testing.....	174
Table 4.15	Mediation Results	181

LIST OF FIGURES

	Page
Figure 2.1	Positive impact of ecotourism. 29
Figure 2.2	Ecotourism activities 42
Figure 2.3	Framework ecotourism planning 70
Figure 2.4	Framework sustainable ecotourism 71
Figure 2.5	The Framework of sustainable ecotourism..... 73
Figure 2.6	Community-based ecotourism management 75
Figure 2.7	The Framework of sustainable ecotourism..... 76
Figure 2.8	Theoretical framework on Multi-stakeholder management for achieving sustainable ecotourism 91
Figure 2.9	Map of Penang Hill..... 97
Figure 3.1	Representation of the Current Study's Research Onion 106
Figure 3.2	Representation of the Study's Mixed Methods Research..... 114
Figure 3.3	G*Power sample size estimation..... 123
Figure 4.1	Structural model 175

LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
BRs	Biosphere Reserves
CR	Composite Reliability
ED	Ecotourism Development
EST	Environmentally Sustainable Transport
HTMT	Hetrotrait-Monotrait Ratio
IEE	International Ecotourism Society
IPCC	Intergovernmental Panel on Climate Change
PHC	Penang Hill Corporation
SDGs	Sustainable Development Goals
SE	Sustainable Ecotourism
SEM	Structural equation modeling
SM	Stakeholder management
SRMR	Standardized Root Mean Square Residual
UNEP	United Nations Environmental Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization)
UNWTO	United Nations World Tourism Organization
VIF	Variance Inflation Factor

LIST OF APPENDICES

Appendix A	Consent Form for Participation in Interview
Appendix B	Interviews Extracts
Appendix C	Questionnaire
Appendix D	Consent from for Questionnaire

PERSPEKTIF PENGURUSAN PELBAGAI PIHAK BERKEPENTINGAN BAGI EKOPELANCONGAN LESTARI DI BUKIT BENDERA

ABSTRAK

Ekopelancongan merupakan sub-komponen pelancongan lestari yang memberi tumpuan kepada kelestarian alam semula jadi, landskap, alam sekitar dan kebudayaan di sesebuah kawasan yang terkesan dengan kesan negatif pelancongan yang ketara. Namun, kajian sediada mendapati pelaksanaan ekopelancongan lestari adalah amat sukar di kebanyakan destinasi kerana terdapat penglibatan beberapa pemegang taruh (pihak berkepentingan) dengan pelbagai kepentingan dan pengaruh kuasa. Hal yang sama turut berlaku dalam organisasi pengurusan Bukit Bendera. Bukit Bendera merupakan salah satu destinasi ekopelancongan di Malaysia yang menerima rangkaian rizab biospera dunia dan menyimpan pelbagai habitat unik, namun tiada kajian sediada memberi tumpuan kepada strategi pengurusan yang melibatkan kepentingan dan pengaruh setiap pemegang taruh dalam pengurusan Bukit Bendera. Tujuan kajian ini dilaksanakan adalah untuk meneroka pengurusan Bukit Bendera yang pelbagai terhadap ekopelancongan lestari serta pengurusan pihak berkepentingan sebagai *mediator* termasuk mencadangkan kerangka ekopelancongan lestari untuk Bukit Bendera. Pengumpulan data kajian ini telah dijalankan dengan menggunakan pendekatan kaedah campuran secara serentak melibatkan temu-bual separa berstruktur dan borang soal-selidik. Bagi menganalisis data yang diperolehi, dua kaedah analisis diguna pakai iaitu kaedah analisis kandungan bagi temubual separa berstruktur dan PLS-SEM bagi borang soal-selidik. Hasil dapatan kajian menunjukkan kepentingan dan pengaruh kuasa pengurusan pihak berkepentingan serta peranan pengurusan pihak berkepentingan sebagai pengantara memainkan peranan yang amat penting dalam

melaksanakan ekopelancongan lestari di Bukit Bendera. Oleh itu, cadangan kerangka kajian bagi melaksanakan ekopelancongan lestari jangka panjang untuk Bukit Bendera telah disahkan. Kajian ini juga menyumbang kepada literatur dari segi teori pihak berkepentingan, ekopelancongan lestari dan pengurusan destinasi dengan mengenalpasti kepentingan pengurusan pihak berkepentingan yang pelbagai ke arah pembangunan ekopelancongan di Bukit Bendera. Akhirnya, dengan menyediakan implikasi yang kuat kepada penggubal polisi, ia boleh menjadi panduan kepada perlaksanaan ekopelancongan lestari di destinasi lain.

A MULTI-STAKEHOLDER MANAGEMENT PERSPECTIVE FOR SUSTAINABLE ECOTOURISM IN PENANG HILL

ABSTRACT

Ecotourism brings economic, cultural and environmental sustainability in the destination. Ecotourism was introduced because of the negative impact of mass tourism on the destination. Ecotourism focuses on learning about nature, landscapes, the environment and the culture. Many destinations struggle to achieve sustainable ecotourism due to the involvement of multiple stakeholders with varying interests and power. Penang Hill, one of the latest inductees to the world biosphere reserve network, also has multiple stakeholders. This study aims to close the knowledge gap in managing stakeholders of the destination by understanding the interests and influence of the stakeholders of Penang Hill. The main objectives of the study focused on exploring the management of Penang Hill, exploring stakeholders perceptions related to stakeholder management and ecotourism sustainability, identify the relationship between stakeholders interests and influence on stakeholder management, assess the relationship between stakeholder management and sustainable ecotourism in Penang Hill and finally to analyse whether stakeholder management mediates the relationship between stakeholders interests and stakeholders influence on sustainable ecotourism in Penang Hill. A mixed-method approach was used in this study. The data was collected concurrently with the help of semi-structured interviews and questionnaire from the key and primary stakeholders of Penang Hill. The results indicated that stakeholder management plays a vital role in implementing sustainable ecotourism. Stakeholder management should be based on stakeholders' interests and their power to influence in the destination. The results highlighted a significant role of stakeholder

management as a mediator toward implementing sustainable ecotourism in the destination. Therefore, the proposed framework for the understanding interests and influence of stakeholders and then managing stakeholders to achieve sustainable ecotourism was verified in this study. The study contributes to the literature on stakeholder theory, sustainable ecotourism and destination management by identifying the importance of multi-stakeholder management towards ecotourism development in Penang Hill and lastly, by providing strong implications for policymakers that can guide towards achieving sustainable ecotourism in the destination.

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

According to the World Travel and Tourism Council (WTTC), tourism is one of the world's largest sectors, employing over 265 million people and contributing 10.4 percent to Gross Domestic Product (GDP) in 2018 and supporting 319 million jobs (World Travel & Tourism, 2019). The growing trend of individuals travelling to several destinations worldwide has stimulated the economy, but also leads to mass tourism. Dupeyras and Maccallum (2013) refer to mass tourism as a type of tourism where the resources are being exhausted, and the sustainability of resources becomes an important issue. Due to an increase in revenue, many countries are prospering and focusing on the tourism industry to boost their economy without understanding the negative impact of mass tourism on the environment (Ghodeswar, 2013; Corina, 2015; Abdullah *et al.*, 2018). These negative impacts resulted in continuous and significant depletion of resources from the tourism spots necessitating an alternate type of tourism (Dam, 2013; Zolfani *et al.*, 2015). As a result, ecotourism evolved as a component of alternative tourism development in the 1980s in response to the belief that traditional mass tourism was destructive to tourism destinations (Mondino & Beery, 2019).

Ecotourism is a term that refers to travelling to relatively undisturbed natural areas and unique cultural sites with the purpose of learning, experiencing, enjoying, and appreciating natural landscapes, wildlife, and socio-cultural heritages (Honey, 2008; Mckercher, 2010). Ecotourism was expected to boost tourism's positive environmental, economic, and socio-cultural benefits (Bhuiyan *et al.*, 2016;

Hoppstadius & Dahlström, 2015). Ecotourism quickly gained popularity as a means of accelerating the combined goals of conservation and sustainable development (Walter, 2013; Jamaliah & Power, 2018). As a result, from its inception, ecotourism has attracted great interest from academia, government and non-governmental organisations (NGOs), industry, and a broad range of community circles (de Haas, 2002; Mondino & Beery, 2019). Many international organisations, including the United Nations, the World Bank, and the World Wildlife Fund, advocate ecotourism as a low-impact form of tourism capable of reconciling environmental conservation and economic development goals (Chan & Bhatta, 2013; Buckley *et al.*, 2016). Therefore, ecotourism is now at the forefront of several developing countries' economic development agendas and environmental planning strategies (Pasape *et al.*, 2015; Wondirad *et al.*, 2020). As a result, several developing countries, especially in Asia, perceive ecotourism as a model for achieving sustainability in the area because of its varied benefits (Honey, 2008; UNEP, 2013; Shoo & Songorwa, 2013; Lee & Jan, 2018).

Similar to other countries in Asia, such as China, Thailand and Indonesia; Malaysia is also using the tourism industry as a catalyst to boost its economic growth (Mosbah, 2014). Malaysia puts a heavy focus on the tourism industry, and now, Malaysia has become one of the most famous tourist destinations globally (Mosbah, 2014). Malaysia is focusing on a greener mode of sustainable tourism, such as ecotourism. Malaysia started to show a growing interest in ecotourism during the early 20th century, which can be seen through the studies conducted by Shuib and Abidin (2002) and Hazebroek and Morshidi (2002) on Pahang National Park and Mulu National Park in Malaysia. These studies highlighted that sustainability can be

achieved in the destinations in Malaysia by understanding the economic, social and environmental factors related to sustainable development.

Although Malaysia's economy is improving because of tourism, there is still a need to protect the environment and the biodiversity of the area, especially in biosphere reserves. The undesirable effects on the environment, culture, biodiversity, and people living in the area cannot be ignored (Zolfani *et al.*, 2015; Anup *et al.*, 2015). Additionally, high visitation to Malaysia's protected areas demonstrates the current high demand for nature-based tourism and the resulting requirement for facilities, infrastructure and adequate management to meet this need (Thompson *et al.*, 2018).

However, despite the enormous potential benefits of ecotourism noted in the literature, numerous case studies from around the world reveal that destinations trying to achieve sustainable ecotourism fail to fulfil their goal because of several issues such as 1) lack of engagement of stakeholders in terms of planning, development and management (Chan & Bhatta, 2013; Kline & Slocum, 2015; Saufi *et al.*, 2014). 2) Ineffective organisational structures and governance and management in the destination (Vargas-del-Río, 2014). 3) Lack of awareness and poor understanding of interests, influence and networking resulting in the generation of a gap between theory and practice (Ross & Wall, 1999; Paramitha *et al.*, 2019). 4) Profit maximisation at the expense of ecosystem protection, concentrate on structural development and economic benefits over environmentally sustainable development (Buckley *et al.*, 2016).

Addressing the aforementioned problems is critical for ecotourism to achieve its environmental, socio-cultural, and economic benefits. Specifically, a lack of effective stakeholder management and governance in the development of ecotourism is a persistent struggle in a large number of developing countries. Furthermore, the

fragmented and varied nature of ecotourism, combined with the presence of various and conflicting multiple stakeholder interests and influence, exacerbates the difficulty of developing effective stakeholder management through which ecotourism can be sustained for the long term in the destination. Stakeholders are commonly defined as individuals who have an interest in an effort inside a project or organisation based on their ability to influence or be influenced by it. Each stakeholder is significant not because they hold important resources, but because of their duties, stakes, and contribution to the destination's sustainable growth (Getz & Timur, 2005; Nicolaides, 2015). The actions of stakeholders are characterised by their level of commitment to the project (Kenawy *et al.*, 2017). The more stakeholders stand to gain or lose from the project, the greater their interest in it. Stakeholders' interests are defined as the objectives, values, desires, and expectations that motivate them to act in one way over another (Nguyen, 2019). Stakeholder influence, on the other hand, is defined as the extent to which a stakeholder participates in a project and the stakeholder's ability to effect the desired change (Eskerod *et al.*, 2013). The concept of how various stakeholders exert or attempt to exert influence over issues is central to the stakeholder literature. In sustainable development research, stakeholder influence has been used to investigate and visualise the relative influence of various stakeholders on decision-making and policy formulation (Lyon *et al.*, 2017). Therefore, it is vital to manage and supervise stakeholders according to their interests and influence to maintain sustainable ecotourism.

Penang Hill is newly recognised as the second Biosphere Reserve in Malaysia by UNESCO in 2021 (Jaafar *et al.*, 2021). Penang Hill is Southeast Asia's oldest British hill station. The majority of the bungalows on the hill are over a century old, with the oldest dating all the way back to 1789. With the advent of the train as a means

of access to the Hill in 2011, tremendous pressure has been placed on the hill's natural surroundings. Historical records show that Penang Hill has been the site of numerous naturalistic investigations. Native and endangered species inhabit the hill's lush vegetation (Tree Foundation, 2019). However, a dearth of academic research can be observed from Penang Hill's perspective in Malaysia. Only a limited number of studies, such as Chan (1996), Connolly (2019), Lowman *et al.* (2019) and Jaafar *et al.* (2021), explored Penang Hill and recommended exploring Penang Hill further in terms of sustainability issues hampering the hill and understanding diverse stakeholders present on the Hill. Therefore, the current study started to look into the stakeholders perspective and stakeholder management of Penang Hill.

To achieve sustainable ecotourism in Penang Hill, an important role is to be played by the management (AdrianaTisca *et al.*, 2016) and primary and key stakeholders of Penang Hill. The key stakeholder of Penang Hill is the Penang Hill Corporation. While the primary stakeholders are the Habitat, the local community and other governmental and private organisations working for the betterment of Penang Hill. Penang Hill Corporation handles and manages Penang Hill. The Penang Hill Corporation (PHC), a statutory body, was set up through the PHC Enactment 2009, to manage the historical funicular services, promote the growth of Penang Hills and carry the responsibility for maintaining the natural environment and protecting the legacy of Penang Hill. Penang Hill Corporation is accountable for making all the decisions related to the Hill. The Habitat is a private organisation working with the PHC and the Penang State Government to establish a Rainforest Research Center on Penang Hill. Local community of Penang Hill is also a key stakeholder of the Hill. Other primary stakeholders including public authorities include the Penang Island City Council (MBPP), Penang Town and Rural Planning Department, Penang Forestry Department,

Department of Wildlife and National Parks Peninsular Malaysia that contribute their role in ensuring the sustainable management of Penang Hill. The involvement of different stakeholders for sustainability of ecotourism in Penang Hill is a critical agenda which cannot be achieved without the stakeholders' continuous management and support. Otherwise, this could threaten the destination's sustainability and generate negative impacts to the environment and culture of the destination (Ashok *et al.*, 2017). This, as a result, could also jeopardise its biodiversity which is scientifically important because of many original specimens of Malaysian flora and fauna (Penang Hill, 2021); and more importantly, could severely affect its value as a UNESCO Biosphere Reserve (Butarbutar & Soemarno, 2013; Pimid *et al.*, 2020).

Therefore, it is imperative to analyse key stakeholders' interests and influence and then manage them accordingly to achieve sustainable ecotourism because they play a crucial role in developing sustainable ecotourism, especially in a biosphere reserve destination. The importance of adequately managing key stakeholders in this sensitive area to minimise negative impacts (environmental and socioeconomic) and distribute benefits equally to the local community, particularly the community present in Penang Hill, is critical for its sustainability. Therefore, a successful strategy for achieving a balance of ecological conservation with revenue production is to identify and incorporate conservation aims, stakeholders' preferences for nature protection, economic enhancement, and other protected area characteristics. Knowing the environmental and sustainability priorities of stakeholders between conservation of a Hill's ecological and biological future while maintaining economic growth is critical in this process.

1.2 Problem Statement

Penang Hill is one of the world-famous tourist destinations located in Malaysia. Economic stability, environmental conservation and socio-cultural protection are vital for this newly recognised Penang Hill biosphere reserve. However, a dearth of academic research could be observed related to Penang Hill in Malaysia. As noted earlier, only a few researchers, such as Chan (1996), Lowman *et al.* (2019) and Connolly (2020), focused on Penang Hill but majorly from Bioblitz and flora and fauna perspectives. The aforementioned authors recommended the effective management of the Hill. The management of Penang Hill has faced and tackled challenges like environmental protection, cultural conservation, promotion of the destination, development in the area and stakeholders' conflicts from day one of its inception (Connolly, 2019; Summugam, 2015). Stakeholders of Penang Hill in the past, have argued related to the management of the destination (Connolly, 2019). Additionally, in the past, stakeholders have also argued for complete transparency by the management of the Hill (Chow, 2018; Connolly, 2019). Moreover, studies revealed that the biosphere reserve will be at risk of overexploitation if rules are not put in place by the appropriate institutions or bodies (Jaafar *et al.*, 2021). Apparently, regarding Penang Hill management, scholarly literature is scarce, and to date, and to the best knowledge of the researcher, there are limited studies present regarding the exploration of the management of Penang Hill, indicating a scarcity of research. Therefore, it is vital to understand and explore the management of Penang Hill in terms of its planning, execution and efficient governance to comprehend how a world-famous destination such as Penang Hill is being managed.

Penang Hill, similar to other world-famous tourism destinations, consists of multiple stakeholders. However, to date, minimal studies have explored stakeholders' perspectives, and is limited to the local community (Jaafar *et al.*, 2021), conservation (Lowman *et al.*, 2019) and socio-cultural heritage development (Connolly, 2019) present on the Hill (Jaafar *et al.*, 2021). This indicates a paucity of research and a gap to be filled for exploring the perspectives of other key stakeholders present in Penang Hill. The previous researchers also recommended exploring other stakeholders' perspectives for a better understanding of Hill's stakeholders. Stakeholders are considered vital for achieving sustainable ecotourism in the destination (Cobbinah *et al.*, 2015; Pasape *et al.*, 2013; Wondirad *et al.*, 2020). Additionally, for ecotourism to be sustainable, stakeholders' perspectives related to their management and sustainable ecotourism in the destination must be understood (Abdullah *et al.*, 2018; Ellis & Sheridan, 2014; Getz 2005; Pyke *et al.*, 2018). Assessing the perspectives of stakeholders is vital for ecotourism sustainability and is one of the significant factors for achieving ecotourism sustainability in Penang Hill. Input from primary stakeholders of the Hill can help to understand the actual situation, governance and management on the Hill. Additionally, exploring stakeholder perspectives will guide to understanding the factors that affect their participation in the destination and improve their management (Xu *et al.*, 2009). Thus, demonstrating the need for the study to investigate stakeholder perspectives.

Ecotourism projects have failed to achieve their stated objectives due to strained relationships between key stakeholders who believed they would be negatively affected by change brought by ecotourism practices (Mekuria *et al.*, 2021). Thus, a focus on stakeholder' interest and their influence for achieving ecotourism sustainability seems to be crucial to mitigate the dominance of powerful and well-

connected stakeholders' interest in decision-making; a problem that might be exacerbated in times of increasing resource scarcity and concern about unsustainable practices (Nguyen, 2019; Lyon *et al.*, 2017) in Penang Hill (Jaafar *et al.*, 2021). Studies conducted by Connolly (2019), Gibby (2017), Caballero (2016), Chow (2018) and Jaafar *et al.* (2021) also highlighted the varied stakeholders interests. For instance, stakeholders present on the hill do not want the area to become “Disneyfication” where they show the snow house or various artificial developments (Gibby, 2017). While some stakeholders showed concerns about the developments taking place on the hill, which will impact the environment of the hill (Connolly, 2019). Moreover, a study conducted by Caballero (2016) highlighted that community interests were not incorporated in the development plans and the community should co-directing the planning and preserving process of the hill. Therefore, the relationship between stakeholders' interests and stakeholder management is essential to define a balance between the business activities and their ecological impact on Penang Hill.

Furthermore, if stakeholders interests are not understood, they have the ability to influence the destination and impact the overall ecotourism development in Penang Hill. Failure to properly manage stakeholders accordingly to their interests and level of influence creates a lack of trust among stakeholders (Ayala-Orozco *et al.*, 2018; Ruiz-Mallén *et al.*, 2015). It limits their understanding of the perception of their power and their relationships. Not managing stakeholders according to their interests where each stakeholder tries to influence to gain his interests is one of the major reasons for conflict (Edo Herlangga & Basuni, 2019). Connolly (2019) and Dermawan (2017) highlighted a serious issue of stakeholders networking together to influence and stop the developments happening in Penang Hill. This type of influence will not only hamper the Penang Hill's position as a biosphere reserve but will also result in

generating a negative reputation for the destination. Moreover, researchers such as Jaafar *et al.* (2021) also highlighted that the management authority of Penang Hill should investigate the relationships of stakeholders participation and engagement in the sustainability of Penang Hill quantitatively. Although researchers concede that stakeholders' involvement and management are essential for long-term ecotourism sustainability, studies focusing on stakeholder interests and influence towards managing stakeholders for long-term conservation and ecotourism sustainability are scarce. To the best of researcher's knowledge, a few studies focused on one or two stakeholders perspectives only. There is a scarcity of research that has tested the relationship of interests and influence with stakeholder management of Penang Hill key stakeholders, indicating a gap to be fulfilled. As a result, the study's requirement to research the aforementioned factors were validated.

Stakeholder management positively influences the success of a project (Francisco de Oliveira & Rabechini, 2019). Researchers have highlighted the importance of including and managing stakeholders in achieving of sustainable ecotourism practices (Arbogast *et al.*, 2017; Cobbinah *et al.*, 2015; Grieves *et al.*, 2014; Zedan & Miller, 2018). Additionally, the ambiguity in stakeholder management practices hampers ecotourism sustainability (Su *et al.*, 2014) which has been reported in the case of Penang Hill as well. Studies conducted by Connolly (2019) and Chow (2018) highlighted stakeholder management problems such as their engagement and inclusion in planning and decision making in Penang Hill. Moreover, studies depicted the lack of active role of the local community in the Hill (Caballero, 2016). Additionally, Thompson *et al.* (2018) noted that ecotourism activities will result in failure if the governance and management of stakeholders is ineffective. Therefore, considering the historical significance of Penang Hill as a tourist destination,

management of primary stakeholders can pave the way for achieving sustainable ecotourism (Lowman *et al.*, 2019). However, there is a dearth of studies testing the relationship among these two factors for Penang Hill, demonstrating a critical research gap for resolving issues for stakeholder management in the Hill.

Ecotourism sustainability requires a framework that incorporates diverse actors and agencies to achieve broad outcomes that support conservation and development aims. The lack of economic and conservation activities is a critical problem in biosphere reserve (Mayer *et al.*, 2018; Pool-Stanvliet & Coetzer, 2019). Sustainability issues are increasing, and this is major because stakeholders are not involved and appropriately managed. This is lacking in a vast number of biospheres reserve worldwide (Van Cuong *et al.*, 2017). Studies conducted by Pasape *et al.* (2013), K.C. (2016), Ubaidillah *et al.* (2018) and Wondirad *et al.* (2020) noted that successful ecotourism sustainability requires a proper framework but stakeholders issues such as their diversified interests and level of influence hamper its success. As noted by Connolly (2019) and Caballero, 2016 Penang Hill is also facing these stakeholders related issues, and currently there is no specific framework for managing stakeholders for implementing long term ecotourism sustainability. A study conducted by Jaafar *et al.* (2021) highlighted that sustainability issues can be resolved using a well-defined framework, reviewing the policies and coordinating with stakeholders. While researchers acknowledge the importance of stakeholder management in developing and establishing ecotourism destinations, a sustainable ecotourism framework for Penang Hill is yet to be developed. Moreover, from Penang Hill's perspective, no study has covered multi-stakeholder management based on the stakeholders' interests and influence for achieving sustainable ecotourism. This indicates that there is scope for further research to help implement long-term ecotourism in Penang Hill. Therefore,

the current study aims to explore Penang Hill management, key stakeholders' interests and influence and then develop a multi-stakeholder management model for achieving sustainable ecotourism.

1.3 Research Objectives

1. To explore the management of Penang Hill
2. To explore how key stakeholders, perceive on variables related to stakeholder management and ecotourism sustainability.
3. To identify the relationship between stakeholders' interests and influences on stakeholder management.
4. To assess the relationship between stakeholder management and sustainable ecotourism of Penang Hill.
5. To analyse whether stakeholder management mediate the relationship between Stakeholders Interest and Stakeholders influence on the sustainable ecotourism of Penang Hill.

1.4 Research Questions

1. How Penang Hill is being managed?
2. How key stakeholders perceive on variables related to stakeholder management and ecotourism sustainability for Penang Hill?
3. What is the relationship of stakeholders' interests and influences on stakeholder management of Penang Hill?
4. What is the relationship between stakeholder management on the sustainable ecotourism of Penang Hill?

5. Does stakeholder management mediate the relationship between Stakeholder Interest and Stakeholder influence on the sustainable ecotourism of Penang Hill?

1.5 Scope of the Study

The study variables include Penang Hill's key stakeholders' interest, stakeholder influences and stakeholder management. Stakeholders of this study include stakeholders such as the local community, Penang Hill Corporation, business community and government organisations that are working at the grass-root level in Penang Hill. The study posits that if the stakeholder interests and influences are properly understood and a proper stakeholder management strategy is applied, a sustainable ecotourism framework could be developed in the Penang hill. The discussion in this study is limited to these variables. The following section describes the significance of the research.

1.6 Research Significance

This section focuses on the relevance of the study from both theoretical and practical perspectives. Many scholars have identified that ecotourism long-term sustainability is difficult and stakeholders are the key players in implementing ecotourism successfully. Penang Hill, one of the newest biosphere reserves to be included in the UNESCO MAB listing, has a long history of biodiversity and is famous for its natural scenic view. Still up till today, based on the researcher's desk research, the majority of researches focused on Penang Hill were related to landslides, flora and fauna and exploring community perspectives only (Lowman *et al.*, 2019; Connolly,

2019; Jaafar *et al.*, 2021) and scarcity of research is observed from stakeholders and ecotourism perspectives that can lead towards conservation and long term sustainability of the destination. Finding problems through understanding stakeholders for ecotourism development is crucial for sustainability, specifically for a place like Penang Hill. Other than that, this research aims to contribute significantly to preserving Penang Hill's uniqueness. The results and the information gathered with the help of this study can help to assist in:

- 1- Helping to understand stakeholders' interests, their influences and concerns regarding the impacts posed by the ecotourism development on Penang Hill.
- 2- Increase the involvement and participation of the stakeholders in Penang Hill for the sustainable development of ecotourism.
- 3- Help to protect the ecosystem and biodiversity of Penang Hill with the help of the stakeholders.
- 4- Enhancing the well-being of the original environment in Penang Hill.
- 5- Creating a sustainable ecotourism development for the long term and achieve its place as one of the UNESCO's Biosphere Reserve.

Furthermore, this research would also assist institutions (public or private) in managing and establishing a sustainable strategy for long-term ecotourism development in other similar areas like Penang Hill in Malaysia. It will help to secure long-term benefits for the Malaysian ecotourism industry.

From the theoretical point of view, as pointed in the earlier sections, little attention is given towards doing stakeholder management by understanding interests and influence in an ecotourism destination. The study will guide to build a link

between stakeholder management and sustainable ecotourism by understanding the above-mentioned factors through an in-depth examination. Furthermore, stakeholders' perspectives will be explored in this thesis. Past studies have majorly considered developing ecotourism without considering key stakeholders' perspectives. Moreover, this study will also develop a multi-stakeholder management framework that will guide to achieve sustainable ecotourism in the destination making a significant theoretical contribution to the literature.

1.7 Definitions of the Key Terms

SUSTAINABLE ECOTOURISM

Sustainable Ecotourism is a sustainable form of natural resource-based tourism that focuses primarily on experiencing and learning about nature, and which is ethically managed to be low-impact, non-consumptive, and locally-oriented (control, benefits, and scale). It typically occurs in natural areas, and should contribute to the long term conservation or preservation of such areas” (Fennell, 2001).

STAKEHOLDER/STAKEHOLDERS

Any person, group or organisation that is affected by the causes or consequences of an issue; or groups or individuals who affect, or are affected by, the achievement of an organisation’s mission (Freeman, 1999). For this study, stakeholders will represent the key and stakeholders of Penang Hill which are Penang Hill Corporation, the Habitat, local community and other governmental and private organisations working for the betterment of Penang Hill.

STAKEHOLDER INTEREST

Interests are the goals, values, desires and expectations that lead a person to act in one direction rather than another (Morgan, 1986). In this study, stakeholders interests refers to the goals, desires and values of the key stakeholders of Penang Hill.

STAKEHOLDER INFLUENCE

Influence is a set of actions/behavior/usage of power that a stakeholder uses to effect the project (Freeman, 1999). For this study, stakeholder influence refers to the actions/behaviors/usage of power of Penang Hill key stakeholders.

STAKEHOLDER MANAGEMENT

Stakeholder management is the process required to identify stakeholders or organisations impacted by the project, analyse stakeholder interests and impact (influence), and develop appropriate management strategies for effectively engaging stakeholders in project decisions and execution (PMBOK Guide, 2013). For this study, it refers to the analysing stakeholders' interests and their influence for engagement of primary stakeholders of Penang Hill.

KEY STAKEHOLDERS

Key stakeholders are those who can have a positive or negative effect on an effort or who are important and influential within or to a project, an organization, agency, or institution engaged in an effort (Rabinowitz, P. n.d.). For this study, Penang Hill Corporation is the key stakeholder who is considered vital for Penang Hill.

LOCAL COMMUNITY

The local community is defined as those people directly influenced by the building or operation at a particular site (Tzen, 2018). For this study, the local community is referred to as people residing in Penang Hill and are affected by the operations and development in the Hill.

1.8 Thesis Organisation

To improve clarity, this research is organised into five critical chapters, each with its own set of objectives and purposes. Their content is as follows:

Chapter One: Introduction

This chapter reveals the introduction for the whole thesis. It explained the background of the study, followed with the research problem statement that noted the importance of the study. Then, the chapter highlights the research objectives, research questions, scope and significance of the study. At the end of the chapter, definitions of the key terms and a summary is provided to conclude the chapter.

Chapter Two: Literature Review

This chapter examined and reviewed the previous studies to understand and support the issues raised in this thesis. This chapter assesses and analyses the current body of knowledge in order to develop and support the research context. It also serves as a foundation for the suggested framework in the study.

Chapter Three: Research Methodology

This chapter addressed the methodology used in the research. This chapter describes the study philosophy (pragmatism), the research design (concurrent/convergent mixed methods), the population and sampling, data collecting, and data analysis techniques used in the two stages.

Chapter Four: Data Analysis

This chapter presented data analysis findings for both qualitative and quantitative sections. Qualitative data was gathered through semi structured interviews while quantitative data. In addition, data was tested and validated in this chapter.

Chapter Five: Discussion, Conclusion & Limitations

This chapter discussed the findings, presents the conclusion and limitations of the study. Complete data was analysed in detail, supported with other evidence, verified with past literature and arguments. This chapter also contains the research conclusion and a description of how the research met its objectives. Then, the study limitations and recommendations for future research are addressed, which can help other researchers conduct further research on the matter. Following that, the study's implications are examined, followed by the study's contribution.

1.9 Summary

This chapter explained the study's overall background, including the problem statement, research scope and its justification, research questions, aim and objectives, framework, and the organisation of each chapter. Before moving to a detailed review on the topic, this chapter has briefed on the issues related to stakeholder management and

implementing sustainable ecotourism. Besides, it also revealed the justification for the need to conduct this study on Penang Hill. The following chapter will present the reviewed literature related to the concepts used in the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter examines the literature and prior studies to comprehend and support the issues raised in this research. Sustainable development concepts and methods, ecotourism and UNESCO (United Nations Educational, Scientific, and Cultural Organization) biosphere reserves were covered in this section. The literature also reviews the stakeholder theory and approaches for stakeholder management in attaining sustainable ecotourism in the biosphere reserve. These reviews serve as the foundation for the suggested theoretical and conceptual framework. This chapter evaluates and analyses current literature to establish and support the research context through these parts.

2.2 Tourism Development

The tourist sector has grown significantly during the past few years, and worldwide, tourism has become one of the largest and fastest expanding economic sectors globally (Sarhan *et al.*, 2016). Tourism works as an engine for economic growth, a substantial contributor to economic growth on a global scale generating billions of dollars in revenue (Corina, 2015; Dam, 2013; Abdullah *et al.*, 2018; Chan & Bhatta, 2013). Tourism has both macro and micro-level impacts on a country. Countries focus on tourism to boost their economies and prosperity (Abdullah *et al.*, 2018). Tourism is also considered a catalyst for foreign exchange earnings, generating revenue, and contributing to the gross domestic product at the macro level. At the

micro-level, tourism promotes the community's well-being, creates jobs and helps in the sustainable regional development of the area (Bhuiyan *et al.*, 2016; Libosada, 2009). Besides that, tourism development improves living and increases the knowledge of nature protection, natural heritage, and conservation (Libosada, 2009; McCool & Spenceley, 2014). Tourism development can be considered a continuously evolving process and a state to benefit the host country simultaneously (Abdullah *et al.*, 2018). Tourism development depends on the changes it brings socially, economically and environmentally (nature preservation). These changes brought by tourism should support cultural, social and environmental aspects and bring comfort to the people living in the area (Gannon *et al.*, 2021).

The United Nations World Tourism defines tourism as a “social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents), and tourism has to do with their activities, some of which imply tourism expenditure” (UNWTO, 2018). Based on the definition, tourism exists due to the interaction between tourists, host communities, and business suppliers. Tourism development in a country helps to achieve modernization and development quickly. Globalisation has accelerated the growth of tourism, which has now become a global phenomenon.

While tourism brings significant economic and financial benefits for a country, it could negatively affect the environment and the local area (Lerdsuchatavanich *et al.*, 2016). With such rapid growth, many tourist-exposed regions are swiftly impacted, with negative consequences for the environment (Qiu *et al.*, 2019; Butler, 2018). If

tourism is not managed properly, it will harm the host community (McCombes *et al.*, 2015) and location (Buckley, 2012).

Tourism has become vital in economic growth, but it is pertinent to consider resource conservation and environmental damages (Rivera & Gutierrez, 2019). Conservation of resources and environmental protection has given rise to the term “sustainable development”. If tourism is not developed, planned, and managed properly, it can result in various detrimental environmental and social elements that detriment the place and impair its sustainability prospects (Boley & Green, 2016; Hatipoglu *et al.*, 2016). Moreover, it can reduce the effectiveness of the positive activities in the destination and hamper the destination negatively (Jashveer *et al.* 2011). Therefore, there is a dire need to look further into sustainable tourism to understand and plan activities carefully in destinations such as Penang Hill.

2.3 Sustainable Development in Tourism

The concept of sustainable development has gained tremendous acceptance in tourism (Bhuiyan *et al.*, 2011; Getz, 2005). Brundtland Report in 1987 was the first document released related to sustainability. Sustainability was defined as “satisfying the needs of the present generation without compromising the ability of future generations to meet their needs” (World Commission on Environment and Development, 1987). Since the emergence of sustainability, world leaders have been continuously working on evolving the definition from sustainability to sustainable development, which then became sustainable growth, and now, it is known as sustained growth (Higgins-Desbiolles, 2018). For instance, Boachie (2012) highlighted sustainable development as the mixture of socio-economic growth,

improved environmental protection and prevention of pollution. The explanations above of sustainability are related to the Brundtland definition of sustainable development, meeting the current requirements without endangering future needs (Hardy *et al.*, 2002). Economy, environment and social development are the main elements for sustainability. In simple terms, sustainability is about planning for the future and balancing environmental, economic, and social considerations while improving human life quality (Redclift, 2005). The scope of sustainable development is vast, and it ranges from the local to supranational levels, and it is reflected in all kinds of institutions similar to Biosphere Reserves (UNESCO, 2015). Considering the wide notion of sustainable development, UNESCO (2015) outlined 17 sustainable development goals to explain sustainable development. These 17 sustainable development goals have different geographical implications, depending on how place-specific conditions connect to sustainability ideas. Sustainable development outcomes result in agreements between local and national interpretations of supranational agreements such as the sustainable development goals (Hoppstadius & Möller, 2018).

The sustainable development goals set by UNESCO (2015) have simplified the sustainable development concept, but the definition provided in the Brundtland Commission's report (mentioned in section 2.3) is still the most cited by researchers worldwide. It is considered a definition based on moral principles rather than practical application (Mihalic, 2016). According to Dangi and Gribb (2018), sustainable development is challenging to implement from a practical viewpoint. They further stated that society must change its consumption habits to focus on sustainable consumption, which must be done under continually changing economic, cultural, and political conditions. Getz and Timur (2005) and Ciegis *et al.* (2015) stated that

sustainable development is easy to understand as a concept, but its sustainability becomes difficult due to different meanings associated with it in academic literature.

Even though the terminology has changed from sustainability to sustainable development with slight variations in the concept (Bhuiyan *et al.*, 2011; Getz, 2005), the reformulations of the Brundtland Commission's definition involves the understanding of the sustainable development as being a balance between nature and humanity through protecting the environment, socio-cultural development and achieving economic growth (Redclift, 2005; Steffen *et al.*, 2015). Steffen *et al.* (2015) accepted this statement and stated that there is no question on the need for sustainability, and sustainability is based on the combination of environmental, economic and social elements.

The United Nations World Tourism Organization (UNWTO) also points out that the tourism industry can contribute to sustainable development goals (SDGs) set by UNESCO. For instance, UNWTO (2015) identified tourism as one of the fastest-growing and largest sectors of the global economy and well suited to contribute to the development of the entire economy. UNWTO (2015) also stated that "tourism can spur agricultural productivity by promoting the production, use and sale of local produce in tourist destinations and its full integration in the tourist value chain". UNWTO also recognises that climate change affects tourism. Therefore, it is in the industry's best interest to lead the way to combat climate change by reducing the industry's carbon footprint and resorting to renewable energy when it comes to transportation and accommodation (UNWTO, 2015). It is vital to protect and sustain the tourism environment to ensure social and economic longevity.