Exploring the conditions for the effectiveness of DMO board of directors

Pietro Beritelli
Institute for Systemic Management and Public Governance, Research Center for Tourism and Transport, University of St. Gallen

Christian Laesser
Institute for Systemic Management and Public Governance, Research Center for Tourism and Transport, University of St. Gallen

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Pietro Beritelli
Institute for Systemic Management and Public Governance, Research Center for Tourism and Transport
University of St. Gallen

and

Christian Laesser
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University of St. Gallen

ABSTRACT

This paper explores the conditions for DMO board effectiveness in destination management organizations (DMOs). First, three different measures for board effectiveness are identified: (1) good teamwork, (2) capability of realizing projects and initiatives, and (3) board strengthens the DMOs position in the destination. Second, a series of conditions as independent variables were selectively built from extant literature: (1) board size, (2) arguments, (3) dealing with crises, (4) mutual respect, (5) constructive discussions, and (6) taking the job seriously. Multiple regression results from 61 board members of 36 Swiss DMOs revealed that different conditions affect board effectiveness, depending on how the latter is identified. The paper concludes with indications for further research.

Key words: destination management organization (DMO), board of directors, board effectiveness

INTRODUCTION

Destination Management Organizations (DMO) face numerous challenges. Besides the market shifts and the increasing competition with other destinations, they must consider the interests of the various stakeholders and tourist organizations with whom they have to deal with in their destination. Particular attention has been given to the board of directors and its composition and roles. As these organizations are constantly observed by the stakeholders in the destination and its effectiveness is often questioned, we may ask whether the board plays a role in increasing the DMOs acceptance through its team performance. With this paper we investigate which effects working conditions of DMO board of directors have on effectiveness measures. The empirical study is explorative. The results reveal insights for further research.

LITERATURE AND RESEARCH QUESTIONS

In community-type of destinations, the Destination Management Organization (DMO) plays an important role as focal institution (Ritchie & Crouch, 2003) and deserves a distinct research focus. Today, we know various types of DMOs at different levels (local, regional, national; the latter ones typically oriented more towards marketing), with different sizes, and fulfilling various functions (Pearce, 1992; Pike, 2004; WTO, 2004). One research stream has focused on DMO board of directors, because the multiplicity of stakeholders and actors in the destination and the complexity of the supply system require a particular attention with regard
to the corporate governance of the organization. So far, research on DMO board of directors has focused on board composition and roles and their relation to the activities of the organization. There is quite a rich research stream that addresses the composition and size as well as the profiles of board of directors, and particularly the roles of those individuals, as a consequence of the type of DMO, its tasks, or its functions (Ford, Gresock, & Peeper, 2011; Garnes & Grønhaug, 2011; Lathrop, 2005; Palmer, 1998, 2002). Yet, we don’t know how the board of directors really works effectively as a team. Or in other words, which are the conditions for a good teamwork and a consequent impact for the whole organization?

The current body of literature on DMO board of directors is still scarce but already points to various aspects of good teamwork and good governance (Ford, et al., 2011; Garnes & Grønhaug, 2011; Lathrop, 2005; Palmer, 1998, 2002). Among others we find the size of the board (Ford, et al., 2011; Palmer, 1998, 2002), effective communication (Garnes & Grønhaug, 2011; Lathrop, 2005; Palmer, 1998), effort and commitment (Ford, et al., 2011; Palmer, 1998, 2002), crisis management (Garnes & Grønhaug, 2011), and mutual understanding (Garnes & Grønhaug, 2011; Lathrop, 2005; Palmer, 2002). To operationalize our study, we formulate the following research questions: (1) Which conditions affect DMO board of directors’ effectiveness? (2) Are there any differences and commonalities between the conditions? Thus, we hypothesize that all conditions have a different impact on board performance.

METHODOLOGY

Sample and data collection

We have analyzed a convenience sample of 61 directors in DMO boards in Switzerland from 36 organizations. Data collection was achieved by an online questionnaire comprising of questions referring to their organization and to how they assess the board’s work as well as its performance. The latter part was structured with a 4-point-Likert scale, along which the respondents were asked to agree or disagree to a series of statements (2 = completely agree, 1 = rather agree, -1 = rather disagree, -2 = completely disagree).

Measurement construct and analysis

For the study we have selected six independent variables that refer to the above mentioned conditions in the literature research: (1) board size (measured in number of board members), (2) arguments, (3) dealing with crises, (4) mutual respect, (5) constructive discussions, (6) taking the job seriously. For the independent variables (2) to (6) the statements referred the whole board. One example: (4) The members of the board of directors respect each other. The same style of questions was posed for the three dependent variables: (A) good teamwork, (B) capability of realizing projects and initiatives, and (C) the board strengthens the DMOs position in the destination. The three dependent variables indicate to different ways how effectiveness could be interpreted. While good teamwork (A) refers to a general perception of the board, the second dependent variable (B) reveals whether the board really has an impact, and (C) if this impact is perceived in the wider context of the destination. We have performed three distinct multiple regressions and compared the results in one summarizing table. In this way, commonalities and differences are easy to read.

Limitations

As the study has an explorative character, there may be further conditions, i.e. independent variables affecting the board’s effectiveness. Also, the sample could be further extended, allowing the inclusion of further independent variables to a later stage. Finally, one could argue that more sophisticated analyses, e.g. with structural equation models, could
provide a more complete, overall picture. However, we have chosen to do a straightforward analysis that reveals the immediate effects on the dependent variables.

RESULTS

The table below presents the correlation between the independent variables and the tolerance values. While there is some correlation, the tolerance values way above 0.10 indicate that there is no collinearity (Hair, Black, Babin, & Anderson, 2010).

Table 1: Correlation list of independent variables with tolerance

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Board size</th>
<th>Arguments</th>
<th>Dealing with crises</th>
<th>Mutual respect</th>
<th>Constructive discussions</th>
<th>Tolerance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board size</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.853</td>
</tr>
<tr>
<td>Arguments</td>
<td>.087</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.956</td>
</tr>
<tr>
<td>Dealing with crises</td>
<td>-.182</td>
<td>.017</td>
<td></td>
<td></td>
<td></td>
<td>.734</td>
</tr>
<tr>
<td>Mutual respect</td>
<td>-.286*</td>
<td>-.038</td>
<td>.454*</td>
<td></td>
<td></td>
<td>.613</td>
</tr>
<tr>
<td>Constructive discussions</td>
<td>-.060</td>
<td>-.145</td>
<td>.337*</td>
<td>.501**</td>
<td></td>
<td>.636</td>
</tr>
<tr>
<td>Taking the job seriously</td>
<td>-.257*</td>
<td>-.138</td>
<td>.350*</td>
<td>.298*</td>
<td>.417*</td>
<td>.732</td>
</tr>
</tbody>
</table>

** Significant at p < 0.01, * significant at p < 0.05

To allow for cross-case comparison between the dependent variables, the regression models present the results with all the six independent variables, first. Table 2 displays the three regression models altogether with all the variables.

Table 2: Conditions affecting DMO board effectiveness items, full model results

<table>
<thead>
<tr>
<th>Effectiveness items</th>
<th>Good teamwork</th>
<th>Capability of realizing projects and initiatives</th>
<th>Board strengthens the DMOs position in the destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model fit</td>
<td>adj. R² .286</td>
<td>adj. R² .271</td>
<td>adj. R² .374</td>
</tr>
<tr>
<td></td>
<td>F 5.011**</td>
<td>F 4.719**</td>
<td>F 6.983**</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Standardized coefficients</th>
<th>Good teamwork</th>
<th>Capability of realizing projects and initiatives</th>
<th>Board strengthens the DMOs position in the destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board size</td>
<td>-.061</td>
<td>-.279*</td>
<td>.130</td>
</tr>
<tr>
<td>Arguments</td>
<td>-.021</td>
<td>.327**</td>
<td>-.022</td>
</tr>
<tr>
<td>Dealing with crises</td>
<td>.196</td>
<td>.185</td>
<td>-.048</td>
</tr>
<tr>
<td>Mutual respect</td>
<td>.116</td>
<td>-.230</td>
<td>.180</td>
</tr>
<tr>
<td>Constructive discussions</td>
<td>.385**</td>
<td>.174</td>
<td>.353**</td>
</tr>
<tr>
<td>Taking the job seriously</td>
<td>.039</td>
<td>.285*</td>
<td>.351**</td>
</tr>
</tbody>
</table>

** Significant at p < 0.01, * significant at p < 0.05
In order to focus on the significant variables, stepwise regressions have been performed. As expected, the model fits as well as the coefficients of the independent variables are better. The results show that different independent variables affect the different effectiveness items.

**DISCUSSION AND CONCLUSION**

Good teamwork is affected by constructive discussions and the need to deal with crises. This goes along with the argument that company and solidarity reinforced through communication are the glue for building effective work in groups (Holland & Jackson, 1998; Katzenbach & Smith, 1993; Payne, Benson, & Finegold, 2009). The capability of realizing projects and initiatives is a combination of other three conditions. It is the result of effective communication through arguments, enforced through cohesiveness in a smaller group (negative effect of board size) and the joint efforts of the team (taking the job seriously). Finally, the board strengthens the DMOs position in the destination, if its members take their job seriously and if they lead constructive discussions. Both items point to aspects that pertain to the good governance of non-profit organizations, as seen from third parties or from the public (Cornforth & Edwards, 1998).

Further research addresses (1) increasing the sample size, in order to allow more differentiated analyses, (2) distinguishing the stages and dimensions of operationalized effectiveness by developing and validating a model for DMO board of directors’ work.

**REFERENCES**


