



A Socio-Demographic Analysis of the Board of Directors of Selected Destination Marketing Organisation (DMOs)

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Abstract

Destination marketing organisations (DMOs), specifically those at local level play a critical role in marketing towns and cities. However, it is not just the marketing that is key, but also how the DMO is managed and governed by the board of directors. This paper reviews the constitutions of selected DMOs in two provinces in South Africa, as well as the socio-demographic composition of the board of directors of DMOs. The study revealed that the constitution of DMOs that are funded by both the public and private sector do not specifically prescribe any equity or gender parameters in as far as the election and appointment of directors are concerned. This is disconcerting, given South Africa's segregated past and the need to ensure that imbalances at board level are addressed. The study also indicated that whilst boards of directors in the Western Cape Province had younger directors compared with the Eastern Cape Province the latter had a greater proportion of board members who were older than 60 years of age. In addition, the Western Cape Province had more female directors than the Eastern Cape Province, which suggests that the Western Cape Province possibly have more females in management positions in tourism, who can be nominated and elected for positions on the board of directors. Furthermore, in both provinces, directors from previously disadvantaged backgrounds were under-represented. This implies that more focus needs to be given to enhancing the representivity and gender of board of directors of DMOs.

Keywords, Destination marketing organisations (DMOs), board of directors, local municipalities, stakeholders, representivity

Introduction

Local destination marketing organisations (DMOs) play a key role marketing the destinations (cities and towns) that they represent. In South Africa and elsewhere in the world, a least three types of DMOs are identified. Firstly, some DMOs are funded by the private sector, such as accommodation establishments, tour operators and related businesses. Secondly, some DMOs are funded by public sector, that is, local, regional (district), provincial and national government, using the tax payers' money. Thirdly, DMOs are also funded by both private sector and public sector. This paper focuses on DMOs that were funded by both the private sector and the public sector, specifically local municipalities in South Africa.



Since these DMOs are essentially public-private organisations, the governance of this type of DMOs are the responsibility of the board of directors. According to Pike (2016:112) the board of directors is responsible for inter alia, strategic planning and performance monitoring. Wang (2008) in Pike (2016:112) also argues that the composition of the board ought to reflect the local tourism industry and the stakeholders. Given the past history of South Africa, where segregation was legislated, the notion of having an inclusive board representing the different population groups, gender and stakeholder groups is key. This view is supported by Mthunzi (2018:2) who argues that boards and executive committee levels must reflect the demographics of South Africa.

For this reason, the purpose of this paper is to conduct a socio-demographic analysis of the board of directors of selected destination marketing organisations in South Africa. For this study, a number of DMOs were targeted in two provinces of South Africa. These DMOs had to be funded by both local government and the private sector, and governed by a board of directors. Since no data base exists in South Africa to determine how many DMOs are funded by both local government and private sector, only a limited amount of DMOs were identified and not all were keen to participate in the study. Only the following DMOs chose to participate in the study and some of the DMOs are located in the Eastern Cape Province namely Nelson Mandela Bay (Port Elizabeth, Uitenhage and Despatch), Sunshine Coast Tourism (Port Alfred, Bathurst and Kenton-On-Sea), while the other DMOs are located in the Western Cape Province namely Plettenberg Bay Tourism, Oudtshoorn and De Rust Tourism.

The Role of Local Destination Marketing Organisations in Tourism

Local DMOs are located in cities and towns across the world. The main purpose of local DMOs is to market the destination to prospective domestic tourists, whilst national DMOs will market a country to the international tourists. According to Pike (2016:106) limited research has been conducted about the organisational strategy and effectiveness of DMOs. In addition, he also stipulates that there is no prescribed structure or naming format for DMOs across the world. In other words, the structure and naming format of DMOs vary greatly from one country to another and there is no universally accepted model.

Apart from marketing the destination, a local DMO will also play a key role in engaging with the stakeholders on issues such as, ensuring that the stakeholders are in support of the DMOs strategic plan and marketing plan. These stakeholders will be the local tourism industry, the local municipality and the province, the local business chamber, specific tourism-related associations in the destination and outside the destination, intermediaries and the local community. However, local DMOs also face a number of constraints. For example, the local DMOs do not own the tourism plant and infrastructure at the destination (Pike 2016:3). At best, local DMOs can play a facilitation role and endeavour to influence processes that may lead to improved tourism business opportunities. Therefore, it is essential for the board of directors to have the appropriate knowledge and skills related to marketing, management, human resources and legal expertise within the DMO. In addition, it is also key to have a board of directors that is widely respected and influential.

The History of Local Destination Marketing Organisations

The first organisation established to market a local destination was the Blackpool Municipal Corporation in England in 1879 (Cross & Walton, 2005 in Adeyinka-Ojo, Khoo-Lattimore & Nair, 2014:152; Page & Connell, 2009:358). The purpose of the Blackpool Municipal Corporation was to collect taxes from the locals to fund the promotion and advertising of the attractions in town. In the USA, the first convention and visitor bureau (CVB) was formed in 1896 (Ford & Peeper, 2008:1105; Page & Connell, 2009:358). The goal of the CVBs is to market the local destinations as well as operate a convention bureau (Pike, 2016:123). Thus,



the role of local CVBs is similar to local DMOs, as some local DMOs will also use conferencing and events to attract business tourism to the destination. In fact conferencing and events is a major money spinner for local DMOs as it injects substantial benefits into the local economy, particularly during the off-peak season.

Based on the above, it evident that the importance of local destination marketing organisations (DMOs) was recognised more than a century ago. Today, it is estimated that there are more than 10 000 DMOs across the world (Adeyinka-Ojo et al 2014:152). This figure includes local, regional, provincial and national DMOs, with many local DMOs being formed as public-private partnerships. In other words, these DMOs are funded by both local government and the private sector, specifically members of the tourism industry who operate tourism businesses. As outlined previously, these type of local DMOs are also the focus of the study.

Management and Governance of Destination Marketing Organisations

Local DMOs, like Nelson Mandela Bat Tourism, Plettenberg Bay Tourism, and a few others have come about as a result of a public-private partnership that are governed by a board of directors (Morrison, 2013:264). According to Ford, Gresock and Peeper (2011:7) many CVBs in the Unites States of America are non-profit organisations and dependent on funding from government and businesses. Ford and Peeper (2008:1110) noted the importance of accountability and governance structures in CVBs. This view is also supported by Pike and Page (2014:210) who believes that public funding must be expended appropriately, whilst tourism stakeholders expect transparency and accountability in decision making.

In South Africa a small proportion of local DMOs are structured along the lines of public-private partnership or non-profit organisations. Therefore local DMOs also have to account for their actions and operations as they too receive funding from local government and tourism businesses. For this reason, the management and governance of the local DMO is guided by a constitution which is normally drafted by an attorney appointed by the DMO, where-after it is approved by the board and the members of the DMO. Sometimes the constitution is also referred to as a memorandum of incorporation or articles of association. The constitution is primarily a governing document as it stipulates how the board of directors are recruited, what specific requirements the prospective board of directors should have, the duration of office and what their duties and responsibilities were.

Recruitment and Selection of Board of Directors

The recruitment or composition of the board of directors of DMOs will depend on the legal status of the DMO (Morrison, 2013:243). In other words, if a DMO is a public-private partnership or a non-profit organisation it is more than likely has a constitution, which will stipulate how the board of directors are recruited and how many may serve as board members. According to Ford et al (2011:7) it is key to have directors of a board who have access to resources with specific expertise and representative of the stakeholders. Thus a board of directors must be influential and knowledgeable in the management and operations of a company, or business. Ideally the board of directors ought to have a wide range of competency, including human resources, tourism, marketing, product development and legal expertise. In addition, the board of directors should hold senior positions in the organisations where they are employed as seniority is associated with having more skills, relevant knowledge and this would gain them the respect of their peers.



Demographics of Board of Directors

The socio-demographics of board members may not necessarily be a key issue in all countries. However, given South Africa's past political dispensation, where the majority of the population was economically, politically and socially marginalised, greater emphasis have been placed on correcting the past injustices. For this reason discriminatory legislation was repealed and new legislation was introduced. The Employment Equity Act, No 55 of 1998 in South Africa was promulgated to ensure that organisations and businesses endeavour to address past employment practices and policies so as to ensure the fair treatment of employees by promoting equal opportunities. However, board members are not quite employees, but rather employers. Given South Africa's past policies and more than 20 years of democracy, there is perhaps an expectation is that the boards of local DMOs would be representative of the demographics of the country. In addition, gender representivity would be considered. However, the demographics and gender representivity depends on the constitutions of the local DMOs and how it prescribed who is eligible for nomination and election and whether there is specific requirements.

Board Size and Duration of Service of Board of Directors

The size of a board can either constrain, or facilitate the operations of a board. In the case of VisitBritain and Tourism Australia, which are both statutory bodies, the size of board is nine, whilst the DMO of Billings, Montana in the United States has 19 board members (Morrison, 2013:246). A large board may make decision-making cumbersome, and thus, a smaller board is preferable. However, there is no special number and the key is to have all stakeholders represented (Morrison, 2013:246; Ford, Greshock & Peeper, 2011:10).

According to Ford et al (2011:10) the term of office for board members of DMOs in the United States vary considerably. Hence, there seems to be no defined period of time. Morrison (2013:246) states that the term of office for board members of DMOs tend to be two to three years, with the option of renewing it for an additional term. This is referred to as a rotational system, resulting in the board members not exiting the board at the same time. The purpose of having this option is to ensure that there is continuity of the board, enabling some board members to remain on the board. This ensures that there is a mix of new and existing board members, meaning that the DMO need not start afresh when the term of office for board members expires. This rotational system is supported by Pike (2016:112) as it implies that a good balance then exists between experienced board members and new incoming board members. This allows a board to retain the institutional knowledge and for this knowledge to be passed on to new board members.

Methodology

This study adopted both the qualitative and the quantitative research approach using purposive sampling. Qualitative research denotes to information that cannot merely be converted to numbers (Leedy & Ormrod, 2015:389; Struwig & Stead, 2007:13). On the other hand, quantitative research is characteristically numerical in nature, suggesting that information is quantified during the collection and analysis stage (Leedy & Ormrod, 2015:389; Bryman & Bell, 2015:537). The reason for adopting the quantitative research approaches is that socio-demographic information is typically collected using a research instrument, such as a self-completion questionnaire that the targeted respondents (board of directors) can complete. The self-completion questionnaire is than completed individually by each respondent and returned to the researcher. The targeted respondents were the board of



directors of the selected DMOs. In total four (4) DMOs were willing to participate in the study and 17 board of directors completed the questionnaire. The field work for the completion of the questionnaires took place between June and September of 2017. In terms of the Ethics Policy of the Nelson Mandela University, the targeted respondents do not fall in the category of any of the vulnerable groups, for example children, uneducated people, sick people, and so on. It was therefore not necessary to obtain ethical clearance.

The questionnaire provided the opportunity to obtain information about the board of directors' demographics (age, population group and gender). The purpose of accessing this information was to ascertain the average age of the board of directors, the range (minimum and maximum age) and compare and contrast this variable for the two provinces. The same approach was followed for the population groups and gender. This resulted in statistical analysis being conducted, which is discussed in the section pertaining to the findings

The qualitative research approach involved a literary approach analysing documents and in this case, the constitutions of the selected DMOs namely Nelson Mandela Bay Tourism (Port Elizabeth, Uitenhage and Despatch), Sunshine Coast Tourism (Port Alfred, Bathurst and Kenton-On-Sea), Plettenberg Bay Tourism, Oudtshoorn and De Rust Tourism. The latter two is in the Western Cape Province of South Africa, whilst the other DMOs are in the Eastern Cape Province of South Africa. The documents (constitutions of the DMOs) were accessed from the selected DMOs, via the chairpersons of the boards. In addition, these documents are also in the public domain as the DMOs were not private companies. As a result, it was not necessary to obtain ethical clearance.

Findings

The following section focuses on the results of the study. First the information from the qualitative analysis is expounded upon, where-after the quantitative analysis is shared.

The Recruitment and Appointment of Board of Directors for Local DMOs

For this particular study, the constitutions of the Ndlambe Local Tourism Organisation known as Sunshine Coast Tourism (and hereafter referred to as the Sunshine Coast), Oudtshoorn and De Rust Tourism, and Nelson Mandela Tourism were examined. Each of these constitutions outlined the objectives of the DMO and how these DMOs are funded. The constitutions of the DMOs studied, also made reference to the primary purpose of the DMOs, which is to market their respective regions as tourism destinations. Furthermore, the constitutions also specify that the DMOs are to be funded by the local municipality and the members of the DMO. The members represent the private sector and specifically those businesses operating in the tourism industry. These tourism businesses range from accommodation establishments, tout operators, tourist facilities, restaurants and tourist attractions.

Each of the DMOs studied had a service level agreement (SLA) with the local municipalities. The SLAs stipulated what was expected from the DMO in terms of services provided, and in return, public funding was provided by the local municipality for a specified period. In all cases the duration of the SLAs ranged from one (1) year to three (3) years. As for the appointment process, the constitutions of the selected DMOs stipulated that individuals who are members of the selected DMOs and in good standing, are eligible to be nominated. Once nominated the individuals are elected by all the members of the local DMO at an annual general meeting. Those members obtaining the most votes are elected onto the board, depending on how many vacancies there are on the board. Once the board members are elected, the newly elected members of the board nominate and elect a chairperson and deputy chairperson.

The constitutions of the local DMOs that were studied made no reference to any gender requirements, or stakeholders from designated groups being elected. However, a recent amendment to the constitution of Nelson Mandela Bay Tourism made provision for 50 percent of the board members to be female, with a minimum number of 25 percent being females.

Demographics of Board of Directors

The sampled population indicated that there were more male (65.71 percent), than female (35.29 percent) board of directors. When comparing the Western Cape Province to the Eastern Cape Province, more females (29.41 percent) were directors, as opposed to the 17.65 percent of the Eastern Cape Province.

In table 1 below, gender and province were cross-tabulated and chi-square tests were conducted. The Pearson Chi-square test and the M-L Chi-square test showed values of 4.89 and 5.21 respectively and a degree of freedom of one (1) for both chi-square tests. The p-value for the Pearson chi-square test and the M-L Chi-square tests were 0.02690 and 0.02245 respectively. A p-value of less than 0.05 means that a statistically significant relationship exists between gender and province ($p < 0.05$).

Table 1. Gender and Province

Gender	Province		Row Totals
	EC	WC	
Female	1	5	6
Total %	5.88%	29.41%	35.29%
Male	8	3	11
Total %	47.06%	17.65%	64.71%
Totals	9	8	17
Total %	52.94%	47.06%	100.00%

Statistic	Chi-square	df	p
Pearson Chi-square	4.897517	df=1	p=.02690
M-L Chi-square	5.210454	df=1	p=.02245

The youngest director of the board was 28 years of age, while the oldest director of the board was 75 years old, with the average age of the board of directors of the DMOs sampled being 56.84 years. It is also noted that in the Eastern Cape Province, the majority (23.53 percent) of the board of directors were older than 60 years compared to the Western Cape Province with 11.76 percent for the same age group. For the latter province, most (23.53 percent) of the board of directors were younger than 50 years. This implies that the Eastern Cape Province has an aging population of board of directors.

In table 2 below, age and province were cross-tabulated and chi-square tests were conducted. The Pearson chi-square test and the M-L chi-square test showed values of 1.47 and 1.50 respectively and a degree of freedom of two (2) for both chi-square tests. The p-value for the Pearson chi-square test and the M-L chi-square test were 0.47720 and 0.47197 respectively. This means that with a p-value greater than 0.05, the relationship between age and province is not statistically significant ($p > 0.05$).



Table 2. Age and Province

Age	Province		Row Totals
	EC	WC	
20-50 years	2	4	6
Total %	11.76%	23.53%	35.29%
51-60 years	3	2	5
Total %	17.65%	11.76%	29.41%
60 years or more	4	2	6
Total %	23.53%	11.76%	35.29%
Totals	9	8	17
Total %	52.94%	47.06%	100.00%

Statistic			
	Chi-square	df	p
Pearson Chi-square	1.479630	df=2	p=.47720
M-L Chi-square	1.501690	df=2	p=.47197

In both the Eastern Cape and the Western Cape Province, the board of directors of the DMOs sampled were primarily white. This means that for both provinces 82.35 percent of the respondents were white. In table 3 below, the population group and province were cross-tabulated and chi-square tests were conducted. The Pearson chi-square test and the M-L chi-square test showed values of 2.95 and 4.10 respectively and a degree of freedom of three (3) for both chi-square tests. The p-value for the Pearson chi-square test and the M-L chi-square test were 0.39918 and 0.25096 respectively. This means that with a p-value greater than 0.05, the relationship between population group and province is not statistically significant ($p > 0.05$).

Table 3. Population Group and Province

Pop Grp	Province		Row Totals
	EC	WC	
African	1	0	1
Total %	5.88%	0.00%	5.88%
Coloured	0	1	1
Total %	0.00%	5.88%	5.88%
White	7	7	14
Total %	41.18%	41.18%	82.35%
Other	1	0	1
Total %	5.88%	0.00%	5.88%
Totals	9	8	17
Total %	52.94%	47.06%	100.00%

Statistic			
	Chi-square	df	p
Pearson Chi-square	2.951389	df=3	p=.39918
M-L Chi-square	4.100026	df=3	p=.25086



Conclusion

This study focussed on DMOs that were funded by both local municipalities and the private sector. The private sector would be the tourism industry businesses who are mostly operating in the local municipalities and who are members of the DMO. In other words, they pay an annual subscription to the DMO and in return the DMO provides a marketing platform for the tourism businesses. Due to public and private sector funding being used by the DMO, it is imperative that clear guidelines are provided in the form of the DMOs constitutions. These guidelines or the constitutions should not only focus on the mandate of the DMOs, but also on how the board is elected.

Whilst the study achieved its goal and objectives, the following recommendations are made for the benefit of the directors of the boards, the tourism industry, stakeholders and the local municipality. Firstly, the constitutions of local DMOs need to stipulate the kind of expertise that the board of directors must have and it should not only be restricted to tourism expertise. It should also include expertise in human resources, law, business strategy and information technology. Secondly, given South Africa's segregated past, every effort should be made to make the board of directors of DMOs as inclusive and representative as possible, with respect to gender, age and population group. However this must be achieved without having a big and cumbersome board. Thirdly, further research is necessary as DMOs remain a key unit of analysis and therefore, a need exists to gain a better understanding of local DMOs in South Africa so that, destination marketing, destination development and destination governance can be enhanced, in line with the expectations of stakeholders.

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